



Remuneration Policy



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1. BACKGROUND

1.1. Overview

The Syrah Group (also referred to as “Syrah” or “the Company”) is committed to attracting and retaining talented and suitably qualified people to work in the organisation, including directors, executives, senior management and employees. A key element in achieving that objective is to ensure that the Company appropriately remunerates its people by maintaining fair and competitive remuneration levels in line with market relativities, Company performance, employee performance and role requirements.

1.2. Purpose

The purpose of this Remuneration Policy (“Policy”) is to provide a framework for remuneration that is designed to:

- (a) fairly, consistently and responsibly reward directors, executives, senior management and employees having regard to the Company and personal performance and the general pay environment;
- (b) enable the attraction and retention of directors and management who will create value for shareholders;
- (c) ensure that the Company has a consistent, clear and methodical approach as to how allocations under the Company’s Equity Incentive Plan (“EIP”) are undertaken;
- (d) comply with all relevant legal and regulatory provisions, including statutory requirements/entitlements in each jurisdiction in which the Company operates (noting that jurisdiction-specific elements of remuneration are not captured in this Policy).

1.3. Key Principles of Remuneration

The following key principles underpin the Company’s remuneration strategy and help to ensure that Company personnel are compensated in a fair and transparent manner:

- (a) all direct employees receive a written contract of employment on commencement outlining their total annual remuneration including fixed and variable (if applicable) components of their compensation package;
- (b) in general, positions with a higher level of accountability and authority will be eligible for a greater number of elements of compensation;
- (c) executive and management positions contain a greater proportion of ‘at-risk’ remuneration linked with Company and personal performance outcomes against clearly defined Key Performance Indicators (“KPIs”);
- (d) performance is assessed through a well-defined and structured review process with final performance scores calibrated by senior management;
- (e) target and actual remuneration outcomes will be periodically benchmarked against external market indicators by role, geography and other relevant factors;

- (f) the Remuneration, Nomination and Governance Committee (“RNG Committee”) reserves the option to periodically implement targeted or specific remuneration initiatives according to market circumstances or Company objectives;
- (g) in general, the Company will base the structure of remuneration packages around the 50th percentile (median) of equivalent industry role benchmarks, subject to periodic market conditions.

2. KEY CONCEPTS

2.1. Responsibility

The RNG Committee is responsible, amongst other things, for assisting the Syrah Board to determine the appropriate remuneration for directors and executives, including general oversight of remuneration related matters.

In order to fulfil the role of the RNG Committee set out above, RNG Committee members must refer to the purpose and key principles of remuneration underpinning this Policy (as outlined in sections 1.2 and 1.3 respectively) when developing recommendations to the Board regarding remuneration.

2.2. Compensation Packages for Executives, Senior Management and Employees

Compensation packages for executives, senior management and employees may incorporate fixed and variable remuneration elements with both a short term and long-term focus. Compensation packages may contain any or all of the following:

- (a) annual base salary - reflecting the requirements of the role, qualifications and experience, the Company's legal obligations, relevant labour market conditions and personal performance and may take into consideration the development stage of the Group;
- (b) performance based equity remuneration - participation via a combination of cash and shares, options and/or performance rights programs, reflecting the Company's short, medium and long-term performance objectives;
- (c) other performance based remuneration – such as rewards, bonuses, special payments and other measures available to reward individuals and/or teams following a particular outstanding business contribution, having regard to clearly defined performance targets and to the Company's circumstances, values and risk appetite;
- (d) other jurisdiction-specific benefits and entitlements - such as allowances, insurances, pension/retirement contributions, holidays and other leave.

2.3. Assessing Executive Remuneration

The RNG Committee will make a recommendation to the Board regarding the remuneration of executives having regard to various factors including individual and Company performance and any recommendations made by the Managing Director and Chief Executive Officer, compensation consultants and other relevant advisors.

2.4. Compensation Packages for Non-Executive Directors

The RNG Committee will make recommendations to the Board regarding the remuneration of Non-Executive Directors (“NEDs”) having regard to, amongst other things, any recommendations made by compensation consultants and other advisors. Compensation packages for NEDs may contain any or all of the following:

- (a) annual fees – payable part in cash, part in equity dependent on Director election, reflecting the value of the NED’s personal performance including their ability, qualifications and experience, requirements of the role and time commitment;
- (b) equity based remuneration - issues of shares or securities, reflecting the contribution of the NED towards the Company’s medium and long-term performance objectives;
- (c) other jurisdiction-specific benefits and entitlements.

Syrah undertakes regular reviews to ensure that NED remuneration remains within the approved NED aggregate fee pool limit approved by shareholders.

2.5. Economic Risk Management for Equity Participation Schemes

Company personnel who participate in an equity-based remuneration scheme established by the Company (including employees who are classified as a ‘Designated Officer’ under the [Securities Trading Policy](#)) cannot enter into any transaction in the Company’s shares or other securities designed to limit the economic risk of participating in the equity-based remuneration scheme including but not limited to hedging and/or options trading, margin trading or any commitment to lend stock.

3. ANNUAL SALARY REVIEW PROCESS

The Company undertakes an annual salary benchmarking exercise across the Syrah Group, using a variety of available resources including external industry specific salary benchmarking reports, to ensure that Company personnel are fairly compensated in line with market relativities.

In addition to external salary benchmarking, the annual salary review process takes into consideration individual performance, changes in role scopes and accountabilities and the overall performance of the organisation.

The Company also undertakes regular gender pay equality reviews to ensure that employees in like-for-like roles with similar knowledge, skills, ability, qualifications, experience and performance are paid equally, regardless of their gender.

4. EQUITY INCENTIVE PLAN

The purpose of the Equity Incentive Plan (“EIP”) is to enable the Board to incentivise eligible employees through the grant or acquisition of securities in the Company. The EIP outlines the terms and conditions upon which offers will be made, including:

- (a) the process for making and accepting offers under the EIP;
- (b) the type of securities that may be offered (being performance rights, options, shares and restricted shares); and

(c) the general terms and conditions that apply to shares and other securities under the EIP.

Further information regarding the Company's EIP can be found in the Annual Remuneration Report and the Equity Incentive Plan Rules.

4.1. Short Term Incentive (STI)

(i) *Description of the STI program*

The STI program is an element of the Company's remuneration strategy designed to align reward of eligible Company personnel with the attainment of KPIs which drive short to medium term outcomes for the business across a twelve month period. The award of the STI is subject to the achievement of corporate KPIs at 50% weighting and personal KPIs at 50% weighting.

Corporate KPIs are set and agreed annually by the RNG Committee with oversight from the Syrah Board and personal KPIs are set and agreed annually between the employee and the employee's immediate manager, with oversight from the manager-once-removed.

(ii) *Eligibility to participate*

All manager level (and above) roles in the business are eligible to participate in the Company's STI Program, with maximum STI percentages aligned with each participant's level of work:

Level of Work	Maximum Annual STI (% of Annual Salary)
Managing Director and Chief Executive Officer	75%
Executives	50%
General Managers	15%
Managers	10%

Contractors, consultants and staff on fixed term contracts (except for Twigg expatriates) are not eligible to participate in the STI program.

(iii) *Annual STI award assessment process*

At the conclusion of the STI performance period each calendar year, a performance assessment process is undertaken to determine the achievement of corporate and personal KPIs in order to calculate each individual's STI award percentage.

Company performance is reviewed by the Executive Committee (ExCo) against the corporate KPIs and the results are submitted to the RNG Committee for review and subsequent recommendation to the Board for approval.

Personal performance is assessed through the Syrah Work Performance System whereby employees are assigned an overall performance score for the year based on their achievement of individual KPIs set at the beginning of the performance period, and reviewed at least twice per annum.

Following the assessment process, in February of each year, the RNG Committee will review the recommended STI outcomes from the ExCo, and recommend to the Board for endorsement of the allocation of STI awards.

Promptly following the February RNG Committee and Board meetings, the Company is to prepare and distribute the STI award letters, notifying the participants of the final outcomes

against their maximum STI opportunity, the payment split between cash and shares, and the approximate date of award/payment.

(iv) Payment method

The RNG Committee and Board, have full discretion in determining the payment split of the STI award between cash and shares each year.

(v) Share calculation method

If the RNG Committee and Board approve to pay all or part of the STI award in shares, the number of shares to be issued is determined by using the Volume Weighted Average Price (“VWAP”) of fully paid ordinary shares in the Company over the 5 trading days up to and including the February RNG Committee meeting date (or the subsequent RNG Committee approval date if not approved at this time). The dollar value of the STI to be paid in shares is divided by the VWAP (deemed issue price) to calculate the number of shares to be issued. Where foreign exchange conversion is necessary, the rate(s) used will be as at the RNG Committee approval date.

(vi) Treatment of new starters

If an eligible participant commences employment with the Company (or where an existing employee becomes eligible to participate in the STI program) part-way through the performance period, that participant will be entitled to a pro-rata portion of their annual STI calculated from their commencement/eligibility date.

If a new employee commences with the business after 30 September in any given performance period, their STI entitlement will be effective from the beginning of the next calendar year.

(vii) Treatment of leavers on cessation of employment

In the event that a participant in the STI program ceases to be an employee of the Company, the treatment of the STI award will depend on the circumstances surrounding the cessation of the participant’s employment.

In general terms, and subject to the discretion of the RNG Committee/Board, if the participant is considered a “bad leaver” (for reasons such as resignation, dismissal for poor performance or as otherwise determined by the RNG Committee/Board), any STI allocation will be immediately forfeited; whereas if the participant is not considered a “bad leaver”, they will be entitled to retain a pro-rata portion of their STI based on the proportion of the calendar year that the participant was employed. The STI award for eligible leavers will be paid in the standard STI payment cycle as outlined in this Policy.

(viii) Impact of salary changes part-way through the calendar year

The Company uses a point-in-time approach in treating salary changes that may occur part-way through a calendar year. If an individual’s salary has changed as a result of a salary review during the year, their maximum STI opportunity will be calculated at the new rate for the full performance period.

(ix) Other administrative matters

The Company will communicate in its STI award letters, that should an STI award be paid in shares, then the participant should expect to receive a holding statement from the Company’s share registry shortly after the issuance of shares.

4.2. Long Term Incentive (LTI)

(i) Description of the LTI program

The LTI program is an element of the Company's remuneration strategy designed to align the interests of management and shareholders (Total Shareholder Return measurement) and assist the Company to attract, motivate and retain leaders in the business. In particular, the LTI program is designed to provide eligible Company personnel with an incentive to remain with Syrah and contribute to the future performance of the Group over the long term.

Executives, senior management and eligible employees within the Syrah Group are granted performance rights on an annual basis and vesting is contingent on the achievement of specific performance hurdles over a three-year period. These performance rights are issued under the Equity Incentive Plan, as approved by shareholders from time to time.

The potential maximum value of the annual grant of performance rights over a three-year period represents between 20% and 75% of an eligible employee's annual fixed remuneration, based on their level of work. The actual number of performance rights granted is calculated based on the VWAP of the Company's shares on the ASX for the 60 trading days preceding the commencement of the performance period, being 1 January.

Under the EIP, the Company may issue performance rights, options and shares to directors and employees of the Company including its subsidiaries. The grant of performance rights, options and shares is subject to such conditions (if any) as determined by the Syrah Board and may be subject to such vesting conditions (if any) as determined by the Syrah Board.

(ii) Eligibility to participate

The LTI is in place for select leadership roles across the Syrah Group. Contractors, consultants and staff on fixed term contracts are not eligible to participate in the LTI program.

(iii) LTI performance hurdles

The performance hurdles are based on the Company's Total Shareholder Return ("TSR") performance:

- (a) 50% will be based on the TSR performance of the Company over the relevant vesting period relative to companies in the S&P/ASX300 Index (ASX:XKO) as at 1 January of each year's annual LTI grant classified under the "Materials" (formally the "Metals & Mining") industry under the Global Industry Classification Standard ("GICS") system; and
- (b) 50% will be based on the absolute shareholder return performance of the Company over the relevant vesting period against threshold and maximum targets as set by the Board. For the 2018, 2019, 2020 and 2021 years, the Board of Directors has determined threshold TSR performance to be 8.6% compound annualised growth rate ("CAGR") and maximum TSR performance to be 18.8% CAGR. These targets have been based upon the median performance of the S&P/ASX300 Index over a 20-year period.

(iv) LTI vesting conditions

Vesting of performance rights will be subject to the relevant performance hurdles referred to above, which will be tested over a three-year vesting period. If the performance hurdles are not satisfied (or become incapable of being satisfied), the performance rights will lapse (unless the Syrah Board determines otherwise).

The number of performance rights that vest will be determined by assessing the performance of the Company, measured by the relevant performance measure as at the date that is three years after the commencement of the performance period, relative to the relevant performance hurdles (the “TSR Hurdle(s)”).

The following table provides a summary of the TSR Hurdle(s) and the relationship between Company performance and the percentage vesting of performance rights:

Performance against TSR comparator group (50% of performance rights)	Performance against absolute TSR measure (50% of performance rights)	Percentage of performance rights eligible to vest
TSR performance is at or below the median performance of the comparator group	TSR performance is at or below threshold performance (8.6% CAGR)	0%
TSR performance of between the median and 75th percentile performance of the comparator group	TSR performance is between threshold (8.6% CAGR) and maximum performance (18.8% CAGR)	Straight line pro-rata between 50% and 100%
TSR performance is at or above the 75th percentile performance of the comparator group	TSR performance is above maximum performance 18.8% CAGR)	100%

(v) *TSR comparator group*

The TSR comparator group as selected by the Syrah Board comprises of the companies in the S&P/ASX300 Index (ASX:XKO) as at 1 January of each year’s annual LTI grant, classified under the “Materials” (formally “Metals & Mining”) industry under the GICS classification system.

If at any time during the vesting period a company in the comparator group suffers an insolvency event, undertakes material merger or acquisition activity or is delisted from the ASX, it will cease to form part of the comparator group.

(vi) *Calculation of whether vesting conditions have been met or not*

Following the end of the relevant performance period, the Company will undertake calculations to determine if TSR performance and absolute vesting conditions have been met. These results are submitted to the RNG Committee for review, and recommendation to the Board for approval.

If it is determined that all or a pro-rata amount of performance rights have vested, the Company will prepare and send vesting notification letters to the participants. Upon receipt of the vesting notification letter, the participant has a period of two-years from the date of the vesting notice to exercise the performance rights. At the conclusion of this two-year period, any unexercised performance rights will lapse.

If no performance rights are determined to have vested, then the participants will be issued with a lapse of performance rights letter, notifying them of the outcome. The notification letters should be issued to the participants as soon as practicable following Board approval of the calculations.

(vii) *Performance rights calculation method*

The 60 trading day VWAP of the Company’s fully paid ordinary shares preceding the commencement of the calendar year (e.g. for FY21, it is the 60 trading days preceding 31 December 2020) is used to calculate the number of LTI performance rights to be granted in any given calendar year. Foreign exchange conversion rates are also used over the same period (where applicable).

(viii) Treatment of new starters

If an eligible participant commences employment with the Company (or where an existing employee becomes eligible to participate in the LTI program) part-way through the performance period, that participant will be entitled to a pro-rata allocation of LTI performance rights calculated from their commencement/eligibility date. The Company will issue the pro-rata LTI performance rights as soon practicable thereafter.

If an eligible employee commences with the business (or an existing employee becomes eligible to participate in the LTI program) after 30 September in any given performance period, their LTI will be effective from the beginning of the next calendar year.

(ix) Treatment of leavers on cessation of employment

In the event that a participant in the LTI program ceases to be a director or employee of the Company, the treatment of any performance rights held by the participant will depend on the circumstances surrounding the cessation of their employment. In general terms, and subject to the discretion of the RNG Committee/Board, if the participant is considered a “bad leaver” (for reasons such as resignation, dismissal for poor performance or as otherwise determined by the RNG Committee/Board), any unvested performance rights will immediately lapse; whereas if the participant is not considered a “bad leaver”, they will be entitled to retain a pro-rata amount of unvested performance rights based on the proportion of the vesting period that the participant was employed.

Any vested performance rights held by the participant in “bad leaver” circumstances must be exercised within 60 days of ceasing employment if permitted by the Company’s Securities Trading Policy, or within 60 days of restrictions ceasing to apply to the participant under the Securities Trading Policy. Vested performance rights that are not exercisable by this time will lapse.

The Board also has the discretion to determine whether performance rights will lapse or be deemed to be forfeited in a number of scenarios, including if a participant commits an act of fraud, defalcation or gross misconduct, or materially breaches their duties, brings the Group (or any member thereof) into disrepute or if the Board determines there has been a material misstatement or omission in the financial statements.

(x) Impact of salary changes part-way through the performance period

The Company uses a point-in-time approach in treating salary changes that may occur part-way through a performance period. If an individual’s salary changes as a result of a salary review during the year, there will be no pro-rata changes to their LTI allocation as calculated and granted at the beginning of the calendar year.

(xi) Annual LTI invitation letter process

Following approval of the LTI allocations by the RNG Committee in February of each year, the Company will prepare and send LTI invitation letters to the participants promptly following the RNG Committee and Board meetings.

The invitation letters are deemed to be accepted if a rejection form is not received by the date specified in the invitation letter. Eligible participants are generally given one week to review the offer letter and the LTI performance rights are then issued shortly after the deadline date specified in the offer letter.

(xii) Other administrative matters

The Company will communicate in its LTI Invitation letters, that the participant should expect to receive a holding statement from the Company's share registry shortly after the issuance of the Performance Rights.

4.3. EIP Rules – Cessation of Employment

The EIP states that the Board, in its discretion, may determine that some or all of a participant's unvested incentive securities, as applicable:

- (a) lapse;
- (b) are forfeited;
- (c) vest (immediately or subject to conditions);
- (d) are only exercisable for a prescribed period and will otherwise lapse; and/or
- (e) are no longer subject to some of the restrictions (including any vesting condition) that previously applied,

as a result of the participant ceasing to be an employee of the Syrah Group.

4.4. Change of Control

In the event of a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company or should otherwise be treated in accordance with Rule 10 of the EIP Rules, the Board will exercise discretion to determine that that some or all of the performance rights vest and become exercisable or lapse.

If a change of control event occurs before the Board exercises this discretion, all unvested performance rights will immediately vest and become exercisable. All vested but unexercised performance rights will lapse four months after the change in control of the Company occurs.

Further details are set out in Rule 10 of the EIP Rules.

5. OTHER MATTERS

5.1. Remuneration Report

An overview of a number of aspects of the Syrah Group remuneration programs are included in the Remuneration Report, which forms part of the Syrah Group Annual Report, and is audited by the Company's auditors, with additional reporting required for Directors and Key Management Personnel in particular. Where necessary, external valuation expertise is used to determine the values of certain incentive programs for inclusion in the report, and the audited financial statements. This Remuneration Report is reviewed and approved by the RNG Committee prior to release.

5.2. Policy Review

This document will be reviewed and updated periodically in line with business requirements.

5.3. Amendment of Policy

This Policy can only be amended with the approval of the RNG Committee and Board.

5.4. Adoption of Policy and Board Review

This Policy was adopted by the Board from the date of this document and takes effect from that date and replaces any previous policy in this regard.

The RNG Committee will review this policy annually to ensure effective operation and assess whether any changes are necessary. The Company will communicate any amendments to employees as appropriate.

Syrah Resources Limited			
Title	Remuneration Policy		
Document No.	[Abstract]	Revision	0
Document Status	IFU	Language	English & Portuguese
Last Review	September 2021	Next Review	August 2022
Level of Confidentiality	Group Policy		

This Revision	
Author(s)	Maddy Grochowski – People and Sustainability Manager Melanie Leydin – Company Secretary
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Revision History						
Author(s)	Reviewer(s)	Approver(s)	Revision Number	Status	Revision Date	Description
M. Grochowski M. Leydin	ExCo	RNGC & BoD	0	IFU	Sep 2021	New Policy