

## People and remuneration

Prior to the ASX listing on 4 October 2022, LG Limited (LGI) was not required to prepare a remuneration report in accordance with the *Corporations Act 2001*. As such, a remuneration report is not presented for the financial period ended 30 June 2022.

The objective of the LGI's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework conforms to the market best practice for the delivery of reward by aligning executive reward with the achievement of strategic objectives and the creation of value for shareholders. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Remunerate fairly and responsibly;
- competitiveness and reasonableness;
- acceptability to shareholders;; and
- transparency.

The Remuneration and Nominations Committee ('REM') assists the Board in fulfilling its statutory and regulatory responsibilities for corporate governance and overseeing LGI's nomination and remuneration policies and practices related to the Directors, senior management, to ensure that these policies and practices are consistent with the strategic goals of the Board. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The key management personnel ('KMP') of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, which includes all Directors, and key executives being the Chief Operating Officer (COO) and the Chief Financial Officer (CFO). Remuneration to KMPs for the year to 30 June 2022 are disclosed in the Prospectus lodged with ASIC on 17 August 2022 which can be found on the LGI's website, [lgi.com.au](http://lgi.com.au).

Non-executive directors' remuneration reflects the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the REM.

In determining the remuneration of KPMs, the REM considers the following:

- The specific knowledge and industry experience with respect the waste, carbon and energy sectors;
- The size and profitability of LGI;
- Complexity and risks associated with LGI operating at the intersection of three industries;
- Responsibilities of individual Directors, including participation on sub committees;
- Qualifications and experience of non-executive Directors and Executives;
- Expectation of time commitments for the effective performance of each KMP's role; and
- Involvement in value accretive decision making.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group, and that seeks to enhance shareholders' interest by:

- Service based conditions and performance hurdles;
- having profit as a component of plan design;
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering a strong financial position, as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

The executive remuneration and reward framework will have the following components:

- base pay and non-monetary benefits;
- other remuneration such as superannuation and long service leave ; and
- long-term performance incentives ('LTI').

## Executive remuneration framework

| Fixed remuneration – cash   | Other remuneration (at risk) – cash and equity   |
|---|--|
| Base salary plus superannuation   | Performance based incentives including culture and values                                  |
| Influenced by individual skills, qualifications, experience and performance | Long term incentive (LTI) payments granted in the form of shares, options or rights        |
| Reviewed annually   | LTI may be subject to the satisfaction of service based conditions and performance hurdles |

Non-executive Director's will not receive performance based remuneration.

LGI established the Omnibus Incentive plan to assist in the motivation, retention and reward of eligible employees through the grant of shares, options or rights. The LTI is designed to align the interests of employees with the interests of shareholders by providing an opportunity for employees to receive an equity interest in LGI.

As at 30 June 2022, there are a number of outstanding options awarded to executives, totaling 500,000. These options were awarded by the Board in February 2018 and May 2019.

The Board is of the opinion that improved results can be attributed in part to the adoption of LTI performance based compensation and is satisfied that this remuneration strategy will increase shareholder wealth if maintained over the coming years.