LCM Corporate Governance Manual

(As approved by the LCM Board of Directors 29.01.2018)
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1. Board Charter

1.1 General

This document sets out the main principles adopted by the board of Directors of the Company (Board) in order to implement and maintain a culture of good corporate governance both internally and in its dealings with outsiders.

The matters set out in this document are subject to the Corporations Act, the Constitution and the ASX Listing Rules.

The purpose of preparing and disclosing the matters set out in this document is to:

(a) formalise procedures to ensure that the Company and the Board act in a transparent and appropriate manner in their respective internal and external dealings;

(b) ensure that appropriate checks, balances and procedures are in place to monitor the operations of the Company and those charged with its management; and

(c) provide shareholders with a transparent method to evaluate the performance of the Company from a corporate governance perspective.

1.2 Functions, powers and responsibilities of the Board

Generally, the powers and obligations of the Board are governed by the Corporations Act and the general law. Without limiting those matters, the Board considers itself primarily responsible for the following:

(a) ensuring compliance with the Corporations Act / ASX Listing Rules (where appropriate) and all other relevant laws;

(b) providing leadership and developing, implementing and monitoring strategic operational and financial objectives for the Company;

(c) ensuring appropriate financial and risk management controls are implemented;

(d) setting, monitoring and ensuring appropriate accountability and a framework for remuneration of Directors and executive officers;

(e) implementing appropriate strategies to monitor the performance of the Board in implementing its functions and powers;

(f) implementing and overseeing the Company's risk management framework to enable risk to be identified, assessed and managed;

(g) appointing and removing the Chief Executive Officer / Managing Director and Company Secretary;

(h) approving the appointment and, where appropriate, removal of members of Management;

(i) contributing to and approving Management's development of corporate strategy and performance objectives;
(j) monitoring Management's implementation of strategy and performance generally, and ensuring appropriate resources are available to Management;

(k) monitoring the effectiveness of the Company's governance practices;

(l) approving and monitoring financial and other reporting systems of the Company (including external audit) and the integrity of these systems; and

(m) appointing and overseeing Committees, where appropriate, to assist in exercising the above functions and powers.

1.3 Structure of the Board

The structure of the Board is determined in accordance with the following principles:

(a) to aim for, so far as is practicable given the size and the nature of the operations of the Company, a majority of the Board being Independent Directors;

(b) to aim for, so far as is practicable given the size and the nature of the operations of the Company, the appointment of a Chairperson who is an Independent Director;

(c) to aim for, so far as is practicable given the size and the nature of the operations of the Company, a Board comprising members with diverse backgrounds.

In assessing the independence of Directors, the Company has regard to Principle 2 of the Corporate Governance Principles and Recommendations.

When considering whether a Director is an Independent Director, the materiality of such interest, position, association or relationship which may impinge upon their independence is assessed to determine whether it might influence, or might reasonably be perceived to influence, in a material respect, the Director's capacity to bring an independent judgment to bear on issues before the Board and to act in the best interests of the Company and its shareholders.

A Director must advise the Chairperson (or in the case of the Chairperson, another member of the Nominations Committee) if there is a change in his or her interests, positions, associations or relationships that could bear upon his or her independence at the earliest opportunity.

1.4 The Chairperson

The Chairperson is responsible for leadership of the Board, for efficient organisation and conduct of the Board's functions and the briefing of all Directors in relation to issues arising at Board meetings. The Chairperson is also responsible for shareholder communication and the evaluation of the Board's performance.

1.5 Chief Executive Officer / Managing Director

The Chief Executive Officer or Managing Director (if any) is responsible for running the day to day affairs of the Company under delegated authority from the Board and to implement the policies and strategies set by the Board. In carrying out his or her responsibilities, the Chief Executive Officer or Managing Director must report to the Board in a timely and transparent manner.
1.6 Company Secretary

The role of the Company Secretary is to support the effective operation of the Board and the Committees in carrying out their responsibilities. The Company Secretary is accountable to the Board via the Managing Director for the performance of this role which includes, without limitation:

(a) advising the Board and the Committees of governance matters;
(b) monitoring compliance with Board and Committee policies and procedures;
(c) coordinating the timely completion and despatch of Board and Committee papers;
(d) ensuring that the business at Board and Committee meetings is accurately recorded in the minutes; and
(e) helping to organise and facilitate the induction and professional development of Directors.

1.7 Induction of new Directors and ongoing Director education

On their first appointment, Directors will have the benefit of an induction program aimed at deepening their understanding of the Company, its activities and the business, environment and markets in which the Company operates.

As part of the induction process, where appropriate, new Directors may complete a self-assessment of their capabilities and competencies to determine areas where further development will assist in their contributing to the Board's performance.

Directors are also expected to keep themselves abreast of changes and trends in the business and in the Company's environment and markets and to keep abreast of changes and trends in the economic, political, social and legal climate generally. Directors are expected to have an appropriate base level of understanding on accounting matters.

1.8 Independent Advice

A Director may seek independent advice, including legal advice, where they believe it is necessary in order to properly discharge their duties as a Director. The Company will pay for the reasonable cost of this advice provided that the Director has obtained the prior written approval of the Chairperson (including for the cost of the advice).

In the event that the Chairperson wishes to seek independent advice and wishes for the Company to pay for the reasonable costs of that advice, the Chairperson must obtain the prior written approval (including for the cost of the advice) of the chairperson of the Audit and Risk Committee or other applicable Committee.

Where a Director's request (including the Chairperson) in respect of independent advice is approved as set out above, a copy of the advice obtained will be provided to all Directors together with an explanation as to why the advice was obtained, unless the Chairperson determines that this is not appropriate. If the independent advice was requested by the Chairperson, the determination that circulation of the advice is not appropriate will be made by the Chairperson of the Audit and Risk Committee, unless that person is also the Chairperson, in which case, the Managing Director will make the determination of whether distribution is appropriate.
The other Directors will be advised if the Chairperson approves or declines a request to obtain independent advice, unless, the Chairperson determines such notification is not appropriate.

1.9 Communications with investors

The Company aims to ensure that shareholders are kept informed of all major developments affecting the state of affairs of the Company. To achieve this, the Company communicates information regularly to shareholders through a range of forums and publications.

The Company’s website is one of its key communication tools and the Company endeavours to keep its website up-to-date, complete and accurate.

The Company uses its annual general meeting (AGM) as an opportunity to further engage with its shareholders and seek their input on the management of the Company. The Company undertakes a number of steps to seek to maximise shareholders’ ability to participate in the AGM process by:

(a) making Directors, members of Management and the external auditor available at the AGM;

(b) allowing shareholders in attendance at the AGM a reasonable opportunity to ask questions regarding the items of business, including questions to the external auditor regarding the conduct of the audit and the preparation and content of the auditor’s report; and

(c) providing shareholders who are unable to attend the meeting with an opportunity to submit questions in advance for consideration at the meeting.

1.10 Nomination and evaluation of Board

(a) Overview

The Board will, either directly itself or via a specific Committee, establish processes and procedures:

i. to review the effectiveness of the Board and its composition to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively and to otherwise manage Board succession issues; and

ii. for the appointment of members to the Board and Management (including, without limitation, a Chief Executive Officer or Managing Director, a chief financial officer or a chief operating officer (to the extent that the Company has or requires such positions)), and for the review of the performance of such persons.

If a separate Nominations Committee is established, it will also be responsible for implementing the Diversity Policy and ensuring that the Company seeks to achieve its objectives set out in the Diversity Policy across all levels in the Company.

(b) Responsibilities
In evaluating the Board's performance and considering the appointment of new Directors, the Board will, either directly itself or via a specific Nominations Committee:

i. develop criteria for seeking and reviewing candidates for a position on the Board, including implementation of processes to assess the necessary and desirable attributes of Board members including relevant industry expertise, prior public company experience (especially at the board and committee levels), and other specialized knowledge and technical, professional skills;

ii. identify suitable candidates from diverse backgrounds for appointment to the Board or Management positions;

iii. undertake appropriate checks on candidates for Board positions, including as to the person's character, experience, education, criminal history and bankruptcy;

iv. establish a Board "skills matrix" to identify any gaps in the collective skills of the Board that should be addressed as part of professional development initiatives and succession planning, including that the Board has an appropriate balance of Directors with management, litigation, governance, risk and financial experience;

v. review Board succession planning generally and ensure there are plans in place to manage the succession of Management;

vi. adopt procedures for the proper oversight of the Board and Management;

vii. annually review the composition of each Committee established by the Board and present to the Board recommendations for membership of those Committees; and

viii. ensure that shareholders are provided with all material information that is relevant to a decision whether or not to elect or re-elect a Director.

1.11 Selection of external auditor and rotation of audit engagement partner

(a) Responsibility

The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises. Any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company.

(b) Selection criteria

Candidates for the position of external auditor of the Company must be able to demonstrate independence from the Company and an ability to maintain independence through the engagement period. Further, the successful candidate must have arrangements in place for the rotation of the audit engagement partner on a regular basis.

Other than the mandatory criteria mentioned above, the Board may select an external auditor based on criteria relevant to the business of the Company.
such as experience in the industry in which the Company operates, references, cost and any other matters deemed relevant by the Board.

(c) Review

The Audit and Risk Committee will review the performance of the external auditor on an annual basis.

1.12 Committees

One of the functions of the Board is to form and monitor any special purpose Committees established to review certain aspects of the operations of the Company, having regard to the principles set out in this Board Charter.

As at the date of the adoption of this Corporate Governance Manual, the Company has established an Audit and Risk Management Committee for this purpose.

The Company may, in the future, adopt additional Committees, however, given the current size of the Company, the Board as a whole currently performs the role of these additional Committees.

The Charters for these Committees are set out in this document.
2. Code of Conduct

2.1 General

This code of conduct sets out the standard which the Board, Management and Employees of, and contractors to, the Company are encouraged to comply with when dealing with each other, shareholders and the broader community.

The Board and Management encourage all Employees and contractors to consider the principles of the code of conduct and use them as a guide to determine how to respond when acting on behalf of the Company.

2.2 Responsibilities to community generally

The Company aims:

(a) to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community;

(b) to comply with systems of control and accountability which the Company has implemented; and

(c) to act with honesty, integrity, respect and fairness.

2.3 Employment practices

The Company will seek to employ the best available staff from diverse backgrounds.

The Company respects and values the competitive advantage of diversity (which includes but is not limited to gender, age, ethnicity and cultural background), and the benefit of its integration throughout the Company in order to enrich the Company's perspective and improve corporate performance and shareholder value.

The Company is committed to the ideal of equal employment opportunity and to providing a workplace that is free of harassment and discrimination and to respecting the rights of its Employees and contractors. The Company will ensure a safe workplace and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities.

2.4 Responsibility to the individual

The Company recognises and respects the rights of individuals and, to the best of its ability, will comply with the applicable legal rules regarding privacy, privileges and confidential information.

The Company and the Board will maintain the confidentiality of information of the Company and its shareholders, customers and suppliers unless that information is required to be disclosed by law.

2.5 Obligations relative to fair trading and dealing

The Company is committed to complying with the laws and regulations of the countries in which its business operates and acting in an ethical manner, consistent with the principles of honesty, integrity, fairness and respect. The Company believes that a fraudulent or corrupt act could significantly impact on the confidence of the Company's stakeholders (including its shareholders) and significantly diminish the
Company's reputation. Accordingly, the Company has a zero tolerance policy to fraud and corruption and will thoroughly investigate and apply the full force of the law where sufficient evidence is obtained.

All Directors, Management and Employees of the Company and Group Members must exercise reasonable care and diligence in the prevention of fraud and corruption by or against the Company.

Including generally complying with their obligations at law, all Directors and Employees of the Company or group members must:

(a) understand and comply with this Code of Conduct;

(b) not give, offer, accept or request bribes, facilitation payments, secret commissions or other prohibited payments or engage in money laundering or cause any of them to be given, offered, accepted or requested;

(c) not approve any offers, or make, accept or request an irregular payment or other thing of value, to win business or influence a business decision in favour of the Company or the group members;

(d) comply with any reporting and approval processes for gifts, entertainment or hospitality implemented by the Board from time to time;

(e) not offer or receive any gifts, entertainment or hospitality to or from the public or government officials or politicians, without approval from the Chairperson or the Board;

(f) obtain required approvals for donations and sponsorship; and

(g) immediately report to the Chairperson or the Managing Director (or Chief Executive Officer) if they uncover or suspect an incidence of fraud or corruption.

2.6 Conflicts of interest

The Board, Management and Employees of the Company must not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company (excluding those matters which may be subject to legal professional privilege). Where a real or apparent conflict of interest arises the matter should be brought to the attention of the Managing Director in the case of the Chairperson, the Chairperson in the case of a Director or the Managing Director (if any), the Managing Director or Chief Executive Officer in the case of a member of Management and a supervisor in the case of an Employee, so that it may be considered and dealt with in an appropriate manner for all concerned.

2.7 Compliance and periodic review of code of conduct

Any breach of compliance with this code of conduct is to be reported directly to the Chief Executive Officer, Managing Director or Chairperson, as appropriate. Non-compliance with this code of conduct may result in disciplinary action being taken which may (if applicable) include dismissal from employment with the Company.

The Company will monitor compliance with this code of conduct periodically by liaising with the Board, Management and staff in relation to any areas of difficulty which arise from the code of conduct and any other ideas or suggestions for improvement of the code of conduct. Suggestions for improvements or amendments to the code of conduct can be made at any time.
2.8 Code of conduct for Directors, Employees and contractors

The Company will endeavour to ensure that the above principles in this code of conduct are implemented and adopted by Directors, Employees and contractors of the Company.
3. Audit and Risk Committee Charter

3.1 Committee members

The Board has established an Audit and Risk Committee. The Audit and Risk Committee (in this Section, the Committee) will to the extent practicable given the size and composition of the Board from time to time consist of the following:

(a) a minimum of three members;
(b) only non-executive Directors (if the Company has three or more non-executive Directors, otherwise the Board may appoint executive Directors to the Committee);
(c) a majority of Independent Directors; and
(d) an Independent Director as the chairperson who is not the Chairperson of the Board.

Each member of the Audit and Risk Committee is to be financially literate and at least one member of the Committee is to have accounting or related financial management experience. The Members of the Audit and Risk Committee should, between them, have the accounting and financial expertise, technical knowledge and a sufficient understanding of the industry in which the Company operates, in order to discharge the Charter.

The Company Secretary, chief financial officer, any accounting personnel for the Company and any representatives of the auditors may be invited to form part of the Committee or to attend meetings of the Committee from time to time.

3.2 Purpose

The Audit and Risk Committee Charter (in this Section, the Charter) sets out the role, responsibilities, composition, authority and membership requirements of the Committee.

3.3 Objectives of the Committee

The Committee's primary function is to assist the Board in discharging its responsibility to exercise due care, diligence and skill in relation to the Company by:

(a) reviewing and making recommendations to the Board in relation to whether the Company's financial statements reflect the understanding of the members of the Committee, and otherwise provide a true and fair view of the financial position and performance of the Company;

(b) reviewing and making recommendations to the Board in relation to the appropriateness of the accounting judgments or choices exercised by Management in preparing the Company's financial statements;

(c) ensuring that the Company's financial controls are appropriate for the business of the Company;

(d) reviewing the scope, results and adequacy of external and internal audits;

(e) requiring the external auditors to report to the Committee;
(f) ensuring that systems of accounting and reporting of financial information to shareholders, regulators and the general public are adequate and making recommendations in this regard;

(g) considering and making recommendations regarding the appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor;

(h) monitoring and reviewing the external auditor's independence, objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements and the performance of the external auditor;

(i) developing and implementing policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provisions of non-audit services by the external audit firm and making recommendations on any proposal by the external auditor to provide non-audit services;

(j) reviewing and making recommendations to the Board in relation to the adequacy of the Company's processes for managing risks, including:

(A) in relation to any incident involving fraud or other breakdown of the Company's internal controls;

(B) in relation to the Company's insurance program, having regard to the Company's business and the insurable risks associated with the business;

(C) ensuring the development of an appropriate risk management policy framework that will provide guidance to Management in implementing appropriate risk management practices throughout the Company's operations, practices and systems and overseeing this framework; and

(D) reviewing methods of identifying broad areas of risk and setting parameters or guidelines for business risk reviews;

and,

(k) considering capital raising, treasury and market trading activities with particular emphasis on risk treatment strategies, products and levels of authorities.

3.4 Reporting

Proceedings of all meetings are to be minuted and signed by the chairperson of the Committee (in this Section, the Committee Chairperson).

The Committee, through the Committee Chairperson, is to report to the Board at the earliest possible Board meeting after each Committee meeting regarding the determinations and conclusions of the Committee at its meetings. Minutes of all Committee meetings (and any circular resolutions of the Committee) are to be circulated to the Board.

3.5 Risk management policies

The Committee will ensure that the necessary controls are in place for an appropriate risk management framework to be maintained by:
(a) devising a means of analysing the effectiveness of risk management and internal compliance and control systems and of the effectiveness of their implementation; and

(b) reviewing the Company's risk management framework at least annually in order to satisfy the Committee that it continues to be sound.

3.6 Attendance at meetings

(a) Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which an act or omission of that Director or a contract, arrangement or undertaking involving or potentially involving that Director or a related party of that Director is being investigated or discussed.

(b) Notwithstanding Section 3.6(a), if in the opinion of the Committee, their investigation or discussion will be assisted by hearing from the interested Director, the Committee may invite that Director to address the Committee. The Committee will give fair consideration to that address. The Director will not, however, be invited to take part in the deliberations following that address.

3.7 Access

(a) The Committee will have unlimited access to the external and internal auditors, and to senior management of the Company and any group member. The Committee will also have the ability and authority to seek any information it requires to carry out its duties from any Officer or Employee of the Company and such Officers or Employees will be instructed by the Board to co-operate fully in the provision of such information. The Committee will also have the ability to interview Management and internal and external auditors (with or without Management present).

(b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

3.8 Application of the Standing Rules

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.
4. Remuneration Committee Charter

4.1 Committee members

The Board has established a Remuneration Committee but reserves the right to disband this Committee if the Directors consider that the Company's affairs are not of such complexity as to justify the continuation of this Committee and that the Board considers that it is able to deal efficiently and effectively with remuneration issues. In doing so, the Board will be guided by the Charter set out below. The Company will review this position annually and determine whether a Remuneration Committee needs to be established.

4.2 Purpose

The Remuneration Committee Charter (in this Section, the Charter) sets out the role, responsibilities, composition, authority and membership requirements of the Remuneration Committee (in this Section, the Committee).

4.3 Definition and objectives of the Committee

(a) The Committee is a committee of the Board which to the extent practicable given the size and composition of the board from time to time will ideally be comprised of:

(1) a minimum of three members;

(2) only non-executive Directors (if the Company has three or more non-executive Directors, otherwise the Board may appoint executive Directors to the Committee);

(3) a majority of independent Directors; and

(4) an Independent Director as the chairperson.

(b) In developing the structure for executive remuneration, the Committee will consider matters in accordance with the following principles:

(1) Management should be remunerated by an appropriate balance of fixed remuneration and performance based remuneration;

(2) levels of fixed remuneration should be reasonable and fair, relative to the scale of the Company's business, and should reflect core performance requirements and expectations;

(3) any performance based remuneration should be clearly linked to specific performance targets which are aligned to the Company's short and long term performance objectives. Such targets should be appropriate to the Company's circumstances, goals and risk appetite;

(4) equity based remuneration may include, amongst other things, options or performance rights. Such remuneration should include appropriate hurdles that are aligned to the Company's longer term performance objectives and should be structured in a manner so as to ensure they do not lead to a short term focus or the taking of undue risks; and

(5) any termination payments for Management should be agreed in advance and should not be applied in the case of removal for
misconduct. Consideration will be given as to whether shareholder approval will be required for any termination payments.

(c) The Committee is responsible for reviewing the remuneration policies and practices of the Company and making recommendations to the Board in relation to:

(1) management remuneration and incentive plans;

(2) non-executive Director remuneration;

(3) superannuation arrangements;

(4) remuneration of members of other Committees of the Board; and

(5) whether there is any gender or other inappropriate bias in remuneration for Directors, Management or other Employees of the Company.

4.4 Remuneration policies

(a) The Committee should design the remuneration policy in such a way that it:

(1) motivates Directors and Management to pursue the long-term growth and success of the Company within an appropriate control framework; and

(2) demonstrates a clear relationship between key executives’ performance and remuneration.

(b) In performing its role, the Committee is required to ensure that:

(1) the remuneration offered is in accordance with prevailing market conditions, and that exceptional circumstances are taken into consideration;

(2) contract provisions reflect market practice; and

(3) targets and incentives are based on realistic performance criteria.

(c) The Committee will also:

(1) review the application of sound remuneration and employment practices across the Company; and

(2) ensure the Company complies with legislative requirements related to employment practices.

4.5 Approval

The Committee must approve the following prior to implementation:

(a) changes to the remuneration or contract terms of Executive Directors and Management;

(b) the design of new, or amendments to current, equity plans or Management cash-based incentive plans;
(c) the total level of compensation proposed from equity plans or Management cash-based incentive plans; and

(d) termination payments to executive Directors or Management, including consideration of early termination.

4.6 Reporting

Proceedings of all meetings of the Committee are to be minuted and signed by the Chairperson.

The Committee, through the chairperson of the Committee (in this Section, the Committee Chairperson), is to report to the Board at the earliest possible Board meeting after the Committee meeting regarding the determinations and conclusions of the Committee at its meetings. Minutes of all Committee meetings (and any circular resolutions of the Committee) are to be circulated to the Board.

4.7 Meetings

(a) Despite the Standing Rules, there is no requirement that the Remuneration Committee meet a set number of times or intervals during a year. Rather, the Committee will meet at such intervals as required to fulfil its obligations.

(b) In addition, the Committee Chairperson is required to call a meeting of the Committee if requested to do so by any Committee member, the internal or external auditors, the Chairperson of the Board or any other Board member.

(c) The Committee may also seek input from individuals on remuneration policies but no individual should be directly involved in deciding his or her own remuneration.

4.8 Attendance at meetings

Other Directors (executive and non-executive) have a right of attendance at meetings. However, no Director is entitled to attend that part of a meeting at which the remuneration of that Director or a related party of that Director is being discussed.

4.9 Access

(a) The Committee will have access to Employees of the Company and appropriate external advisers. The Committee may meet with these external advisers without Management being present. The Committee will also have the ability and authority to seek any information it requires to carry out its duties from any officer or Employee of the Company and such officers or Employees will be instructed by the Board to co-operate fully in the provision of such information. The Committee will have the ability to interview Management where it is considered necessary or appropriate.

(b) The Committee also has the authority to consult independent experts where they consider it necessary to carry out their duties. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

4.10 Application of the Standing Rules

The Standing Rules for Committees apply to, and are deemed to be incorporated into this Charter, save where the Standing Rules conflict with any of the terms in this Charter.
5. **Standing Rules of Committees**

5.1 **General**

These Standing Rules apply to, and are deemed to be incorporated into the Charter of each Committee, except where the terms of these Standing Rules conflict with those of the relevant Charter.

5.2 **Composition**

(a) To the extent practicable given the size and composition of the Board from time to time, the composition of each Committee will be determined in accordance with the following principles:

(1) each Committee will aim to have membership which comprises only non-executive Directors, save where there is not a sufficient number of executive Directors or the Board considers that to do so for a particular Committee would be unnecessary or undesirable, in which case, the Board may appoint one or more executive Directors to the Committee;

(2) each Committee will aim to have a majority of its members being Independent Directors (where appropriate, given the size of the Company and the Board);

(3) provided the Committee includes at least one Independent Director, the chairperson of the Committee will be an Independent Director; and

(4) the Committee will comprise at least three members.

(b) Committee members are appointed by the Board.

(c) Each Director may attend meetings but will have no voting rights unless he or she is a member of the relevant Committee.

5.3 **Chairperson**

(a) The chairperson of each Committee is selected by the Board.

(b) Should the chairperson be absent from a meeting and no acting chairperson has been appointed, the members of the relevant Committee present at the meeting have authority to choose one of their number to be chairperson for that particular meeting.

5.4 **Meetings**

(a) Each Committee will meet at such intervals as required to fulfill its obligations but must meet at least annually, unless otherwise specified in the Charter applicable to that Committee.

(b) In addition, the chairperson of a Committee is required to call a meeting of that Committee if requested to do so by any member of that Committee, the external auditors, the internal auditors, the Chairperson of the Board or another Board member.
(c) The chairperson of each Committee will appoint an executive or the Company Secretary to act as secretary to that Committee who will be responsible:

(1) in conjunction with the chairperson, for drawing up the agenda, supported by explanatory documentation, and circulating it to the relevant Committee members prior to each meeting; and

(2) for keeping the minutes of each meeting of that Committee and circulating them to Committee members and to the other members of the Board.

(d) A quorum will consist of two members.

(e) Meetings may be held in any location and may be held by means of teleconference or videoconference.

5.5 Review of Charter

Changes to the Charter must be recommended by the relevant Committee and approved by the Board.

5.6 Duties and responsibilities

The duties and responsibilities of a member of each Committee are in addition to those duties set out for a Director of the Board.
6. Continuous Disclosure Policy

6.1 General

The Company must keep the market informed of any material information concerning the Company or its operations by advising the ASX of events and developments relating to the Company immediately as they occur. If not, significant criminal and civil penalties may be imposed on the Company and its officers. This Policy sets out the rules for disclosing information to the ASX, the obligations on the Company and its people and the procedures put in place by the Company to comply with these rules. This Policy is in addition to the rules the Company must comply with for routine disclosures to the ASX, such as quarterly and annual reporting. This Policy should be reviewed in conjunction with the Company's Share Trading Policy.

6.2 Disclosure Obligations

Listing Rule 3.1 requires that the Company immediately disclose to the ASX information concerning the Company that it is, or becomes, aware of that a reasonable person would expect to have a material effect on the price or value of the Company's Securities. This rule does not apply to particular information while each of the following are satisfied in relation to the information:

(a) One or more of the following five situations applies:

(1) disclosing the information would be a breach of a law;
(2) the information concerns an incomplete proposal or negotiation;
(3) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
(4) the information is generated for the internal management purposes of the Company; or
(5) the information is a trade secret.

(b) The information is confidential and the ASX has not formed a view that the information has ceased to be confidential; and

(c) A reasonable person would not expect the information to be disclosed.

If the ASX considers there is, or is likely to be, a false market in the Company's Securities, the ASX may ask the Company to disclose information or make a statement to correct or prevent the false market. This may occur where there is market speculation or media reports arising from a leakage of confidential information concerning a proposal or negotiations that have not been disclosed by the Company because the exception to Listing Rule 3.1 applies. The Company must immediately give the ASX that information. Information must not be selectively disclosed to others, such as prospective shareholders, the media or analysts, before it is disclosed to the ASX.

6.3 Obligations on the Company Officers and Employees

It is the responsibility of each Director, Officer and Employee to advise any of the Managing Director, Chief Financial Officer or Chairperson (the Company Contacts) immediately in relation to any information about the Company of which the person is aware, and which has not been released to the ASX and may be price sensitive. That
is, the information might influence someone to buy or sell the Company's Securities. It is also their responsibility to immediately advise one of the Company Contacts of any circumstances that may make, or have made, any publicly released price sensitive information potentially, or actually, inaccurate (such as a forward looking statement), so that a correcting statement may be released as soon as possible. If a person is unsure about the importance or relevance of the information which has become known, the information should be reported to one of the Company Contacts, so that a decision may be made about whether or not to disclose the information to the ASX.

6.4 Preparation of ASX releases

Upon receipt of any information, it is the responsibility of the Managing Director, in conjunction with the Company to determine if the information is required to be disclosed to the ASX. If it is deemed that a release should be made to the ASX, arrangements to draft the release must be made in conjunction with the Company Secretary, by the Chief Financial Officer where the information concerns financial matters or has a financial effect.

6.5 Approval of ASX releases

Once the release has been drafted, the final form of the release is to be approved for release to ASX by the following:

(a) Chief Financial Officer / Company Secretary / Managing Director / or any Director of the Company where the information concerns financial matters or has a financial effect;

(b) Managing Director or any Director of the Company where the information concerns other matters; and

(c) The Board of the Company, where requested to do so by the Managing Director because the information involves a material decision or event with the potential to have significant consequences for the Company's stakeholders.

6.6 Lodgement of ASX releases

Once approved for release to the ASX, the Company Secretary will then register the release in the Company's records and arrange for its immediate release by online distribution to the ASX via the Company's online website lodgement service. Where the Company is required to release its information to another securities exchange, the same procedure as set out in this Policy for approval and release to ASX is to be followed.

6.7 Media Releases

A media release that is prepared potentially in conjunction with an ASX release, or as an ASX release, must be approved for release by the same person who would approve an ASX release as listed above.

6.8 Management of this Policy

The Company Secretary is responsible for:

(a) liaising with the ASX in relation to continuous disclosure matters;

(b) ensuring timely disclosure of material information to the ASX and other relevant securities exchanges;

(c) liaising with any of the Company Contacts in relation to the form of disclosure by the Company;
(d) keeping records of releases to the ASX and other relevant securities exchanges; and

(e) reviewing this Policy in light of any changes to the rules governing continuous disclosure and recommending changes to the Board for its approval.
7. Share Trading Policy

7.1 General

This Share Trading Policy applies to all Directors, Officers, Employees and contractors of the Company and the companies in the group (collectively called Directors and Employees in this Section).

This Policy:

(a) includes a brief summary of the laws that govern dealings in the Company's Securities when Directors and Employees have information about the Company that a reasonable person would expect to have a material effect on the price or value of the Company's Securities and is not generally available to the market (called Insider Trading);

(b) gives guidance to Directors and Employees who may contemplate dealing in the Company's Securities; and

(c) states the Company's position on Directors and Employees dealing in the Securities of other companies where they are in possession of inside information because of their position in the Company.

This Policy applies to:

(a) the Company's shares;

(b) other securities which may be issued by the Company, such as options;

(c) derivatives, such as exchange traded options and warrants, and other financial products issued by third parties in relation to the Company's shares and/or options; and

(d) securities of any other company or entity that may be affected by inside information, such as a listed company for whom the Company intends to fund an action on behalf of or against.

7.2 When dealings in the Company Securities are not permitted

In addition to the prohibition at law on persons engaging in Insider Trading, Directors and Employees are prohibited from dealing in the Company's Securities in the following circumstances:

(a) in the period between the end of the Company's half year and the lodgement of the Company's half year preliminary report with the ASX;

(b) in the period between the end of the Company's full financial year and the lodgement of the Company's preliminary full year report with ASX;

(c) where the dealing would be regarded as short term dealing;

(d) where the Board has resolved that there is a prohibition on dealing in the Company's Securities which will be notified to Directors and Employees by the Managing Director or Company Secretary by email or facsimile; or

(e) entering into transactions which limit the economic risk of participating in unvested entitlements, such as unvested options or vested entitlements that
remain subject to a holding lock, under a Company equity based executive or Employee incentive plan.

7.3 When dealings in the Company Securities are permitted

Notwithstanding the circumstances set out above, the Board may resolve that there are specific periods when Directors and Employees can deal in the Company’s Securities. Employees will be notified of these periods by the Managing Director, Chairperson or Company Secretary by email. Directors and Employees must still ensure that they do not engage in Insider Trading during a period designated for trading by the Board. Subject to the rules of the Company equity based executive or Employee incentive plan, if a Director or Employee intends dealing in the Company Securities:

(a) the Director must give prior written notice (which may be by email) of an intention to the Company Secretary or Director;

(b) the Company will use its best endeavours to advise in writing in a timely way whether the dealing is permitted;

(c) that person must deal as soon as possible and in any event within five Business Days of the permission being given; and

(d) if the Director or Employee subsequently deals in the Company’s Securities, the person must confirm the dealing and relevant details of the dealing in writing to the Company Secretary, within 2 Business Days after the dealing.

7.4 Dealings in exceptional circumstances

A Director or Employee may be given prior written permission to deal in the Company’s Securities during a prohibited period under this Policy where:

(a) a person may be in severe financial hardship;

(b) a person has a pressing commitment that cannot be satisfied other than by selling the relevant Company’s Securities; or

(c) an exceptional circumstance exists (which is deemed exceptional by the Chairperson or if the person is the Chairperson, then by the Managing Director).

7.5 Dealings not subject to this Policy

The following dealings are not subject to this Policy:

(a) an undertaking to accept, or the acceptance of a takeover offer;

(b) dealings in Securities already held by the Director or Employee into a superannuation fund in which that person is a beneficiary;

(c) dealings under an offer or invitation made to all or most of the shareholders of the Company, such as a rights issue, a security purchase plan or a dividend or distribution reinvestment plan or an equal access buyback, approved by the Board;

(d) decisions to take up or not to take up entitlements or to allow them to lapse, and the sale of sufficient entitlements to take up the balance of entitlements under a rights issue;
(e) a dealing where the beneficial interest in the security does not change;

(f) an investment in, or a trading in units of a fund or arrangement, other than a fund only investing in Securities in the Company, where the assets of the fund are invested at the discretion of a third party;

(g) the cancellation, lapsing or surrender of an option or right under an equity based executive or employee incentive plan; or

(h) the exercise (but not the sale on exercise) of an option or a right under an equity based executive or Employee incentive plan, or the conversion of a convertible security, where the final date for exercise or conversion of the Security, falls during a prohibited period and the Company has been in an exceptionally long prohibited period and the person could not reasonably have been expected to exercise it at time when he or she is free to do so.

7.6 Insider Trading prohibited for dealings in Securities of other companies

Directors and Employees, in the course of performing their duties for the Company, may come into possession of inside information about other companies. The Insider Trading rules outlined above also apply to dealings with Securities in other companies. Directors and Employees are also bound by duties of confidentiality in relation to the inside information obtained about third parties in the course of performing their duties in or their position in the Company.

7.7 Compliance

Any Director or Employee may be asked to confirm their compliance with this Policy or to provide confirmation of their dealings in the Company’s Securities. Any request must be responded to promptly. This Policy must be strictly complied with and any breach will be regarded seriously. A breach of this Policy may result in disciplinary action being taken which may (if applicable) include dismissal from employment with the Company.
8. **Diversity Policy**

8.1 **General**

This Policy outlines the Company’s commitment to a workplace culture that promotes the engagement of well-qualified, diverse and motivated people across all levels of the Company, to best assist the Company to achieve its objectives.

8.2 **Scope**

This Policy applies to all of the Company Directors, Officers, Employees, consultants and contractors.

8.3 **Policy Statement**

The Company recognises that a diverse workforce is a contributor to the Company achieving its stated objectives. The Company has a commitment to recruit fairly and equitably regardless of age, gender, race, religion, cultural background, marital or family status, sexual orientation, disability or national origin. The Company gives effect to this commitment by:

(a) recruiting on the basis of skills, qualifications, abilities and achievements;

(b) encouraging participation of its people in professional development to benefit the Company and the individual;

(c) encouraging personal development for the benefit of the Company and the individual;

(d) aiming to be an employer of choice and to provide a family friendly work environment;

(e) promoting diversity through awareness and training; and

(f) the Board setting measurable objectives for achieving gender diversity and annually assessing those objectives and progress made in achieving them.

8.4 **Implementation of Policy**

The Managing Director is responsible for implementing this Policy. The Board will regularly review this Policy and its effectiveness.
## 9. Definitions

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASIC</td>
<td>means the Australian Securities and Investments Commission.</td>
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<tr>
<td>ASX</td>
<td>means the Australian markets owned and operated by ASX Limited.</td>
</tr>
<tr>
<td>ASX Listing Rules or Listing Rules</td>
<td>means the Official Listing Rules published by the ASX as amended or replaced from time to time.</td>
</tr>
<tr>
<td>Audit and Risk Committee</td>
<td>means the Committee charged with determining, implementing and assessing controls for financial management, financial reporting and risk management generally for the Company as described in Section 0.</td>
</tr>
<tr>
<td>Board</td>
<td>means the Board of Directors of the Company.</td>
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<tr>
<td>Business Day</td>
<td>means a day, other than a Saturday or Sunday, on which banks are open for general banking business in Sydney.</td>
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<tr>
<td>Chairperson</td>
<td>means the chairperson of the Board.</td>
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<tr>
<td>Charter</td>
<td>means the charter adopted from time to time with respect to each Committee, as applicable to that Committee.</td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td>means the person (if any) engaged by the Company in the role of the chief executive officer of the Company.</td>
</tr>
<tr>
<td>Committee</td>
<td>means a committee created by the Board under this Corporate Governance Charter including without limitation, the Audit and Risk Committee, the Remuneration Committee (as applicable to the relevant section of this Corporate Governance Charter and as established from time to time).</td>
</tr>
<tr>
<td>Company</td>
<td>means Litigation Capital Management Limited ACN 608 667 509.</td>
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<tr>
<td>Company Secretary</td>
<td>means a person appointed by the Company to be the company secretary.</td>
</tr>
<tr>
<td>Constitution</td>
<td>means the constitution of the Company.</td>
</tr>
<tr>
<td>Corporate Governance Charter</td>
<td>means the policies, procedures and Charters set out in this document.</td>
</tr>
<tr>
<td>Corporate Governance Principles and Recommendations</td>
<td>means the Corporate Governance Principles and Recommendations Third Edition issued by the ASX Corporate Governance Council in 2014 as amended or replaced from time to time.</td>
</tr>
<tr>
<td>Corporate Governance Statement</td>
<td>means the Corporate Governance Principles and Recommendations Statement which discloses the extent to which the Company has followed the Corporate Governance Principles and Recommendations.</td>
</tr>
<tr>
<td>Corporations Act</td>
<td>means the Corporations Act 2001 (Cth) as amended or replaced from time to time.</td>
</tr>
<tr>
<td>Director</td>
<td>means a director of the Company.</td>
</tr>
<tr>
<td>Diversity Policy</td>
<td>means the policy described in Section 0.</td>
</tr>
</tbody>
</table>
Employee means an individual who works for the Company (or its subsidiary) under a contract of employment.

Group Member means LCM or any of its subsidiaries.

Independent Director a Director who has a sufficient level of independence to the Company, as determined by the Board.

Key Management Personnel has the definition given in the Accounting Standard AASB 124 Related Party Disclosure as ‘those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) of that entity’.

Management the executive Directors and senior management of the Company.

Managing Director the Director (if any) engaged by the Company in the role of the managing director of the Company.

Officer has the meaning given in the Corporations Act.

Remuneration Committee the Committee charged with, amongst other things, reviewing remuneration levels for Directors and senior management as described in Section 0.

Securities (a) shares;
(b) debentures;
(c) legal or equitable interests in a security covered by paragraph (A) or paragraph (B) above;
(d) options to acquire, by way of issue, a security covered by paragraph (A) or paragraph (B) above; and
(e) rights (whether existing or future and whether contingent or not) to acquire, by way of issue, the following under a rights issue:
   (i) a security covered by paragraph (A) or paragraph (B) above; or
   (ii) an interest or right covered by paragraph 764A(1)(b) or paragraph 764A(1)(ba) of the Corporations Act.

Share Trading Policy the policy set out in Section 0 of this Corporate Governance Manual or otherwise developed from time to time by the Board setting out the procedure for trading in Securities of the Company by Directors, managerial staff, Employees and any other persons who may be associated with the Company.

Standing Rules the general and procedural rules of each Committee set out in Section 5 of this Corporate Governance Manual.