

## **Background**

All companies with shares admitted to trading on AIM, a market operated by the London Stock Exchange are required to provide details on the application of a recognised corporate governance code chosen by the Board of Directors and how the Company complies with that code.

From admission to the Alternative Investment Market (AIM), we have adopted the QCA Corporate Governance Code, having previously reported on our compliance with the ASX Corporate Governance Council's Principles and Recommendations. A description of the Company's corporate governance practices from admission are set out below.

## **Chairman's Corporate Governance Statement**

The Board of LCM recognises the duty that we have to our shareholders to ensure that robust rules, practices and processes are in place and that these operate efficiently at all levels of the business and is committed to delivering high standards of corporate governance and embedding the right culture and behaviour throughout the business.

The Quoted Companies Alliance has published a corporate governance code for small and mid-sized quoted companies, which includes a standard of minimum best practice for AIM companies, and recommendations for reporting corporate governance matters. Upon making the decision to list on AIM, LCM decided to adopt the QCA Guidelines.

The QCA Guidelines sets out the following principles:

1. Establish a strategy and business model which promote long-term value for shareholders;
2. Seek to understand and meet shareholder needs and expectations;
3. Take into account wider stakeholder and social responsibilities and their implications for long term success;
4. Embed effective risk management, considering both opportunities and threats, throughout the organisation;
5. Maintain the board as a well-functioning, balanced team led by the chair;
6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities;
7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement;
8. Promote a corporate culture that is based on ethical values and behaviours;
9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board; and
10. Communicate how LCM is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

As Chairman of LCM, I take overall responsibility for ensuring that our corporate governance processes are implemented at all levels of the business and welcome the opportunity to review our internal processes and define our objectives to all stakeholders.

LCM's application of the QCA Guidelines is detailed below through each objective. Further information is available in the Admission Document and the Annual Report.

Jonathan Moulds  
Chairman  
22 September 2020

<b>Application of the QCA Guidelines and required disclosures</b>	
<p><b>Principle 1: Establish a strategy and business model which promote long-term value for shareholders.</b></p>	<p>LCM's Strategy focuses principally on growth and is built around four core principles:</p> <ul style="list-style-type: none"> <li>- Maintaining a balanced portfolio</li> <li>- Providing funding for new claim types</li> <li>- Focus on international expansion</li> <li>- Ensuring access to capital and funding match LCM's current and future pipeline</li> </ul> <p>LCM considers the most important aspect of its business to be its people, who implement its strategy through the identification and assessment of litigation projects for financing.</p> <p>Full disclosure of the strategy is detailed in LCM's Strategic Report on pages 16 to 18 of the 2020 Annual Report.</p>
<p><b>Principle 2: Seek to understand and meet shareholder needs and expectations.</b></p>	<p>The Board acknowledges the importance of relationships with shareholders and seeks regular interaction with major shareholders to ensure their requirements and opinions are conveyed to the Board.</p> <p>Our shareholders are fundamental to the long-term success of our business and we place significant importance on our relationship with them. We strive to maintain an open and transparent dialogue with our investors as often as practicable, ensuring they understand our overall strategy and how we are delivering against them. We do this through one to one meetings, capital market days and investor roadshows</p> <p>LCM intends to continue to use its annual general meeting ("AGM") as an opportunity to engage with its shareholders and seek their input on the management of LCM. LCM undertakes a number of steps to seek to maximise shareholders' ability to participate in the AGM process.</p>
<p><b>Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success</b></p>	<p>LCM give serious consideration to the impact our business activities may have, not only on our clients and employees, but also in the local communities in which we operate.</p> <p>It goes without saying that our people are our business and are fundamental to LCM's long-term success and to delivering shareholder value. We treat all our employees fairly and ethically and we aim to provide an environment in which all our employees feel valued, engaged, safe and can perform to the utmost of their abilities. Staff retention is important at LCM and we continue to focus on the development of our employees and ensure that they remain motivated and incentivised</p> <p>We ensure that everyone is treated equally and foster an equal opportunities approach to hiring. Our work environment is one that supports diversity and we aim to recruit the most suitable candidates with the right skill set for the role, regardless of their gender, nationality or ethnic background</p> <p>In Australia, LCM is a partner of the Adverse Costs Order Guarantee Fund (ACO Fund) which has been established by the Public Interest Advocacy Centre (PIAC).</p> <p>The ACO Fund aims to promote access to justice for public interest litigation by responding to the significant barrier that is posed by the risk of an adverse cost order. There is no financial return to LCM from the ACO Fund and our involvement represents our commitment to supporting social justice and public interest litigation.</p> <p>The Board has a significant role to play in ensuring longevity of the business through sustainable long- term growth and development strategies. The Group's strategy means that it will rely on the networking</p> <p>ability of executive and senior management as well as employees to maintain active contacts and communications with legal professionals, other professionals and business and financial parties in order to provide it with Litigation Projects.</p> <p>LCM takes feedback from its stakeholders into account when making decisions and taking actions.</p>

<p><b>Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation</b></p>	<p>LCM has a proven and robust risk management process. When considering new Litigation Projects, LCM applies a rigorous selection criteria, referred to as LCM's five pillars. Once a Litigation Project has passed this initial selection criteria, LCM then applies an established investment approval process to manage and mitigate the risks associated with its Litigation Projects.</p> <p>The Company has established an Audit &amp; Risk Committee which provides advice and assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to internal and external audit, risk management systems, financial and market reporting, internal accounting, financial control systems and other items as requested by the Board.</p> <p>The primary objective of the Audit &amp; Risk Committee is to assist the Board in overseeing the systems of internal control and external financial reporting of the Group. It performs this role by ensuring that the external and internal audit arrangements are appropriate and effective; the compliance arrangements are appropriate and effective fraud prevention and whistleblowing arrangements are established which minimise potential for fraud and financial impropriety; and the annual report and accounts, related internal control disclosures and any other publicly available financial information are reviewed and scrutinised.</p> <p>The Audit &amp; Risk Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within the Audit &amp; Risk Committee's duties and responsibilities shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.</p>
<p><b>Principle 5: Maintain the board as a well-functioning, balanced team led by the chair</b></p>	<p>The Board is responsible for the overall management of the Group. The Board comprises five directors; two executive directors and three non- executive directors. The Company believes that it has an appropriate balance between executive and non-executive directors and meets the criteria for at least two independent non-executive directors. The board is led by the Chairman, Jonathan Mould and the roles of Chairman and CEO are distinct.</p> <p>The Board has specific Audit &amp; Risk, Remuneration and Nomination Committees covering three of the areas of the Group's operation which the Board views as having key importance to the Group's stakeholders. Each of these Committees have their own terms of reference which provide the necessary authorities for them to operate as they consider appropriate.</p> <p>Further details of the Company's committees and memberships are set out in LCM Board Committees which is available on the Company's website and in the 2020 Annual Report on pages 48 to 49.</p>
<p><b>Principle 6: Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities.</b></p>	<p>The Board believes its members collectively possess the appropriate balance of skills to allow it to discharge its duties and responsibilities effectively. Details of the skills and experience of each Director is presented in detail on pages 44 to 45 of the 2020 Annual Report.</p>
<p><b>Principle 7: Evaluate board performance based on clear and relevant objectives, seeking continuous improvement</b></p>	<p>The Board will review the effectiveness of the Board and its composition to ensure it 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.</p> <p>The Company has established the Nomination Committee which is delegated the responsibility to lead the process for Board appointments and to ensure that the Board and its committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Company to enable them to discharge their respective responsibilities effectively.</p> <p>The Nomination Committee has adopted formal terms of reference under which the Nomination Committee shall, amongst other matters:</p> <p>a) regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) (including gender) of the Board and make recommendations to the Board with regard to any changes;</p>

	<p>b) give full consideration to succession planning for directors and other senior managers in the course of its work, taking into account the challenges and opportunities facing the Group, and the skills and expertise needed on the Board in the future;</p> <p>c) be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise;</p> <p>d) be responsible for the induction of new appointments to the Board;</p> <p>e) make recommendations to the Board regarding membership of the Audit and Remuneration Committees, and any other Board committees as appropriate, in consultation with the chairmen of those committees; and</p> <p>f) make recommendations to the Board the re-appointment of any non-executive director at the conclusion of their specified term of office (in particular, for any term beyond six years) having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required.</p> <p>The Nomination Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within the Nomination Committee's duties and responsibilities shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.</p>
<p><b>Principle 8: Promote a corporate culture that is based on ethical values and behaviours</b></p>	<p>LCM has a very simple philosophy around ethical conduct that is entrenched within its culture. Ethical conduct is of paramount importance to every LCM employee and it is non-negotiable. We do not permit second chances, we do not allow anyone to exploit grey areas and there is zero tolerance towards anyone looking to bend the rules. LCM's compliance regime has grown in tandem with our international expansion and it addresses the various legal and regulatory obligations LCM has across multiple jurisdictions.</p> <p>The Directors have zero tolerance towards bribery and corruption and the Board has adopted an anti-bribery and corruption policy. The policy applies to all personnel of the Group including Directors, officers and employees. The policy prohibits both 'active bribery' (such as offering or promising to a third party benefits such as gifts, donations or awards) and 'passive bribery' (such as requesting, soliciting or agreeing to receive a bribe from a third party).</p> <p>As part of implementing the policy, the Company has a system for recording hospitality and gifts (both received and made to others) and sets out in detail guidelines for providing and accepting hospitality. The policy condemns tax evasion, whether it involves evading UK taxes or foreign taxes and expressly prohibits the Group's employees, consultants and agents from facilitating tax evasion by any third party.</p>
<p><b>Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision-making by the board</b></p>	<p>The Board is responsible for the overall management of the Group. The Board will meet regularly and aims to meet not less than eight times per year. In the 2020 reporting year, travel restrictions as a result of the COVID-19 pandemic has meant that the Board has only met seven times. Despite this, the Directors have continued to meet on an informal basis to discuss the Company's business.</p> <p>Matters specifically reserved for the Board include matters relating to strategy, management structure and appointments, review of performance, corporate finance and approval of any major capital expenditure and the framework of internal controls.</p> <p>The Board has established a Remuneration Committee, a Nomination Committee and an Audit &amp; Risk Committee and has adopted the Share Dealing Code. The group also operates an Anti-bribery and Corruption Policy, details of each are described further below (see page 55 of 2020 Annual Report).</p> <p>The Audit &amp; Risk Committee provides advice and assistance to the Board in fulfilling its corporate governance and oversight responsibilities in relation to internal and external audit, risk management systems, financial and market reporting, internal accounting, financial control systems and other items as requested by the Board.</p> <p>The primary objective of the Audit &amp; Risk Committee is to assist the Board in overseeing the systems of internal control and external financial reporting of the</p>

	<p>Group. It performs this role by ensuring that the external and internal audit arrangements are appropriate and effective; the compliance arrangements are appropriate and effective fraud prevention and whistleblowing arrangements are established which minimise potential for fraud and financial impropriety; and the annual report and accounts, related internal control disclosures and any other publicly available financial information are reviewed and scrutinised.</p> <p>The Board seeks to ensure that LCM adopts remuneration practices which will enable it to attract and retain high calibre and suitably qualified employees, Executives and Directors whose interests are aligned with those of shareholders. The Company has established a Remuneration Committee which is delegated the responsibility of advising the Board on developing an overall remuneration policy that is aligned with business strategy and objectives, risk appetite, values and long-term interests of the Company, recognising the interests of all stakeholders.</p> <p>The Company has established the Nomination Committee which is delegated the responsibility to lead the process for Board appointments and to ensure that the Board and its committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Company to enable them to discharge their respective responsibilities effectively.</p> <p>Further details of the Company's committees and memberships are set out in the 2020 Annual Report on pages to 49.</p>
<p><b>Principle 10: Communicate how LCM is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.</b></p>	<p>The Board endeavours to keep all interested shareholders informed by regular announcements and update statements. The directors intend to meet regularly with new and existing institutional shareholders to understand their needs and expectations. The Company invites shareholder feedback and will report it back to the Board.</p> <p>LCM uses its annual general meeting (AGM) as an opportunity to further engage with its shareholders. The Chairperson of the Board is ultimately responsible for shareholder communication. As soon as practicable following any general meeting has been concluded, the results of the meeting will be released</p> <p>Through a regulatory news service and a copy of the announcements placed on the Company's website. In the event that a significant proportion of votes was cast against any resolution at a general meeting, an explanation of the actions proposed to be taken in response would be outlined.</p> <p>LCM's website is one of its key information tools and LCM endeavours to keep its website up-to-date, complete and accurate. Documents produced that communicate key information to shareholders will include the annual and interim financial statements, announcements released to the London Stock Exchange and investor presentations.</p>