

## **BOARD COMMITTEES**

### **MEMBERSHIP AND OPERATION OF COMMITTEES**

#### *Membership*

Each Committee of the Board of Directors shall consist of a minimum of two directors. Members of the committee shall be appointed by the Board and may be removed by the Board in its discretion. All members of the Committee shall be non-executive independent directors, one of whom must be elected as Chair of the Committee.

Other executives or individuals may attend meetings of the Committee at the invitation of the Committee Chair but are not members of the Committee.

If a member is unable to act for any reason, the Chair may appoint another non-executive director as an additional member, provided, where practicable, that the majority of the members of the Committee shall be independent.

The Secretary of the Committee shall be the Company Secretary or such other person as the Committee may appoint who shall attend all Committee meetings and record minutes as minute secretary. All minutes of the Committee, when approved and signed by the Committee Chair and tabled at the next meeting of the Board, shall be entered into a minute book maintained for that purpose and shall be open at all times for inspection by any director.

#### *Voting Arrangements*

Each member of the Committee shall have one vote which may be cast on matters considered at the meeting. Votes can only be cast by members attending a meeting of the Committee.

If a matter that is considered by the Committee is one where a member of the Committee, either directly or indirectly, has a personal interest, that member shall not be permitted to vote at the meeting.

Save where they have a personal interest, the Chair will have a casting vote.

All decisions of the Committee shall be formally reported to the Board by the Chair. The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed and shall compile a report on its activities to be included in the Company's annual report.

#### *Administration*

A notice of each meeting confirming the date, time and venue together with the agenda and Committee papers shall be forwarded to each member of the Committee at least one week prior to the date of the meeting, although such notice period may be waived or shortened with the written consent of all members of the Committee.

A quorum shall comprise any two Committee members who are non-executive directors. In the absence of the Committee Chair or appointed delegate, the members shall elect one of their number as Chair being an independent director for that meeting.

The Committee shall have the authority to delegate any of its responsibilities to sub-committees as the Committee may deem appropriate. The Committee shall have authority to retain such outside counsel, experts and other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms.

The Committee shall report its actions and any recommendations to the Board and shall conduct and present to the Board an annual performance evaluation of the Committee.

The Chair of the Committee should attend the Company's annual general meeting and be prepared to respond to any shareholder questions on the Committee and its activities and responsibilities.

## **AUDIT AND RISK COMMITTEE**

### *Purpose*

The purpose of the Audit and Risk Committee shall be to assist and advise the Board in its oversight of the Company's management of financial reporting, corporate governance and the external audit process; and monitoring of key risks, including strategic and operational risks, as well as the guidelines, policies and processes for monitoring and mitigating such risks. The Committee's role includes oversight of financial reporting and risk management of the Company's wholly owned subsidiaries.

### *Role and Responsibility – Financial Reporting*

- a) Assist the Board in determining the reliability, integrity and appropriateness of accounting policies, financial reporting and disclosure practices.
- b) Monitor compliance with applicable accounting standards and other requirements relating to the preparation and presentation of financial results.
- c) Assess the adequacy and clarity of presentation of financial information to shareholders.
- d) Review financial reports and to recommend to the Board their adopting, taking into account a declaration from the CEO/MD and CFO (or alternate party as identified by the *Corporations Act 2001*) that, in their opinion, the financial records of the entity have been properly maintained and that the statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Group and that the opinion has been formed on the basis of a sound system of internal control and risk management, which are operating effectively. The statement by the CEO/CFO relates to the financial statements for any reporting period.
- e) Assess, review and challenge, where reasonable, the appropriateness of significant accounting policies on a year-on-year basis for the Company.
- f) Review and challenge, where necessary, compliance with accounting standards and assess whether the Company has made appropriate estimates and judgments, considering the views of the Company's external auditors.
- g) Review and challenge, where necessary, methods used to account for significant or unusual transactions, where different approaches are possible.
- h) Review management's process for ensuring and monitoring compliance with laws, regulations and other requirements relating to the external reporting by the Company of financial and non-financial information.

- i) Consider all significant accounting policies, valuations and reporting changes before consideration by the Board.
- j) Review and challenge, where necessary, the clarity of disclosure in the Company's financial statements and the content in which statements are made.
- k) Review and challenge, where necessary, all information presented in the Company's financial statements, such as operating and financial review, and the corporate governance statements (insofar as it relates to the audit).

#### *Role and Responsibility – External Auditors*

- a) Nominate the external auditor to the Board and to approve the terms of the contract with the external auditor including the audit fees and the nature and quantum of non-audit services provided by the external auditor.
- b) Evaluate and assess the performance and independence of the Company's external auditors objectively, considering relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services.
- c) Review and approve the annual audit plan.
- d) Ensure the independence, authority and effectiveness of the external auditor and to maintain open lines of communication between the auditor and the Board.
- e) Ensure the Committee has unfettered access to the external auditor and is entitled to meet with the auditor without management present.
- f) Require the external auditor to:
  - i. Submit a formal written statement delineating all responsibilities and work completed by the auditor.
  - ii. Report to the Committee on any significant issues raised with management.
  - iii. Prepare any report or other disclosures to be included in LSR's annual report or other communications with shareholders on the relationship between the external auditors and the Company.
  - iv. Attend the AGM and be available to answer questions from shareholders relevant to the auditor.

#### *Role and Responsibility – Risks*

Risk assessment and risk management are the responsibility of the Company's management. The Committee has an oversight role and in fulfilling that role, it relies on the reviews and reports described below.

The Committee shall have the following authority and responsibilities:

- a) To review and discuss with management the Company's risk governance structure, risk assessment and risk management practices and the guidelines, policies and processes for risk management.
- b) To review and discuss with management the Board's risk appetite and strategy relating to managing key risks, including health and safety risk, economic risk, environmental risk, social sustainability risk, credit risk, liquidity and funding risk, market risk, product risk and

reputational risk, as well as the guidelines, policies and processes for monitoring, managing and mitigating such risks.

- c) To discuss with the Company's executive team the Company's risk assessment and risk management guidelines, policies and processes as the case may be.
- d) To receive, as and when appropriate, reports from the Company's CEO/MD on the results of risk management reviews and assessments.
- e) To review disclosure regarding risk contained in the Company's annual report.
- f) To review and assess the nature and level of insurance coverage.
- g) To review reports on selected risk topics as the Committee deems appropriate from time to time.
- h) Initiating and monitoring special investigations into areas of corporate risk or breakdowns in internal controls.
- i) To discharge any other duties or responsibilities delegated to the Committee by the Board.

The Board reviews these systems and the effectiveness of their implementation annually and considers the management of risk at its meetings. The Board may consult with the Company's external auditors on external risk matters or other appropriately qualified external consultants on risk generally, on an as needed basis.

The Company is not required to have an internal audit function, however, in the absence of such a function, the Committee shall ensure that sufficient internal reviews of financials, operational and regulatory compliance procedures are carried out to minimise the risk to the Company in those areas.

The Committee must have, in the absence of a formally established internal audit function, satisfactory processes in place for evaluating and continually improving the effectiveness of its risk management and internal control processes.

#### *Role and Responsibility – Other*

- a) Consider such other topics as may be requested by the Board.
- b) Receive appropriate and timely training, both in the form of an induction program for new members, and on an ongoing basis for all members, and have access to sufficient resources in order to carry out its duties.
- c) Give due consideration to laws and regulations, including the provisions of the *Corporations Act 2001* and the requirements of the ASX Listing Rules as appropriate.
- d) Oversee any investigation of activities which are within its terms of reference.
- e) Review the adequacy of existing policies such as the Market Disclosure Policy and the Share Trading Policy, and to comply with these policies and to identify areas which require policy development.
- f) Review the Company's procedures for detecting fraud.
- g) Review the Company's arrangements for its employees to review concerns in confidence about possible wrongdoing in financial reporting or other matters.
- h) Allow and oversee proportionate and independent investigation of allegations of employee conflict of interest, fraud, whistleblower protection or malfeasance.

- i) Conduct an annual review of the Committee’s own work, performance and these terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

### *Specific Committee Requirements*

- a) The Committee shall meet at least two times per year as follows:
  - i. Immediately prior to the release of the full-year statutory financial statements; and
  - ii. Immediately prior to the release of the half-yearly statutory financial statements.
- b) All minutes of the Committee, when approved and signed by the Committee Chair, shall be circulated to all members of the Board (unless a conflict of interest exists) and to the external auditors and then shall be entered into a minute book maintained for that purposes and shall be open at all times for inspection by any director.
- c) The Committee may, with the prior approval of the Board, instruct the CEO/MD to engage independent advisors in relation to any matter pertaining to the responsibilities of the Committee.
- d) The Chair of the Committee should attend the Company’s AGM for the purpose of handling any questions or enquiries of the meeting about the latest audit.

## **REMUNERATION AND NOMINATION COMMITTEE**

### *Purpose*

The purpose of the Remuneration and Nomination Committee shall be to assist and advise the Board in managing composition and performance of the Board and executive management, as well as matters relating to general HR practices and outcomes of the Company and the remuneration of executive directors, non-executive directors and other key executives of the Company.

### *Role and Responsibility – Board Related Matters*

The Committee will assist the Board in:

- a) Reviewing the Board composition.
- b) The appointment of the CEO/MD.
- c) The appointment of the Company Secretary.
- d) Approving the recommendation for the appointment of key management personnel presented to the Committee by the CEO/MD, if required.
- e) Performance appraisal of the Board and Directors.
- f) Succession planning for Board and CEO/MD.
- g) Approving the recommended succession planning for key management personnel presented to the Committee by the CEO/MD.

To achieve the optimal composition of the Board and the Board Committees, the Remuneration and Nomination Committee will have regard to:

- a) Size and composition (Board and Board Committees);
- b) Ensuring the Board and Board Committees consist of individuals who are best able to discharge the responsibilities of Directors and Committee members;
- c) The extent to which required skills, experience of attributes are represented; and
- d) The need to maintain the highest standard of corporate governance.

The Committee will conduct an annual review of the role of the Board and each Board Committee, assessing the performed of the Board and each Board Committee over the previous 12 months. To assist in this process, an independent advisor may be used.

### *Role and Responsibility – Remuneration and HR Matters*

The Committee shall have the following responsibilities:

- a) Monitor the general HR practices and outcomes of the Company and provide advice to the Board as to where and how risks arise and what recommended actions may be taken.
- b) Monitor and review the diversity, equality and inclusion outcomes and compliance with the Diversity, Equality and Inclusion Policy and provide advice to the Board as to recommended actions and targets that may be considered.
- c) Determine and disclose remuneration and incentive policies and remuneration of executive directors, non-executive directors and other key executives.
- d) Ensure processes are in place, and disclose those processes, for setting the level of and composition of remuneration for directors and key executives and ensuring that such remuneration is appropriate and not excessive.
- e) Ensuring that executive remuneration has an appropriate balance of fixed and performance-based remuneration.
  - i. Fixed remuneration should be reasonable and fair, considering the Company's obligations at law and market conditions, and should be relative to the scale of the Company's operations. Fixed remuneration should reflect core performance requirements and expectations.
  - ii. Performance-based remuneration should be linked to clearly specified performance targets and KPI's. These targets should be aligned to the Company's short and long-term performance objectives and strategy, and should be appropriate to its circumstances, goals and risk appetite.
- f) Determine and review incentive plans and require that equity-based plans involving the issue of new shares to executives, other than directors, be approved by shareholders prior to implementation and that such plans prohibit hedging unvested options.
- g) Determine and review superannuation arrangements of the Company.
- h) Determine and review professional indemnity and liability insurance for directors and senior management.
- i) Make a statement in the Company's annual report of the Company's remuneration policy and practices, ensuring that all provisions regarding disclosure of remuneration are fulfilled.

- j) Annually review its own performance, constitution and terms of reference to ensure it is operating to maximum effectiveness and to recommend any changes it considers necessary to the Board for approval.

#### *Role and Responsibility – Performance Evaluation*

The Committee will review the performance of the CEO/MD and an evaluation of the performance of the executive team as presented by the CEO/MD and make recommendations to the Board.

This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

#### *Role and Responsibility – Specific Committee Requirements*

The Committee will meet at least once each year, if required, and at such additional times as the Chair of the Committee shall decide in order to fulfil its duties.

In addition to the members of the Committee, any other director's wishing to be present are entitled to attend the meeting with the approval of the Chair. The Committee may extend an invitation to any person to attend all or part of any meeting it considers appropriate. In particular, the Committee may meet with external advisors, any executive or other employee, any other non-executive director, and may do so without management present.

The Committee is authorised to:

- a) Seek any information it requires in order to perform its duties, from any employee of the Company' and
- b) Obtain, at the Company's expense, external legal or other professional advice on any matter within its charter.