



**LUMOS DIAGNOSTICS HOLDINGS LIMITED**  
**ACN 630 476 970**  
**Corporate Governance Statement**

The Board of Lumos Diagnostics Holdings Limited (the **Company**) is responsible for the overall corporate governance of Lumos and monitors the operational and financial position and performance of Lumos and oversees its business strategy, including approving its strategic goals. The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial returns, and sustaining the growth and success of Lumos. The Board believes that good corporate governance helps ensure the future success of the Company, adds value to stakeholders and enhances investor confidence.

The Board has created a framework for managing the Company including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for Lumos' business and which are designed to promote the responsible management and conduct of Lumos. In establishing its corporate governance framework, the Board has referred to the 4th edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations (**ASX Recommendations**).

In accordance with ASX Listing Rule 1.1 Condition 16, the corporate governance statement discloses the extent to which the Company follows the ASX Recommendations as at the date of its admission to the official list.

The Company will follow each ASX Recommendation where the Board considers the ASX Recommendation to be an appropriate benchmark for its corporate governance practices given the Company's size, structure and operations. Where the Company's corporate governance practices follow an ASX Recommendation, the Board has made appropriate statements reporting on the adoption of the ASX Recommendation. In compliance with the "if not, why not" reporting regime, where, after due consideration, the Company's corporate governance practices will not follow an ASX Recommendation, the Board has explained its reasons for not following the ASX Recommendation and disclosed what, if any, alternative practices the Company will adopt in lieu of the ASX Recommendation.

This Statement has been approved by the Board of Directors and is current as at the date of its admission to the ASX.

**PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT**

**Recommendation 1.1 - Role of the Board and Management**

The role of the Board is to approve the strategic direction of the Group, guide and monitor the management of the Company and its businesses and oversee the implementation of appropriate corporate governance with respect to the Group's affairs. The Board aims to protect and enhance the interests of its shareholders, while taking into account the interests of other stakeholders, including employees, customers, suppliers and the wider community.

The Company has established the respective roles and responsibilities of its Board and management, and those matters expressly reserved for the Board and those delegated to management, and has documented these roles and responsibilities in its Board Charter. The copy of Board Charter which is available on our website at <https://lumosdiagnostics.com>.

The Board delegates responsibility for the day-to-day management of the Company and its businesses to the CEO (**CEO**). The CEO is supported by the senior executive team and delegates authority to appropriate senior executives for specific activities and transactions via a formal 'delegations of authority'. The Board maintains

ultimate responsibility for strategy, control and risk profile of the Group.

### **Recommendation 1.2: Appointment of Directors**

The Remuneration and Nomination Committee facilitates the selection and appointment of Directors. Before an appointment is made, the Board will ensure that appropriate background checks are undertaken.

The Company provides shareholders with all material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in a Notice of Meeting, Annual Report and other channels pursuant to which the resolution to elect or re-elect a Director will be voted on.

### **Recommendation 1.3: Appointment Terms**

Upon appointment, each Director receives a letter of appointment which sets out the formal terms of their appointment. Directors also receive a deed of indemnity, insurance and access.

Senior executives also receive a written contract with the Company, setting out the terms of their appointment, including remuneration entitlements and performance requirements.

As a non-listed public company, it has not been required to disclose information regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives. The Company intends to disclose the matters contemplated by ASX Recommendation 8.2 in future annual reports.

### **Recommendation 1.4: Company Secretary**

The Board is supported by its Company Secretary, whose role includes supporting the Board on governance matters, assisting the Board with meetings and directors' duties, and acting as an interface between the Board and senior executives across the Group. The Board and individual Directors have access to the Company Secretary.

Under the Company's governance framework, the Company Secretary is accountable to the Board, through the Chair, on all matters regarding the proper functioning of the Board. The Board is responsible for the appointment of the Company Secretary.

Details regarding our Company Secretary, including experience and qualifications, is set out in the Company's Prospectus.

### **Recommendation 1.5: Diversity Policy**

The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy allows the Board to set measurable gender diversity objectives, if considered appropriate, and to assess annually both the objectives (if any have been set) and the Company's progress in achieving them.

The Diversity Policy is available on the Company's website at <https://lumosdiagnostics.com>.

The Company's policy places priority on securing the appropriate skills, knowledge and experience for workforce and Board roles, whilst acknowledging the importance of diversity in delivering strong performance for shareholders. The Company at all times seeks to align its management system with its commitment to a culture that values and achieves diversity. The Company is also of the view that inclusion should be driven by culture (we want to) rather than by policy (we have to).

The Board and management consider building a diverse and inclusive workforce as paramount to gaining the best insight into the needs of customers and stakeholders. A diversity of perspectives and backgrounds also strengthens creativity and innovation in teams.

The proportion of women on the Board, in senior executive positions and women across the entire organisation as at 14 May was as follows:

Year	Gender	Senior Executive Positions	Whole Organization
2021	No of women	10	117
	% of women/men	50% women	49.57 % women
		50% men	50.43 % men

The Company's key measurable objectives are to maintain a minimum of 40% female and 40% male individuals across all levels of the Company. The Remuneration and Nomination Committee will continue to review the measurable objectives annually.

#### **Recommendation 1.6: Board Performance Assessment**

The Board is committed to formally evaluating its performance, the performance of its Committees and individual Directors, as well as the governance processes supporting the Board.

The Board will ensure that a performance evaluation is conducted annually in accordance with its performance evaluation process as set out in Annexure 2 of the Board Charter. This policy will be reviewed regularly. The Board will disclose as part of its periodic reporting, whether an evaluation of the Board, its committees (if applicable) and individual directors has taken place in accordance with the Performance Evaluation Process and key results thereof.

In the case of the CEO, this review will be conducted by the Chair.

#### **Recommendation 1.7: Senior Executive Performance Assessment**

Senior Executives are appointed by the CEO with the oversight by the Remuneration and Nomination Committee and their Key Performance Indicators (**KPI's**) contain specific financial and non-financial objectives.

These KPI's will be reviewed annually by the CEO with oversight by the Remuneration & Nomination Committee. The performance of each Senior Executive against these objectives will be evaluated annually. The Company will disclose in its annual corporate governance statement whether such performance evaluation has been undertaken in accordance with the Performance Evaluation Process.

### **PRINCIPLE 2 – BOARD STRUCTURE**

#### **Recommendation 2.1: Nomination Committee**

The Company's Remuneration and Nomination Committee Charter provides for the creation of a Remuneration and Nomination Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director. The Remuneration and Nomination Committee Charter is available on our website at <https://lumosdiagnostics.com>

The Board has established a Remuneration and Nomination Committee, which consists of three members, all of whom are independent Directors, being Bronwyn LeGrice, Lawrence Mehren and Catherine Robson. The Committee is chaired by Bronwyn LeGrice.

Further details of the Remuneration and Nomination Committee are included in the table below:

Committee	Audit and Risk	Remuneration and Nomination
<b>Chair</b>	Catherine Robson	Bronwyn Le Grice
<b>Independent Chair</b>	Yes	Yes
<b>Other Members</b>	Lawrence Mehren Bronwyn Le Grice	Lawrence Mehren Catherine Robson
<b>Majority Independent?</b>	Yes	Yes
<b>All Non-Executive Directors?</b>	Yes	Yes
<b>Committee's relevant qualifications and experience</b>	<p>The Committee Chair has more than 20 years' experience in management, finance and investment and is an experienced non-executive director with ASX listed focus on risk, audit and remuneration committees.</p> <p>All members have relevant qualifications including legal, finance, commerce or MBA qualifications combined and/or substantial relevant experience</p>	<p>The Committee Chair is an experienced non-executive director with ASX listed experience and specific experience in the ASX small-mid cap health technology market.</p> <p>All committee members have extensive experience in managing remuneration structures to incentivise appropriate performance.</p>
<b>Key Roles/Responsibilities</b>	<ul style="list-style-type: none"> <li>• Integrity of external financial reporting</li> <li>• Financial risk management and internal controls</li> <li>• Processes for compliance with ASX disclosure (including continuous disclosure)</li> <li>• Reviewing appointment, remuneration, independence and competence of external auditors</li> <li>• Processes for managing legal and regulatory risk</li> <li>• Oversight and monitoring of corporate risk management systems and internal controls</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration policies and practices for CEO and senior executives</li> <li>• Incentive plans, including equity-based plans</li> <li>• Non-executive director remuneration</li> <li>• Succession planning</li> <li>• Performance and education of directors</li> <li>• Director selection and appointment (including appropriate checks prior to appointment)</li> <li>• Corporate Governance systems and policies</li> </ul>

#### Recommendation 2.2: Board Skills Matrix

The Board's objective is to have an appropriate mix of expertise and experience on the Board so that it can effectively discharge its corporate governance and oversight responsibilities. It is the Board's view that the current Directors possess an appropriate mix of relevant skills, experience, expertise and diversity to enable the Board to discharge its responsibilities and deliver the Company's strategic objectives.

The skills and experience represented on the Board and relevant to the Company's business are set out in the matrix below:

#### **Skills and experience**

Strategy and leadership	Health, safety, social and environmental responsibility
Policy development	Stakeholder communication and engagement
Corporate governance	Operational leadership
ASX-listed experience	Executive management experience
Financial analysis and capital markets expertise	Global experience
Risk and compliance oversight	Critical and innovative thinking
People management	Negotiation and influence
Commercial experience	Enabling innovation and technology
Legal and regulatory approval	

To the extent that skills are not directly represented on the Board, they are augmented through the Company's management and external advisors.

The professional skills, experience and expertise of each Director as at the date of Listing, are set out in the Company's Prospectus (**Prospectus**).

#### **Recommendation 2.3: Independent Directors**

An independent director is a non-executive director who is not a member of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of judgement. The Board considers the independence of Directors having regard to the relationships listed in Box 2.3 of the ASX Recommendations.

The Board regularly assesses the independence of each Non-Executive Director in light of the information which each Director is required to disclose in relation to any material contract or other relationship with the Company in accordance with the Director's terms of appointment, the Corporations Act 2001 and the Board Charter.

The current structure and composition of the Board is set out below. The majority of the Board are independent, non-executive directors.

<b>Name</b>	<b>Position</b>	<b>Appointment Date</b>	<b>Status</b>
Sam Lanyon	Chairman	23 July 2020	Non-Independent
Rob Sambursky	Executive Director	1 April 2019	Non-Independent
Bronwyn Le Grice	Non-Executive Director	28 September 2020	Independent
Lawrence Mehren	Non-Executive Director	22 October 2020	Independent
Catherine Robson	Non-Executive Director	4 January 2021	Independent

The Board considers that Bronwyn Le Grice, Lawrence Mehren and Catherine Robson are free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with, the exercise of unfettered and independent judgement and are able to fulfil the role of independent directors for the purpose of the Recommendations.

Robert Sambursky and Samuel Lanyon are currently considered by the Board not to be independent on the basis that they are the CEO of Lumos and a Director of Lumos' majority shareholder respectively. Based on the ASX Recommendations, the Company complies with a majority of Independent Shareholders however does not satisfy the recommendation of having an independent Chair.

Notwithstanding the non-independence of the Chair and in light of the Company's current size and level of operations, the Board composition is presently adequate and sufficient in order to allow the Board to effectively review and challenge the performance of management and meet the strategic priorities of the Company.

#### **Recommendation 2.4: Majority Independence**

As at the date of this Statement, a majority (three of five) of the Company's Director are deemed independent. The current Board composition reflects an appropriate balance of skills, expertise and experience to fulfil its obligations to act in the best interests of the Company and all stakeholders. The Board also considers that there are appropriate safeguards in place including policies and protocols to ensure independent thought and decision making.

It is noted that the composition of the Board will be reassessed in the future in line with changes in the Group's operations and will be adjusted as deemed appropriate. The Board will consider the ASX Recommendations in assessing any future changes in board composition.

#### **Recommendation 2.5: Board Chair**

On 23 July 2020, Sam Lanyon was appointed as Executive Chair of the Company and is not considered an Independent Director. The Chair provides leadership to the Board in relation to all Board matters and is responsible for ensuring that the Board meets its responsibilities under the Board Charter. The role of Chair is set out in more detail in the Board Charter.

The Board recognises that the role of Chair should be fulfilled by an independent Director, however, the Board (other than Sam) considers that Sam is the most appropriate person to act as Chair of the Board given his industry experience and expertise and understanding of the Lumos business. Lawrence Mehren has been appointed as deputy chair of the Board.

As the Lumos business grows, the Board will continue to review Lumos' corporate governance arrangements and the composition of the Board, including for example, whether it is appropriate for the Company to engage an independent Chair.

#### **Recommendation 2.6: Induction, Education and Training**

New Directors are provided with copies of all relevant documents and policies governing the Company's business, operations and management, at the time of joining the Board. All Directors are provided with ongoing professional development and training opportunities to enable them to develop and maintain their skills and knowledge. Directors are also encouraged to personally undertake appropriate training and refresher courses as appropriate to maintain the skills required to discharge their obligations to the Company.

### **PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY**

#### **Recommendation 3.1: Statement of Values**

As disclosed in the Prospectus, in order to reinforce the Company's values which underpin how the Company undertakes its business, it has adopted a Statement of Values. The Statement of Values is the guiding principles and norms that define what type of organisation it aspires to be and what it requires from its directors.

## CORE VALUES

- Act with integrity and accountability: Uphold the highest ethical standards in all actions, both in and out of the workplace. Deliver on commitments and measure ourselves against the highest standards of honesty, fairness and fiscal responsibility.
- Value teamwork and collaboration: Work together without blame to support our colleagues and position Lumos for success by leveraging our collective skills to build, achieve, problem solve and simultaneously meet both internal goals and the needs of our partners and customers.
- Embrace and respect diversity: Understand that growth, creativity and synergy evolve out of our differences. It takes a team with our unique set of personalities, lifestyles, thought processes, work experiences, ethnicities, races, colors, religions, genders, gender identities, sexual orientations, marital statuses, ages, national origins, disabilities, veteran statuses, ideas, strengths and experiences to make our company succeed. Listen and welcome healthy, considerate debate and differences of opinion.
- Lead by example: Provide and accept feedback. Lead through our actions and commit to growing, innovating and improving while still enjoying the ride.
- Commit to quality and accuracy: Provide outstanding products and unsurpassed service that, together, deliver premium value to our customers, clients, partners and the communities we serve. Think differently to overcome obstacles, find solutions and provide exceptional results.

The Company's Management is responsible for instilling these values across the organisation.

### **Recommendation 3.2: Code of Conduct**

Lumos is committed to instilling and continually reinforcing a culture across the organisation of acting lawfully, ethically and responsibly in all business practices. Accordingly, the Company has adopted a formal Code of Conduct which outlines the manner in which the Company expects its Directors and employees to behave and conduct business in the workplace. It also provides a framework for the identification and resolution of issues concerning the conduct of employees at the Company. The Code of Conduct applies to all staff, officers, Directors, associates, contractors, consultants and relevant third parties of the Company.

The objectives of the Code of Conduct are to:

- provide a benchmark for ethical and professional behaviour;
- promote healthy, respectful and positive working environments for all staff and Directors;
- ensure that there is compliance with laws, regulations, policies and procedures relevant to the Company;
- ensure there are appropriate mechanisms and procedures in place for staff and Directors to report breaches of the Code of Conduct;
- ensure that staff and Directors are aware of the consequences for breaching the Code of Conduct; and
- ensure that any material breach is reported to the Board.

The Code of Conduct is available on the Company's website at <https://lumosdiagnostics.com>

### **Recommendation 3.3: Whistleblower Policy**

The Whistleblower Policy demonstrates that the Company is committed to the highest standards of conduct and ethical behaviour in all of its business activities. The Company supports a culture of honest and ethical behaviour



in ensuring good corporate compliance and governance. The policy sets out, amongst other things, instances of suspected misconduct which can be reported to the internal and external parties and summarises the protections offered to whistleblowers.

Any material breach of the Company's policies, including any breach of the Whistleblower Policy, is raised and reviewed at each Board Meeting.

The Whistleblower Policy is available on the Company's website <https://lumosdiagnostics.com>

#### **Recommendation 3.4: Anti-bribery and Corruption Policy**

The Anti-Bribery and Corruption Policy demonstrates that the Company is committed to maintain high standards of integrity and accountability in conducting its business. The Company has adopted an Anti-bribery and Corruption Policy. This Policy is aimed at establishing controls to ensure compliance with all applicable anti-bribery and corruption regulations and to ensure that the Company's business is conducted in a socially responsible manner. The Policy provides information and guidance to employees on how to recognise and deal with bribery and corruption issues

Any material breach of the Company's policies, including any breach of the Anti-Bribery and Corruption Policy, is reported at the Audit and Risk Committee level and/or Board level where appropriate.

The Anti-Bribery and Corruption Policy is available on the Company's website <https://lumosdiagnostics.com>

### **PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING**

#### **Recommendation 4.1: Audit Committee**

The Company's Audit and Risk Committee Charter provides for the creation of an Audit and Risk Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director who is not the Board Chair. The Audit and Risk Committee Charter is available on our website at <https://lumosdiagnostics.com>

The Board has established an Audit and Risk Committee, which consists of three members, all of whom are independent Directors, being Catherine Robson, Bronwyn LeGrice and Lawrence Mehren. The Committee is chaired by Catherine Robson.

In accordance with the Company's Audit and Risk Committee Charter the primary function of the Committee is to assist the Board to carry out the following:

- review and monitor the integrity of the Company's financial reports and statements;
- monitor the performance and independence of the external auditor; and
- reviewing the consolidated accounts of the company.

Further details of the Audit and Risk Committee are also included in Recommendation 2.1 above.

It also has risk management and internal control functions as set out under Recommendation 6.1.

#### **Recommendation 4.2: Assurances**

For the Company's periodic financial reporting, the CEO and Chief Financial Officer provide a declaration to the Board that, in their opinion, the financial records of the Company have been properly maintained and that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.



**Recommendation 4.3: Verification of integrity of periodic corporate reports**

The Company's external auditor is William Buck Audit (Vic) Pty Ltd (**William Buck**). William Buck will be in attendance at each Annual General Meeting and a representative available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Audit and Risk Committee Charter provides that the Audit and Risk Committee will assist the Board in the implementation of the Company's processes to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

For any periodic reports released to the market, the processes to verify their integrity will be disclosed either in the report itself or more generally in the Company's corporate governance disclosures in its annual report, or on the Company's website.

**PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE**

**Recommendation 5.1: Continuous Disclosure Policy**

We are committed to providing information to shareholders and to the market in a manner that is consistent with the meaning and intention of the ASX Listing Rules and the Corporations Act.

To comply with these obligations, the Board has adopted a Continuous Disclosure Policy (**Policy**), which is available at <https://lumosdiagnostics.com>. This Policy sets out the key obligations of directors and employees in relation to the Company's continuous disclosure requirements.

The Board has overarching responsibility for compliance with continuous disclosure obligations and the Board approval is required for certain key matters (as set out in the Policy) and matters may be referred to the Board for approval by the CEO or the Company Secretary.

The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market and in compliance with our Securities Trading Policy (as applicable). In accordance with continuous disclosure obligations under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. The Company website will include a link to all information disclosed to the ASX.

**Recommendation 5.2: Provide Board with copies of all material market announcements**

The Company Secretary will ensure that its Board receives copies of all material market announcements prior to release to the market followed by immediate notification including announcement following each release to the market.

**Recommendation 5.3: Investor Presentations**

The Company will ensure that all substantive presentations are released to the market to enable security holders the opportunity to access the material included in the presentation.

**PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS**

**Recommendation 6.1: Information and Governance**

The Company provides information about itself and its governance to investors via its website at

<https://lumosdiagnostics.com>.

The Company also maintains a separate investor page on our website to provide shareholders with links to annual and interim reports, ASX announcements, presentations and other key information.

### **Recommendation 6.2: Investor Relations**

We endeavour to communicate with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions.

Through its shareholder communications, we aim to provide information that will allow existing shareholders, potential shareholders and financial analysts to make informed decisions about the Group's intrinsic value and meet its obligations under the ASX's continuous disclosure regime.

Our investor relations program includes:

- issuing regular written shareholder communications such as quarterly financial reporting and an Annual Report to address the Company's strategy and performance;
- sending and receiving shareholder communications electronically;
- maintaining the Board and corporate governance and investor sections on our website including posting all announcements after they have been disclosed to the market;
- promoting two-way interaction with shareholders, by supporting shareholder participation at general meetings including encouraging shareholders to send their questions to the Company prior to the annual general meeting and responding to their questions and feedback; and
- ensuring that continuous disclosure obligations are understood and complied with throughout the Group.

Shareholder queries should be referred to Tracy Weimar and Melanie Leydin, the joint Company Secretaries, in the first instance.

Our Company Policy for Shareholder Communications is available on our website at <https://lumosdiagnostics.com>.

### **Recommendation 6.3: Shareholder Meeting Participation**

Shareholders are forwarded the Company's Annual Report, if requested (it is otherwise made available on the Company's website), and documents relating to each general meeting, being the notice of meeting, any explanatory memorandum and a proxy form and shareholders are invited to attend these meetings.

The Board regards each general meeting as an important opportunity to communicate with shareholders and it provides a key forum for shareholders to ask questions about the Company, its strategy and performance. At shareholder meetings, the Company will provide an opportunity for shareholders and other stakeholders to hear from and put questions to the Board, management and if applicable our external auditor.

### **Recommendation 6.4: All substantive resolutions at a security holder meeting are decided by poll**

In order to ascertain the true will of the Company's security holders attending and voting at its security holder meetings, whether attendance is in person, electronically or by proxy or other representative, in most situations where this can be achieved the company will conduct the voting procedure by a poll.

### **Recommendation 6.5: Electronic communications with shareholders**

Shareholders are encouraged to take advantage of the benefits of electronic communications by electing to receive communication from the Company and its share registry electronically. Shareholders may send their communications preference to the share registry electronically through one of its means of communication available on <https://www-au.computershare.com>.

## **PRINCIPLE 7 – RECOGNISE AND MANAGE RISK**

### **Recommendation 7.1:**

The Company's Audit and Risk Committee Charter provides for the creation of an Audit and Risk Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director who is not the Board Chair. The Audit and Risk Committee Charter is available on our website at <https://lumosdiagnostics.com>.

The Board has established an Audit and Risk Committee, which consists of three members, all of whom are independent Directors, being Catherine Robson, Bronwyn LeGrice and Lawrence Mehren. The Committee is chaired by Catherine Robson.

In accordance with the Company's Audit and Risk Committee Charter the Committee also has delegated responsibilities in relation to risk management which includes assisting the Board to:

- review and make recommendations regarding the adequacy and integrity of the Company's risk management framework and system of internal controls; and
- reviewing compliance with relevant laws and regulations.

### **Recommendation 7.2: Risk Management Framework**

The Company's risk management framework is supported by the Board of Directors, management and the Audit and Risk Committee. The Policy includes procedures to analyse risks within agreed parameters across the Company and to ensure the Company has an appropriate risk management framework in place to adequately measure its risk profile on an ongoing basis.

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Management is responsible for monitoring and ensuring that appropriate processes and controls are in place to effectively and efficiently manage risk. Management is responsible for monitoring compliance with and the effectiveness of risk management systems and controls at a divisional level including financial and non-financial risks. Senior management regularly report to the Board on the adequacy of its risk management systems, processes and key matters for consideration.

The Risk Management Policy sets out the Company's system of risk oversight, management of material business risks and internal control. The Company's risk management framework including risk profile and risk registers are reviewed on a periodic basis, and a review will be undertaken by the Audit and Risk Committee on an annual basis.

The Risk Management Policy is available on the Company's website <https://lumosdiagnostics.com>.

### **Recommendation 7.3: Internal Audit**

Due to the current size of the Company, and taking into account cost/benefit considerations, the Board does not currently consider it necessary to have an internal audit function. The Audit and Risk Committee Charter requires the Committee to oversee the evaluation and continual improvement of the effectiveness of the Company's risk management and internal control processes. The Committee will achieve this objective by closely monitoring these areas and will require management to review and report on risk and internal control areas. The Committee may consider the use of external resources to assist as required.

The Board considers these departures from the ASX Recommendation are justified given the maturity of the Company and the need to preserve funds as an early stage business. If in future an internal audit function is warranted then the Board will give due regard to the ASX Recommendation and the establishment of an internal audit function.

#### **Recommendation 7.4: Economic, Environmental and Social Sustainability Risk**

The Company is not subject to any particular or significant single economic, environmental and social sustainability risk. The Company is subject to a range of general economic risks, including macro-economic risks, government policy (including policy regarding technology and research and development), general business conditions, changes in technology and many other factors.

The Board does not believe the Company has any material exposure to economic and social sustainability risks at the present time.

### **PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY**

#### **Recommendation 8.1: Remuneration Committee**

The Company's Remuneration and Nomination Committee Charter provides for the creation of a Remuneration and Nomination Committee, with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director. The Remuneration and Nomination Committee Charter is available on our website at <https://lumosdiagnostics.com>.

The Board has established a Remuneration and Nomination Committee, which consists of three members, all of whom are independent Directors, being Bronwyn LeGrice, Lawrence Mehren and Catherine Robson. The Committee is chaired by Bronwyn LeGrice.

In accordance with the Company's Remuneration and Nomination Committee Charter the Committee has delegated responsibilities in relation to remuneration matters which includes assisting the Board to:

- make recommendations to the Board on:
  - executive remuneration and incentive policies;
  - the remuneration packages of senior management;
  - incentive schemes;
  - superannuation arrangements; and
  - the remuneration framework for directors

#### **Recommendation 8.2: Remuneration Policies and Practices**

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration policies for the directors and senior executives. If necessary, it obtains independent advice on the appropriateness of remuneration packages given trends in comparable companies and in accordance with the objectives of the Company.

Details of the Company's remuneration practices for its Directors and senior executives will be disclosed in the Remuneration Report in the Company's Annual Report. The Remuneration Report highlights the balance between fixed pay, short term incentive and long-term incentives, and includes details of the remuneration paid and the relationship to the Company's performance.

#### **Recommendation 8.3: Equity Based Remuneration Scheme**

The Company's Employee Incentive Plan prohibits participants from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. It provides that a participant must not enter into any scheme, arrangement or agreement (including options and derivative products) under which the participant, in respect of Awards that remain subject to the Plan Rules:

- may alter the economic benefit to be derived from any such Awards, irrespective of future changes in the market price of Shares; and / or
- purports to mortgage, pledge, assign, encumber or create security over any interest in any such Awards; and / or
- sell, transfer, dispose of, swap, option, alienate the rights or obligations attaching to or otherwise deal with any such Awards

The Plan Rules further state that where a participant enters, or purports to enter, into any scheme, arrangement or agreement which breaches the above, the Award immediately lapses.