



# Remuneration & Nomination Committee Charter

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Lumos Diagnostics Holdings Limited ACN 630 476 970

Document version control:

<b>Custodian</b>	Company Secretary
<b>Legislative framework and regulatory compliance</b>	ASX Corporate Governance Principles and Recommendations (4 <sup>th</sup> edition)
<b>Regulators</b>	ASX

Document History

<b>Version</b>	<b>Review Notes</b>	<b>Approved by</b>	<b>Approval Date</b>
1.0	Initial Remuneration and Nomination Committee Charter	Board of Directors	4 June 2021 – taking effect upon Listing
3.0	Annual Review	Committee	02 June 2023

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## 1. Standing

The Remuneration & Nomination Committee (**Committee**) is a committee of the board of directors (**Board**) of [Lumos Diagnostics Holdings Limited ACN 630 476 970] (**Company**).



The Committee will also undertake the role of the remuneration and nomination committee for the board of directors of each subsidiary of the Company (**Subsidiary**) where required. In making decisions in relation to a Subsidiary, the Committee is acting as a committee of the board of that Subsidiary.

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## 2. Membership

- (a) It is intended that the Committee consist of:
  - (i) a minimum of three members a majority of whom are independent directors; and
  - (ii) an independent Director of the Company as Chair.
- (b) The Board may appoint additional Directors to the Committee or remove or replace members of the Committee by resolution. Members may withdraw from membership by written notification to the Board.
- (c) If a Committee member ceases to be a director of the Company, their appointment as a member of the Committee is automatically terminated with immediate effect.
- (d) Non-Committee members may attend all or part of a meeting at the invitation of the Committee Chair.
- (e) The Company Secretary, or their delegate, must attend all Committee meetings as minute secretary.

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## 3. Role and responsibilities: Nomination

The responsibilities of the Committee are as follows:

- (a) assist the Board to develop and disclose a Board skills matrix, setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership;
- (b) assist the Board in regularly reviewing its Board skills matrix to ensure it covers the skills required to address existing and emerging business and governance issues of the Company;
- (c) review and recommend to the Board the size and composition of the Board, including review of Board succession plans and the succession of the Chair of the Board, CEO and other senior executives, having regard to the skills matrix and the objective that the Board comprise Directors with a broad range of skills, expertise and experience from a broad range of background, including gender;
- (d) oversee the termination and appointment of senior executives' positions where appropriate;
- (e) review and recommend to the Board the composition and membership of the Board, including:
  - (i) making recommendations for the re-election of Directors, subject to the principle that a Committee member must not be involved in making recommendations to the Board in respect of themselves;
  - (ii) assisting the Board to identify qualified individuals for nomination to the Board in accordance with the policy outlined in section 4;

- (f) assist the Board with the development and implementation of a process for evaluating the performance of the board, its committees and directors;
- (g) assist the Board as required in relation to the performance evaluation of the Board, its committees and individual Directors;
- (h) review and make recommendations in relation to any corporate governance issues as requested by the Board from time to time;
- (i) ensure that processes are in place to support Director induction programs and provide continuing professional development opportunities for Directors and regularly review the effectiveness of these processes;
- (j) regularly assess whether the directors and senior executives of the Company as a group have the skills, knowledge and experience to deal with new and emerging business and governance issues and recommend professional development opportunities to address such gaps;
- (k) ensure directors receive briefings on material developments in laws, regulations and accounting standards relevant to the Company;
- (l) in accordance with the Company's Diversity Policy, develop and recommend to the Board measurable objectives for achieving gender diversity and, on an annual basis, review them and recommend any changes to the Board;
- (m) review the effectiveness of the Company's Diversity Policy annually by:
  - (i) assessing the Company's progress towards the achievement of the measurable objectives and any strategies aimed at achieving the objectives;
  - (ii) reporting to the Board recommending any changes to the measurable objectives, strategies or the way in which they are implemented; and
- (n) in accordance with the Company's Diversity Policy, on an annual basis, review the relative proportion of women and men on the Board, in senior management positions and in the workforce at all levels of the Company, and submit a report to the Board which outlines the Committee's findings or, if applicable, provide the Board with the Company's most recent indicators as required by the Workplace Gender Equality Act 2012.

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## **4. Selection and appointment: New Directors or Senior Executives**

### **4.1 New Directors - Policy**

Factors to be considered when reviewing a potential candidate for Board appointment include:

- (a) the skills, experience, expertise and personal qualities that will best complement Board effectiveness (including, having regard to the Board skills matrix);
- (b) the existing composition of the Board, having regard to the factors outlined in the Company's Diversity Policy and the objectives of achieving a Board comprising Directors from a diverse range of backgrounds;

- (c) the capability of a candidate to devote the necessary time and commitment to the role (this involves a consideration of matters such as other Board or executive appointments); and
- (d) potential conflicts of interest and independence.

#### **4.2 New Directors - Procedure**

- (a) Detailed background information in relation to a potential candidate should be provided to all Directors.
- (b) The identification of potential candidates may be assisted by the use of external search organisations if considered appropriate.
- (c) Appropriate checks should be undertaken before appointing a person or putting forward to shareholders a candidate for election as a Director. This process may be assisted by the use of external organisations if considered appropriate.
- (d) An offer of a Board appointment must be made by the Chair only after having consulted with all Directors, with any recommendations from the Committee having been circulated to all Directors.
- (e) All new Board appointments should be confirmed by letter in the standard format as approved by the Board or the Committee from time to time.

#### **4.3 Senior Executives – Review, Oversight and Succession Planning**

The Committee has the discretion to request involvement in the recruitment of “Key Persons” (where Key Persons is defined as anyone with a direct reporting line to the CEO) within the Company’s senior executive (C-suite) team including but not limited to:

- (a) Identification, recommendation and appointment of appropriately qualified executive search and selection firms;
- (b) Review and consider potential candidates for senior executive positions.
- (c) Oversight and regular review of senior executive performance to be considered as a standing agenda item
- (d) Assist with senior executive succession planning to ensure a strong pipeline of capable candidates with the necessary skills, experience, expertise, personal qualities to achieve the Company’s business objectives

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### **5. Re-election of Directors**

Each year, the Committee will review each of the Directors who are seeking re-election having regard to;

- (a) their independence;
- (b) the results of their performance review;
- (c) the time required from a non-executive director to undertake the role and whether they are meeting such requirement;

- (d) the Company's succession plan;
- (e) their skill set relative to the Company's strategy; and
- (f) any other factor considered relevant to the Director's contribution to the Board.

On the basis of its review, the Committee will make recommendations to the Board regarding whether to support the Director's re-election and a summary of the reason why the Board makes such recommendations. This Committee's review should ensure that the Company can provide its shareholders with all material information in its possession to assist in making a decision on whether or not to re-elect a director.

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## **6. Role and responsibilities: Remuneration**

The responsibilities of the Committee are as follows:

- (a) review the recommended arrangements for the executive Directors (including the CEO and the executives reporting to the CEO), including contract terms, annual remuneration, participation in the Company's short and long term incentive plans and the process by which any pool of directors' fees approved by security holders is allocated;
- (b) review annually make recommendations to the Board in relation to individual non-executive director remuneration;
- (c) review and approve short term incentive strategy, performance targets and bonus payments for the CEO and his/her direct reports;;
- (d) review and recommend to the Board major changes and developments in the Company's remuneration, recruitment, retention and termination policies and procedures for senior management;
- (e) review and recommend to the Board major changes and developments in the remuneration policies, superannuation arrangements, personal practices and industrial relations strategies for the Company;
- (f) review and recommend to the Board the senior management performance assessment processes and results as they reflect the capability of management to realise the business strategy;
- (g) review and recommend to the Board major changes and developments to the Company's employee equity incentive plans;
- (h) recommend to the Board whether offers are to be made under any or all of the Company's employee equity incentive plans in respect of a financial year;
- (i) oversee the operation of the Company's employee equity incentive plans in place from time to time and applicable Remuneration policy;
- (j) review and make recommendations to the Board on remuneration by gender;
- (k) review and recommend to the Board remuneration arrangements for the Chair of the Board and the non-executive Directors of the Board, including fees, travel and other benefits;
- (l) approving the appointment of remuneration consultants for the purposes of the *Corporations Act 2001* (Cth);

- (m) be satisfied that the Board, the Committee and management have available to them sufficient information and external advice to ensure informed decision-making regarding remuneration;
- (n) review and recommend to the Board the remuneration report prepared in accordance with the *Corporations Act 2001* (Cth) for inclusion in the annual Directors' Report; and
- (o) review and facilitate shareholder and other stakeholder engagement in relation to the Company's remuneration policies and practices.

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## 7. Remuneration policy

- (a) In discharging its responsibilities, the Committee must have regard to the following policy objectives:
  - (i) to ensure the Company's remuneration structures are equitable and aligned with the long-term interests of the Company and its shareholders and having regard to relevant Company policies without rewarding conduct that is contrary to the entity's values or risk appetite;
  - (ii) to attract and retain skilled executives;
  - (iii) to ensure the remuneration structure is consistent with and promotes the achievement of strategic objectives and adherence to the Company's values, policies and procedures;
  - (iv) to ensure employees are remunerated fairly for the work undertaken having regard to the remuneration of employees in comparable positions in comparable organisations in comparable geographic locations;
  - (v) to structure short and long-term incentives that are challenging and linked to the creation of sustainable shareholder returns; and
  - (vi) to ensure any termination benefits are justified and appropriate.
- (b) In the discharge of the Committee's responsibilities, no executive should be directly involved in determining their own remuneration and be alive to the potential conflict of interest in an executive being involved in setting the remuneration for other executives that may indirectly affect their own.
- (c) The Committee must at all times have regard to, and notify the Board as appropriate, of all legal and regulatory requirements, including shareholder approvals which are necessary to obtain.

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## 8. Committee Performance review and evaluation

- (a) The Board will, at least once in each year, review the membership of the Committee and the Committee may make recommendations to the Board in relation to the Committee's membership, responsibilities, functions or otherwise.
- (b) The Committee will make an evaluation of its performance at least once every year to determine whether it is functioning effectively by reference to current best practice. The Board will oversee this assessment, with a view to ensuring that the evaluation processes accord with best practice. Such evaluation will have regard to, amongst

other matters, the extent to which the NR Committee has met its responsibilities in this Charter.

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## **9. Disclosure**

The Board will make available on the Company's website:

- (a) the Remuneration and Nomination Committee Charter;
  - (b) the members of the Committee;
  - (c) Annual report and
  - (d) at the end of each reporting period, the number of times the Committee met throughout that year and the individual attendances of the members at those meetings.
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## **10. Adoption of Policy and Board review**

This Policy was adopted by the Board on the date on the front cover of this Policy and takes effect from that date and replaces any previous policy in this regard.

The Board will review this policy at least every two years to ensure effective operation and assess whether any changes are necessary. The Company Secretary will communicate any amendments to employees as appropriate.

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## **11. Administrative matters**

The proceedings of the Committee will be conducted in accordance with the provisions set out in Annexure 1.

## **Annexure 1 – Administrative matters and procedure**

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### **1. Meetings**

The Committee will meet as often as the Committee members deem necessary in order to fulfil their role. However, it is intended that the Committee will normally meet quarterly.

### **2. Quorum**

The quorum is at least 2 members present, either in person or by using technology.

### **3. Convening and notice of meeting**

Any member may, and the Company Secretary must upon request from any member, convene a meeting of the Committee.

Notice will be given to every member of the Committee, of every meeting of the Committee. However, there is no minimum notice period and acknowledgement of receipt of notice by all members is not required before the meeting may be validly held.

The Company Secretary will distribute in advance of the meeting of the Committee the agenda and related papers to each of the Committee members or any other persons determined by the Committee.

### **4. Voting at meetings**

The Committee should pursue collective decision-making and seek consensus where possible. The Committee Chair should test consensus and, if a unanimous view cannot be reached, decisions will be based on a majority view.

Each Committee member will have one vote. If any equal number of votes is cast for and against a resolution, the Committee Chair does not have a casting vote in addition to their vote as a Committee member and the resolution is not passed.

### **5. Independent advice**

The Committee may seek the advice of the auditors, solicitors or other independent advisors, consultants or specialists as to any matter pertaining to the powers or duties of the Committee or the responsibilities of the Committee.

### **6. Minutes**

Minutes of the meetings of the Committee must be kept by the Company Secretary and, after approval by the Committee chair, be presented at the next relevant Board meeting.

All minutes of the Committee must be entered in a virtual minute book maintained for the purpose and will be open at all times for inspection by any Director.

### **7. Reporting**

It is intended that the Committee chair will prepare a report of the actions of the Committee to be included in the Board papers for the Board meeting next following a meeting of the Company. The report may include provision of meeting agendas, papers and minutes of the Committee.

The Committee Chair will also, if requested, provide a brief oral report as to any material matters arising out of the Committee meeting. All Directors will be permitted, within the Board meeting, to request information of the Committee Chair or members of the Committee.