

# Sustainability and Risk Committee Charter

## 1. Introduction

The Board of Directors (**Board**) of Liontown Resources Limited (**Company**) has established a committee of the Board to be known as the Sustainability and Risk Committee (**Committee**).

The primary purpose of the Committee is to assist the Board in carrying out its role in overseeing the Company's sustainability and risk management systems and frameworks, internal control structures (other than financial matters), risk culture and risk behaviour and its reporting practices and processes.

This Sustainability and Risk Committee Charter (**Charter**) outlines the roles, responsibilities and composition of the Committee.

## 2. Scope

The Committee will have the responsibility of overseeing the sustainability, risk and governance functions, as defined by the Company's Environmental, Social and Governance (ESG) framework as referred to in the Company's ESG Statement, including the following:

### Environmental

- Environmental Management
- Climate Change

### Social

- Safety
- Health & Wellbeing
- Human Rights including Modern Slavery
- Social and Community Engagement

### Governance

- Enterprise Risk Management
- Anti-Bribery and Corruption
- Cyber Security
- Code of Conduct
- Whistleblower and Grievance Programs

## 3. Composition and Operations

The Committee shall, where practical, and subject to composition of the Board, be structured so that it has at least three members, all of whom are non-executive directors and a majority of which are independent. The Committee shall be chaired by an independent non-executive director who preferably is not the Chair of the Board. The Chair of the Committee will be appointed by the Board.

The appointment and removal of Committee members is the responsibility of the Board, and the composition of the Committee will be reviewed annually by the Board to determine its adequacy for current circumstances. A Committee member may resign as a member of the Committee upon reasonable notice in writing to the Chair of the Committee. 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. The Committee members shall, between them, have sufficient sustainability and risk knowledge of the industry in which the Company operates to allow them to discharge their duties.

All Company Directors will have a standing invitation to attend meetings of the Committee. From time to time, non-Committee members may also be invited to attend meetings of the Committee, if it is considered appropriate.

The Committee shall meet at least quarterly and otherwise as required to fulfil its role. A quorum for any Committee meeting will be at least two Committee members. The Company Secretary of the Company will attend all Committee meetings as minute secretary and will be responsible for issuing and storing meeting notices, agendas, minutes and supporting papers. Minutes of all meetings of the Committees must be kept, and the meetings are to be governed by the same rules as set out in the Company's Constitution as they apply to meetings of the Board. The minutes must be tabled at a subsequent meeting of the Board, and a report of actions taken by the Committee also given by the Chair of the Committee at subsequent meetings of the Board.

The Committee is a committee of the Board established in accordance with the Company's Constitution and is authorised by the Board to assist it in fulfilling its statutory and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this Charter and granted to it under any separate resolutions of the Board from time to time.

The Committee will have the primary responsibility for all areas of risk management other than areas of risk managed by the Audit Committee (including financial compliance, financial risk management, financial audit and tax matters). Where possible overlap exists, the Committee Chairs will confer with the Board to agree the responsibility of each Committee.

## 4. Duties and Responsibilities

The Committee's key duties and responsibilities with respect to sustainability and risk are:

- a. to oversee, and monitor the Company's risk management framework which provides the foundations and organisation arrangements for designing, implementing, monitoring and improving risk management throughout the Company, including the Company's *Risk Management Policy*, risk register, risk management definitions and risk matrix (**Risk Management Framework**);
- b. to review at least annually the effectiveness of the Risk Management Policy and Risk Management Framework to ensure they continue to be sound and the Company is operating with due regard to the risk appetite set by the Board;
- c. to advise the Board in a timely manner of sustainability, risk management and governance matters (other than financial or tax matters) which may significantly impact the Company;
- d. to oversee the Company's performance and management of sustainability risks in relation to health and wellbeing, safety, environment and climate change, community and social engagement, and responsible business (including modern slavery and human rights issues);
- e. to review at least annually the effectiveness of the Company's policies relating to sustainability including its ESG Statement, Environment Policy, Climate Change Policy, Health and Safety Policy, Diversity Policy, Human Rights Policy and Aboriginal Engagement Policy, and provide recommendations to the Board on any changes to those policies having regard to the risk appetite set by the Board and the Company's objectives, values and strategy;
- f. to monitor the Company's systems and policies for compliance with applicable sustainability-related legal and regulatory requirements and adherence to market expectations for reporting and disclosure on material sustainability issues; and
- g. to review the process taken to verify the integrity of any periodic corporate report (to the extent the report relates to matters other than financial or tax matters) released to the market that has not been subject to audit or review by an external auditor.

## 5. Reporting

The Committee will:

- a. regularly report to the Board on all matters relevant to the Committee's role and responsibilities set out in this Charter and, as appropriate, make recommendations to the Board on such matters;
- b. advise the Board in a timely manner of sustainability, risk management and governance matters which may significantly impact upon the Company;
- c. as and when appropriate, seek guidance from the Audit Committee on risk management (as defined below) and compliance matters to the extent it relates to financial and/or tax matters; and
- d. as and when appropriate, seek direction and guidance from the Board on sustainability, risk management and governance matters.

## 6. Risk Management Policy, Procedures and Systems

- a. The Committee will oversee the risk management function, being the co-ordinated activities to direct and control the Company with regard to risk (*risk management*), and the Company's insurance program, having regard to the Company's business and the insurable risks associated with its business.
- b. The risks faced by the Company may, without limitation, include regulatory and compliance risk, investment risk, legal risk, economic risk, environmental risk (including climate risk), social sustainability risk, occupational health and safety risk, financial risk, reputational risk, operational and execution risk and strategic risk. These risks may change from time to time.
- c. Responsibility for risk management is shared across the organisation. Key responsibilities include the following:
  - i. The Board is responsible for:
    1. the establishment and approval of the Risk Management Policy (for both financial and non-financial risks);
    2. setting the risk appetite of the Company; and
    3. the disclosure of any material exposure that the Company has to environmental risks (including climate risks) or social risks and how the Company intends to manage those risks.
  - ii. The Committee is responsible for:
    1. reviewing and monitoring the Risk Management Framework together with the Company's Risk Management Policy to provide confidence that major business risks (including contemporary and emerging risks) are identified, consistently assessed and appropriately addressed to the extent practicable through the implementation of risk controls and preventative and mitigation measures. Additionally, the Committee should undertake a review of the Risk Management Framework with the Company's management (defined below), at least annually, to satisfy itself that the Risk Management Framework continues to be sound, including whether there have been any changes in risk appetite set by the Board;
    2. ensuring that sustainability and risk considerations are incorporated into strategic and business planning by the Company;
    3. providing sustainability and risk management updates to the Board and any supplementary information required to provide the Board with confidence that key risks are being appropriately managed;
    4. reviewing any material incident involving fraud, bribery, corruption or a break-down of the Risk Management Framework and identifying "lessons learned" (including in conjunction with the Audit Committee if the matter is financial or tax related);
    5. reviewing any significant findings of any examination by regulatory agencies in respect to risk; and

6. reporting to the Board on the Company's adherence to policies and guidelines approved by the Board for the management of risks which includes addressing any issues that have been reported to the Committee and bringing to the Board's attention any instances where the Company either has operated, or may need to operate, outside the current risk appetite set by the Board, or where disclosures to the market might be required.
- d. The Company's management (being the senior management team as distinct from the Board, comprising the Company's executives and managers i.e. those who have the ability to materially influence the integrity, strategy and operation of the Company and its financial performance (**management**)) are responsible for reporting to the Committee:
- i. any proposed changes to the Risk Management Framework;
  - ii. any exposures or breaches of the Company's key policies, procedures or systems, or incidence of risks, where significant (including any material incidents reported under the Company's Code of Conduct, *Risk Management Policy*, *Anti-Bribery and Corruption Policy* and/or *Whistleblower Protection Policy*);
  - iii. new and emerging risks (including the risk controls and mitigation measures that have been or are being put in place by management to deal with those risks); and
  - iv. any disclosure-related considerations on material risk issues.

## 7. Sustainability Management and Performance

The Committee will:

- a. review and monitor the adequacy and effectiveness of the Company's systems, policies and procedures associated with material sustainability matters such as environment (including climate change), safety, health and well-being, community engagement and human rights;
- b. oversee management compliance with applicable sustainability-related laws, regulations and other requirements relating to the performance of the Company having regard to the consequences of decisions and actions by the Company, as well as the Company's responses to sustainability-related incidents and learnings from near-miss and potential high risk events;
- c. review and report to the Board on material sustainability-related risks identified and managed in accordance with the Risk Management Framework, and the outcomes of the evaluation of those risks;
- d. review proposed disclosures and public reporting in relation to sustainability-related matters, including overseeing management systems and processes for collecting information;
- e. through consideration of the reports provided by management regarding sustainability-related matters and the Company's overall approach to sustainability risks:
  - i. recommend to the Remuneration Committee appropriate key performance indicators (metrics/benchmarks) for the sustainability-related component of the Company's incentive scorecards for management, including any amendments made to the key performance indicators during the year; and
  - ii. determine and refer to the Remuneration Committee the outcome of its evaluation of the sustainability-related component of the Company's incentive scorecards for management; and
- f. review the Company's annual ESG Report and related ESG sections of the Company's Annual Report and recommend them to the Board for approval; and
- g. provide relevant details to the Board which support the Board in setting the Company's overall ESG strategy and framework as referred to in the Company's ESG Statement.

## 8. Access to Information and Independent Advice

- a. The Committee may seek any information or advice it considers necessary to fulfil its duties and responsibilities set out in this Charter. In doing so, the Committee shall have access to management in order to seek explanations and information from them as required.
- b. The Company's Managing Director, Chief Operating Officer, Chief Financial Officer and Company Secretary shall have unfettered access to the Committee.
- c. The Committee may seek professional advice from appropriate external advisers to enable the Committee to properly carry out its functions and meet its objectives. The Committee may meet with these external advisers without management being present. The costs of such external advisers will be borne by the Company.

## 9. Committee Evaluation

The Committee shall undertake an independent evaluation on a periodic basis. This evaluation will verify that the Committee is meeting its responsibilities and duties as outlined in this Charter. The evaluation will also be completed in the context of current industry practice and provide recommendations on how the Committee's responsibilities and duties may require updating to meet stakeholder expectations.

## 10. Review of Charter

The Committee will review this Charter at least annually, and recommend changes for approval by the Board as required.

The Board may change this Charter (including the duties and responsibilities of the Committee) from time to time by resolution.

Policy Ref.	Policy Name	Version	Author	Approving Authority	Approved Date
C-1	Sustainability and Risk Committee Charter	1	Company Secretary	Board of Directors	7 June 2023