



Anti-Bribery and Anti-Corruption Policy

Version 2.0

April 2022

Document Owner	Chief Operating Officer – EOS Corporate Division	
Document Created	General Manager Corporate Services	01/06/2021
	Version 2 created	April 2022
Stakeholder Approval	V2.0 Approved by Executive Review Committee	4 April 2022

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1. Purpose

EOS is committed to operating in accordance with all applicable laws and regulations and in accordance with the highest standards of ethical behaviour at all times.

As part of this commitment, EOS prohibits any activity that seeks to bribe or otherwise improperly influence an individual or entity in the public or private sector, to act (or omit to act) in a way that differs from the proper performance of their role or function.

This Policy:

- a) sets out the responsibilities of EOS and EOS personnel (defined in section 2 below) in complying with EOS's prohibition on bribery and related improper conduct; and
- b) provides guidance on recognising and addressing instances of bribery and related improper conduct.

2. Scope

This policy applies to:

- a) The Directors of Electro Optic Systems Holdings Limited ACN 092 708 364 (the Company or EOS); and
- b) All employees and officers of the Company worldwide and its Related Body Corporates that form the EOS Group (together, the Group); and
- c) Any representative, agent, contractor, consultant, supplier or other third party related to the Group.

3. Related Legislation

EOS is committed to doing business with integrity. It is the policy of EOS to comply with all applicable anti-corruption and anti-bribery laws including but not limited to:

- Criminal Code Act 1995 (Cth);
- Crimes Act 1900 (Cth);
- Corporations Act 2001 (Cth);
- Foreign Corrupt Practices Act (FCPA) (USA); and
- Bribery Act 2010 (UKBA).

Laws prohibiting bribery and the other types of improper payments covered by this Policy apply in all of the countries in which EOS has operations and/or engages in trading activities.

4. Roles and Responsibilities

The roles and responsibilities are as follows:

Role	Responsibility
(a) Board of Directors (inclusive of the Audit and Risk Committee)	The Board of Directors has ultimate responsibility for ensuring that EOS meets its obligations under applicable Anti-Corruption and Anti-Bribery Laws. The Board is also responsible for: <ol style="list-style-type: none">(a) ensuring that there is an effective anti-bribery and anti-corruption risk management framework in place;(b) understand the bribery and corruption risks to which the Group is exposed;

	<ul style="list-style-type: none"> (c) maintain oversight of the bribery and corruption risk assessment and the controls in place to mitigate the risks identified; and (d) monitor reports on bribery and corruption risks, policies and control activities that include obtaining assurance that the controls are effective.
(b) Chief Operations Officer	<p>The Chief Operating Officer is responsible for implementing monitoring systems of internal controls, record keeping procedures and reporting to the Board Audit & Risk Committee.</p> <p>The Chief Operations Officer of the Company is responsible for:</p> <ul style="list-style-type: none"> (a) articulating clear standards and procedures to prevent bribery and corruption; (b) undertaking quality assurance activities alongside the Audit and Risk Committee; and (c) ensure adequate training on the risk and consequences of bribery and corruption to the Group.
(d) All Employees	<p>All employees are responsible for complying with Group policies and procedures, codes of personal conduct and ethics, maintaining vigilance in early detection, reporting and prevention of bribery and corruption.</p>

5. Definitions

Bribe means dishonestly persuade (someone) to act in one's favour by a gift of money or other inducement.

Corruption means dishonest or fraudulent conduct by those in power.

Related Body Corporate means where a body corporate is:

- a) A holding company of another body corporate;
- b) A subsidiary of another body corporate;
- c) A subsidiary of a holding company of another body corporate;

The first mentioned body and the other body are related to each other.

6. Prohibition on Bribery

It is a breach of this Policy to dishonestly provide or offer to someone (directly or indirectly) a benefit with the intention of influencing an individual in the exercise of their duties, or where the receipt of the benefit would tend to influence that individual in exercising their duties. Whether the person sought to be influenced works in the public or private sector is irrelevant.

EOS prohibits the giving, offering, promising, authorising, accepting or requesting of a bribe. The prohibition on bribery applies to the giving of anything of value, not only money. This includes but is not limited to providing business opportunities, favourable contracts, stock options, gifts and entertainment.

It is irrelevant whether the bribe is accepted or ultimately paid. Merely offering a bribe is a contravention of this Policy and usually is sufficient for an offence to be committed.

7. Prohibition on Facilitation Payments

EOS prohibits the making of facilitation payments by EOS personnel.

Facilitation payments are typically minor unofficial payments to made either directly or indirectly to expedite or secure the performance of routine government action (for example, to facilitate the expedition of applications for visas or licences).

If to make a facilitation payment or told that one is required for the government service to be obtained, or to be obtained by a particular time, you should firmly state that it is EOS' Policy that no such payment can be made. Any requests for facilitation payments should be reported to your direct manager.

8. Third Party Due Diligence

Applicable corruption laws prohibit corrupt payments made directly by Company employees or indirectly through a third party such as a consultant acting for or on behalf of EOS.

It is unlawful to make a payment of anything of value to any person, knowing that all or any portion of the payment will be offered, given or promised for a corrupt purpose. The term 'knowing' includes conscious disregard, deliberate ignorance, and wilful blindness.

EOS will conduct appropriate due diligence and will exercise care in selecting such third parties by employing only reputable entities and will pay only reasonable compensation for the services provided. EOS will require third parties who represent EOS to conduct themselves in a manner consistent with this policy. An example of a checklist of appropriate due diligence is attached to this Policy as Annexure C.

9. Gratuities

It may be permissible to provide modest gifts or a meal or other entertainment to individuals in positions of influence. When deciding whether a gift is appropriate, employees also must take into account any past, pending or future business or administrative matters that are within the recipient's realm of influence. The timing and context surrounding such gift or entertainment must be considered in order to assess whether any particular gift or entertainment could be perceived to be a bribe.

Generally, gifts, meals and entertainment are permissible, provided that:

- a) Hospitality offered on behalf of EOS must be directly related to Company business, i.e., the marketing or sale of its services.
- b) Hospitality in all cases must be reasonable in amount, must be offered in good faith only in connection with the promotion, demonstration or explanation of Company services or the execution or performance of a contract with a foreign government or agency thereof, and must be lawful under applicable local law.
- c) There is no expectation that the gift, meal or entertainment is given in exchange for any return favour or business advantage (quid pro quo);
- d) The gift, meal or entertainment is infrequent, reasonable, and proportionate in amount under the circumstances; and
- e) The gift, meal or entertainment is lawful under applicable corruption laws.

Promotional items or items displaying EOS logo that are distributed for advertising or commemorative purposes, or gifts of nominal value on customary holidays are permitted.

Where EOS is responsible for airfares and/or lodging expenses of a person of influence, itineraries and any other supporting documentation shall be maintained. In no case will payment or

reimbursement be made directly to the government official incurring the expense; such payment or reimbursement shall only be made directly to the service provider or foreign government or agency involved.

10. Mergers & Acquisitions

EOS will not enter into any relationship with a third party who will have substantive interaction with government officials on behalf of EOS without due diligence into the third party's background, qualifications and reputation. This due diligence must be conducted in accordance with the Group Due Diligence Policy. Any concerns raised during this due diligence review must be addressed to the satisfaction of EOS prior to entering the relationship.

11. Risk Scenarios and Red Flags

In evaluating potential third parties and during any relationship with them, employees must be conscious of any "red flags" that may be present or arise. A "red flag" is a fact or circumstance that serves as a warning signal that a third party may act corruptly (refer Appendix A).

12. Reporting Suspected Activities

- a) Any relevant party who suspects bribery or other corrupt activity within EOS has the ability to report the matter confidentially notifying one of the following:
 - Their immediate manager;
 - Human Resources Business Partner;
 - EOS General Manager, Vice President or Senior Vice President; or
 - a Group Executive including the Chief Executive Officer of the Company (CEO).
- b) It is the responsibility of all relevant parties to report all suspected, attempted or actual bribery or corruption incidents. All information received is treated confidentially by the investigation team and its relevant supporting functions (asset protection, human resources and internal audit).

13. Investigation Protocols

- a) If there are prima facie indications that fraud may have occurred, the Chief Operating Officer will initiate and oversee an investigation.
- b) In the event of an investigation, members of the investigating team will have free and unrestricted access to all the Company's records and premises. They will have the authority to examine, copy and remove any information within the scope of the investigation.
- c) Investigations will not be disclosed to, or discussed with, anyone other than those who have a legitimate need to know.

14. Record keeping and Reporting Requirements

EOS must keep financial records and have appropriate internal controls in place, which will evidence the business reason for making payments to third parties. No accounts must be kept "off-book" to facilitate or conceal improper or unauthorised payments.

EOS employees, officers and representatives are encouraged to record any incident where gifts are exchanged, regardless of value.

15. Education

EOS will conduct annual anti-corruption and anti-bribery mandatory education for all directors, officers, select employees, agents and business partners.

16. Breaches

A violation of anti-corruption laws can lead to severe civil and criminal penalties and is cause for disciplinary action (up to and including termination of employment). It is vital that employees not only understand and appreciate the importance of these policies and procedures and comply with them.

All employees and third parties should remain vigilant in watching for, avoiding, and reporting to the Legal Department any questionable transactions that may violate this policy. It is essential EOS employees comply with all applicable corruption laws, including the federal, state and local laws of each country in which EOS operates.

17. Governance

The COO is to implement an assurance program to ensure a proactive approach is taken to ensuring control measures are effective and potential vulnerabilities are identified early and addressed. At a minimum, the following assurance activities are to occur:

- Annual training;
- Annual attestation; and
- Annual review of controls for both design and operational effectiveness.

The Chief Operating Officer will monitor the implementation of this Policy and will review on an ongoing basis the Policy's suitability and effectiveness. Internal control systems and procedures will be regularly audited to ensure that they are effective in minimising the risk of non-compliance with this Policy.

Appendix A

Potential Red Flag Scenarios

The following is a list of possible red flags that may arise which may raise concerns under various antibribery and anti-corruption laws. The list is not intended to be exhaustive and is for illustrative purposes only.

- A third party requests an unexpected additional fee or commission to "facilitate" a service.
- A third party insists on receiving a commission or fee payment before committing to sign up to a contract with EOS, or carrying out a government function or process for EOS.
- A third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made.
- You notice that we have been invoiced for a commission or fee payment that appears large given the service stated to have been provided. A request for unusually high compensation or other fee may indicate that part of the commission payment or fee will or may be used for improper Payments.
- You become aware that a third party engages in, or has been accused of engaging in, improper business practices in the third party's home country.
- A third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or the provision of services.
- You learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with a foreign government or foreign Government Officials.
- A third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to EOS.
- A Government Official recommends that EOS hires a specific person or company to act as a contractor, supplier or partner. The official may be seeking a direct or indirect benefit through kickbacks received from a favoured contractor.
- A third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business or to an unusual bank account or in a name not usually known to you or EOS.
- A third party requests that a payment is made to "overlook" potential legal violations.
- A third party requests that you provide employment or some other advantage to a friend or relative.
- Unusual tendering processes.
- A third party refuses to certify that it will not take any action in furtherance of an improper payment or business practice. All third parties that do business with EOS should be prepared to give this standard commercial assurance or certification if required.
- A third party refuses or fails to provide a proper explanation for expenses incurred on behalf of EOS or refuses to have or abide by proper financial controls set out in an agreement which can be independently audited.
- A contractor or agent requests that his or her agreement be kept secret from his or her employer/principal or that his or her identity not be disclosed to a third party.
- A contractor or agent insists on having sole control of any foreign government approvals or dealing with a foreign government or any department, agency or instrumentality of a foreign government.
- Due diligence on the principals of a third party company uncovers unusually close links to, or some degree of ownership by, a Government Official or a disreputable political party.
- Lack of transparency in expenses and accounting records.
- Payment to a politician's family or associate.

Appendix B

Basic guidance for all staff to follow:

Always

- Record all transactions accurately and in reasonable detail to reflect their true nature.
- Understand the role and interests of the person who you are dealing with.
- Provide accurate and complete information when seeking pre-approval.
- Get pre-approval before offering or giving anything of value, a commercial sponsorship or a community donation or project.
- Act in the best interests of your health and safety.
- Immediately report any corruption concerns.

Never

- Offer, promise, give or approve anything of value (including a daily allowance or per diem, cash or cash equivalent) of any kind to a government official to influence official action, including facilitation payments, without prior authorisation from the EOS Compliance Team. This also applies to a political party, elected official or candidate for public office.
- Offer, promise, give or approve schemes which give an improper benefit to anyone.
- Establish a hidden or incorrectly recorded fund for prohibited payments.
- Use personal funds, divide payments, or hide activity which would otherwise need pre-approval.
- Use a supplier if you are concerned they will engage in corrupt or improper conduct on our behalf.

Appendix C

Acquisitions Due Diligence Checklist



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Appendix D

Teaming Due Diligence Checklist



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Appendix E

Collaboration Due Diligence Checklist



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