



Diversity Policy

Version 4.0

March 2020

1. Introduction

This policy supports the commitment of Electro Optic Systems Holdings Limited ACN 092 708 364 (**Company** and, together with its controlled entities, the **Group**) to an inclusive workplace that embraces and values diversity while always upholding the principle of meritocracy.

2. Benefits of diversity

- 2.1 Diversity refers to the variety of differences between people in an organisation. Diversity encompasses gender, race, ethnicity, disability, age, sexual orientation, gender identity, marital or family status, religious or cultural background and more.
- 2.2 The Group's commitment to diversity at all levels forms part of its merit-based organisational culture dedicated to the recruitment and retention of the best available talent at all levels, up to and including the board of directors of the Company (**Board**).
- 2.3 The Group believes that embracing diversity in its workforce contributes to the achievement of its corporate objectives (including optimal financial performance in a competitive labour market) and enhances its reputation. It enables the Group to recruit and retain the right people from a diverse pool of talented candidates, which in turn enables the Group to:
 - (a) make more informed and innovative decisions, drawing on the wide range of ideas, experiences, approaches and perspectives that employees from diverse backgrounds, with differing skill sets, bring to their roles; and
 - (b) better represent the diversity of its stakeholders and markets.

3. Commitment to diversity

- 3.1 The Group is committed to achieving the goals of:
 - (a) providing access to equal opportunities at all levels of work based on merit; and
 - (b) fostering a corporate culture that embraces and values diversity.
- 3.2 The Group is an equal opportunity employer and welcomes people from a diverse set of backgrounds.
- 3.3 In order to have a properly-functioning diverse workplace, discrimination, harassment, vilification and victimisation will not be tolerated within the Group.

4. Board composition and skills matrix

While skills such as leadership and previous experience as a chief executive, chair or board member of a large organisation have traditionally been prerequisites to appointment as a director, the board recognises that other skills gained from experience in the following areas are key skills and experience that the Board as a whole should comprise:

- (a) understanding of the industry in which the Group operates;
- (b) public listed company experience;
- (c) stakeholder management skills;
- (d) business acquisition and integration skills;
- (e) financial literacy and legal and regulatory knowledge;

- (f) diversity;
- (g) knowledge of the defence and space industries including risks and opportunities associated with those industries;
- (h) understanding of the regulatory environment in which the Group operates;
- (i) health, safety and environment and social responsibility; and
- (j) organisational development and human resources.

5. Recruitment of senior management and employees

- 5.1 The Group is committed to ensuring equal employment opportunity for all of its employees and senior management, based on merit, ability, performance and potential, in a way that contributes to the achievement of its corporate objectives, including diversity.
- 5.2 The Board will monitor and promote the diversity of staff and the associated corporate culture, including by ensuring that recruitment and selection processes at all levels are appropriately structured so that a diverse range of candidates are considered and will seek to put in place processes to seek to ensure that there are no biases that might discriminate against certain candidates.

6. Objectives for achieving gender diversity

- 6.1 The Company will:
 - (a) establish appropriate and measurable objectives for achieving gender and other forms of diversity. The Company's current objectives are to:
 - (i) improve the participation of women in the workforce by measuring the percentage of female employees and the percentage of those females in management positions;
 - (ii) reduce the number of workplace harassment complaints by measuring annual occurrences and reducing these to zero;
 - (iii) improve retention of staff by measuring the percentage of employees who access flexible workplace arrangements including flexible hours and alternative work cycles; and
 - (iv) encourage retention of staff by measuring the number of staff who access company education and study assistance to enhance personal and corporate development opportunities;
 - (b) where, at the commencement of a financial year, the Company is included in the S&P / ASX 300, seek to ensure that at least 30% of its directors are female;
 - (c) maintain a diverse field of potential candidates for senior management and Board appointments;
 - (d) set key performance indicators for senior management to measure the achievement of the objectives which have been set to achieve gender and other forms of diversity;
 - (e) require senior management to report on the achievement of such objectives;
 - (f) consider and, if relevant, implement policies and programs that address impediments to gender diversity in the workplace (including parental leave and flexible working arrangements that assist employees to fulfil their domestic responsibilities, as well as

opportunities for employees on extended parental leave to maintain their connection with the Company, and other programs that, over time, help to prepare junior staff for senior management and Board positions), and review these policies to ensure that they are available to and utilised by both men and women at all levels; and

- (g) annually review, assess and report the Group's progress towards achieving those measurable objectives and the adequacy of the Group's programs and initiatives in that regard.

6.2 Senior management of the Group have been tasked with designing, implementing and maintaining programs and initiatives to ensure the Board achieves its diversity objectives.

7. Roles and responsibilities

Every employee within the Group is responsible for supporting and maintaining the Group's corporate culture, including its commitment to diversity in the workplace.

8. Disclosure

A summary of this policy and the Company's achievement of the policy's objectives (including progress towards achieving the measurable objectives referred to in **paragraph 6.1(a)** above) will be disclosed in each of the Company's annual reports.

9. Review and changes to this policy

- 9.1 The Board will review this policy as necessary to ensure it complies with any applicable legal requirements and remains relevant and effective.
- 9.2 The Board may change this policy from time to time by resolution.
- 9.3 This policy is not contractual in nature.
- 9.4 This policy is not a promise of continued employment or of the benefits of that employment.

10. Interaction with other legislation

This policy applies to the extent that it does not conflict with equal employment opportunity and anti-discrimination legislation in jurisdictions in which the Group operates.

11. Questions

Any questions about this policy should be directed to the company secretary and chief financial officer of the Company.