



Code of Conduct

Version 3.0

January 2020

1. Introduction

1.1 This code of conduct applies to:

- (a) the directors of Electro Optic Systems Holdings Limited ACN 092 708 364 (**Company**);
- (b) all employees and officers of the Company and its controlled entities (together, the **Group**); and
- (c) any contractor or consultant to the Group whose terms of engagement incorporate this code of conduct.

1.2 In this code of conduct, **Employees** includes the Chief Executive Officer (**CEO**), Chief Financial Officer (**CFO**) and any other person referred to in **paragraph 1.1(b)** and **paragraph 1.1(c)** above.

2. Purpose

2.1 As well as assisting to discharge the legal and equitable duties owed by directors and Employees, the purpose of this code of conduct is to, in conjunction with the other policies and charters of the Group, articulate the core values of the Group, including to:

- (a) articulate the high standards of honesty, integrity and ethical, responsible and law-abiding behaviour expected of directors and Employees;
- (b) articulate the obligation of directors and Employees to act with due skill, care and diligence, to act impartially and in good faith and to the best of their abilities;
- (c) demonstrate the commitment of the Company and its directors and senior executives to, and to encourage the observance of, those standards, to protect and promote the interests, and take into account the reasonable expectations of, the Company's shareholders and other stakeholders (including Employees, customers, suppliers, creditors, consumers and the broader community);
- (d) guide directors and Employees as to the practices necessary to maintain confidence in the Group's integrity and comply with their legal obligations;
- (e) articulate the obligation of directors and Employees to treat one another, the Company's shareholders and other stakeholders, including the broader community, with courtesy, respect, kindness and consideration;
- (f) maintain a healthy and safe working environment by ensuring that directors and Employees take responsibility for their health and safety and respect the health and safety of others when carrying out duties;
- (g) maintain an environment free of unlawful discrimination, harassment, victimisation and bullying and to take action to stop such behaviour as soon as the Company becomes aware of it; and
- (h) set out the responsibility and accountability of directors and Employees to report and investigate any reported violations of this code or unethical or unlawful behaviour.

2.2 While this code of conduct is designed to ensure the Group delivers on its commitment to acting ethically and responsibly and to sustainable business practice, it does not create any rights in any Employee, client, customer, supplier, competitor, shareholder or any other person or entity.

3. Honesty and integrity

The Company expects directors and Employees to:

- (a) observe the highest standards of honesty, integrity, fairness, respect and ethical, responsible and law-abiding behaviour when:
 - (i) performing their duties; and
 - (ii) dealing with any officer, Employee, shareholder, customer, supplier, auditor, lawyer and other adviser of the Group; and
- (b) foster a culture of honesty, integrity, fairness and ethical, responsible and law-abiding behaviour among other officers and Employees.

4. Conflicts of interest or duty

4.1 Directors and Employees must be aware of potential conflicts between (directly or indirectly):

- (a) on the one hand:
 - (i) the interests of the Group; or
 - (ii) their duties to the Group; and
- (b) on the other hand:
 - (i) their personal or external business interests; or
 - (ii) their duties to any third party.

4.2 A conflict of interest exists where loyalties are divided. Directors and Employees may have a conflict of interest if, in the course of their employment or engagement with any member of the Group:

- (a) any of their decisions lead to an improper gain or benefit to them or their associates; or
- (b) their personal interests, the interests of an associate or relative, or obligation to some other person or entity, conflict with their obligations to the Group.

4.3 Directors and Employees must avoid placing themselves in a position, entering into any arrangement or participating in any activity that may lead to:

- (a) an actual or a potential conflict of interest or duty;
- (b) a reasonable perception of an actual or potential conflict of interest or duty; or
- (c) a negative impact on the Group's reputation.

4.4 Directors and Employees must:

- (a) act in the best interests of the Group;
- (b) fully and frankly inform the board of directors of the Company (**Board**) of any personal or external business interest that may lead to:
 - (i) an actual or potential conflict of interest or duty; or
 - (ii) a reasonable perception of an actual or a potential conflict of interest of duty; and
- (c) obtain and follow independent legal advice to avoid or resolve any actual, potential or perceived conflict of interest or duty.

4.5 Each director must:

- (a) recuse himself or herself when the Board considers any matter in which the director has or may have a conflict of interest or duty; and
 - (b) comply with the Company's constitution in relation to the disclosure of material personal interests and restrictions on voting by directors.
- 4.6 Each non-executive director must inform the chairperson of the Board of:
- (a) any existing directorship or other office held by the director in another entity outside the Group; and
 - (b) any proposed appointment as a director or employee of another entity outside the Group before accepting the appointment.

5. Corporate opportunities

- 5.1 Directors and Employees must not improperly use their position, property or information acquired through their position for personal gain or gain of an associate or to compete with or harm the Group.
- 5.2 Directors and Employees must not accept bribes, inducements, commissions or misuse assets or resources of the Group.
- 5.3 Directors and Employees may not use the words 'EOS', 'Electric Optic Systems', 'EM Solutions', 'EOS Defence Systems' or any other business name or trademark used by the Group for a personal or external business transaction.
- 5.4 Directors and Employees must keep their personal or external business dealings separate from the Group's business dealings.
- 5.5 Directors and Employees must only use goods, services and facilities received from the Group in accordance with the terms on which they are given.
- 5.6 Directors and Employees must not accept any improper gift from the Group's existing or potential customers or suppliers.

6. Confidentiality

- 6.1 Any information acquired by directors or Employees while performing their duties is confidential information of the Group, its customers or suppliers and must be kept confidential. Directors and Employees must not disclose any such information to a third party except where that disclosure is:
 - (a) authorised by the Board; or
 - (b) required by law or a regulatory body (including a relevant stock exchange).
- 6.2 The existence and details of any Board and Company management information, discussions, and decisions that are not publicly known and have not been approved by the Board for public release, are confidential information of the Group and subject to **paragraph 6.1** above.
- 6.3 Directors' and Employees' obligations of confidentiality continue after they leave the Group.

7. Fair dealing

- 7.1 The Company expects directors and Employees to:

- (a) deal fairly with any officer, Employee, shareholder, customer, supplier, competitor, auditor, lawyer or other adviser of the Group; and
 - (b) encourage other Employees and officers to do the same.
- 7.2 Directors and Employees must not take unfair advantage of any officer, Employee, customer, supplier, competitor, auditor, lawyer or other adviser of the Group through illegal conduct, manipulation, undue influence, concealment, abuse of confidential information, misrepresentation of material facts, or any other unfair-dealing practice.

8. Protection and proper use of assets

- 8.1 The Company expects directors and Employees to use all reasonable endeavours to protect any Group asset and to ensure its efficient use.
- 8.2 Directors and Employees may only use a Group asset (for example, a product, vehicle, computer, intellectual property or money) for legitimate business purposes or other purposes approved by the Board. Directors and Employees must not use a Group asset for any other purpose except where the use is authorised by the Board or is required by law or a regulatory body (including a relevant securities exchange).
- 8.3 Directors and Employees must immediately report (in the case of a director, to the Company Secretary and in the case of an Employee, to the relevant manager or supervisor) any suspected fraud or theft of a Group asset for investigation. Directors and Employees should have regard to the Company's whistleblower policy in this respect (a copy of which is available from <https://www.eos-aus.com/corporate-governance/>).

9. Trading in securities

Directors and Employees must ensure that all trading in securities, including trading in securities of the Company, is in accordance with the Company's securities trading policy. The purpose of the Company's securities trading policy is to ensure compliance with all applicable laws and to minimise the scope for misunderstandings or suspicions regarding directors and Employees trading in securities while in possession of non-public price sensitive information.

10. Compliance with policies of the Group

Directors and Employees must ensure that they comply with all policies which have been put in place by the Group (copies of which are available at <https://www.eos-aus.com/corporate-governance/>).

11. Privacy

- 11.1 The Company respects directors' and Employees' privacy and the privacy of others. Directors and Employees should familiarise themselves with, and comply with:
- (a) the privacy laws of Australia and, where applicable, the privacy laws of any other jurisdiction in which they carry out activities on behalf of the Group; and
 - (b) the Group's privacy policies that detail the appropriate use of personal information.
- 11.2 If directors or Employees have any questions in relation to privacy, they should contact the CFO.

12. Community, environment and politics

- 12.1 The Company is a responsible corporate citizen and actively supports the communities in which directors and Employees live and work. Directors and Employees are expected to uphold the Company's commitment to pursue good corporate citizenship while engaging in its corporate activities and to uphold the Company's reputation in the broader community more generally.
- 12.2 Directors and Employees must abide by all local laws and regulations, and are expected to respect and care for the environments in which the Group operates. The Company supports and encourages Directors and Employees to contribute actively to the needs of the community. If directors or Employees wish to make such a contribution (such as donations or sponsorship) on behalf of the Company, they should consult the CFO for approval.
- 12.3 The Company is committed to doing business in an environmentally responsible manner and identifying environmental risks that may arise out of its operations. If directors or Employees are aware of, or suspect, an action that is not environmentally responsible and/or in breach of the applicable laws and regulations, they should report the matter in accordance with this code of conduct and the Company's whistleblower policy.
- 12.4 Directors and Employees may voluntarily participate in the political process as individuals. However, they should not engage in actions that could cause someone to believe that their actions reflect the views or positions of the Group, if that is not the case.

13. Compliance with laws, regulations, policies and procedures

Each director and Employee must:

- (a) comply with the letter and spirit of any applicable law, rule or regulation;
- (b) comply with the protocols, policies and procedures of the Group, including its code of conduct;
- (c) not knowingly participate in any illegal or unethical activity; and
- (d) encourage other officers and Employees to do the same.

14. Reporting of unlawful and unethical behaviour

- 14.1 The Company encourages directors and Employees to come forward with concerns that the Company is not acting lawfully, ethically or in a socially responsible manner. In order to facilitate this, the Company will seek to ensure that directors and Employees who come forward with such concerns are protected, meaning they can raise concerns about possible unlawful, unethical or socially irresponsible behaviour or other improprieties without fear of retaliation or otherwise being disadvantaged.
- 14.2 The Company expects directors and Employees to:
- (a) report promptly and in good faith:
 - (i) any actual or suspected violation by an officer or Employee of the standards, requirements or expectations set out in this code of conduct; and
 - (ii) any other actual or suspected behaviour by an officer or Employee that is otherwise dishonest, fraudulent, corrupt, illegal, unethical, unsafe or improper; and
 - (b) encourage other officers or Employees to do the same.

- 14.3 Directors and Employees may use their own judgment in deciding to whom to report any violation or behaviour referred to in **paragraph 14.1** above, however:
- (a) directors are encouraged to report to the chairperson of the Board or another director; and
 - (b) Employees are encouraged to report to their immediate supervisor, the CEO or the chairperson of the Board.
- 14.4 If directors or Employees report, in good faith, any violation or behaviour referred to in **paragraph 14.3** above, each director and Employee must ensure that:
- (a) the reporting person's position is protected;
 - (b) the reporting person's identity is only disclosed with their consent, except where disclosure is required by law; and
 - (c) no disciplinary, discriminatory or other adverse action is taken or tolerated against the reporting person for reporting the violation.
- 14.5 The reporting person is not, however, protected from civil or criminal liability for any of his or her conduct that may be revealed by the report. However, if a reporting person reports such conduct and actively cooperates in an investigation in which he or she may be implicated, there may be some cases where the fact that he or she has made a report will be taken into account as a mitigating factor when determining actions that may be taken against him or her.
- 14.6 Directors or Employees who receive a report of any violation or behaviour referred to in **paragraph 14.3** above must ensure:
- (a) the alleged violation or behaviour is thoroughly investigated;
 - (b) rules of natural justice are observed in the investigation; and
 - (c) appropriate disciplinary action is taken if the allegation is substantiated.
- 14.7 The Company's whistleblower policy contains further information as to how the Company aims to deter wrongdoing relating to the Company's operations and how individuals who make relevant disclosures can do so with confidence that they will be protected and supported.
- 14.8 The Company will conduct an annual review of any reports of material breaches of this code of conduct to seek to ensure that all reports have been appropriately recorded, investigated and responded to. Following the annual review, the Company will assess whether any changes are required to be made to the Company's procedures surrounding such reporting.

15. Training of Employees and managers

The Company will provide training for:

- (a) Employees concerning the reporting of possible unlawful, unethical or socially irresponsible behaviour at the Company; and
- (b) managers and other persons who may receive reports of possible unlawful, unethical or socially irresponsible behaviour at the Company.

16. Breach reporting

Upon becoming aware, each Employee must ensure that the Board is informed of:

- (a) any material breach of this code of conduct by a director or senior executive of the Group;
and
- (b) any other material breaches of this code of conduct that call into question the core values of the Group as articulated in this code of conduct.

17. Policy Review

The Board will review this code of conduct as necessary to ensure that it is operating effectively and to determine whether any changes to the code are required. The Board may change this code of conduct from time to time by resolution.

18. Approved and adopted

This code of conduct was approved and adopted by the Board on 30th January 2020.