

**DRONESHIELD LIMITED**

**ACN 608 915 859**

**("Company")**

**and its subsidiaries**

**(collectively referred to as "DroneShield")**

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**CORPORATE GOVERNANCE PLAN**

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## **SCHEDULE 1 – BOARD CHARTER**

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### **1. ROLE OF THE BOARD**

The role of the Board is to provide overall strategic guidance and effective oversight of management. The Board derives its authority to act from the Company's Constitution.

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### **2. THE BOARD'S RELATIONSHIP WITH MANAGEMENT**

- (a) The Board shall delegate responsibility for the day-to-day operations and administration of the Company and its subsidiaries to the Managing Director.
- (b) Specific limits on the authority delegated to the Managing Director and the Executive Team must be set out in the delegated authorities approved by the Board.
- (c) The role of management is to support the Managing Director and implement the running of the general operations and financial business of DroneShield, in accordance with the delegated authority of the Board.
- (d) In addition to formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees within DroneShield to facilitate the carrying out of their duties as Directors.

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### **3. SPECIFIC RESPONSIBILITIES OF THE BOARD**

In addition to matters it is expressly required by law to approve, the Board has reserved the following matters to itself:

- (a) driving the strategic direction of the Company and DroneShield, ensuring appropriate resources are available to meet objectives and monitoring management's performance.
- (b) appointment and the replacement (where necessary) of the Managing Director and other senior executives, and the determination of their terms and conditions of employment including remuneration and termination.
- (c) appointment and replacement (where necessary) of the Chairman.
- (d) appointment and replacement (where necessary) of the Company Secretary.
- (e) approving and monitoring systems of risk management and internal compliance and control, codes of conduct, and legal compliance.
- (f) overseeing the Company's process for making timely and balanced disclosure of all material information.
- (g) ensuring that the Company has in place effective disclosure policies and procedures so that shareholders and the financial market are fully informed to the extent required by the applicable disclosure rules and legislation on matters that may influence the share price of the Company.
- (h) overseeing the integrity of DroneShield's financial reporting and approving the annual, half yearly and quarterly accounts.
- (i) approving and monitoring the operating budgets and major capital expenditure of DroneShield.
- (j) reviewing and approving significant acquisitions, divestitures and other key transactions of DroneShield.
- (k) approving significant changes to the organisational structure.

- (l) approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with the ASX Listing Rules if applicable).
- (m) procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively.
- (n) approving the Company's remuneration framework.
- (o) ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making.
- (p) considering and recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable).

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#### 4. COMPOSITION OF THE BOARD

- (a) The Board of the Company must comprise at least three members.
- (b) The Board of the Company should comprise Directors with a mix of qualifications, experience and expertise which will assist the Board in fulfilling its responsibilities, as well as assisting the Company in achieving growth and delivering value to shareholders.
- (c) In appointing new members to the Board of the Company, consideration must be given to the demonstrated ability and future potential of the appointee to contribute to the ongoing effectiveness of the Board, to exercise sound business judgement, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction of the Company and DroneShield.
- (d) The composition of the Board of the Company is to be reviewed regularly against the Company's Board skills matrix prepared and maintained by the Nominations Committee (or the full Board in the absence of a Nomination Committee) to ensure the appropriate mix of skills and expertise is present to facilitate the efficient and effective functioning of the Board.
- (e) The Company must disclose the relevant qualifications and experience of each Board Member of the Company in, or in conjunction with, its Annual Report.
- (f) Where practical, the majority of the Board of the Company should be comprised of non-executive Directors.
- (g) Where practical, at least 50% of the Board of the Company should be independent.
  - (i) An independent Director is a director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally.
  - (ii) In considering whether a Director is independent, the Board of the Company should consider the definition of what constitutes independence as detailed in Box 2.3 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations 4<sup>th</sup> Edition* as set out in *Annexure A – Definition of Independence (Independence Tests)*.
- (h) The Company must disclose the length of service of each Director in, or in conjunction with, its Annual Report.
- (i) Other than the Managing Director, no member of the Board may serve for more than three years or past the third annual general meeting following their appointment, whichever is the longer, without being re-elected by the shareholders.

- (j) Prior to the Board proposing re-election of non-executive Directors, their performance will be evaluated by the Remuneration Committee and Nomination Committee (or in the absence of a Remuneration Committee and Nomination Committee, the full Board) to ensure that they continue to contribute effectively to the Board.

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## **5. DIRECTOR RESPONSIBILITIES**

- (a) Where a Director of the Company has an interest, position, association or relationship of the type described in the Independence Tests, but the Board is of the opinion that it does not compromise the independence of the Director, the Company must disclose the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion.
- (b) Directors must disclose their interests, positions, associations or relationships. The independence of the Directors should be regularly assessed by the Board in light of the interests disclosed by them.
- (c) Directors are expected to bring their independent views and judgement to the Board and must declare immediately to the Board any potential or active conflicts of interest.
- (d) Directors must declare immediately to the Board, and the Board will determine whether to declare to the market, any loss of independence.

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## **6. THE ROLE OF THE CHAIRMAN**

- (a) The Chairman is responsible for the leadership of the Board, ensuring it is effective, setting the agenda of the Board, conducting the Board meetings, ensuring then approving that an accurate record of the minutes of board meetings is held by the Company and conducting the shareholder meetings.
- (b) Where practical, the Chairman should be a non-executive Director. If a Chairman ceases to be an independent Director, then the Board will consider appointing a lead independent Director.
- (c) Where practical, the Managing Director should not be the Chairman of the Company during his term as Managing Director or in the future.
- (d) The Chairman must be able to commit the time to discharge the role effectively.
- (e) The Chairman should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Board members and management.
- (f) In the event that the Chairman is absent from a meeting of the Board, then the Board shall appoint a Chairman for that meeting in an acting capacity.

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## **7. BOARD COMMITTEES**

- (a) Once the Board is of a sufficient size and structure and the Company's operations are of a sufficient magnitude, the Board may establish the following committees to assist the Board in fulfilling its duties:
  - (i) Audit and Risk Committee;
  - (ii) Remuneration Committee; and
  - (iii) Nomination Committee.
- (b) Each of the above committees will have its own written terms of reference which shall be approved by the Board and reviewed following any applicable regulatory changes.
- (c) Where the Board elects to establish any committees:

- (i) The Board will ensure that the committees are sufficiently funded to enable them to fulfil their roles and discharge their responsibilities.
  - (ii) Members of committees are appointed by the Board. The Board may appoint additional members to committees or remove and replace members of committees by resolution.
  - (iii) The Board must disclose the members and Chairman of each committee and the relevant qualifications and experience of those members in, or in conjunction with its annual report.
  - (iv) The minutes of each committee meeting shall be provided to the Board at the next occasion the Board meets following approval of the committee meeting minutes, except where the committee determines that such access would be adverse to the Company's interests.
  - (v) The Company must disclose in, or in conjunction with, its annual report, the number of times each committee met throughout the reporting period, and the individual attendances of the members at those committee meetings.
- (d) Where the Board does not consider that the Company will benefit from a particular separate committee:
- (i) the Board must carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee; and
  - (ii) the Company must disclose in, or in conjunction with, its annual report:
    - (A) the fact a committee has not been established; and
    - (B) in the case where an Audit and Risk Committee has not been established, the processes the Board employs to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner, and the process it employs for overseeing the Company's risk management framework.

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## **8. BOARD MEETINGS**

- (a) In accordance with the Company's constitution, there must be two Directors present at a meeting to constitute a quorum.
- (b) The Board will schedule formal Board meetings at least quarterly and hold additional meetings, including by telephone, as may be required.
- (c) Non-executive Directors may confer at scheduled times without management being present.
- (d) The Company Secretary shall co-ordinate the timely completion and distribution of Board and committee papers for each meeting of the Board and any committee.
- (e) The minutes of each Board meeting shall be prepared by the Company Secretary, approved by the Chairman and circulated to Directors after each meeting. Minutes of meetings must be approved by the Board at a subsequent Board meeting.
- (f) Further details regarding Board meetings are set out in the Company's Constitution.

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## **9. THE COMPANY SECRETARY**

- (a) The Board has the responsibility for the appointment and removal, by resolution, of the Company Secretary.

- (b) The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.
  - (c) The Company Secretary shall ensure that the business at Board and committee meetings is accurately captured in the minutes.
  - (d) The Company Secretary is to facilitate the induction and professional development of Directors.
  - (e) The Company Secretary is to facilitate and monitor the implementation of Board policies and procedures.
  - (f) The Company Secretary is to provide advice to the Board on corporate governance matters, the application of the Company's Constitution, the ASX Listing Rules and applicable other laws.
  - (g) When requested by the Board, the Company Secretary will facilitate the flow of information of the Board, between the Board and its Committees and between senior executives and non-executive Directors.
  - (h) All Directors have access to the advice and services provided by the Company Secretary.
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#### **10. ACCESS TO ADVICE**

- (a) All Directors have unrestricted access to company records and information except where the Board determines that such access would be adverse to the Company's interests.
  - (b) All Directors may consult management and employees as required to enable them to discharge their duties as Directors.
  - (c) The Board, Committees or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of any such advice received is made available to all members of the Board.
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#### **11. PERFORMANCE REVIEW**

The Nomination Committee shall conduct an annual performance review of the Board that:

- (a) addresses the procedures outlined in *Annexure B: Performance and Evaluation Procedures*; and
  - (b) suggests any amendments to the Charter as are deemed necessary or appropriate.
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#### **12. DISCLOSURE**

This Charter shall be made available to members on request, to senior management, to the external auditor, and to other parties as deemed appropriate and will be posted to DroneShield's website.

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## **SCHEDULE 2 – CORPORATE CODE OF CONDUCT**

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### **1. PURPOSE**

The purpose of this Corporate Code of Conduct is to provide a framework for decisions and actions in relation to ethical conduct in employment and to promote compliance with Recommendation 3.2 of the ASX Corporate Governance Principles and Recommendations and all applicable governmental laws, rules and regulations. It underpins DroneShield’s commitment to integrity and fair dealing in its business affairs and to a duty of care to all employees, clients and stakeholders. The document sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from Employees.

“**Employees**” for the purpose of this Code of Conduct includes all directors, senior executives, officers, employees, agents and contractors who are employed, engaged by, and/or act on behalf of DroneShield.

The purpose of this code is to guide Employees on how to carry out their duties in an honest and ethical manner. It is intended to act as a baseline for honest and ethical decision making. This code of conduct does not form any part of any Employees’ contract of employment and it is not intended to create legally enforceable rights for employees.

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### **2. ACCOUNTABILITIES**

#### **2.1 Managers and Supervisors**

Managers and supervisors are responsible and accountable for:

- (a) undertaking their duties and behaving in a manner that is consistent with the provisions of the Code of Conduct;
- (b) the effective implementation, promotion and support of the Code of Conduct in their areas of responsibility; and
- (c) ensuring employees under their control understand and follow the provisions outlined in the Code of Conduct.

#### **2.2 Employees**

All Employees are responsible for:

- (a) undertaking their duties in a manner that is consistent with the provisions of the Code of Conduct;
- (b) acting with integrity;
- (c) reporting suspected corrupt conduct; and
- (d) reporting any departure from the Code of Conduct by themselves or others.

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### **3. PERSONAL AND PROFESSIONAL BEHAVIOUR**

When carrying out your duties, you should:

- (a) behave honestly and with integrity and report other Employees who are behaving dishonestly;
- (b) carry out your work with integrity and to a high standard and in particular, commit to DroneShield’s policy of producing quality goods and services;
- (c) operate within the law at all times;
- (d) act in the best interests of DroneShield;



- (e) follow the values, policies and associated procedures of DroneShield;
- (f) act in an appropriate business-like manner while at work and when representing DroneShield in public forums; and
- (g) act professionally and courteously at all times.

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#### **4. DRONESHIELD VALUES**

DroneShield values include:

- (a) maintain high performance and nimble team culture;
- (b) communicate with transparency and inclusion;
- (c) think critically, independently and take pride of ownership in your role; and
- (d) act ethically and in the best interests of the customers, shareholders and other stakeholders.

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#### **5. CONFLICT OF INTEREST**

Potential for conflict of interest arises when it is likely that you could be influenced, or it could be perceived that you are influenced by a personal interest when carrying out your duties. Conflicts of interest that lead to biased decision making may constitute corrupt conduct.

- (a) Some situations that may give rise to a conflict of interest include situations where you have:
  - (i) financial interests in a matter DroneShield deals with or you are aware that your friends or relatives have a financial interest in the matter;
  - (ii) directorships/management of outside organisations;
  - (iii) membership of boards of outside organisations;
  - (iv) personal relationships with people DroneShield is dealing with which go beyond the level of a professional working relationship;
  - (v) secondary employment, business, commercial, or other activities outside of the workplace which impacts on your duty and obligations to DroneShield;
  - (vi) access to information that can be used for personal gain; and
  - (vii) offer of an inducement.
- (b) You may often be the only person aware of the potential for conflict. It is your responsibility to avoid any conflict from arising that could compromise your ability to perform your duties impartially. You must report any potential or actual conflicts of interest to your manager.
- (c) If you are uncertain whether a conflict exists, you should discuss that matter with your manager and attempt to resolve any conflicts that may exist. If a determination needs to be made about a potential or actual conflict of interest, the determination will be made by the Chief Executive Officer. Where the actual or perceived conflict of interest relates to the Chief Executive Officer, it will be escalated to the Chairman.
- (d) You must not submit or accept any bribe, or other improper inducement. Any such inducements are to be reported to your manager.

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## 6. PUBLIC AND MEDIA COMMENT

It is DroneShield's policy that all public statements, including responses to public and media enquiries, be made by authorised spokespersons only.

The Company's Authorised Spokespersons are its Chairman and Managing Director.

Other Employees must not make official comment on matters relating to DroneShield unless they are:

- (a) authorised to do so by an Authorised Spokesperson; or
- (b) giving evidence in court; or
- (c) otherwise authorised or required to by law.

Employees must not release unpublished or privileged information unless they have the authority to do so from an Authorised Spokesperson.

Activities on social media should also be considered public. Employees should refer to DroneShield's Social Media Policy for more information.

The above restrictions apply except where prohibited by law, for example in relation to "whistleblowing".

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## 7. USE OF COMPANY RESOURCES

All Employees are required to protect DroneShield's assets and ensure that they are used efficiently. DroneShield assets are only to be used for legitimate business purposes. Incidental personal use is permitted, but not for posting personal content on social media. DroneShield resources are not to be used for any private commercial purposes.

Requests to use DroneShield resources outside core business time should be referred to management for approval.

If employees are authorised to use DroneShield resources outside core business times they must take responsibility for maintaining, replacing, and safeguarding the property and following any special directions or conditions that apply.

Employees using DroneShield resources **without** obtaining prior approval could face disciplinary and/or criminal action.

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## 8. SECURITY OF INFORMATION

Employees are to make sure that confidential and sensitive information cannot be accessed by unauthorised persons. Sensitive, personal, and confidential information is to be appropriately safeguarded at all times including by locking screens when away from computers, and securely storing information when not in use and overnight. Employees must ensure that confidential information is only disclosed or discussed with people who are authorised to have access to it. It is considered a serious act of misconduct to deliberately release confidential documents or information to unauthorised persons.

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## 9. INTELLECTUAL PROPERTY/COPYRIGHT

Intellectual property includes the rights relating to scientific discoveries, industrial designs, trademarks, service marks, commercial names and designations, inventions, computer programs, information, processes, concepts, strategies, plans or other form of knowledge and is valuable to the Company.

The Company is the owner of intellectual property created by Employees in the course of their employment unless a specific prior agreement has been made. Employees must obtain prior

written permission from the Chairman to use any such intellectual property for reasons other than as required in their role as an employee of DroneShield.

Employees must not infringe the intellectual property rights of any third party while employed by DroneShield.

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## **10. DISCRIMINATION AND HARASSMENT**

DroneShield is committed to providing a workplace that is free from harassment, violence, bullying and discrimination. Employees are expected to foster an inclusive and respectful workplace which complies with all applicable laws.

Employees are required to act in accordance with DroneShield's Equal Employment, Anti-Discrimination, Bullying and Harassment Policy and Diversity Policy available in the DroneShield intranet.

Employees must not harass, vilify, discriminate, or support others who harass and discriminate against colleagues or members of the public on the grounds of sex, pregnancy, marital status, age, race (including their colour, nationality, descent, ethnic or religious background), physical or intellectual impairment, homosexuality, or transgender status.

If Employees feel that they have been subjected to unlawful discrimination, vilification, victimisation, bullying or harassment, management should be notified as soon as possible. Any such allegations will be treated seriously and confidentially.

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## **11. CORRUPT CONDUCT**

Corrupt conduct involves the dishonest or partial use of power or position which results in one person/group being advantaged over another. Corruption can take many forms including, but not limited to:

- (a) official misconduct;
- (b) bribery and blackmail;
- (c) unauthorised use of confidential information;
- (d) fraud; and
- (e) theft.

Corrupt conduct will not be tolerated by the Company. Employees are required to act in accordance with DroneShield's Anti-Bribery and Anti-Corruption Policy and Public Sector Code of Conduct.

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## **12. FAIR DEALING**

DroneShield aims to succeed through fair and honest competition and not through unethical or illegal business practices. All Employees are required to deal fairly with DroneShield's suppliers, customers, and other employees.

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## **13. OCCUPATIONAL HEALTH AND SAFETY**

It is the responsibility of all Employees to act in accordance with occupational health and safety legislation, regulations and policies applicable to their respective organisations and to use security and safety equipment provided.

All Employees are responsible for safety in their work area, including when working from home, by:

- (a) following the safety and security directives of management;

- (b) advising management of areas where there is a potential problem in safety and reporting suspicious occurrences;
- (c) minimising risks in the workplace; and
- (d) complying with DroneShield's:
  - (i) Workplace Health and Safety Policy;
  - (ii) Drugs and Alcohol Policy; and
  - (iii) Hygiene Policy.

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#### **14. LEGISLATION**

DroneShield and its Employees will comply with all applicable laws, rules and regulations of the countries in which we operate. Violations of such laws may have serious consequences for DroneShield and any individuals concerned. Any known violation must be reported immediately to management.

Although not all Employees are expected to know the details of all applicable laws, rules, and regulations, it is important to know enough to determine when to seek advice or help from appropriate personnel. Questions about compliance should be directed to General Counsel.

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#### **15. INSIDER TRADING**

Employees must not deal in the Company's securities (including its shares) where they possess inside information in relation to those securities. Inside information is information that:

- (a) is not generally available;
- (b) if it were generally available, it would be material/significant; and
- (c) the person knows (or should know) that the information is not generally available, and if it were, it would be material/significant.

Employees must observe DroneShield's "Trading Policy". In conjunction with the legal prohibition on dealing in the Company's securities when in possession of unpublished price sensitive information, DroneShield has established specific time periods when Directors, management and employees are permitted to buy and sell the Company's securities.

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#### **16. RESPONSIBILITIES TO INVESTORS**

DroneShield strives for full, fair, and accurate disclosure of financial and other information on a timely basis.

Once the Company becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities, the Company must immediately disclose that information to the ASX.

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#### **17. BREACHES OF THE CODE OF CONDUCT**

Employees should be aware that breaches of certain sections of this Code of Conduct may:

- (a) be punishable under legislation.
- (b) lead to disciplinary action. The process for disciplinary action is outlined in DroneShield policies and guidelines, relevant industrial awards, and agreements.

The Board is informed of any material breaches of the Corporate Code of Conduct.

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**18. REPORTING MATTERS OF CONCERN**

Employees are encouraged to raise any matters of concern in good faith with the head of their business unit or with General Counsel, without fear of retribution.

DroneShield does not tolerate acts of retaliation or victimisation, including demotion, dismissal, discipline, discrimination, harassment, suspension, or threats, of or against any Employee who makes a good faith report of known or suspected violation of this Code.

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## SCHEDULE 3 – PUBLIC SECTOR CODE OF CONDUCT

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### 1. PURPOSE

The purpose of this Public Sector Code of Conduct is to provide a framework for ethical and compliant conduct and decision making when doing business with government customers and the prime contractors and subcontractors who serve such entities (**Public Sector Customers**).

This policy is an expansion of the principles outlined in DroneShield's Corporate Code of Conduct. It deals specifically with the set of laws, regulations and contract clauses that govern the contracting and subcontracting activities of Public Sector Customers. It is not intended to create legally enforceable rights for Employees.

This policy underpins DroneShield's commitment to ensuring that all Employees of DroneShield demonstrate, at all times, only the highest standards of ethical business practices when dealing with Public Sector Customers and outlines the minimum standard of behaviour expected from Employees in upholding this commitment.

"**Employees**" for the purposes of this Public Sector Code of Conduct includes all directors, employees and contractors who are employed, engaged by, and/or act on behalf of DroneShield.

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### 2. PRINCIPLES

DroneShield's dealings with Public Sector Customers are guided by the following guidelines and basic principles:

(a) ***Books, Records and Communications.***

All Employees must communicate truthfully and accurately with Public Sector Customers (and their agents) in all emails, letters, proposals, representations and certifications, and contract reports. Employees must never knowingly make a false statement or submit a false claim to a Public Sector Customer, whether directly or indirectly. This includes the submission of inaccurate or misleading information in support of prices offered by DroneShield, the submission of improper invoices, or inaccurate or misleading representations or certifications.

DroneShield undertakes to maintain all relevant contract documentation in accordance with all applicable regulations and contract provisions.

(b) ***Gifts/Bribes/Gratuities/Entertainment/Kickbacks.***

DroneShield recognises that the rules surrounding the exchange of gifts, gratuities and entertainment with Public Sector Customers are different from those relating to commercial customers. Accordingly, Employees must be aware that it is, in many jurisdictions in which DroneShield operates, illegal and unethical to:

- (i) compete for Public Sector Customer work or award Public Sector Customer work on any basis other than the merits of such a decision; and
- (ii) provide or accept anything of value to reward or obtain favourable treatment.

As a result, Employees must not:

- (i) offer, provide, solicit or accept anything of value in return for obtaining or rewarding favorable treatment concerning Public Sector Customer business;
- (ii) offer or provide anything of value in return for or to influence an act by a government employee; or
- (iii) provide anything of value (whether nominal or otherwise) to a government employee unless explicitly authorised by DroneShield after appropriate legal review.

For the purpose of this policy, “value” includes such things as cash, free goods or even items of nominal value including, but not limited to meals, entertainment, transportation, tickets to events and gift certificates.

(c) ***Contingent Fee Agreements***

DroneShield and its Employees are committed to ensuring compliance with all laws and regulations that relate to contingent fee agreements for soliciting or receiving Public Sector Customer contracts. Employees of DroneShield must not execute any agreement that could involve improper attempts to influence the award of such contracts.

(d) ***Cooperation with Government Reviews***

Under the guidance and direction of necessary and appropriate legal representation, DroneShield and its Employees undertake to cooperate fully with all reviews (including audits) of any government contracts and subcontracts, and will make full disclosure, as appropriate, of legal violations of those agreements when required by regulation, contract or DroneShield policies and procedures. As part of this undertaking, Employees must not alter or delete documents relating to these agreements except in accordance with established record retention requirements.

(e) ***Cost Records***

When required by contracts and subcontracts, DroneShield and its Employees will retain accurate records relating to time billed and work performed and will comply with all laws, regulations, contract/subcontract provisions and DroneShield policies regarding cost reporting, including time charging.

(f) ***Hiring Government Employees***

DroneShield and its Employees must fully comply with all laws and regulations relating to employment discussions and employment decisions involving current and former government officials and government employees.

(g) ***Organisational Conflicts of Interest (OCIs)***

In addition, to avoid personal conflicts of interest with DroneShield’s business (as set out in the Corporate Code of Conduct), all Employees must comply with the rules governing OCIs applicable to government contractors and subcontractors.

When requested, and as appropriate, DroneShield will identify and disclose to Public Sector Customers any OCIs, which include circumstances when we or our business partners have:

- (i) access to nonpublic information as part of performing a government contract if that information would give us a competitive advantage in future contract competitions;
- (ii) set the “ground rules” through performance of a government contract (for example, by writing work statements or specifications) for future contract competitions in which we may participate; or
- (iii) “impaired objectivity” because of product or performance evaluations or similar efforts that could have an impact on future contract awards.

(h) ***Procurement Integrity***

Employees must neither solicit nor accept competitors’ bid or proposal information or source selection information (such as internal government proposal evaluation information) when such actions are prohibited by law or regulation. Employees must not attempt to influence an ongoing source selection by means other than the bid or proposal process.

Specifically, with regards to DroneShield’s operations in the United States, Employees must observe the U.S. Procurement Integrity Act which specifically prohibits any contractor

from soliciting or obtaining certain nonpublic bid proposal, cost and pricing, and source selection information.

(i) **Product Substitution**

DroneShield and its Employees must provide products and services to Public Sector Customers that comply fully with all specifications, statement of work and other contract provisions.

DroneShield and its Employees may make substitutions of products, services or personnel only when:

- (i) permitted by contract or subcontract; and
- (ii) when approved in a written modification by an authorised representative of the customer.

All invoices must accurately reflect what has been ordered and delivered, consistent with the terms of the contract.

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### **3. ACCOUNTABILITIES**

#### **3.1 Management**

Management of DroneShield are responsible and accountable for:

- (a) undertaking their duties and behaving in a manner that is consistent with the provisions of this Public Sector Code of Conduct;
- (b) ensuring the effective implementation, promotion and support of the Public Sector Code of Conduct across DroneShield, including ensuring that adequate and effective systems of risk management and internal compliance and control are in place to ensure compliance with the principles and requirements of the Public Sector Code of Conduct; and
- (c) ensuring employees throughout DroneShield understand and follow the provisions outlined in the Public Sector Code of Conduct.

#### **3.2 Employees**

All Employees are responsible for:

- (a) undertaking their duties in a manner that is consistent with the provisions of the Public Sector Code of Conduct; and
- (b) reporting any actual or suspected departure from the Public Sector Code of Conduct by themselves or others.

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### **4. BREACHES OF THE CODE OF CONDUCT**

Breaches of this Code of Conduct may lead to disciplinary action, including termination where necessary. The process for disciplinary action is outlined in DroneShield policies and guidelines, relevant industrial awards, and agreements.

Employees should also be aware that breaches of certain sections of this Public Sector Code of Conduct may be punishable under legislation. DroneShield reserves the right to report misconduct to appropriate Federal, State, Territory, and local authorities.

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### **5. REPORTING MATTERS OF CONCERN**

Employees are encouraged to raise any matters of concern in good faith with their direct manager, General Counsel or with DroneShield's Company Secretary, without fear of retribution.



Subject at all times to the various laws and jurisdictions in which DroneShield, operates, Employees may have specific whistleblower rights and protections under the law. For example, in the United States of America, an employee is protected by law if he or she discloses information that the employee reasonably believes is evidence of:

- (a) gross mismanagement of a federal contract;
- (b) a gross waste of federal funds;
- (c) an abuse of authority relating to a federal contract;
- (d) a substantial and specific danger to public health or safety; or
- (e) a violation of law, rule, or regulation related to a federal contract,

**and** where this information is disclosed to specific entities, including:

- (f) a Member of Congress or a representative of a committee of Congress;
- (g) an Inspector General;
- (h) the Government Accountability Office;
- (i) a federal employee responsible for contract oversight or management at the relevant agency;
- (j) an authorised official of the Department of Justice or other law enforcement agency;
- (k) a court or grand jury; or
- (l) a management official or other employee of the contractor or subcontractor who has the responsibility to investigate, discover, or address misconduct.

For Australian employees, see DroneShield's Whistleblower Policy.

Where an employee engages in legally protected whistleblower activity, there will be no retaliation by DroneShield, whether by way of discharging, demoting, or otherwise discriminating against that employee.

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## **SCHEDULE 4 – AUDIT AND RISK COMMITTEE CHARTER**

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### **1. ROLE**

The role of the Audit and Risk Committee is to assist the Board in monitoring and reviewing any matters of significance affecting financial reporting, compliance, and risk.

This Charter defines the Audit and Risk Committee's function, composition, mode of operation, authority, and responsibilities.

Where the Board does not consider that the Company will benefit from a separate Audit and Risk Committee, the full Board will carry out the duties assigned to the Audit and Risk Committee in accordance with this Charter.

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### **2. PURPOSE**

The primary purpose of the Audit and Risk Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- (a) the quality and integrity of DroneShield's financial statements, accounting policies and financial reporting and disclosure practices;
- (b) compliance with all applicable laws, regulations and DroneShield policies;
- (c) the effectiveness and adequacy of internal control processes;
- (d) the performance of DroneShield's external auditors and their appointment and removal;
- (e) the independence of the external auditor and the rotation of the lead engagement partner;
- (f) the identification and management of business, economic, environmental, and social sustainability risks; and
- (g) the review of DroneShield's risk management framework at least annually to satisfy itself that it continues to be sound and to determine whether there have been any changes in the material business risks DroneShield faces and to ensure that they remain within the risk appetite set by the Board.

A secondary function of the Committee is to perform such special reviews or investigations as the Board may consider necessary.

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### **3. COMPOSITION**

The Board will strive to adhere to the following composition requirements for the Audit and Risk Committee where possible. The Board however acknowledges that the composition of the Board may not allow adherence to the following composition requirements from time to time:

- (a) The Audit and Risk Committee shall be comprised of at least three members.
- (b) Where possible, all members of the Audit and Risk Committee should be non-executive Directors.
- (c) Where possible, a majority of the members of the Audit and Risk Committee should be independent Directors in accordance with the criteria set out in *Annexure A – Definition of Independence*.
- (d) The Board will appoint members of the Audit and Risk Committee. The Board may remove and replace members of the Audit and Risk Committee by resolution.
- (e) All members of the Audit and Risk Committee must be able to read and understand financial statements.

- (f) The Chairman of the Audit and Risk Committee should not be the Chairman of the Board of Directors and should be independent.
- (g) The Chairman shall have leadership experience and a strong finance, accounting, or business background.
- (h) The external auditors, the other Directors, the Managing Director, Chief Financial Officer, and senior executives, may be invited to Audit and Risk Committee meetings at the discretion of the Committee.

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#### **4. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

##### **4.1 Review of Financial Reports**

- (a) Review the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of DroneShield's financial reporting.
- (b) Oversee the financial reports and the results of the external audits of those reports.
- (c) Assess whether external reporting is adequate for shareholder needs.
- (d) Assess management processes supporting external reporting.
- (e) Establish procedures for treatment of accounting complaints.
- (f) Review the impact of any proposed changes in accounting policies on the financial statements.
- (g) Review the quarterly, half yearly and annual results.
- (h) Ensure that, before the Board approves DroneShield's financial statements for a financial period, the Managing Director and Chief Financial Officer (or, if none, the person(s) fulfilling those functions) have provided a written statement to the Board declaring that, in their opinion:
  - (i) the financial records of DroneShield have been properly maintained in accordance with the Corporations Act;
  - (ii) DroneShield's financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of DroneShield; and
  - (iii) the assertions made in respect of (i) and (ii) above has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

##### **4.2 Relationship with External Auditors**

- (a) Recommend to the Board procedures for the selection and appointment of external auditors and for the rotation of external auditor partners.
- (b) Review performance, succession plans and rotation of lead engagement partner.
- (c) Approve the external audit plan and fees proposed for audit work to be performed.
- (d) Discuss any necessary recommendations to the Board for the approval of quarterly, half yearly or annual reports.
- (e) Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation thereto.
- (f) Meet with the external auditors or receive a report from the external auditors at least twice in each financial year and at any other time the Committee considers appropriate.

- (g) Provide pre-approval of audit and non-audit services that are to be undertaken by the external auditor.
- (h) Ensure adequate disclosure as may be required by law of the Audit and Risk Committee's approval of all non-audit services provided by the external auditor.
- (i) Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with DroneShield.
- (j) Receive from the external auditor their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report in compliance with the Corporations Act.
- (k) Ensure that the external auditor attends the Company's Annual General Meeting and is available to answer questions from security holders relevant to the audit.

#### **4.3 Internal Audit Function**

- (a) Monitor the need for a formal internal audit function and, if required, determine the scope of work to be undertaken.
- (b) Assess the performance and objectivity of any internal audit procedures that may be in place.
- (c) Review risk management and internal compliance procedures.
- (d) Monitor the quality of the accounting function.
- (e) Review the internal controls of DroneShield via consideration of any comments from DroneShield's internal and/or external auditors and/or commissioning an independent report on DroneShield's internal controls.

#### **4.4 Risk Management**

- (a) Oversee DroneShield's risk management systems, practices, and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.
- (b) Assist in identifying and managing potential or apparent business, economic, environmental, and social sustainability risks (if appropriate).
- (c) Review DroneShield's risk management framework at least annually to:
  - (i) ensure that it continues to be sound;
  - (ii) determine whether there have been any changes in the material business risks exposures of DroneShield; and
  - (iii) ensure that those risks remain within the risk appetite set by the Board.
- (d) Disclose in relation to each reporting period, whether such a review of DroneShield's risk management framework has taken place in accordance with (c) above.
- (e) Review reports by management on the efficiency and effectiveness of DroneShield's risk management framework and associated internal compliance and control procedures.

#### **4.5 Other**

- (a) The Audit and Risk Committee will oversee DroneShield's environmental risk management (if any) and occupational health and safety processes.
- (b) The Audit and Risk Committee will oversee procedures for whistleblower protection.

- (c) As contemplated by the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, and to the extent that such deviation or waiver does not result in any breach of the law, the Committee may approve any deviation or waiver from the "*Corporate Code of Conduct*". Any such waiver or deviation will be promptly disclosed where required by applicable law.
- (d) Monitor related party transactions.

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## **5. MEETINGS**

- (a) The Audit and Risk Committee will meet at least twice in each financial year and additionally as circumstances may require for it to undertake its role effectively.
- (b) Meetings are called by the Audit and Risk Committee Secretary as directed by the Board or at the request of the Chairman of the Audit and Risk Committee.
- (c) Where deemed appropriate by the Chairman of the Audit and Risk Committee, meetings and subsequent approvals and recommendations can be implemented by a circular written resolution or conference call.
- (d) A quorum shall consist of two members of the Audit and Risk Committee. In the absence of the Chairman of the Audit and Risk Committee or their nominees, the members shall elect one of their members as Chairman of that meeting.
- (e) Decisions will be based on a majority of votes with the Chairman having a casting vote.
- (f) The Audit and Risk Committee Chairman, through the Secretary, will prepare a report of the actions of the Audit and Risk Committee to be included in the Board papers for the next Board meeting.
- (g) Minutes of each meeting are included in the papers for the next full Board meeting after each Audit and Risk Committee meeting, except where the Audit and Risk Committee determines that such access would be adverse to DroneShield's interests.

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## **6. SECRETARY**

- (a) The Company Secretary or their nominee shall be the Secretary of the Audit and Risk Committee and shall attend meetings of the Audit and Risk Committee as required.
- (b) The Secretary will be responsible for keeping the minutes of meetings of the Audit and Risk Committee and circulating them to Audit and Risk Committee members and to the other members of the Board.
- (c) The Audit and Risk Committee Secretary shall distribute supporting papers for each meeting of the Audit and Risk Committee as far in advance as possible.

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## **7. RELIANCE ON INFORMATION OR PROFESSIONAL OR EXPERT ADVICE**

Each member of the Audit and Risk Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- (a) an employee of DroneShield whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (b) a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
- (c) another Director or officer of DroneShield in relation to matters within the Director's or officer's authority.

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**8. ACCESS TO ADVICE**

- (a) Members of the Audit and Risk Committee have rights of access to management and to the books and records of DroneShield to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to DroneShield's interests.
- (b) Members of the Audit and Risk Committee may meet with the auditors, both internal and external, without DroneShield management being present.
- (c) Members of the Audit and Risk Committee may consult independent legal counsel or other advisers they consider necessary to assist them in carrying out their duties and responsibilities, subject to prior consultation with the Chairman. Any costs incurred as a result of the Audit and Risk Committee consulting an independent expert will be borne by the Company.

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**9. REPORT TO THE BOARD**

- (a) The Audit and Risk Committee must report to the Board formally at the next Board meeting following the last Audit and Risk Committee meeting on matters relevant to the Audit and Risk Committee's role and responsibilities.
- (b) The Audit and Risk Committee must brief the Board promptly on all urgent and significant matters.

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**10. DISCLOSURE**

This Audit and Risk Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted to DroneShield's website.

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**11. REVIEW**

The Board will conduct an annual review of the membership to ensure that the Audit and Risk Committee has carried out its functions in an effective manner and will update this Audit and Risk Charter as required or as a result of new laws or regulations.

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## **SCHEDULE 5 – REMUNERATION COMMITTEE CHARTER**

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### **1. ROLE**

The role of the Remuneration Committee is to assist the Board in monitoring and reviewing any matters of significance affecting the remuneration of the Board and employees of DroneShield. This Charter defines the Remuneration Committee's function, composition, mode of operation, authority, and responsibilities.

Where the Board does not consider that the Company will benefit from a separate Remuneration Committee, the full Board will carry out the duties assigned to the Remuneration Committee in accordance with this Charter.

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### **2. PURPOSE**

The primary purpose of the Remuneration Committee is to support and advise the Board in fulfilling its responsibilities to shareholders by:

- (a) reviewing and approving the Remuneration Policy to enable DroneShield to attract and retain executives and Directors who will create value for shareholders;
- (b) ensuring that the executive remuneration policy demonstrates a clear relationship between key executive performance and remuneration;
- (c) recommending to the Board the remuneration of executive Directors;
- (d) fairly and responsibly rewarding executives having regard to the performance of DroneShield, the performance of the executive and the prevailing remuneration expectations in the market;
- (e) reviewing DroneShield's recruitment, retention and termination policies and procedures for senior management;
- (f) reviewing and approving the remuneration of direct reports to the Managing Director, and as appropriate other senior executives; and
- (g) reviewing and approving any equity-based plans and other incentive schemes.

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### **3. COMPOSITION**

The Board will strive to adhere to the following composition requirements for the Remuneration Committee where at all possible. The Board however acknowledges that the composition of the Board may not allow adherence to the following composition requirements from time to time:

- (a) The Remuneration Committee shall be comprised of at least three members;
- (b) Where possible, a majority of the members of the Remuneration Committee should be independent non-executive Directors in accordance with the criteria set out in *Annexure A – Definition of Independence*;
- (c) The Chairman of the Remuneration Committee should be independent and should not also hold the position of Chairman of the Board of Directors; and
- (d) The Board will appoint members of the Remuneration Committee. The Board may remove and replace members of the Remuneration Committee by resolution.

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## 4. DUTIES AND RESPONSIBILITIES

### 4.1 Executive Remuneration Policy

- (a) Review and approve DroneShield's recruitment, retention and termination policies and procedures for senior executives to enable DroneShield to attract and retain executives and Directors who can create value for shareholders.
- (b) Review the on-going appropriateness and relevance of the Remuneration Policy and other executive benefit programs.
- (c) Ensure that the Remuneration Policy fairly and responsibly reward executives having regard to the performance of DroneShield, the performance of the executive and prevailing remuneration expectations in the market.

### 4.2 Executive Directors and Senior Management

- (a) Consider and make recommendations to the Board on the remuneration for each executive Director (including base pay, incentive payments, equity awards, retirement rights, service contracts) having regard to the executive remuneration policy.
- (b) Review and approve the proposed remuneration (including incentive awards, equity awards and service contracts) for the direct reports of the Managing Director.
- (c) Oversee an annual performance evaluation of the senior executive team in accordance with the processes outlined in *Annexure B – Performance Evaluation Procedures*. This evaluation is based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.
- (d) Approve changes to the remuneration or contract terms of executive Directors and direct reports to the Managing Director.
- (e) Approve termination payments to executive Directors or direct reports to the Managing Director. Termination payments to other departing executives should be reported to the Committee at its next meeting.

### 4.3 Executive Incentive Plans (including Equity Based Plans)

- (a) Review and approve the design of any executive incentive plans (**Plans**).
- (b) Review and approve any Plans that may be introduced in the light of legislative, regulatory and market developments.
- (c) For each Plan, determine each year whether awards will be made under that Plan.
- (d) Review and approve total proposed awards under each Plan.
- (e) In addition to considering awards to executive Directors and direct reports to the Managing Director, review and approve proposed awards under each Plan on an individual basis for executives as required under the rules governing each Plan or as determined by the Remuneration Committee.
- (f) Review, approve and keep under review performance hurdles for each Plan.
- (g) Review, manage and disclose the policy (if any) under which participants to a Plan may be permitted (at the discretion of the Company) to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the Plan.

### 4.4 Other

The Remuneration Committee shall perform other duties and activities that it or the Board considers appropriate.



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**5. MEETINGS**

- (a) The Remuneration Committee will meet at least once per year and additionally as circumstances may require.
- (b) Meetings are called by the Remuneration Committee Secretary as directed by the Board or at the request of the Chairman of the Remuneration Committee.
- (c) A quorum shall comprise any two members of the Remuneration Committee. In the absence of the Remuneration Committee Chairman or appointed delegate, the members shall elect one of their members as Chairman.
- (d) Where deemed appropriate by the Chairman of the Remuneration Committee, meetings and subsequent approvals may be held or concluded by way of a circular written resolution or a conference call.
- (e) Decisions will be based on a majority of votes with the Chairman of the Remuneration Committee having the casting vote.
- (f) The Remuneration Committee may invite any executive management team members or other individuals, including external third parties, to attend meetings of the Remuneration Committee, as they consider appropriate.

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**6. SECRETARY**

- (a) The Company Secretary or their nominee shall be the Secretary of the Remuneration Committee and shall attend meetings of the Committee as required.
- (b) The Remuneration Committee Secretary will be responsible for keeping the minutes of meeting of the Remuneration Committee and circulating them to Remuneration Committee members and to the other members of the Board.
- (c) The Remuneration Committee Secretary shall distribute supporting papers for each meeting of the Remuneration Committee as far in advance as possible.

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**7. RELIANCE ON INFORMATION OR PROFESSIONAL OR EXPERT ADVICE**

Each member of the Remuneration Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- (a) an employee of DroneShield whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (b) a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
- (c) another Director or officer of DroneShield in relation to matters within the Director's or officer's authority.

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**8. ACCESS TO ADVICE**

- (a) Members of the Remuneration Committee have rights of access to the books and records of DroneShield to enable them to discharge their duties as Remuneration Committee members, except where the Board determines that such access would be adverse to DroneShield's interests.
- (b) The Remuneration Committee may consult independent experts to assist it in carrying out its duties and responsibilities. Any costs incurred as a result of the Remuneration Committee consulting an independent expert will be borne by the Company.

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**9. REPORT TO THE BOARD**

- (a) The Remuneration Committee must report to the Board formally at the next Board meeting following from the last Remuneration Committee meeting on matters relevant to the Remuneration Committee's role and responsibilities.
- (b) The Remuneration Committee must brief the Board promptly on all urgent and significant matters.

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**10. DISCLOSURE**

- (a) The Company must disclose the policies and practices regarding the remuneration of non-executive directors, executive directors and other senior executives in the annual report and as otherwise required by law.
- (b) This Remuneration Committee Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted to DroneShield's website.

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**11. REVIEW**

The Board will conduct an annual review of the membership to ensure that the Remuneration Committee has carried out its functions in an effective manner and will update the Charter as required or as a result of new laws or regulations.

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## **SCHEDULE 6 – NOMINATION COMMITTEE CHARTER**

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### **1. ROLE**

The role of the Nomination Committee is to assist the Board in monitoring and reviewing any matters of significance affecting the composition of the Board. This Charter defines the Nomination Committee's function, composition, mode of operation, authority, and responsibilities.

Where the Board does not consider that the Company will benefit from a separate Nomination Committee, the full Board will carry out the duties assigned to the Nomination Committee in accordance with this Charter.

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### **2. PURPOSE**

The primary purpose of the Nomination Committee is to support and advise the Board in:

- (a) maintaining a Board that has an appropriate mix of skills and experience to be an effective decision-making body; and
- (b) ensuring that the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.

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### **3. COMPOSITION**

The Board will strive to adhere to the following composition requirements for the Nomination Committee where at all possible. The Board however acknowledges that the composition of the Board may not allow adherence to the following composition requirements from time to time:

- (a) The Nomination Committee shall be comprised of at least three members;
- (b) Where possible, a majority of the members of the Nomination Committee should be independent non-executive Directors in accordance with the criteria set out in *Annexure A – Definition of Independence*;
- (c) The Chairman of the Nomination Committee should be independent and should not also hold the position of Chairman of the Board of Directors; and
- (d) The Board will appoint members of the Nomination Committee. The Board may remove and replace members of the Nomination Committee by resolution.

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### **4. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE**

- (a) Periodically review and consider the structure and balance of the Board and make recommendations regarding appointments, retirements, and terms of office of Directors.
- (b) Make recommendations to the Board on the appropriate size and composition of the Board.
- (c) Identify and recommend to the Board candidates for the Board after considering the necessary and desirable competencies of new Board members to ensure the appropriate mix of skills and experience and after assessment of how the candidates can contribute to the strategic direction of the Company and DroneShield.
- (d) Undertake appropriate checks before appointing a candidate, or putting forward to security holders a candidate for election, as a Director, including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate).
- (e) Ensure that all material information relevant to a decision on whether or not to elect or re-elect a Director will be provided to security holders in the Notice of Meeting containing the resolution to elect or re-elect a Director, including:

- (i) biographical details (including relevant qualifications and experience and skills);
  - (ii) details of any other material directorships currently held by the candidate;
  - (iii) where standing as a Director for the first time, any material adverse information revealed by the checks, details of any interest, position, association or relationship that might materially influence their capacity to be independent and act in the best interests of the Company and its shareholders, and a statement whether the Board considers the candidate is considered to be independent;
  - (iv) where standing for re-election as a Director, the term of office served by the Director and a statement whether the Board considers the candidate is considered to be independent; and
  - (v) a statement by the Board whether it supports the election or re-election of the candidate.
- (f) Ensure that each Director and senior executive is a party to a written agreement with the Company (or any of its subsidiaries as appropriate) which sets out the terms of that Director's or senior executive's appointment. For these purposes, a senior executive is a member of key management personnel (as defined in the Corporations Act), other than a Director.
  - (g) Prepare and maintain a Board skills matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve). The Company must disclose this matrix in, or in conjunction with, its Annual Report.
  - (h) Approve and review induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities.
  - (i) Assess and consider the time required to be committed by a non-executive Director to properly fulfil their duty to the Company and advise the Board.
  - (j) Consider and recommend to the Board candidates for election or re-election to the Board at each annual shareholders' meeting.
  - (k) Review directorships in other public companies held by or offered to Directors and senior executives of the Company.
  - (l) Review succession plans for the Board with a view to maintaining an appropriate balance of skills and experience on the Board.
  - (m) Arrange an annual performance evaluation of the Board, its committees, and individual directors in accordance with the processes outlined in *Annexure B – Performance Evaluation Procedures*.

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## 5. MEETINGS

- (a) The Nomination Committee will meet at least once a year and additionally as circumstances may require.
- (b) Meetings are called by the Nomination Committee Secretary as directed by the Board or at the request of the Chairman of the Nomination Committee.
- (c) Where deemed appropriate by the Chairman of the Nomination Committee, meetings and subsequent approvals may be held or concluded by way of a circular written resolution or conference call.
- (d) A quorum shall comprise any two members of the Nomination Committee. In the absence of the Nomination Committee Chairman or appointed delegate, the members shall elect one of their number as Chairman.

- (e) Decisions will be based on a majority of votes with the Chairman of the Nomination Committee having a casting vote.
- (f) The Nomination Committee may invite executive management team members or other individuals, including external third parties to attend meetings of the Nomination Committee, as they consider appropriate.

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**6. SECRETARY**

- (a) The Company Secretary or their nominee shall be the Secretary of the Nomination Committee and shall attend meetings of the Committee as required.
- (b) The Nomination Committee Secretary will be responsible for keeping the minutes of meetings of the Nomination Committee and circulating them to Nomination Committee members and to the other members of the Board.
- (c) The Nomination Committee Secretary shall distribute supporting papers for each meeting of the Nomination Committee as far in advance as possible.

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**7. RELIANCE ON INFORMATION OR PROFESSIONAL OR EXPERT ADVICE**

Each member of the Nomination Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- (a) an employee of DroneShield whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- (b) a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
- (c) another Director or officer of DroneShield in relation to matters within the Director's or officer's authority.

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**8. ACCESS TO ADVICE**

- (a) Members of the Nomination Committee have rights of access to the books and records of DroneShield to enable them to discharge their duties as Nomination Committee members, except where the Board determines that such access would be adverse to DroneShield's interests.
- (b) The Nomination Committee may consult independent experts to assist it in carrying out its duties and responsibilities. Any costs incurred as a result of the Nomination Committee consulting an independent expert will be borne by the Company.

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**9. REPORTING**

- (a) The Nomination Committee must report to the Board formally at the next Board meeting following from the last Nomination Committee meeting on matters relevant to the Nomination Committee's role and responsibilities.
- (b) The Nomination Committee must brief the Board promptly on all urgent and significant matters.

---

**10. DISCLOSURE**

This Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted to DroneShield's website.

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**11. REVIEW**

The Board will conduct an annual review of the membership to ensure that the Nomination Committee has carried out its functions in an effective manner and will update this Charter as required or as a result of new laws or regulations.

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## SCHEDULE 7 – CONTINUOUS DISCLOSURE POLICY

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### 1. POLICY STATEMENT

The Company is required to comply with continuous disclosure requirements at law and under the ASX Listing Rules. ASX Listing Rule 3.1 requires the Company to immediately notify the ASX if it becomes aware of any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities (unless an exception under the Listing Rules applies).

The Company is committed to:

- (a) complying with the continuous disclosure obligations contained in the *Corporations Act 2001* (Cth) (**Corporations Act**) and the ASX Listing Rules; and
- (b) ensuring that the market is provided with timely, complete, and accurate information concerning the Company, including its financial position, performance, ownership, and governance.

The purpose of this policy is to:

- (c) ensure that DroneShield's employees are aware of the Company's obligations to disclose information in accordance with the continuous disclosure requirements in the ASX Listing Rules;
- (d) set out the procedures for identifying and assessing information for disclosure to the ASX in accordance with the Company's continuous disclosure obligations;
- (e) set out procedures which are designed to ensure the Company complies with its continuous disclosure obligations;
- (f) set out the requirements for protecting the Company's confidential information from unauthorised disclosure; and
- (g) to provide for a process to assist in the release of accurate, balanced, clear and objective market announcements so investors may appropriately assess the impact of that information when making investment decisions.

This policy seeks to incorporate the disclosure obligations in the ASX Listing Rules, the principles in *ASX Guidance Note 8*, and the 10 principles set out in *ASIC Regulatory Guide 62: Better disclosure for investors*.

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### 2. CONTINUOUS DISCLOSURE

#### 2.1 Continuous disclosure obligation

The Company is listed on ASX and is required to comply with the continuous disclosure obligations in the ASX Listing Rules. Compliance is also a legal requirement under the Corporations Act.

ASX Listing Rule 3.1 requires the Company to **immediately** notify the ASX if it becomes aware of any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities, unless an exception under the Listing Rules applies.

The ASX interprets "immediately" to mean "promptly and without delay". The length of time required to notify will depend on the circumstances. The information is however required to be disclosed to the ASX as quickly as possible in the circumstances and must not be deferred or postponed to a later time.

The Company becomes aware of information if any of its directors or officers has, or ought reasonably to have, come into possession of that information while performing their duties as a director or officer of the Company.

## 2.2 When is information market sensitive?

Information is market sensitive if the information would or is likely to, influence persons who commonly invest in securities to decide whether or not to buy or sell the Company's securities.

This is an objective test. In line with ASX guidance, when assessing whether information is market sensitive, the Company may ask the following two questions:

- (a) "Would this information influence my decision to buy or sell the Company's securities at their current market price?"
- (b) "Would I feel exposed to an action for insider trading if I were to buy or sell the Company's securities at their current market price, knowing this information had not been disclosed to the market?"

Whether or not the Company is aware of information that is market sensitive is to be considered in accordance with this policy.

## 2.3 When is disclosure of market sensitive information required?

If information is market sensitive, and an exception from immediate disclosure does not apply (see section 2.4 below), the Company will **immediately** disclose that information to the ASX.

The Company will not release market sensitive information to any person until it has given the information to the ASX and has received acknowledgment from the ASX that the information has been released to the market.

## 2.4 Exceptions to continuous disclosure obligation

Under Listing Rule 3.1A, the Company is not required to immediately disclose market sensitive information to the ASX where all of the following three conditions are satisfied:

- (a) one or more of the following applies:
  - (i) it would be a breach of a law to disclose the information;
  - (ii) the information concerns an incomplete proposal or negotiation;
  - (iii) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
  - (iv) the information is generated for internal management purposes of the Company; or
  - (v) the information is a trade secret; AND
- (b) the information is confidential and ASX has not formed the view that the information has ceased to be confidential; AND
- (c) a reasonable person would not expect the information to be disclosed.

All three elements set out above must be satisfied before the exception to the continuous disclosure obligation applies. Should any of these elements no longer be satisfied, the Company will immediately disclose that market sensitive information to the ASX in accordance with this policy.

## 2.5 Confidentiality

If the Company is relying on an exception to ASX Listing Rule 3.1 or is involved in a development that may eventually require reliance on an exception, appropriate confidentiality procedures will



be observed by the Company. The Company acknowledges that a leak of confidential information will immediately deny the Company the benefit of the exception. Information about a matter may cease to be confidential if there is:

- (a) a reasonably specific and accurate media or analyst report about the matter;
- (b) a reasonably specific and accurate rumour known to be circulating in the market about the matter; or
- (c) a sudden and significant movement in the market price or traded volumes of the Company's securities that cannot be explained by other events or circumstances.

## **2.6 False market obligation**

In accordance with ASX Listing Rule 3.1B, if the ASX considers that there is or is likely to be a false market in the Company's securities and asks the Company to give ASX information to correct or prevent a false market, the Company will give the ASX the information needed to correct or prevent the false market. This obligation to give information to the ASX arises even if the exception outlined in section 2.4 of this policy applies.

## **2.7 Examples of market sensitive information**

Some examples of sensitive information which may require disclosure to the ASX by the Company include:

- (a) a transaction that will lead to a significant change in the nature and scale of the Company's activities;
- (b) a material acquisition or disposal;
- (c) the entry into, variation, or termination of a material agreement;
- (d) becoming a plaintiff or defendant in material legal proceedings;
- (e) the fact that the Company's earnings will be materially different from market expectations;
- (f) the occurrence of an event of default under, or other event entitling a financier to terminate, a material financing facility;
- (g) under or over subscriptions to an issue of securities;
- (h) giving or receiving a notice of intention of a takeover; and
- (i) any rating applied by a rating agency to the Company or its securities and any change to such a rating.

Determination of whether disclosure of these matters is required as a market sensitive disclosure is assessed by the Company having regard to the circumstances prevailing at the time.

## **2.8 Disclosure of other information**

The obligation of the Company under Listing Rule 3.1 operates alongside the Company's other disclosure obligations, which are released by the Company to the market as non-market sensitive disclosures through the ASX. In particular, the Company has an obligation to notify the ASX of:

- (a) the specific matters referred to in Listing Rules 3.4 through 3.21; and
- (b) a significant change in the nature or scale of the Company's activities under Listing Rule 3.11.

This includes information about take over bids, buy backs, changes in capital, exercise of options, changes in Chairman, directors, Chief Executive Officer, Company Secretary or auditor, directors' interests and dividends and distributions.

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### 3. ROLES AND RESPONSIBILITIES

#### 3.1 Disclosure Officers

The Board has appointed the Managing Director (**MD**), the Chief Financial Officer (**CFO**) and Company Secretary as the disclosure officers (**Disclosure Officers**).

The Disclosure Officers are responsible for administering this policy and, in particular:

- (a) overseeing and coordinating all communication with ASX, investors, analysts, brokers, shareholder associations, the media and the public;
- (b) overseeing and coordinating disclosure training and education of all Employees to ensure that they understand the Company's disclosure obligations and what information may be market sensitive; and
- (c) collecting and recording all potential market sensitive information concerning the Company and making auditable disclosure decisions, subject to the approval requirements set out in **Error! Reference source not found.** and **Error! Reference source not found.** of this policy.

The Disclosure Officers may delegate aspects of administering this policy to other Employees. The delegation may be general or specific to a particular matter.

#### 3.2 Reporting processes

The Disclosure Officers are responsible for ensuring that all Board decisions which require disclosure are appropriately announced to the market. The Company shall use the following process for reporting potentially market sensitive information:

- (a) if a **Director** considers they are in possession of potentially market sensitive information, they will promptly discuss the matter with the Chairman or the MD;
- (b) **senior managers** reporting to either the MD or the CFO will immediately make the Disclosure Officers aware of any matter that they consider may be material for continuous disclosure purposes; and
- (c) **other Employees** who consider that they may be aware of potentially market sensitive information will immediately inform their manager. The manager will then pass that information to an appropriate senior manager to ensure that the MD or CFO are informed.

Employees must disclose all potentially significant information concerning the Company to their managers or senior managers, even if they consider that the information is not market sensitive or an exception to disclosure applies.

#### 3.3 Assessment of information by Disclosure Officers

The Disclosure Officers will decide whether any information the Company is aware of, or becomes aware of, is required to be disclosed to the ASX. The Disclosure Officers will assess whether:

- (a) the information meets the market sensitive test in section 2.1;
- (b) the exception in section 2.4 applies so it need not be disclosed as market sensitive information;
- (c) the information should be disclosed, but as a non-market sensitive release; or
- (d) the information is not required to be released to the market.

### **3.4 Approval for disclosure to ASX**

If the Disclosure Officers believe information is required to be disclosed as market sensitive or a non-market sensitive release, the Disclosure Officers will seek approval for disclosure of the information to ASX as follows:

- (a) in the first instance, the Disclosure Officers will seek approval from the Board.
- (b) if it is not practicable to seek approval from the Board (recognising the requirement to immediately disclose market sensitive information), the Disclosure Officers will seek approval from the Chairman.
- (c) if, in exceptional circumstances, the Board and the Chairman are not available, the Disclosure Officers may approve disclosure of the information to the ASX.

### **3.5 Request for information by ASX – False market**

If the ASX asks the Company for information to correct or prevent a false market in relation to market sensitive information, the Disclosure Officers will consider the request and seek approval for any disclosures in accordance with the process in section 3.4 above.

### **3.6 Content of disclosure of market sensitive releases**

Any market sensitive disclosure made pursuant to this policy should contain sufficient detail for investors or their professional advisers to understand assess its impact on the price or value of the Company's securities. The Company has a duty not to disclose information in a way that could mislead the market. The Company will take appropriate care to ensure that the content of any announcement accurately discloses any material information.

### **3.7 Disclosure to ASX and dissemination**

When disclosure of information under section 3.4 or 3.5 has been approved, the Company Secretary (or person nominated by the Company Secretary) will lodge that information with ASX in the manner prescribed by the ASX Listing Rules.

Information lodged with the ASX will not be released publicly by the Company until the Company has received formal confirmation from the ASX that the information has been released to the market.

Once the Company has received formal confirmation from the ASX, the Company Secretary will promptly post the information on the Company's website. The Company may simultaneously or subsequently release the information in any other manner it considers appropriate, including issuing a media release, conducting a press conference, or mailing details to the Company's security holders.

### **3.8 Request for trading halts**

In some circumstances it may be necessary to request a trading halt to allow the Company a period of time to prepare and release a market sensitive announcement to ASX in a timely manner, while ensuring trading on the ASX is not occurring in an uninformed manner. Only the Disclosure Officers are authorised to request a trading halt from the ASX. Before requesting a trading halt, the Disclosure Officers are required to seek approval to do so from:

- (a) the Board; or
- (b) where convening a Board meeting is not practicable, the Chairman.

It is recognised that the Company may be required to submit a trading halt expeditiously and that it may not always be practicable for the approval of the Board to be sought (depending upon the circumstances).

### **3.9 Board review of continuous disclosure matters**

The Company will ensure that the Board receives copies of all material market announcements promptly after they have been made. The Company has a standing agenda item at each Board meeting, where the Directors will raise and consider whether there is any information (including any matters reported to or discussed at the Board meeting) that may potentially need to be disclosed to the market pursuant to the Company's continuous disclosure obligations.

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## **4. EXTERNAL COMMUNICATIONS**

### **4.1 Authorised spokespersons**

Information concerning the Company may only be disclosed to external parties by authorised spokespersons appointed in accordance with this policy. In this regard the Chairman, CEO, CFO, or any other person authorised by the Board, are the authorised spokespersons to disclose information concerning the Company to the media.

### **4.2 Dealings with media, market speculation and rumour**

Except where an announcement to ASX may be required, as a general rule, the Company does not respond to media comment (both conventional or social), or market speculation. Only certain individuals are authorised to speak to the media and other third parties.

If an Employee receives a request for comment from an external investor, analyst, or the media, in relation to any matter concerning the Company, they should advise that person they are not authorised to speak on behalf of the Company and refer the enquiry to the CEO.

Any information which is not public must be treated by all Employees as confidential and is not to be disclosed except through the Company's reporting system or the procedures set out in this policy.

### **4.3 Analyst briefings and meetings of security holders**

Where market sensitive information has been released to a section of the market (e.g. at an investor or analyst briefing or at a meeting of security holders) or to a section of the public (e.g. at a media briefing or through its publication on a website or in social media) but not disclosed to the ASX, the Company will immediately give the information to the ASX as required by ASX Listing Rule 3.1 in a form suitable for release to the market.

A copy of any new and substantive investor or analyst presentation materials will be released on the ASX market announcements platform ahead of the presentation that they relate to.

### **4.4 ASX released information**

The Company will not post information on its website that is subject to until the Company has received formal confirmation from the ASX that the information has been released to the market using the ASX platform.

The Company Secretary will maintain a copy of all announcements released.

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## **5. REVIEW OF POLICY**

This policy has been approved by the Board. Amendments to this policy may be made with the Board's prior approval.

The policy will be reviewed periodically and updated as required to ensure it remains consistent with current law and practice. The latest version of this policy can be found on the Company's website or obtained from the Company Secretary.

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**SCHEDULE 8 – RISK MANAGEMENT AND COMPLIANCE POLICY**

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**1. RISK MANAGEMENT REVIEW PROCEDURE AND INTERNAL COMPLIANCE AND CONTROL**

The Board determines DroneShield's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance, and internal control.

The Board is presently performing the obligations of the Audit and Risk Committee and has the responsibility for implementing the risk management system.

As the Audit and Risk Committee the Board will:

- (a) oversee DroneShield's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements;
- (b) assist management to determine whether it has any material exposure to economic, environmental and/or social sustainability risks (as those terms are defined in the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*) and, if it does, how it manages, or intends to manage, those risks;
- (c) assist management to determine the key risks to the business and prioritise work to manage those risks; and
- (d) review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

DroneShield's process of risk management and internal compliance and control includes:

- (a) identifying and measuring risks that might impact upon the achievement of DroneShield's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- (b) formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- (c) monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

To this end, comprehensive practises are in place that are directed towards achieving the following objectives:

- (a) compliance with applicable laws and regulations;
- (b) preparation of reliable published financial information; and
- (c) implementation of risk transfer strategies where appropriate e.g. insurance.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back at each Audit and Risk Committee at least annually.

The Board will review assessments of the effectiveness of risk management and internal compliance and control at least annually.

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**2. DISCLOSURE**

The Company must disclose at least annually:

- (a) whether the Board (or a committee of the Board) has completed a review of DroneShield's risk management framework to satisfy itself that it continues to be sound.
- (b) if it has any material exposure to economic, environmental and/or social sustainability risks (as those terms are defined in the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations) and, if it does, how it manages, or intends to manage, those risks.

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## **SCHEDULE 9 – REMUNERATION POLICY**

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### **1. INTRODUCTION**

This policy sets out the general remuneration strategies of DroneShield.

The Remuneration Committee (or the full board where there is no Remuneration Committee) shall perform its duties and activities in line with these strategies and shall review and reassess this policy at least annually.

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### **2. GENERAL DIRECTOR REMUNERATION**

- (a) In accordance with the terms of the Company's Constitution, the maximum aggregate remuneration that may be paid to non-executive Directors of the Company has been set at A\$500,000, as determined by the Board of the Company prior to the first Annual General Meeting of the Company.
- (b) The Board shall set individual non-executive director fees within this defined limit.
- (c) Shareholder approval must be obtained in relation to any change to the overall limit set for non-executive directors' fees.
- (d) Shareholders must also approve the framework for any equity-based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be approved by the shareholders.
- (e) All directors and officers are entitled to have their indemnity insurance paid by the Company.

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### **3. EXECUTIVE AND SENIOR MANAGEMENT**

DroneShield's remuneration policy for executive directors (including the Managing Director) and senior management is designed to promote superior performance and long-term commitment to DroneShield. Executives receive a base remuneration which is market related and may also be entitled to performance-based remuneration at the ultimate discretion of the Board.

Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive market and business conditions where it is in the interests of DroneShield and the Company's shareholders to do so.

Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee (or the full board where there is no Remuneration Committee) having regard to performance, relevant comparative information and, where necessary, expert advice and in line with the processes outlined in *Annexure B – Performance Evaluation Procedures*.

DroneShield's reward policy reflects the benefits of aligning executive remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of DroneShield. The main principles of the policy are:

- (a) remuneration is reasonable and fair, taking into account DroneShield's obligations at law, the competitive market in which DroneShield operates and the relative size and scale of DroneShield's business;
- (b) individual reward should be linked to clearly specified performance targets which should be aligned to DroneShield's short term and long-term performance objectives; and
- (c) executives should be rewarded for both financial and non-financial performance.

The total remuneration of executive directors (including the Managing Director) and other senior managers may consist of the following:

- (a) salary - executive directors and senior managers may receive a fixed sum payable monthly in cash by electronic funds transfer;
- (b) bonus - executive directors and nominated senior managers are eligible to participate in a profit participation plan if deemed appropriate;
- (c) long term incentives - executive directors may participate in share option schemes with the prior approval of shareholders. Executives may also participate in employee share option schemes, with any option issues generally being made in accordance with thresholds set in plans approved by shareholders. The Board however considers it appropriate to retain the flexibility to issue options to executives outside of approved employee option plans in exceptional circumstances; and
- (d) other benefits - executive directors and senior managers are eligible to participate in superannuation schemes.

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#### **4. NON-EXECUTIVE REMUNERATION**

Shareholders approve the maximum aggregate remuneration for non-executive directors. The Remuneration Committee (or the full board where there is no Remuneration Committee) recommends the actual payments to directors and the Board is responsible for ratifying any recommendations, if appropriate. The maximum aggregate remuneration for non-executive directors is currently \$500,000.

The total remuneration of non-executive directors may consist of the following:

- (a) fixed cash fees paid by electronic funds transfer, the level of which reflect the time commitment and responsibilities of the role of a non-executive director;
- (b) superannuation contributions in line with the relevant statutory requirements;
- (c) non-cash benefits in lieu of fees such as equity or salary sacrifice into superannuation; and
- (d) equity-based remuneration where the Committee and Board deem that the issue of securities will align the interests of the Company's non-executive directors with those of other security holders. It is recognised that non-executive directors' remuneration is ideally structured to exclude equity-based remuneration with performance hurdles attached as it may lead to bias in decision making and compromise objectivity. However, whilst the Company and DroneShield remains small and the full Board, including the non-executive directors, are included in the day-to-day operations of the Company more than what may be the case with larger companies, the non-executive directors are entitled to participate in equity-based remuneration schemes.

Non-executive directors of the Company are not entitled to any retirement benefits other than superannuation.

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#### **5. PROFIT PARTICIPATION PLAN**

Performance incentives may be offered to executive directors and senior management of DroneShield through the operation of a profit participation plan at the ultimate discretion of the Board of the Company.



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## **SCHEDULE 10 – TRADING POLICY**

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### **1. INTRODUCTION**

These guidelines set out the policy on the sale and purchase of securities in the Company by its Employees and Key Management Personnel.

“Employees” for the purposes of this Trading Policy includes all employees and contractors who are employed, engaged by, and/or act on behalf of DroneShield.

“Key Management Personnel” for the purposes of this Trading Policy are those persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity.

The Company has determined that the Key Management Personnel of DroneShield are Directors of the Company and employees of DroneShield directly reporting to the Managing Director.

Employees and Key Management Personnel are encouraged to be long-term holders of the Company’s securities. However, it is important that care is taken in the timing of any purchase or sale of such securities.

The purpose of these guidelines is to assist Employees and Key Management Personnel to avoid conduct known as ‘insider trading’. In some respects, the Company’s policy extends beyond the strict requirements of the *Corporations Act 2001* (Cth).

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### **2. WHAT TYPES OF TRANSACTIONS ARE COVERED BY THIS POLICY?**

This policy applies to both the sale and purchase of any securities of the Company and its subsidiaries on issue from time to time.

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### **3. WHAT IS INSIDER TRADING?**

#### **3.1 Prohibition**

Insider trading is a criminal offence. It may also result in civil liability. In broad terms, a person will be guilty of insider trading if:

- (a) that person possesses information which is not generally available to the market and, if it were generally available to the market, would be likely to have a material effect on the price or value of the Company’s securities (i.e. information that is ‘price sensitive’); and
- (b) that person:
  - (i) buys or sells securities in the Company; or
  - (ii) procures someone else to buy or sell securities in the Company; or
  - (iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to buy or sell the securities or procure someone else to buy or sell the securities of the Company.

#### **3.2 Examples**

To illustrate the prohibition described above, the following are possible examples of price sensitive information which, if made available to the market, may be likely to materially affect the price of the Company’s securities:

- (a) DroneShield is considering a major acquisition or divestment;
- (b) the threat of major litigation against the Company and/or any of its subsidiaries;

- (c) DroneShield's revenue and profit or loss results materially exceeding or falling short of the market's expectations;
- (d) a material change in debt, liquidity or cash flow;
- (e) a significant new development proposal (e.g. new product or technology);
- (f) the grant or loss of a major contract;
- (g) a management or business restructuring proposal; or
- (h) a share issue proposal.

### **3.3 Dealing through third parties**

The insider trading prohibition extends to dealings by individuals through nominees, agents, or other associates, such as family members, family trusts and family companies (referred to as "**Associates**" in these guidelines).

### **3.4 Information however obtained**

It does not matter how or where the person obtains the information – it does not have to be obtained from DroneShield to constitute inside information.

### **3.5 Employee share schemes**

The prohibition does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme. However, the prohibition does apply to the sale of shares acquired under an employee share scheme and to the sale of shares acquired following the exercise of an option granted under an employee option scheme.

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## **4. GUIDELINES FOR TRADING IN THE COMPANY'S SECURITIES**

### **4.1 General rule**

Employees and Key Management Personnel must not, except in exceptional circumstances deal in securities of the Company during the following periods:

- (a) two weeks prior to, and one day following the release of the Company's Annual Financial Report in February;
- (b) two weeks prior to, and one day following the release of the Company's Half Year Financial Report in August; and
- (c) two weeks prior to the release of the Company's quarterly reports which are released in January, April, July and October,

(together the **Closed Periods**).

The Company may at its discretion vary this rule in relation to a particular Closed Periods by general announcement to all Employees and Key Management Personnel either before or during the Closed Periods. However, if an Employee or Key Management Personnel is in possession of price sensitive information which is not generally available to the market, then he or she must not deal in the Company's securities at **any** time.

### **4.2 No short-term trading in the Company's securities**

Key Management Personnel should never engage in short-term trading of the Company's securities except for the exercise of options where the shares will be sold shortly thereafter.

### 4.3 Securities in other companies

Buying and selling securities of other companies with which the Company may be dealing is prohibited where an individual possesses information which is not generally available to the market and is 'price sensitive'. For example, where an individual is aware that the Company and/or any of its subsidiaries is about to sign a major agreement with another company, they should not buy securities in either the Company or the other company.

### 4.4 Exceptions

- (a) Employees and Key Management Personnel may at any time:
- (i) acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary shares;
  - (ii) acquire Company securities under a bonus issue made to all holders of securities of the same class;
  - (iii) acquire Company securities under a dividend reinvestment, or top-up plan that is available to all holders of securities of the same class;
  - (iv) acquire, or agree to acquire or exercise options under an employee incentive scheme (as that term is defined in the ASX Listing Rules);
  - (v) withdraw ordinary shares in the Company held on behalf of the Employee or Key Management Personnel in an employee incentive scheme (as that term is defined in the ASX Listing Rules) where the withdrawal is permitted by the rules of that scheme;
  - (vi) acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme;
  - (vii) transfer securities of the Company already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
  - (viii) make an investment in, or trade in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
  - (ix) where a restricted person is a trustee, trade in the securities of the Company by that trust, provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
  - (x) undertake to accept, or accept, a takeover offer;
  - (xi) trade under an offer or invitation made to all or most of the security holders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
  - (xii) dispose of securities of the Company resulting from a secured lender exercising their rights, for example, under a margin lending arrangement;
  - (xiii) exercise (but not sell securities following exercise) an option or a right under an employee incentive scheme, or convert a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period or the Company has had a number of consecutive prohibited periods and the restricted person could not reasonably have been expected to exercise it at a time when free to do so; or

- (xiv) trade under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy.
- (b) In respect of any share or option plans adopted by the Company, it should be noted that it is not permissible to provide the exercise price of options by selling the shares acquired on the exercise of these options unless the sale of those shares occurs outside the periods specified in paragraph 4.1.

Were this to occur at a time when the person possessed inside information, then the sale of Company securities would be a breach of insider trading laws, even though the person's decision to sell was not influenced by the inside information that the person possessed and the person may not have made a profit on the sale. Where Company securities are provided to a lender as security by way of mortgage or charge, a sale that occurs under that mortgage or charge as a consequence of default would not breach insider trading laws.

#### **4.5 Notification of periods when Employees and Key Management Personnel are not permitted to trade**

The Company Secretary will endeavour to notify all Employees and Key Management Personnel of the times when they are not permitted to buy or sell the Company's securities as set out in paragraph 4.1.

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## **5. APPROVAL AND NOTIFICATION REQUIREMENTS**

### **5.1 Approval requirements**

- (a) Any Director (other than the Chairman) wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior written approval of the Chairman or the Board before doing so.
- (b) Any other Key Management Personnel (excluding Directors) wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior written approval of the Managing Director before doing so.
- (c) Any Employee of the Company (other than Key Management Personnel) wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior written approval of the Managing Director before doing so.
- (d) If the Chairman wishes to buy, sell, or exercise rights in relation to the Company's securities, the Chairman must obtain the prior approval of the Managing Director or the Board before doing so.
- (e) Approvals sought in respect of (a) to (d) above shall not be unreasonably withheld.

### **5.2 Approvals to buy or sell securities**

- (a) All requests to buy or sell securities as referred to in paragraph 5.1 must include the intended volume of securities to be purchased or sold and an estimated time frame for the sale or purchase.
- (b) Copies of written approvals must be forwarded to the Company Secretary prior to the approved purchase or sale transaction.

### **5.3 Notification**

Subsequent to approval obtained in accordance with paragraphs 5.1 and 5.2, any Key Management Personnel who (or through his or her associates) buys, sells, or exercises rights in relation to Company securities **must** notify the Company Secretary in writing of the details of the transaction within two (2) business days of the transaction occurring. This notification obligation **operates at all times** and includes applications for acquisitions of shares or options by employees made under employee share or option schemes and also applies to the acquisition of shares as a result of the exercise of options under an employee option scheme.

#### **5.4 Key Management Personnel sales of securities**

Key Management Personnel need to be mindful of the market perception associated with any sale of Company securities and possibly the ability of the market to absorb the volume of shares being sold. With this in mind, the management of the sale of any significant volume of Company securities (ie a volume that would represent a volume in excess of 10% of the total securities held by the seller prior to the sale, or a volume to be sold that would be in excess of 10% of the average daily traded volume of the shares of the Company on the ASX for the preceding 20 trading days) by a Key Management Personnel needs to be discussed with the Board and the Company's legal advisers prior to the execution of any sale. These discussions need to be documented in the form of a file note, to be retained by the Company Secretary.

#### **5.5 Exemption from Closed Periods restrictions due to exceptional circumstance**

Employees and Key Management Personnel who are not in possession of inside information in relation to the Company, may be given prior written clearance by the Managing Director (or in the case of the Managing Director by all other members of the Board) to sell or otherwise dispose of Company securities in a Closed Period where the person is in severe financial hardship or where there are exceptional circumstances as set out in this policy.

#### **5.6 Severe financial hardship or exceptional circumstances**

The determination of whether an Employee or Key Management Personnel is in severe financial hardship will be made by the Managing Director (or in the case of the Managing Director by all other members of the Board).

A financial hardship or exceptional circumstances determination can only be made by examining all of the facts and if necessary obtaining independent verification of the facts from banks, accountants or other like institutions.

#### **5.7 Financial hardship**

An Employee or Key Management Personnel may be in severe financial hardship if they have a pressing financial commitment that cannot be satisfied other than by selling the securities of the Company.

In the interests of an expedient and informed determination by the Managing Director (or all other members of the Board as the context requires), any application for an exemption allowing the sale of Company securities in a Closed Period based on financial hardship must be made in writing stating all of the facts and be accompanied by copies of relevant supporting documentation, including contact details of the person's accountant, bank and other such independent institutions (where applicable).

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

#### **5.8 Exceptional circumstances**

Exceptional circumstances may apply to the disposal of Company securities by an Employee or Key Management Personnel if the person is required by a court order, a court enforceable undertaking for example in a bona fide family settlement, to transfer or sell securities of the Company, or there is some other overriding legal or regulatory requirement to do so.

Any application for an exemption allowing the sale of Company securities in a Closed Period based on exceptional circumstances must be made in writing and be accompanied by relevant court and/or supporting legal documentation (where applicable).

Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

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**6. ASX NOTIFICATION FOR DIRECTORS**

The ASX Listing Rules require the Company to notify the ASX within 5 business days after any dealing in securities of the Company (either personally or through an Associate) which results in a change in the relevant interests of a Director in the securities of the Company. The Company has made arrangements with each Director of the Company to ensure that the Director promptly discloses to the Company Secretary all the information required by the ASX.

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**7. EFFECT OF COMPLIANCE WITH THIS POLICY**

Compliance with these guidelines for trading in the Company's securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in the Company's securities.

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## SCHEDULE 11 – DIVERSITY POLICY

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### 1. INTRODUCTION

DroneShield recognises the benefits of employee and Board diversity, including a broader pool of high-quality employees, improving employee attraction and retention, accessing different perspectives and ideas, and benefiting from the widest pool of available talent.

DroneShield is committed at all levels of the organisation to inclusion of all employees regardless of gender, marital or family status, sexual orientation, gender identity, age, disabilities, ethnicity, religious beliefs, cultural background, social economic background, perspective, and experience.

The Diversity Policy does not form part of an employee's contract of employment with the Company or any of its subsidiaries, nor does it give rise to contractual obligations. However, to the extent that the Diversity Policy requires an employee to do or refrain from doing something and at all times subject to legal obligations, the Diversity Policy forms a direction from the Company with which an employee is expected to comply.

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### 2. OBJECTIVES

The Diversity Policy provides a framework for DroneShield to achieve:

- (a) a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;
- (b) a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;
- (c) improved employment and career development opportunities for women and people from diverse backgrounds;
- (d) a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity;
- (e) awareness of staff's rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity; and
- (f) to create a workplace which is inclusive, where people feel comfortable to be themselves, (collectively, the **Objectives**).

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### 3. RESPONSIBILITIES

#### 3.1 The Board's commitment

The Board is committed to workplace diversity and supports representation of women at the senior level of DroneShield and on the Board of the Company where appropriate. For the purposes of this policy, senior level means the direct reports to the Chief Executive Officer and includes, the Chief Financial Officer, the Chief Technical Officer, the Chief Operating Officer, General Counsel and Vice Presidents (**Senior Level**).

The Board's commitment to diversity also extends to the appointment of the Board. The Board will endeavour to conduct all Board appointment processes in a manner that promotes diversity (in particular gender diversity), by taking a structured approach to identifying a pool of candidates, using external experts where necessary.

The Board acknowledges its responsibility for the development of measurable objectives and strategies to meet the objectives of this Diversity Policy and the importance of monitoring the progress of those objectives. To that end the Board endorses the Objectives specified above and shall:

- (a) undertake an annual assessment of the Objectives; and
- (b) report on DroneShield's progress (if any) towards achieving them.

### **3.2 Strategies**

DroneShield's diversity strategies include:

- (a) recruiting from a diverse pool of candidates for all positions, including Senior Level management and the Board of the Company;
- (b) ensuring that candidates are considered based on their skills, qualifications, experience and abilities against the job description and position requirements, with a view to avoid any direct or indirect discrimination;
- (c) developing a culture which considers reasonable adjustments for workers with disabilities, to allow them to have equal conditions and opportunities in the workplace;
- (d) reviewing employee remuneration on an ad hoc basis to ensure that there is no direct or indirect discrimination towards workers of diverse backgrounds in relation to the remuneration and/or benefits that they receive;
- (e) conduct regular reviews with employees based on merit and work completed during the applicable review period;
- (f) ensuring that policies and procedures are in place to foster an inclusive workplace whilst also meeting legislative and other responsibilities with respect to anti-discrimination, bullying, harassment and equal opportunity. DroneShield has a strict zero tolerance to discrimination, bullying and harassment;
- (g) identifying any barriers which exist to workers progressing to more senior roles;
- (h) creating an environment where people feel comfortable sharing information about their background or circumstances, as well as raising any grievances;
- (i) supporting flexible working practices to employees who require it; and
- (j) any other strategies the Board develops from time to time.

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## **4. MONITORING AND EVALUATION**

The Board of the Company is responsible for monitoring the scope and currency of this policy.

The Company is responsible for implementing, monitoring, and reporting to the Board on the Objectives.

Where appropriate, the Board will review progress against the Objectives (if any) as a key performance indicator in its annual performance assessment.

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## **5. DISCLOSURE**

DroneShield will disclose to its shareholders for each financial year:

- (a) any measurable objectives set by the Board, which are the Objectives at the time of writing this policy;
- (b) progress against the measurable objectives; and
- (c) either:



- (i) the respective proportions of men and women on the Board of the Company, in Senior Level positions (including how the Company has defined “senior executive” for these purposes) and across the whole Group; or
- (ii) if DroneShield becomes a “relevant employer” under the Workplace Gender Equality Act, DroneShield will disclose its most recent “Gender Equality Indicators”, as defined in the Workplace Gender Equality Act.

This Diversity Policy does not impose on DroneShield, its directors, officers, agents ,

or employees any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws in any State or Territory of Australia or of any foreign jurisdiction.

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## SCHEDULE 12 – SHAREHOLDER COMMUNICATIONS STRATEGY

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### 1. INTRODUCTION

The Board of the Company aims to ensure that shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders across several platforms including the ASX, DroneShield's website, general meetings, email, and the Company's registrar.

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### 2. ASX

In line with the Company's *Continuous Disclosure Policy*, the Company's primary method of communication with its shareholders is via the ASX's company announcements platform where shareholders can access:

- (a) material, price sensitive announcements regarding the business operations and affairs of DroneShield;
- (b) the annual, half yearly and quarterly reports of DroneShield;
- (c) notices and explanatory memoranda of Annual General Meetings (AGM) and General Meetings (GM); and
- (d) all other disclosures and announcements made to the ASX.

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### 3. COMPANY WEBSITE

In addition to the above, the Company makes use of DroneShield's website to communicate with its shareholders and continually reviews its website to identify ways in which it can promote its greater use by shareholders and make it more informative.

DroneShield's website includes at least the following information for the benefit of its shareholders:

- (a) an overview of DroneShield's current business and activities;
- (b) the names and brief biographical information for each of the Company's directors and senior executives;
- (c) the Company's constitution;
- (d) the Company's corporate governance policies and practices, including its board charter and the charter of each of its board committee;
- (e) copies of DroneShield's annual, half yearly and quarterly reports;
- (f) copies of the Company's ASX announcements and press releases;
- (g) copies of notices of meetings of security holders, explanatory statements and accompanying documents; and
- (h) presentations made to investors and other stakeholders.

All website information is continuously reviewed and updated to ensure that information is current, or appropriately dated and archived.

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### 4. OPTING IN TO RECEIVE ELECTRONIC COMMUNICATION

As part of the Company's investor relations program, Shareholders can register with the Company Secretary at [info@dronesield.com](mailto:info@dronesield.com) to receive email notifications when an announcement is made by the Company.

The default option for receiving a copy of the annual report is via the Company's website, however all shareholders have the option of receiving, free of charge, a printed copy of the annual report or alternatively may elect to receive the annual report via email by notifying the Company's Registrar, **Automic Registry Services** of this election.

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## 5. ANNUAL GENERAL MEETING / GENERAL MEETINGS

The Company recognises the rights of shareholders and encourages the effective exercise of those rights through the following means:

- (a) notices of meetings are distributed to shareholders in accordance with the provisions of the Corporations Act;
- (b) notices of meetings and other meeting material are drafted in concise and clear language;
- (c) shareholders are encouraged to use their attendance at meetings to ask questions on any relevant matter, with time being specifically set aside for shareholder questions;
- (d) notices of meetings encourage participation in voting on proposed resolutions by lodgement of proxies, if shareholders are unable to attend the meeting;
- (e) it is general practice for a presentation on the Company's activities to be made to shareholders at each annual general meeting;
- (f) ensuring that all substantive resolutions at a meeting of shareholders are decided by a poll rather than by a show of hands; and
- (g) it is both the Company's policy and the policy of the Company's auditor for the lead engagement partner or a representative of the audit firm to be present at each annual general meeting and to answer any questions regarding the conduct of the audit and the preparation and content of the auditors' report.

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## 6. SHAREHOLDER ENQUIRIES

Shareholders and the investing public may at any time make a request for company information to the extent such information is publicly available.

Shareholders should direct any enquiries through our website at [info@droneshield.com](mailto:info@droneshield.com) or alternatively, shareholders may contact the Company Secretary at the registered office on **+61 2 8072 1400**.

For enquiries regarding their shareholdings, shareholders may contact the Company's Registrar on the details below:

**Automic Pty Ltd trading as Automic Registry Services**

Address: PO Box 223, West Perth, WA, Australia 6872

Phone: +61 8 9324 2099

Fax: +61 8 9321 2337

Email: [hello@automicgroup.com.au](mailto:hello@automicgroup.com.au)

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## SCHEDULE 13 - WHISTLEBLOWER PROTECTION POLICY

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### 1. BACKGROUND AND PURPOSE

DroneShield is committed to conducting its business activities fairly, honestly with integrity, and in compliance with all applicable laws, rules and regulations. The Company's board of directors (**Board**), management and employees are dedicated to high ethical standards and recognise and support the DroneShield's commitment to compliance with these standards.

DroneShield has adopted this Whistleblower Policy to:

- (a) encourage and support people to feel confident to speak up safely and securely if they become aware of wrong-doing or illegal or improper conduct within DroneShield;
- (b) provide information and guidance on how to report such conduct, how reports will be handled and investigated in a timely manner, and the support and protections available if a report is made;
- (c) set out the responsibilities of DroneShield and its management in upholding DroneShield's commitment to reporting any illegal, unethical or improper conduct; and
- (d) promote ethical behaviour and a culture of speaking up to deter wrong-doing.

This Whistleblower Policy is in compliance with the ASX Corporate Governance Principles and Recommendations – 4<sup>th</sup> Edition as well as industry standards and the Company's legal and regulatory obligations.

This Whistleblower Policy applies globally. To the extent that laws and regulations in any country are more rigorous or restrictive than this Whistleblower Policy, those laws and regulations should be followed by any subsidiary operating in that country. Where a country has specific whistleblower laws which are less rigorous than this Whistleblower Policy, this Whistleblower Policy prevails. DroneShield may, from time to time, provide country-specific directions for subsidiaries operating in countries outside of Australia.

In this Whistleblower Policy, references to the Company includes references to the Company and any of its subsidiaries.

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### 2. DEFINITIONS

In this Whistleblower Policy the following words or phrases mean the following:

- (a) **AFP** means the Australian Federal Police.
- (b) **APRA** means the Australian Prudential Regulation Authority.
- (c) **ASIC** means the Australian Securities and Investments Commission.
- (d) **Commissioner** means the Commissioner of Taxation.
- (e) **Corporations Act** means the *Corporations Act 2001* (Cth).
- (f) **Discloser** means a person disclosing a Reportable Matter under this Whistleblower Policy and includes an individual who is, or has been, one of the following in relation to the entity:
  - (i) an officer or employee of DroneShield (and includes current and former employees who are permanent, part-time, fixed term or temporary, interns, secondees, managers and directors);
  - (ii) a supplier of services or goods to the entity (whether paid or unpaid), including their employees (and includes current and former contractors, consultants, service providers and business partners);

- (iii) an associate of DroneShield,  
or a relative or dependant of one of the above (or of their spouse).
- (g) **Personnel** means all persons (whether authorised or unauthorised) acting on behalf of DroneShield at all levels, including officers, directors, temporary staff, contractors, consultants and employees of DroneShield, as the context requires.
- (h) **Recipient** has the meaning set out in clause 6.2.
- (i) **Reportable Matter** has the meaning set out in clause 6.1.
- (j) **Taxation Act** means the *Taxation Administration Act 1953* (Cth).

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### 3. WHO THE WHISTLEBLOWER POLICY APPLIES TO

- (a) DroneShield requires all Personnel to comply with this Whistleblower Policy and any applicable whistleblower laws and regulations, including the provisions under the Corporations Act and Taxation Act.
- (b) The Whistleblower Policy applies to all Disclosers of Reportable Matters. However, additional disclosures may be protected under other legislation.

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### 4. RESPONSIBILITY FOR COMPLIANCE AND TRAINING

- (a) The Board is responsible for the overall administration of this Whistleblower Policy. The Board will monitor the implementation of this Whistleblower Policy and will review on an ongoing basis its suitability and effectiveness. Internal control systems and procedures will be audited regularly to ensure that they are effective in minimising the risk of non-compliance with this Whistleblower Policy.
- (b) The Board will appoint the Company's Chief Operating Officer as the initial Whistleblower Protection Officer who will be responsible for:
  - (i) protecting Disclosers and applying this Whistleblower Policy and any divisional whistleblower policy;
  - (ii) monitoring the effectiveness of relevant policies and reporting to the Board accordingly; and
  - (iii) ensuring compliance with whistleblower training and programs.
- (c) The Board will appoint the Company Secretary as the initial Whistleblower Investigating Officer who will be responsible for:
  - (i) investigating reports made under this Whistleblower Policy and any divisional whistleblower policy; and
  - (ii) reporting to the Board or a Committee of the Board.
- (d) In addition to the Board and the Whistleblower Protection Officer, each of the Company's subsidiaries outside Australia may have designated executives responsible for monitoring and applying this Whistleblower Policy.
- (e) A copy of this Whistleblower Policy will be made available on DroneShield's website and intranet and in such other ways as will ensure the Whistleblower Policy is available to those wishing to use it.
- (f) All Personnel are required to understand and comply with this Whistleblower Policy and to follow the reporting requirements set out in this Whistleblower Policy. To this end, regular and appropriate training on how to comply with this Whistleblower Policy will be provided to all Personnel (including recipients and potential investigators and those with specific

responsibility under this Whistleblower Policy) to ensure everyone is aware of their rights and obligations under this Whistleblower Policy and under applicable whistleblower laws. However, it is the responsibility of all Personnel to ensure that they read, understand and comply with this Whistleblower Policy.

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## 5. CONSEQUENCES OF BREACHING THIS WHISTLEBLOWER POLICY

- (a) A breach of this Whistleblower Policy may expose Personnel and DroneShield to damage, including but not limited to criminal and/or civil penalties, substantial fines, loss of business and reputational damage.
- (b) A breach of this Whistleblower Policy by Personnel will be regarded as a serious misconduct, leading to disciplinary action which may include termination of employment.

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## 6. WHISTLEBLOWER POLICY

### 6.1 Reportable Matters

Personnel are encouraged to speak up and report Reportable Matters under this Whistleblower Policy to a Recipient listed in clause 6.2.

What are Reportable Matters?	
<p><b>Reportable Matters</b> involve any actual or suspected misconduct or an improper state of affairs in relation to the Company or a related body corporate or an officer or employee of the Company.</p> <p>You must have reasonable grounds for reporting such conduct but you should speak up even if you are unsure if something is a Reportable Matter.</p>	<p>Reportable Matters may or may not include a breach of law or information that indicates a danger to the public or to the financial system.</p> <p><b>Examples</b> of Reportable Matters include, but are not limited to, conduct which:</p> <ul style="list-style-type: none"> <li>(a) is dishonest, fraudulent, corrupt or involves bribery or any other activity in breach of the Company's Anti-Bribery and Anti-Corruption Policy;</li> <li>(b) is illegal (such as theft, dealing in or use of illicit drugs, violence or threatened violence and criminal damage to property) or involves criminal conduct or other breaches of law or regulatory requirements;</li> <li>(c) is unethical or breaches any of the Company's policies, charters or Code of Conduct;</li> <li>(d) is potentially harmful or damaging to the Company, an employee or person, such as unsafe work practices, environmental damage or substantial wasting of Company resources;</li> <li>(e) may cause financial loss or damage in any way to the Company's reputation or be otherwise detrimental to the Company's interest;</li> <li>(f) involves actual or threatened harassment, discrimination, victimisation or bullying, or any other type of detrimental action (other than disclosures that solely relate to personal</li> </ul>

	<p>work-related grievances as defined in the Corporations Act); or</p> <p>(g) amounts to an abuse of authority.</p>
<p>Reportable Matters do <b>not</b> generally include <b>personal work-related grievances</b>.</p> <p>Personal work-related grievances are those that relate to current or former employment and have, or tend to have, implications for the Discloser personally but do not have any other significant implications for the Company (or any other entity) or do not relate to conduct or alleged conduct, about a Reportable Matter.</p> <p>Personnel can discuss personal work-related grievances with the <b>Chief Operating Officer</b>. Alternatively, Personnel may wish to seek legal advice about their rights and protections under employment law and ways to resolve personal work-related grievances.</p> <p>However, in some cases, these grievances may qualify for legal protection (See Annexure 1).</p>	<p><b>Examples</b> of personal work-related grievances include:</p> <p>(a) an interpersonal conflict between the Discloser and another employee; and</p> <p>(h) a decision that does not involve a breach of workplace laws;</p> <p>(i) a decision concerning the engagement, transfer or promotion of the Discloser;</p> <p>(j) a decision concerning the terms and conditions of engagement of the Discloser; or</p> <p>(k) a decision to suspend or terminate the engagement of the Discloser, or otherwise to discipline the Discloser</p>

## 6.2 Making a Report

- (a) The Company encourages reports of Reportable Matters to be made to any of the following recipients (as appropriate in the circumstances) (**Recipients**):
- (i) to the Whistleblower Protection Officer;
  - (ii) to the relevant supervisor, senior manager or officer in the Company who makes, or participates in making, decisions that affect the whole, or a substantial part of, the business of the Company, or who has the capacity to affect significantly the Company's financial standing;
  - (iii) any member of the Board; and/or
  - (iv) the Company Secretary.

Reports can be made by email, telephone or in person.

The Company recognises that there may be issues of sensitivity whereby a Discloser does not feel comfortable to make a report to an internal recipient. In such cases, the Discloser may feel more comfortable making an anonymous disclosure to an external recipient.

Nothing in this Whistleblower Policy (including anonymous reporting) should be taken in any way as restricting someone from reporting any matter or providing any information to a regulator (such as ASIC, the APRA, Commissioner), the Company's auditor or a member of the audit team, a lawyer (to obtain advice or representation) or any other person in accordance with any relevant law, regulation or other requirement. Information in relation to whistleblowing is available from such regulators and can generally be downloaded on their website.

(b) **Anonymous reports**

The Company also appreciates that speaking up can be difficult. Reports can also be made anonymously or using a pseudonym and still be protected. A Discloser can refuse to answer questions that could reveal their identity. While reports can be made anonymously, it may affect the ability to investigate the matter properly and to communicate with the Discloser about the report. Anonymous Disclosers should therefore attempt to maintain two-way communication as far as possible.

Anonymous reports can be made by sending an anonymous email using a temporary or disposable email address available from the internet.

(c) **Information to include in the report**

As much information should be included in the report as possible including details of the Reportable Matter, people involved, dates, locations and whether more evidence may exist.

Disclosers will be expected to have reasonable grounds to believe the information being disclosed is true (which will be based on the objective reasonableness of the reasons for the Discloser's suspicions) but the Discloser will not be penalised and may still qualify for protection if the information turns out to be incorrect should they have such reasonable grounds. However, any deliberate false reporting will not qualify for protection under this Whistleblower Policy and will be treated as a serious matter and may be subject to disciplinary action.

(d) **Questions**

Personnel who are unsure about how this Whistleblower Policy works, what is covered by the Whistleblower Policy or how a disclosure may be handled are encouraged to speak with Whistleblower Protection Officer or an independent legal adviser in the first instance.

### 6.3 Investigating a Report

(a) **Who will investigate?**

An appropriate investigator (or investigators) may be appointed to investigate any reports made under this Whistleblower Policy. An investigator will be independent of the Discloser and individuals who are the subject of the disclosure and the department or business unit involved. Possible investigators include:

- (i) the Whistleblower Investigating Officer;
- (ii) the Whistleblower Protection Officer;
- (iii) a relevant supervisor, senior manager or officer in the Company who makes, or participates in making, decisions that affect the whole, or a substantial part of, the business of the Company, or who has the capacity to affect significantly the Company's financial standing;
- (iv) any member of the Board;
- (v) the Company Secretary; or
- (vi) an independent adviser.

Where a Reportable Matter relates to the managing director, Chief Executive Officer, Whistleblower Protection Officer, Whistleblower Investigating Officer or a director of the Company, the matter will be referred directly to the Chairman of the board or other appropriate person.



(b) **How will the investigation be conducted?**

Any matters reported under this Whistleblower Policy will be considered and a determination will be made as to whether the disclosure falls within the scope of this Whistleblower Policy. If so, the matter will be investigated as soon as practicable after the matter has been reported. The investigation process will be conducted in a thorough, fair, objective and independent manner (while preserving confidentiality) and will depend on the precise nature of the conduct being investigated. Due care and appropriate speed will be taken and reported information will be verified and relevant personnel interviewed as part of the investigative process. The Company may seek independent advice as necessary.

The Discloser may be asked for further information, will be given regular and appropriate updates in the circumstances and will be advised of any outcomes from the investigation (subject to considerations of privacy and confidentiality). Any updates or outcomes will be advised by reasonable means.

Anonymous reports will be investigated based on the information provided and may be limited if the Discloser has refused or omitted to provide contact details.

At the end of the investigation, the relevant investigating officer will report their findings to the Chairman of the Board or other appropriate person who will determine the appropriate response. This may include rectifying any unacceptable conduct and taking any action required to prevent future occurrences of the same or similar conduct as well as disciplinary action if necessary. The identity of the Discloser will be redacted from any written investigation reports unless they have consented to disclosure of their identity.

The Discloser may lodge a complaint with a regulator if they are not happy with an outcome of the investigation or if they consider that this Whistleblower Policy has not been adhered to adequately.

## **6.4 Support and Protections**

(a) **Identity Protection (Confidentiality) for Disclosers**

The identity of and information likely to lead to the identification of a Discloser will be kept confidential, however a disclosure can be made:

- (i) if the Discloser consents;
- (ii) to ASIC, APRA, the Commissioner or a member of the AFP;
- (iii) to a lawyer for the purpose of obtaining legal advice or representation; or
- (iv) if the disclosure is allowed or required by law.

During the course of an investigation, the Company will take reasonable steps to reduce the risk of disclosing information that could identify the Discloser (including redacting all personal information or references to the Discloser, restricting the number of people involved in handling and investigating the disclosure and ensuring secure and confidential email communication in relation to the investigation). Note however, that in practice, people may be able to guess the Discloser's identity if the Discloser has mentioned their intention to make a disclosure; the Discloser is one of a very small number of people with access to the information; or the disclosure relates to information that a Discloser has previously been told privately and in confidence.

Unauthorised disclosure of:

- (i) the identity of a Discloser who has made a report of a Reportable Matter; or
- (ii) information from which the identity of the Discloser could be inferred,

may be an offence under Australian law, will be regarded as a disciplinary matter and will be dealt with in accordance with the Company's disciplinary procedures.

A Discloser may lodge a complaint about a breach of confidentiality with the Company or a regulator.

**(b) Protection from detriment for Disclosers**

A Discloser who makes a report under this Whistleblower Policy shall not suffer detriment (either actual or threatened). Examples of actual or threatened detriment include:

- (i) harassment, intimidation, victimisation, bias or discrimination;
- (ii) dismissal of an employee or varying an employee's position or duties;
- (iii) causing physical or psychological harm or injury; or
- (iv) damage to a person's property, reputation, business or financial position or any other damage.

Certain actions will not constitute detrimental conduct such as:

- (i) administrative action that is reasonable for the purpose of protecting a Discloser from detriment (e.g. moving a Discloser who has made a disclosure about their immediate work area to another area to prevent them from detriment); and
- (ii) managing a Discloser's unsatisfactory work performance, if the action is in line with the Company's performance management framework.

The Company will take all steps to protect Disclosers from any form of detrimental treatment and may ensure that a risk assessment is carried out to determine the risk of detriment.

Anyone who retaliates against someone who has reported a possible violation may be subject to discipline by the Company or penalties under the Corporations Act, Taxation Act or other Australian law.

Anyone who is subjected to detriment as a result of making a report under this Whistleblower Policy should report it in accordance with clause 0.

A Discloser (or any other employee or person) can seek compensation or other remedies through the courts if:

- (i) they suffer loss, damage or injury because of a disclosure; and
- (ii) the Company failed to prevent a person from causing the detriment.

A Discloser may seek independent legal advice or contact a regulatory body if they believe they have suffered detriment.

**(c) Other protections available to Disclosers**

Additional protections will be offered by the Company depending on the Reportable Matter and the people involved. Protections may include but are not limited to:

- (i) monitoring and managing behaviour of other employees;
- (ii) offering support services (including counselling or other professional or legal services); and
- (iii) implementing strategies to help minimise and manage stress; time or performance impacts; or other challenges resulting from the disclosure or the investigation.

In addition, current and former employees may also request additional support from the Whistleblower Protection Officer or an independent legal adviser if required.

Whilst the Company will endeavour to support all Disclosers, it will not be able to provide the same sort of practical support to each Discloser. Therefore, the processes in this Whistleblower Policy will be adapted and applied to the extent reasonably possible.

(d) **Fair treatment of those mentioned in a disclosure**

The Company will ensure fair treatment of officers and employees of the Company who are mentioned in any disclosure, and to whom any disclosures relate. The disclosure will be handled confidentially and will be assessed and may be subject to investigation. If an investigation is required, it will be conducted in an objective, fair and independent manner. Such employees will be advised of the subject matter of the disclosure at the appropriate time and as required by law and will be advised of the outcome of the investigation. An employee who is the subject of a disclosure may contact the Company's support services.

(e) **Files and Records**

The Company will ensure that any records relating to any reports made under this Whistleblower Policy are stored securely and only accessed by authorised personnel directly involved in managing and investigating the report. All those involved in handling and investigating reports will be reminded about confidentiality requirements including that an unauthorised disclosure of a Discloser's identity may be a criminal offence.

(f) **Special legal protections under the Corporations Act and the Taxation Act**

Whilst this Whistleblower Policy deals with internal disclosures of information, additional legal protections are available for certain Disclosers under the Corporations Act and the Taxation Act provided the disclosure is about a "disclosable matter" or "tax affair" as defined under such legislation and certain conditions are met. These are summarised in Annexures 1 and 2 respectively. Disclosures that are not about "disclosable matters" or "tax affairs" will not qualify for protection under the Corporations Act or Taxation Act. For more information, see the information available on the ASIC website and the ATO website.

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## **7. MONITORING AND REVIEW**

Material incidences reported under this Whistleblower Policy will be reported to the Board or a committee of the Board.

The Board, in conjunction with the Whistleblower Protection Officer, will monitor the content, effectiveness and implementation of this Whistleblower Policy on a regular basis. There may also be independent reviews taken from time to time. Any findings, updates or improvements identified will be addressed as soon as possible and circulated to all officers and employees

Officers and employees are invited to comment on this Whistleblower Policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Board.

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## ANNEXURE 1 – SUMMARY OF PROTECTIONS UNDER THE CORPORATIONS ACT

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The Corporations Act sets out disclosures that are protected under the Corporations Act if certain conditions are met as well as the protections available to protected disclosures. ***A summary of such protections (as at the date of this policy) is set out below but you should refer to the Corporations Act itself for a full understanding of the conditions and protections available and the relevant definitions. You can also visit the ASIC website for more information.***

### 1. **PROTECTED DISCLOSURES**

Disclosures will be protected if:

- (a) the discloser is an **Eligible Whistleblower**, being an individual who is, or has been, any of the following:
  - (i) an officer or employee of the Company (e.g. current and former employees who are permanent, part-time, fixed-term or temporary, interns, secondees, managers and directors);
  - (ii) an individual who supplies services or goods to the Company (whether paid or unpaid) or an employee of a person that supplies goods or services to the Company (e.g. current and former contractors, consultants, service providers and business partners);
  - (iii) an associate of the Company;
  - (iv) a relative, dependant or dependant of the spouse of any individual referred to at (i) to (iii) above; or
  - (v) any prescribed individual under the Corporations Act;
- (b) **and** the disclosure is made to:
  - (i) the ASIC, APRA or a prescribed Commonwealth authority; or
  - (ii) an **Eligible Recipient**, being:
    - (A) an officer or senior manager of the Company or a related body corporate of the Company;
    - (B) an auditor (or a member of the audit team) of the Company or a related body corporate of the Company;
    - (C) an actuary of the Company or a related body corporate of the Company;
    - (D) a person authorised by the Company to receive disclosures that qualify for protection under the Corporations Act;
    - (E) anyone prescribed under the regulations as being an eligible recipient; or
  - (iii) a legal practitioner for the purposes of obtaining legal advice or legal representation in relation to the whistleblower provisions in the Corporations Act (even in the event such legal practitioner concludes that a disclosure does not relate to a disclosable matter under the Corporations Act);
- (c) **and** the disclosure relates to a **Disclosable Matter** in that the discloser has reasonable grounds to suspect that the information concerns misconduct, or an improper state of affairs or circumstances in relation to the Company or a related body corporate of the Company.

This includes any suspicion that the Company or its body corporate, or an officer or employee of the Company or its body corporate has engaged in conduct that:

- (i) constitutes an offence against, or a contravention of, a provision of the Corporations Act, the *Australian Securities Investments Commission Act 2001*, the *Banking Act 1959*, the *Financial Sector (Collection of Data) Act 2001*, the *Insurance Act 1973*, the *Life Insurance Act 1995*, the *National Consumer Credit Protection Act 2009*, the *Superannuation Industry (Supervision) Act 1993*, or an instrument made under any such Act; or
- (ii) constitutes an offence against any other law of the Commonwealth of Australia that is punishable by imprisonment for a period of 12 months or more; or
- (iii) represents a danger to the public or the financial system; or
- (iv) is prescribed by regulation.

(Note that the term “misconduct” is defined in the Corporations Act to include fraud, negligence, default, breach of trust and breach of duty.)

**(d) Public interest and Emergency Disclosures**

Emergency or public interest disclosures (as defined under the Corporations Act) will also be protected if made to Journalists or Parliamentarians (each as defined in the Corporations Act) in extreme cases (excluding tax matters) in circumstances where at least 90 days have passed since an earlier protected disclosure has been made to ASIC, APRA or another Commonwealth body without reasonable steps having been taken to address the misconduct, or there will be substantial and imminent danger to someone’s health or safety. Note that before such public interest disclosure is made, the discloser must have given written notice to the relevant regulatory body. Such notice must include sufficient information to identify the previous disclosure and must state that the discloser intends to make the public disclosure if appropriate steps are not taken.

Disclosers are advised to contact the Company’s Whistleblower Protection Officer or an independent legal adviser to ensure they understand the criteria for making an emergency or public interest disclosure that qualifies for protection.

**(e) Personal work-related grievances**

Personal work-related grievances (as defined in the Corporations Act) will not be protected to the extent that the information disclosed does not concern a contravention, or an alleged contravention, of the prohibition on victimisation under the Corporations Act that involves detriment caused to the discloser or a threat made to the discloser.

However, a personal work-related grievance will still qualify for protection if:

- (i) it includes information about misconduct, or information about misconduct includes or is accompanied by a personal work-related grievance (mixed report);
- (ii) the Company has breached employment or other laws punishable by imprisonment for a period of 12 months or more, engaged in conduct that represents a danger to the public, or the disclosure relates to information that suggests misconduct beyond the Discloser’s personal circumstances;
- (iii) the Discloser suffers from or is threatened with detriment for making the disclosure; or
- (iv) the Discloser seeks legal advice or legal representation about the operation of the whistleblower protections under the Corporations Act.

## 2. PROTECTIONS AVAILABLE

### (a) **Protected disclosures will be given the following protections under the Corporations Act:**

#### **Protected disclosures not actionable**

- (i) the discloser will not be subject to any civil, criminal or administrative liability (including disciplinary action) for making the disclosure; and
- (ii) no contractual or other remedy may be enforced, and no contractual or other right may be exercised against the discloser on the basis of the disclosure; and
- (iii) if the disclosure qualified for protection under the Corporations Act (including public interest and emergency disclosure), the information is not admissible as evidence against the discloser in criminal proceedings for the imposition of a penalty, other than proceedings in respect of the falsity of the information;

#### **Victimisation Prohibited**

Anyone who causes or threatens to cause detriment (as defined in the Corporations Act) to a discloser or another person in the belief or suspicion that a report has been made, or may have been made, proposes to or could be made, may be guilty of an offence and may be liable for damages or subject to a court order. Examples of possible court orders include, but are not limited to:

- (i) requiring compensation for loss or damage;
- (ii) an injunction to prevent, stop or remedy the effects of detrimental conduct;
- (iii) an order requiring an apology for engaging in detrimental conduct;
- (iv) if the detrimental conduct wholly or partly resulted in the termination of an employee's employment, reinstatement of their position; and
- (v) any other order the court thinks appropriate.

#### **Identifying information not to be disclosed**

Subject to applicable laws:

- (i) a discloser's identity cannot be disclosed to a Court or tribunal except where considered necessary; and
- (ii) the person receiving the report commits an offence if they disclose the substance of the report or the discloser's identity, without the discloser's consent, to anyone except an authorised disclosure to ASIC, APRA, the AFP or a lawyer for the purposes of obtaining legal advice or representation in relation to the report.

#### **Costs of proceedings**

A discloser may not need to pay costs of legal proceedings unless they have acted vexatiously or without reasonable cause and the unreasonable act caused the other party to incur the costs.

### (b) **Confidentiality**

In relation to a protected disclosure, the identity of a discloser (and any information likely to lead to the identification of a discloser) must be kept confidential unless expressly authorised in writing.

A disclosure of the discloser's identity will be authorised if made:

- (i) to ASIC, APRA or a member of the AFP;
- (ii) to a legal practitioner for the purposes of obtaining legal advice or legal representation in relation to the whistleblower provisions in the Corporations Act;
- (iii) to a person prescribed by the regulations of the Corporations Act for this purpose;
- (iv) with the express written consent of the discloser; or
- (v) by ASIC, APRA or a member of the AFP to a Commonwealth or State or Territory authority for the purpose of assisting the authority in the performance of its functions or duties.

However, such confidentiality does not apply where the disclosure is not of the identity of the discloser and is reasonably necessary for the purposes of investigating a matter and all reasonable steps have been taken to reduce the risk that the discloser will be identified.

(c) **Timing**

A discloser will qualify for protection from the time they make their disclosure, regardless of whether, at this time, the discloser or recipient recognises that the disclosure qualifies for protection.

(d) **No immunity from misconduct**

Note that the protections do not grant immunity for any misconduct a discloser has engaged in that is revealed in their disclosure.

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## ANNEXURE 2 – SUMMARY OF PROTECTIONS UNDER THE TAXATION ADMINISTRATION ACT

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The Taxation Act sets out disclosures that are protected under the Taxation Administration Act if certain conditions are met as well as protections available to protected disclosures. ***A summary of such protections (as at the date of this policy) is set out below but you should refer to the Taxation Administration Act itself for a full understanding of the conditions and protections available and the relevant definitions. You can also visit the ATO website for more information.***

### 1. **PROTECTED DISCLOSURES**

Disclosures will be protected if:

- (a) the discloser is an **Eligible Whistleblower**, being an individual who is, or has been, any of the following:
- (i) an officer (within the meaning of the Corporations Act) or employee of the Company;
  - (ii) an individual who supplies services or goods to the Company (whether paid or unpaid) or an employee of a person that supplies goods or services to the Company;
  - (iii) an associate (within the meaning of the *Income Tax Assessment Act 1936*) of the Company;
  - (iv) a spouse, child or dependant of any individual referred to in (i) to (iii) above or of such an individual's spouse; or
  - (v) any prescribed individual under the regulations under the Taxation Act;
- (b) **and** the disclosure is made to:
- (i) the Commissioner **and** the discloser consider that the information may assist the Commissioner to perform his or her functions or duties under a taxation law in relation to the Company or an associate of the Company; or
  - (ii) an **Eligible Recipient**, being:
    - (A) a director, secretary or senior manager of the Company;
    - (B) an employee or officer of the Company who has functions or duties that relate to the tax affairs (within the meaning of the Taxation Act) of the Company;
    - (C) the Company's auditor (or a member of that audit team);
    - (D) a registered tax agent or BAS agent (within the meaning of the *Tax Agent Services Act 2009*) who provides tax agent services or BAS services to the Company;
    - (E) a person authorised by the Company to receive disclosures that qualify for protection under the Taxation Act; or
    - (F) anyone prescribed under the Taxation Act regulations as being an Eligible Recipient;

**and** the discloser has reasonable grounds to suspect that the information indicates misconduct, or an improper state of affairs or circumstances, in relation to the tax affairs of the Company or an associate of the Company ("tax affairs" means affairs relating to any tax imposed by or under, or assessed or collected under, a law administered by the Commissioner);



**and** the discloser considers that the information may assist the Eligible Recipient to perform functions or duties in relation to the tax affairs of the Company or an associate of the Company; or

- (iii) a legal practitioner for the purposes of obtaining legal advice or legal representation in relation to the whistleblower provisions in the Taxation Act.

## 2. **PROTECTIONS AVAILABLE**

### (a) **Protected Disclosures will be given the following protections under the Taxation Act**

#### **Protected disclosures not actionable**

- (i) the discloser will not be subject to any civil, criminal or administrative liability (including disciplinary action) for making the disclosure;
- (ii) no contractual or other remedy may be enforced, and no contractual or other right may be exercised against the discloser on the basis of the disclosure; and
- (iii) if the disclosure was a disclosure of information to the Commissioner, the information is not admissible as evidence against the discloser in criminal proceedings for the imposition of a penalty, other than proceedings in respect of the falsity of the information.

(Note that in relation to (i) to (iii) above, the discloser has qualified privilege in respect of the disclosure and a contract to which the person is a party may not be terminated on the basis that the disclosure constitutes a breach of the contract.)

#### **Victimisation prohibited**

Anyone who causes or threatens to cause detriment (as defined in the Taxation Act) to a discloser or another person in the belief or suspicion that a report has been made, or may have been made, proposes to or could be made, may be guilty of an offence and may be liable for damages or subject to a court order. Examples of possible court orders include, but are not limited to:

- (i) requiring compensation for loss or damage;
- (ii) an injunction to prevent, stop or remedy the effects of detrimental conduct;
- (iii) an order requiring an apology for engaging in detrimental conduct;
- (iv) if the detrimental conduct wholly or partly resulted in the termination of an employee's employment, reinstatement of their position; and
- (v) any other order the court thinks appropriate.

#### **Identifying information not to be disclosed**

- (i) a discloser's identity (or information likely to lead to the identity of the discloser) cannot be disclosed to a Court or tribunal except where considered necessary; and
- (ii) the person receiving the report commits an offence if they disclose the substance of the report or the discloser's identity, without the discloser's consent, to anyone except the Commissioner, the AFP or a lawyer for the purposes of obtaining legal advice or representation in relation to the report.

#### **Costs of proceedings**

A discloser may not need to pay the costs of legal proceedings unless they have acted vexatiously or without reasonable cause and the unreasonable act caused the other party to incur the costs.

(b) **Confidentiality**

In relation to a protected disclosure, the identity of a discloser (and any information likely to lead to the identification of a discloser) must be kept confidential unless authorised.

A disclosure of the discloser's identity will be authorised if made:

- (i) to the Commissioner or a member of the AFP;
- (ii) to a legal practitioner for the purposes of obtaining legal advice or legal representation in relation to the whistleblower provisions in the Taxation Act;
- (iii) to a person prescribed by the regulations of the Taxation Act for this purpose; or
- (iv) with the express written consent of the discloser.

However, such confidentiality does not apply where the disclosure is not of the identity of the discloser and is reasonably necessary for the purposes of investigating a matter and all reasonable steps have been taken to reduce the risk that the discloser will be identified.

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## SCHEDULE 14 – ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

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### 1. INTRODUCTION AND PURPOSE

#### 1.1 Introduction

DroneShield is committed to maintaining high standards of integrity, ethical behaviour, corporate governance and conducting business in compliance with all legal requirements. DroneShield takes a zero-tolerance approach to bribery and corruption and acknowledges that, in addition to being unethical and harmful to the reputation of DroneShield, there are severe criminal and civil penalties applying to those involved in bribery and corruption.

#### 1.2 Purpose

The purpose of this Anti-Bribery and Corruption Policy (**Policy**) is to:

- (a) set out the responsibilities of DroneShield and its Employees in observing and upholding DroneShield's position on bribery, corruption and related improper conduct;
- (b) provide information and guidance on how to recognise, deal with and report instances of bribery and corruption;
- (c) establish a process for the reporting of any instances of bribery, corruption or material breaches of this Policy and ensure that any such reports are dealt with appropriately; and
- (d) align with the ASX Corporate Governance Principles and Recommendations.

This Policy should be read together with the Company's other policies, including the Code of Conduct and the Whistleblower Policy.

#### 1.3 DroneShield's values

This Policy has been designed to support and be aligned with DroneShield's values which include:

- (a) Maintain high performance and nimble team culture;
- (b) Communicate with transparency and inclusion;
- (c) Think critically, independently and take pride of ownership in your role; and
- (d) Act ethically and in the best interests of the customers, shareholders and other stakeholders.

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### 2. WHO DOES THIS POLICY APPLY TO?

This Policy applies to anyone who is:

- (a) an Employee;
- (b) a Contractor; or
- (c) an Officer,

of DroneShield (**Employees**).

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### **3. WHAT IS BRIBERY AND CORRUPTION?**

#### **3.1 Bribery**

- (a) Bribery is the offering, promising, giving, accepting or soliciting of a benefit as an inducement for conduct (including by omission) that is:
- (i) illegal;
  - (ii) unethical; or
  - (iii) a breach of trust,
- or is otherwise intended to:
- (iv) distort a proper decision-making process;
  - (v) encourage the giving of an improper commercial advantage; or
  - (vi) induce the entry into a dishonest or improper arrangement.
- (b) A bribe can take many forms. The benefit that is offered, given or accepted may be monetary or non-monetary. For instance, it may involve cash payments, non-cash gifts, political or charitable donations, loans, reciprocal favours, business or employment opportunities or lavish corporate hospitality. Giving a bribe includes offering, promising, authorising or giving a bribe directly or indirectly. Receiving a bribe includes demanding, requesting, receiving, accepting, authorising, soliciting, or agreeing to accept, receive or take a bribe directly or indirectly.
- (c) Bribery may be indirect, for example where:
- (i) a person procures an intermediary (or an agent) to make an offer which constitutes a bribe to another person; or
  - (ii) an offer which constitutes a bribe is made to an associate of a person who is sought to be influenced.

#### **3.2 Corruption**

Corruption is the misuse of power for private gain.

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### **4. POLICY**

#### **4.1 Bribery and corruption**

Employees are not permitted to give, offer, promise, accept, solicit or authorise a bribe or engage in any form of bribery or corruption.

#### **4.2 Gifts and hospitality**

- (a) DroneShield recognises that accepting or offering gifts, entertainment or hospitality of moderate value may be customary and in accordance with local business practice. This Policy does not prohibit gifts or hospitality being offered, given or accepted in good faith provided that:
- (i) it is not made with the intention of obtaining or exerting an improper advantage or influence or in the explicit or implicit exchange of special favours or benefits;
  - (ii) it cannot reasonably be construed as an attempt to improperly influence the performance of the role or function of the recipient;
  - (iii) it complies with all applicable laws and regulations;

- (iv) the value of the gift or hospitality is appropriate and reasonable in all the circumstances;
  - (v) it is made in an open and transparent manner; and
  - (vi) it does not include cash, loans or cash equivalents (such as gift cards).
- (b) Approval must be obtained from the CEO, and for the CEO, by the Chairman, before offering or accepting any gift or hospitality that exceeds \$500 in value, respectively. Gifts and hospitality should not be accepted on a recurring basis or broken down into parts to fall under these monetary thresholds. If it is known in advance, Employees should discuss the receipt of a gift or hospitality with their immediate manager or the CEO prior to acceptance.
- (c) Employees must declare and report gifts and/or benefits, either offered, accepted or given and valued at \$500 or more, in the Gifts and Benefits Register within 5 working days of receiving, being offered, or giving (as applicable) the gift or benefit.
- (d) DroneShield appreciates that the practice of giving business gifts varies between countries and regions and what may be normal and acceptable in one region may not be in another. Employees should always consider the intention behind the gift or hospitality and whether it is reasonable and justifiable in the circumstances.

#### **4.3 Facilitation payments**

Facilitation payments are payments made to expedite or secure the proper performance of a routine action by a Government Official. Facilitation payments are a form of bribery and Employees must not offer or make facilitation payments at any time. Employees who receive a request for a facilitation payment must notify their immediate manager or the CEO.

#### **4.4 Secret commissions**

Secret commissions occur where a person or entity (such as an employee of DroneShield) offers or gives a commission to an agent of another person or anyone acting in a fiduciary capacity that is not disclosed by that agent or fiduciary to their principal. Such a payment is made as an inducement to influence the conduct of the principal's business. Employees are not permitted to offer, give, accept or solicit secret commissions at any time.

#### **4.5 Political donations**

- (a) Employees are prohibited from offering or making political donations on behalf of DroneShield other than with the prior written approval of the Board. Any political donations that are made must comply with this Policy and applicable laws.
- (b) This Policy does not seek to curtail an individual's freedom to make political donations in their personal capacity.

#### **4.6 Charitable donations**

- (a) DroneShield is committed to the communities in which it does business and supports Employees making charitable donations. However, Employees must be careful to ensure that charitable donations are not used as a scheme to conceal bribery.
- (b) No donations may be offered or made on behalf of DroneShield apart from donations offered or made to approved charities or funding programs (such as workplace giving programs) or with the prior approval of the CEO.
- (c) This Policy does not seek to curtail an individual's freedom to make charitable donations in their personal capacity.

#### **4.7 Personal safety exception**

DroneShield recognises that Employees may face situations in which seemingly non-routine payments are demanded, without notice or disclosure, by public officials, quasi-government officials or others claiming to exercise official authority. Payments may only be made in those situations where harm to an individual's health or safety appears imminent, or where Employees believe they or others may be in imminent danger if payment is not made. When such a payment has been made, as soon as possible after the imminent danger has passed, the payment and circumstances must be reported by Employees to the CEO.

#### **4.8 If you are a victim of bribery or corruption**

- (a) Employees who are offered a bribe, asked to make a bribe, or are otherwise offered to participate in bribery or corruption should inform their immediate manager as soon as possible, who must then escalate the matter appropriately.
- (b) DroneShield is committed to ensuring that no Employees suffers any detrimental treatment as a result of refusing to take part in bribery or corruption. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern. If you believe that you have suffered any such treatment, you should report it in accordance with the Company's Whistleblower Policy.

#### **4.9 Compliance with local and foreign laws**

Employees must comply with local (which includes federal and state) and foreign laws and regulations relevant to bribery and corruption, even if those local laws are more restrictive than this Policy.

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### **5. MAINTAIN PROPER AND ACCURATE RECORDS**

- 5.2 DroneShield must ensure that its financial reporting is complete, accurate and transparent and complies with all applicable laws and regulations. No accounts are to be altered, destroyed or concealed to facilitate or conceal improper payments or practices.
- 5.3 DroneShield will maintain accurate records of:
  - (a) all accounts, invoices and other documents and records relating to dealings with third parties; and
  - (b) expense reports relating to any expenditure by DroneShield and its Employees on gifts and hospitality.

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### **6. COMMUNICATION OF POLICY**

This Policy will be publicly available on the Company's website. All Employees are required to understand and comply with this Policy and to follow the reporting requirements set out in this Policy. The Company will take reasonable steps, as it deems appropriate, to provide for the training of managers and employees likely to be exposed to bribery or corruption about how to recognise and deal with it.

The prevention, detection and reporting of bribery and other improper conduct addressed in this Policy are the responsibility of all those working for or engaged by DroneShield. All Employees should be vigilant and immediately report any breaches or suspicious activity in accordance with section 7 below.

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### **7. REPORTING BREACHES**

#### **7.1 How to report breaches**

- (a) DroneShield relies on its Employees to help maintain its commitment to honest and ethical behaviour. It is the responsibility of all Employees to report any suspicious activity or breaches of this Policy and DroneShield is committed to ensuring that all Employees have

a safe, reliable and confidential way of reporting any suspicious activity. Reports should be made to an immediate manager or by following the procedure set out in the Company's Whistleblower Policy at the earliest possible stage.

- (b) Any person who receives a report of a breach of this Policy in accordance with paragraph (a) above must provide particulars of the alleged breach to the Board or follow the procedure set out in the Company's Whistleblower Policy.

## **7.2 No Retaliation**

DroneShield is committed to ensuring that Employees who, in good faith, report an actual or suspected breach of this Policy are protected from any retaliation in the workplace. Please refer to the Company's Whistleblowing Policy for more information on how whistleblowers are protected from retaliation.

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## **8. BREACHES OF THIS POLICY**

### **8.1 Consequences of breaching this Policy**

- (a) All Employees are expected to understand and comply with this Policy. Employees found to be in breach of this Policy or any applicable laws regarding bribery or corruption may be subject to disciplinary action, including suspension or termination of employment or services and being referred to the relevant authorities.
- (b) The Company reserves the right to recover any moneys from Employees where Employees have personally benefited as a result of, or arising from, a breach of this Policy.
- (c) Employees who breach this Policy may also be subject to criminal or civil actions, or both, under applicable law, resulting in fines, penalties, and even imprisonment. The laws of some countries have extra-territorial reach and, as such, certain acts of bribery and corruption committed in one country may result in prosecution locally in the country in which the acts occurred as well as in other jurisdictions.

### **8.2 Board to be informed**

The Board must be informed of any material breaches of this Policy in accordance with paragraph 7.1(b) of this Policy.

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## **9. QUESTIONS**

Any questions about this Policy from Employees should be directed to General Counsel. General Counsel will respond to all queries in a timely manner.

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## **10. REVIEW OF POLICY**

### **10.1 Periodic review**

The Board is responsible for the review and oversight of this Policy. In performing this role, the Board will, with the appropriate support and input from management:

- (a) review on an annual basis, the effectiveness of this Policy, its objectives and the strategies outlined above, which aim to achieve the objectives; and
- (b) provide a report to the Board on the outcomes of its review, including any recommendations for changes to those strategies or the way in which they are implemented.

The Board maintains the overall responsibility for approving this Policy and any material changes to it.

## 10.2 Amendment

This Policy may be amended or replaced from time to time. The latest version of this Policy can be found on the Company's website or obtained from the Company Secretary.

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## 11. DEFINITIONS

<b>Term</b>	<b>Definition</b>
Board	The Board of Directors of DroneShield Limited.
Contractor	A supplier of services or goods to DroneShield (whether paid or unpaid), including their employees (e.g. contractors, consultants, service providers and business partners).
Director	A director of a company within DroneShield.
Employee	An employee of a company of DroneShield (whether full-time, part-time or casual).
Government Official	Anyone at any level who is: <ul style="list-style-type: none"><li>(i) engaged in public duty in a government agency whether elected or appointed, and at any level of government including national, state or local government entities;</li><li>(ii) a member of any legislative, administrative or judicial body;</li><li>(iii) an employee of a government agency, regardless of rank including an administrative and/or office worker;</li><li>(iv) an officer or employee of a government-owned or government-controlled entity, including state-owned entities that operate in the commercial sector;</li><li>(v) an officer or employee of a public international organisation (such as the United Nations, the World Bank or the International Monetary Fund); or</li><li>(vi) acting in an official capacity for a government, government agency, or state-owned enterprise.</li></ul>
Officer	Has the meaning given in section 9 of the Corporations Act and includes directors, company secretaries and senior managers of DroneShield.



## TEMPLATE – GIFTS AND BENEFITS REGISTER

1. Your personal details

Full NAME:	
POSITION IN THE COMPANY:	

2. Receiving gifts and benefits

DATE received:	
NAME, POSITION AND ORGANISATION OF GIFT GIVER:	
DESCRIPTION OF GIFT/BENEFIT:	
VALUE (IN AUD):	
REASON FOR ACCEPTANCE OR DECLINE (IF APPLICABLE):	
NAME AND position OF APPROVING OFFICER OR MANAGER (IF APPLICABLE):	
OTHER RELEVANT INFORMATION:	

3. Offering gifts and benefits

DATE OFFERED:	
NAME, POSITION AND ORGANISATION OF GIFT RECIPIENT:	
DESCRIPTION OF GIFT/BENEFIT:	
VALUE (IN AUD):	
REASON FOR ACCEPTANCE OR DECLINE (IF APPLICABLE):	
NAME AND position OF APPROVING OFFICER OR MANAGER (IF APPLICABLE):	
OTHER RELEVANT INFORMATION:	

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## **ANNEXURE A – DEFINITION OF INDEPENDENCE**

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An independent Director is one who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to:

- (a) bring independent judgement to bear on issues before the board; and
- (b) act in the best interest of the Company and its security holders generally.

Examples of interests, positions, associations and relationships that might cause doubts about the independence of a director include if the director:

- (a) is, or has been, employed in an executive capacity by the Company or any of its related entities and there has not been a period of at least three years between ceasing such employment and serving on the board;
- (b) is, or has within the last three years been, a partner, director or senior employee of a provider of material professional services or a material consultant to the Company or any of its related entities;
- (c) is, or has been within the last three years, in a material business relationship (eg as a supplier or customer) with the Company or any of its related entities, or an officer of, or otherwise associated with, someone with such a relationship;
- (d) is a substantial security holder of the Company or an officer of, or otherwise associated with, a substantial security holder of the Company;
- (e) has a material contractual relationship with the Company or its related entities other than as a director;
- (f) has close family ties with any person who falls within any of the categories described above; or
- (g) has been a director of the Company for such a period that his or her independence may have been compromised.

The materiality thresholds are assessed by the Board on a case-by-case basis, taking into account the relevant Director's specific circumstances, rather than referring to a general materiality threshold.

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## **ANNEXURE B – PERFORMANCE EVALUATION**

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### **Board, Committees and Individual Directors**

The Nomination Committee (or, where there is no Nomination Committee, the full board) will conduct an annual review of the role of the Board, assess the performance of the Board over the previous 12 months and examine ways of assisting the Board in performing its duties more effectively. To assist in this process an independent advisor may be used.

The review will include:

- (a) comparing the performance of the Board with the requirements of its Charter;
- (b) examination of the Board's interaction with management;
- (c) the nature of information provided to the Board by management;
- (d) management's performance in assisting the Board to meet its objectives;
- (e) a critical review of the mix of skills, experience and diversity of the Board; and
- (f) consideration of any opportunities for professional development and training which may improve the performance of the Board and its individual members.

A similar review may be conducted for each committee by the Board with the aim of assessing the performance of each committee and identifying areas where improvements can be made.

### **Executive Team**

The Remuneration Committee (or, where there is no Remuneration Committee, the non-executive directors of the Board) will oversee the evaluation of the remuneration of the Company's senior executives, including the Managing Director. To assist in this process an independent advisor may be used.

Performance Evaluations of senior executives are based on specific criteria, including the business performance of the Company and its subsidiaries, whether strategic objectives are being achieved and the development of management and personnel.

### **Disclosure**

The Company must disclose, in relation to each financial year, whether or not the relevant annual performance evaluations of the Board, committees, individual directors and senior management have been conducted in accordance with the above processes.

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## **ANNEXURE C – SKILLS MATRIX**

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The Board of the Company is comprised of directors with a broad range of technical, commercial, financial and other skills, experience and knowledge relevant to overseeing the business of a counter drone technology company.

The composition of the Board will be reviewed on an annual basis with reference to the Company's skills matrix which is used as a tool to assess the appropriate balance of skills, experience, independence and diversity necessary for the Board to discharge its duties and responsibilities effectively.

A summary of the collective skills, experience, independence and diversity of the Board is being reviewed and will be re-published in due course.

The Company seeks to achieve a collectively "high" level of skill, professional experience or expertise across all of the categories identified in its matrix. Where there are gaps in the skills of the Board, these are filled through the employment of suitably experienced senior executives and/or the engagement of professional experts and consultants.

At this stage, the skills, experience and expertise that are assessed as follows:

- Independent
- Strategy
- Corporate Governance
- Risk & Compliance
- Legal
- Health/Safety/Environment
- Investor / Public Relations
- Industry: Technical
- Industry: Product Development
- Industry: Commercial / Operational
- Finance: Financial / Accounting
- Finance: Capital Markets
- Finance: Mergers & Acquisitions

### Skills Ratings:

- 3** High level of skill, professional experience or expertise
- 2** Competent level of skill, professional experience or expertise
- 1** Developing level of skill, professional experience or expertise
- 0** No skill, professional experience or expertise