

# **VEROGUARD SYSTEMS HOLDINGS LIMITED**

**BOARD CHARTER**

**AUDIT AND RISK COMMITTEE CHARTER**

**NOMINATION COMMITTEE CHARTER**

**REMUNERATION COMMITTEE CHARTER**

**CODE OF CONDUCT**

# VEROGUARD SYSTEMS HOLDINGS LIMITED

## BOARD CHARTER

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### 1. PURPOSE

This statement summarises the role and responsibility of the Board of the Company.

The roles and responsibilities of the Board will evolve as the Company moves forward. A regular review of the balance of responsibilities will ensure that the division of the functions remains appropriate to the needs of the Company.

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### 2. ROLE OF THE BOARD

The Board's key objectives are to:

- (a) increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders; and
- (b) ensure the Company is properly managed.

The Board has primary responsibility to shareholders for the welfare of the Company by guiding and monitoring the business and the affairs of the Company and determining the vision and objectives of the Company.

The Company recognises the importance of the Board in providing a sound base for good corporate governance in the operations of the Company.

The Board must at all times act honestly, fairly and diligently in all respects in accordance with the law applicable to the Company.

The Board will at all times act in accordance with all relevant Company policies.

Each of the Directors, when representing the Company, must act in the best interests of shareholders of the Company and in the best interests of the Company as a whole.

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### 3. RESPONSIBILITY OF THE BOARD

The Board is collectively responsible for promoting the success of the Company by:

- (a) supervising the Company's framework of control and accountability systems to enable risk to be assessed and managed, which includes but is not limited to 3(b) to 3(m) below inclusive;
- (b) ensuring the Company is properly managed, for example by:
  - (i) appointing the Chairperson of the Board;
  - (ii) appointing and, where appropriate, removing any Managing Director or Chief Executive Officer (or equivalent), Chief Financial Officer (or equivalent), the Company Secretary and other members of the senior executive team of the Company;
  - (iii) together with senior management, formulating short term and long term strategies to enable the Company to achieve its objectives and ensuring that the Company has the resources to meet its strategic objectives;
  - (iv) providing oversight and final approval of management's development of corporate strategy and performance objectives;
  - (v) monitoring senior management's performance and implementation of strategy; and
- (c) approving, and monitoring the progress of, major capital expenditure, capital management, and acquisitions and divestitures;
- (d) approving the annual operating budget;

- (e) monitoring the financial performance of the Company;
- (f) overseeing the integrity of the Company's accounting and corporate reporting systems, including external audit;
- (g) overseeing corporate governance of the Company, including monitoring the effectiveness of the entity's governance practices and conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;
- (h) overseeing the Company's process for making timely and balanced disclosure to the market;
- (i) approving the Company's remuneration framework;
- (j) appointing the external auditor and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next AGM of the Company;
- (k) liaising with the Company's external auditors;
- (l) ensuring that the entity has in place an appropriate risk management framework; and
- (m) reviewing and ratifying the risk management framework and systems of internal compliance and control, codes of conduct and legal compliance.

The Board must convene regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.

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#### **4. BOARD COMPOSITION AND SKILLS**

The Board is of a size and competence necessary to understand properly and deal with the current and emerging issues of the business of the Company.

The Board comprises Directors with a diverse range of skills and experience that align with the strategic objectives of the Company from time to time. The Company views the following as some of the key areas of skills and experience that the Board as a whole should possess:

- (a) industry experience;
- (b) business acquisition and integration skills;
- (c) financial literacy;
- (d) legal and regulatory knowledge;
- (e) knowledge and awareness of health, safety and environment and social responsibility; and
- (f) knowledge and awareness of organisational development and human resources.

The Board will consider and communicate to shareholders the preferred mix of skills and experience from time to time as determined by the Company's operational and strategic objectives.

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#### **5. CHAIRPERSON**

The Board will appoint one of its members to be the Chairperson.

The Chairperson is responsible for leading of the Board, facilitating the effective contribution of all Directors and promoting constructive relations between Directors and between the Board and management. The Chairperson is also responsible for setting the Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues.

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#### **6. COMPANY SECRETARY**

The Company Secretary of the Company is directly accountable to the Board through the Chairperson on all matters to do with the proper functioning of the Board.

The role of the Company Secretary includes:

- (a) advising the Board on governance matters;

- (b) monitoring that Board policy and procedures are followed;
- (c) coordinating the timely completion and dispatch of Board papers;
- (d) ensuring that the business at Board meetings is accurately captured in the minutes; and
- (e) helping to organise and facilitate the induction and professional development of Directors.

Each director should be able to communicate directly with the Company Secretary and vice versa.

The Board has responsibility for making or approving a decision to appoint or remove the Company Secretary.

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## **7. ROLE AND RESPONSIBILITY OF MANAGEMENT**

The role of management is to support the Board (or, in the instance of the appointment of a Managing Director or Chief Executive Officer (or equivalent), that person) and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

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## **8. INDEPENDENT ADVICE**

Each Director's letter of appointment (or, in the case of executive directors, service agreement) entitles that Director to seek independent professional advice at the expense of the Company. The letter of appointment (or service agreement) should set out the terms on which the advice may be obtained.

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## **9. COMMITTEES AND CHARTERS**

The Board may delegate its functions and responsibilities from time to time depending on the size, complexity, ownership structure and the respective skills and composition of the Board through the establishment of Board sub-committees. To the extent the Board considers that no formal sub-committees are required, the Board will at a minimum convene from time to time as appropriate or required under the following Charters to ensure it deals with the matters that would otherwise be dealt with by separate committees:

- (a) Audit & Risk Committee Charter;
- (b) Nomination Committee Charter; and
- (c) Remuneration Committee Charter.

# AUDIT AND RISK COMMITTEE CHARTER

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## 1. COMPOSITION

The full Board carries out the functions that would ordinarily be carried out by an Audit and Risk Committee.

The Board will monitor on an on-going basis whether formation of a separate sub-committee is required or otherwise in the best interests of the Company, and will form a separate sub-committee as applicable.

References to the Audit & Risk Committee in this Charter must be read to mean the Board convening in its capacity as the Audit & Risk Committee under this Charter.

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## 2. ROLE

The role of the Audit & Risk Committee is to:

- (a) review and monitor the integrity of the financial reports and statements of the Company;
- (b) review and oversee the Company's risk management framework and internal controls;
- (c) monitor and review the effectiveness of the Company's internal audit function to the extent there is one;
- (d) monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services; and
- (e) perform such other functions as assigned by law, the Company's constitution, or the Board if applicable.

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## 3. OPERATIONS

The Audit & Risk Committee will meet as often as it considers necessary and at least half yearly.

Minutes of all meetings of the Audit & Risk Committee are to be kept.

Audit & Risk Committee meetings will be governed by the same rules, as set out in the Company constitution as they apply to the meetings of the Board.

Relevant members of management and the external auditor may be invited to attend meetings.

The Audit & Risk Committee shall meet with the external auditor without management present, as required.

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## 4. AUTHORITY AND RESOURCES

The Company is to provide the Audit & Risk Committee with sufficient resources to undertake its duties, including provision of educational information on accounting policies and other financial topics relevant to the Company, and such other relevant materials requested by the Audit & Risk Committee.

The Audit & Risk Committee:

- (a) will have the power to conduct or authorise investigations into any matters within the Audit & Risk Committee's scope of responsibilities;
- (b) may seek any information or advice it considers necessary to fulfill its responsibilities;
- (c) may have access to management and external auditors (without management being present) to seek explanations and information; and
- (d) will have the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other external advisers relevant to performing its duties under this Charter.

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## **5. RESPONSIBILITIES OF THE AUDIT & RISK COMMITTEE**

The Audit & Risk Committee will perform the functions listed below:

### **5.1 Financial reporting**

- (a) Review half-year and annual financial statements as to whether they provide a true and fair view of the financial position and performance of the entity.
- (b) Consider management's selection of accounting policies and principles.
- (c) Consider the external audit of the financial statements and the related external Auditor's Report.
- (d) Ensure that:
  - (i) the Managing Director or Chief Executive Officer (or equivalent) and Chief Financial Officer (or equivalent) are able to make declarations in relation to the Company's financial reports; and
  - (ii) these declarations are made and given to the Board by the time required.

### **5.2 External Audit**

- (a) Establish and review the criteria for the selection, appointment and rotation of the external auditor.
- (b) Appoint and replace the external auditor and approve the terms on which the external auditor is engaged.
- (c) Establish/review permissible services that the external auditor may perform for the Company and pre-approve all audit/non-audit services.
- (d) Confirm the independence of the external auditor, including reviewing the external auditor's non-audit services and related fees.
- (e) Ensure that the external auditor is required to attend the AGM of the Company and is available to answer questions relevant to the audit from shareholders.
- (f) Discuss the Company's choice of accounting policies and methods, and any recommended changes.
- (g) Discuss any significant findings and recommendations of the external auditor and management's response to them.
- (h) Discuss any difficulties or disputes with management encountered during the course of the audit including any restrictions or access to required information.

### **5.3 Risk management and internal control**

- (a) Monitor and assess the risk exposure of the Company.
- (b) Conduct a comprehensive review and make recommendations to the Board on any incident involving fraud or other break down of the Company's internal controls.
- (c) Review the adequacy of the Company's insurance programs.

### **5.4 Internal Communications and Reporting**

- (a) Regularly update the Board about Audit & Risk Committee activities and make appropriate recommendations.
- (b) Ensure the Board is fully aware of matters which may significantly impact upon the financial conditions or affairs of the business.

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## **6. REVIEW**

This Audit & Risk Committee Charter must be reviewed by the Audit & Risk Committee at least annually, and updated as required.

# NOMINATION COMMITTEE CHARTER

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## 1. COMPOSITION

The full Board carries out the functions that would ordinarily be carried out by a Nomination Committee.

The Board will monitor on an on-going basis whether formation of a separate sub-committee is required or otherwise in the best interests of the Company, and will form a separate sub-committee as applicable.

References to the Nomination Committee in this Charter must be read to mean the Board convening in its capacity as the Nomination Committee under this Charter.

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## 2. ROLE

The role of the Nomination Committee is to ensure that the Company has a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties and bring transparency, focus and independent judgment to decisions regarding the composition of the Board.

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## 3. OPERATIONS

The Nomination Committee will meet as often as it considers necessary.

Minutes of all meetings of the Nomination Committee are to be kept.

Nomination Committee meetings will be governed by the same rules as set out in the Company constitution as they apply to the meetings of the Board.

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## 4. RESPONSIBILITIES

The responsibilities of the Nomination Committee are:

- (a) identifying, and recommending to the Board, nominees for membership of the Board and Board succession planning generally;
- (b) reviewing the board skills matrix established by the Board Charter (if there is one), and regularly assessing that the board skills matrix is satisfied by the current Board membership;
- (c) reviewing whether the Directors as a group have the skills, knowledge and familiarity with the entity and its operating environment required to fulfill their role on the Board and, where any gaps are identified, consider what training or development could be undertaken to fill those gaps;
- (d) ensuring that the Company:
  - (i) undertakes appropriate checks before appointing a person, or putting forward to its shareholders a candidate for election, as a Director, including checks as to a candidate's character, expertise, education, criminal record and bankruptcy history;
  - (ii) provides its shareholders with all material information relevant to a decision about whether or not to re-elect a Director;
  - (iii) has a program for inducting new Directors and provides appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to perform their role as Directors effectively;
  - (iv) has a process for periodically evaluating the performance of the Board, its Committees (if any) and individual Directors and for addressing any issues emerging from that review;
  - (v) has plans in place to manage the succession of the Managing Director or Chief Executive Officer (or equivalent) and other senior executives, and the Board; and

- (vi) has a written agreement with each Director and senior executive setting out the terms of their appointment.

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## **5. AUTHORITY AND RESOURCES**

The Nomination Committee:

- (a) may seek any information or advice it considers necessary to fulfill its responsibilities;
- (b) may have access to management to seek explanations and information; and
- (c) will have the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other external advisers relevant to performing its duties under this Charter.

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## **6. REVIEW**

This Nomination Committee Charter will be reviewed by the Nomination Committee at least annually, and updated as required.



# REMUNERATION COMMITTEE CHARTER

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## 1. COMPOSITION

The full Board carries out the functions that would ordinarily be carried out by a Remuneration Committee.

The Board will monitor on an on-going basis whether formation of a separate sub-committee is required or otherwise in the best interests of the Company, and will form a separate sub-committee as applicable.

References to the Remuneration Committee in this Charter will be read to mean the Board convening in its capacity as the Remuneration Committee under this Charter.

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## 2. ROLE

The function of the Remuneration Committee is to review and make appropriate recommendations on:

- (a) remuneration packages of executive Directors, non-executive Directors and senior executives;
- (b) the process for periodically evaluating the performance of its senior executives; and
- (c) employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

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## 3. OPERATIONS

The Remuneration Committee will meet as often as it considers necessary.

Where the Remuneration Committee includes an executive director, that director will not be involved in decisions that relate to their own remuneration.

Minutes of all meetings of the Remuneration Committee are to be kept. The minutes and a report of actions taken or recommended are to be given at each subsequent meeting of the full Board.

Committee meetings will be governed by the same rules as set out in the Company's constitution, as they apply to meetings of the Board.

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## 4. RESPONSIBILITIES

- (a) Executive Remuneration and Incentive Policies

The Committee is to make decisions with respect to appropriate remuneration and incentive policies for executive Directors and senior executives which:

- (i) will motivate executive Directors and senior executives to pursue long term growth and success of the Company within an appropriate control framework;
- (ii) demonstrate a clear correlation between key performance and remuneration;
- (iii) will align the interests of executive Directors and senior executives with the long-term interests of the Company's shareholders; and
- (iv) may apply clawback provisions authorising the Company to recover, reduce or cancel performance based remuneration in the event of serious misconduct by executive Directors or senior executives, or material misstatement in the Company's financial statements.

- (b) Executive Remuneration Packages

The Committee is to ensure that:

- (i) executive remuneration packages involve a balance between fixed and incentive pay, reflecting short and long term performance objectives appropriate to the Company's circumstances and objectives; and
- (ii) recommendations are made to the Board with respect to the quantum of bonuses to be paid to executives.

To the extent that the Company adopts a different remuneration structure for its non-executive Directors, the Committee must document its reasons for the purpose of disclosure to stakeholders.

(c) Non-Executive Directors

The Committee is to ensure that:

- (i) fees paid to non-executive Directors are within the aggregate amount approved by shareholders and make recommendations to the Board with respect to the need for increases to this aggregate amount at the Company's AGM;
- (ii) non-executive Directors are remunerated by way of fees (in the form of cash and/or superannuation benefits);
- (iii) non-executive Directors are not provided with retirement benefits other than statutory superannuation entitlements; and
- (iv) non-executive Directors are not entitled to participate in equity-based remuneration schemes designed for executives without due consideration and appropriate disclosure to the Company's shareholders.

To the extent that the Company adopts a different remuneration structure for its non-executive Directors, the Committee must document its reasons for the purpose of disclosure to stakeholders.

(d) Incentive Plans and Benefits Programs

The Committee is to:

- (i) review and make recommendations concerning long-term incentive compensation plans, including the use of share options and other equity-based plans. Except as otherwise delegated by the Board, the Committee will act on behalf of the Board to administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans including making and authorising grants, in accordance with the terms of those plans;
- (ii) continually review and if necessary improve any existing benefit programs established for employees; and
- (iii) ensure that participants in equity-based plans are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of any unvested entitlements under any equity-based remuneration scheme currently in operation or which is to be offered in the future.

(e) Remuneration Report

The Remuneration Committee reviews and recommends to the Board for approval the Remuneration Report contained within the Annual Report. The Committee provides oversight and management is responsible for ensuring that disclosure meets the requirements of the relevant law.

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## 5. AUTHORITY AND RESOURCES

The Remuneration Committee:

- (a) may seek any information or advice it considers necessary to fulfill its responsibilities;
- (b) may have access to management to seek explanations and information; and
- (c) will have the authority, as it deems necessary or appropriate, to retain independent legal, accounting or other external advisers relevant to performing its duties under this Charter.

Where the Company engages a remuneration consultant, the Remuneration Committee will have regard to the relevant legal requirements in making such an appointment.

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## 6. REVIEW

This Remuneration Committee Charter must be reviewed by the Remuneration Committee at least annually and updated as required.

# CODE OF CONDUCT

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## **1. CODE OF CONDUCT**

### **1.1 Introduction**

This is the corporate code of conduct for the Company and it is designed to maintain confidence in the integrity of the Company and the responsibilities and accountability of individuals for reporting and investigating reports of unethical practices. The Company is committed not only to complying with its legal obligations but also acting ethically and responsibly.

### **1.2 Responsibility to Shareholders**

The Company aims:

- (a) to increase shareholder value within an appropriate framework which safeguards the rights and interests of the Company's shareholders and the financial community; and
- (b) to comply with systems of control and accountability which the Company has in place as part of its corporate governance with openness and integrity.

### **1.3 Integrity and Honesty**

Directors, management and staff will deal with the Company's customers, suppliers, competitors and each other within a framework of honesty, fairness and integrity and observe the rules and spirit of the legal and regulatory environment in which the Company operates.

### **1.4 Respect for the Law**

The Company is to comply with all legislative and common law requirements which affect its business, in particular those in respect of occupational health and safety, the environment, native title and cultural heritage. Directors, management and staff must not knowingly participate in any illegal or unethical activity, or participate in any activity which would conflict with the Company's best interests or that would be likely to negatively affect the Company's reputation.

### **1.5 Conflicts of Interest**

Directors, management and staff must act in the best interests of the Company and not involve themselves in situations where there is a real or apparent conflict of interest between them as individuals and the interest of the Company.

Directors, management and staff must not improperly use their position, property or information acquired through their position for personal gain or gain of an associate or to compete with or harm the Company.

### **1.6 Protection of Assets**

Directors, management and staff must protect the assets of the Company to ensure their availability for legitimate business purposes and to ensure all corporate opportunities are enjoyed by the Company and that no property, information or position belonging to the Company or opportunity arising from these is used for personal gain or to compete with the Company.

### **1.7 Facilitation payments**

The Company prohibits the offering or acceptance of bribes, inducements, facilitation payments or any improper benefits by Directors, management and staff.

Directors, management and staff will not accept gifts, services, benefits or hospitality that might influence, or appear to influence, that person's conduct in representing the Company.

### **1.8 Confidential Information**

Directors, management and staff must respect the confidentiality of all information of a confidential nature which is acquired in the course of the Company's business and must not disclose or make improper use of such confidential information to any person unless specific authorisation is given for disclosure.

### **1.9 Employment Practices**

The Company will employ the best available staff with skills required to carry out vacant positions.

The Company will ensure a safe work place and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities.

The Company is also committed to providing equal opportunity for all employees and a workplace free from discrimination, bullying and harassment.

#### **1.10 Responsibility to the Environment**

The Company will recognise, consider and respect environmental issues which arise in relation to the Company's activities and comply with all applicable legal requirements.

#### **1.11 Responsibility to the Individual**

The Company recognises and respects the rights of individuals and to the best of its ability will comply with the applicable legal rules regarding privacy, privileges and private and confidential information.

#### **1.12 Obligations Relative to Fair Trading and Dealing**

The Company will deal with others in a way that is fair and will not knowingly engage in deceptive practices.

#### **1.13 Compliance with the Code of Conduct and reporting**

The Company encourages the reporting of unlawful or unethical behavior or behavior that is contrary to this Code of Conduct. The Company will take all reasonable steps to protect any member of staff who reports such behavior in good faith.

In particular, if there is any:

- (a) breach or potential breach of compliance with this Code of Conduct; or
- (b) breach of law (see section 1.4); or
- (c) real or apparent conflict of interest (see section 1.5),

it must be reported to:

- (a) the Chairperson, in the case of:
  - (i) a Board member; or
  - (ii) the Managing Director or Chief Executive Officer (or equivalent);
- (b) the Managing Director or Chief Executive Officer (or equivalent), in the case of a member of the senior management team; or
- (c) a supervisor, in the case of an employee,

so that it may be considered and dealt with in an appropriate manner for all concerned.

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## **1. SHAREHOLDER COMMUNICATIONS POLICY**

### **1.1 Overview**

The Company aims to ensure that shareholders are kept informed of all major developments affecting the state of affairs of the Company. Additionally, the Company recognises that potential investors and other interested stakeholders may wish to obtain information about the Company from time to time.

To achieve this, the Company communicates information regularly to shareholders and other stakeholders through a range of forums and publications and actively engages with shareholders at the Company's AGM and, where appropriate, upon request.

### **1.2 Annual Report**

The Company's annual report contains key financial information about the Company, as well as important operating and corporate information. The default method of receiving the Company's annual report is electronically (on the Company's website). A printed or electronic copy of the annual report is sent (by post or email, as applicable) to shareholders who elected to receive one when notified by the Company of the shareholder's right to make this election. If a shareholder later decides they want to receive printed or electronic copies of the annual report, they may do so by contacting the Company's share registry.

### **1.3 Annual General Meetings**

- (a) The notice of meeting will be distributed to all shareholders prior to the annual general meeting within the timeframe set by the relevant law and the Company's constitution.
- (b) Shareholders at the annual general meeting are encouraged to ask both the Company and its auditor questions regarding the Company's governance and business. Shareholders may attend the meeting in person (including by any relevant technological means made available by the Company) or by proxy, representative or attorney.
- (c) In addition, the chairman's address to the annual general meeting and any presentations given at the annual general meeting will be made available on the Company's website immediately after the annual general meeting.

### **1.4 Electronic communication**

Shareholders may opt to receive communications from, and send communications to, the Company and its share registry electronically, by contacting the Company Secretary or the Company's share registry as applicable.