

# **Corporate Governance Plan**

**Security Matters Limited (ACN 626 192 998)**

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## Schedule 1 – Board Charter

### 1. Purpose of this charter

The purpose of this charter is to specify how Security Matters Ltd (ACN 626 192 998 Ltd) (**Company**) is to be governed so as to best promote the Company whilst protecting the interests of its members.

The board of directors of the Company (**Board**) is responsible for the governance of the Company. This charter sets out:

- (a) the role and responsibilities of the Board and committees;
- (b) the membership and the operation of the Board;
- (c) which responsibilities may be delegated by the Board;
- (d) a structure for determining how Board decisions are to be made; and
- (e) details regarding the Board's interaction with the Company.

This charter is supported by the Company's Audit and Risk Committee Charter, Securities Trading Policy, Code of Conduct, Disclosure and Communications Policy.

The Board is governed by the Constitution of the Company (**Constitution**).

### 2. Values

The values of the Company are customer focus, accountability, respect and integrity. The Board carries out the legal duties of its role in accordance with those values and having appropriate regard to the interests of the Company's customers, staff, shareholders and the broader community in which the Company operates.

### 3. Composition of the Board

The Board will be comprised as follows:

- (a) the number of Directors must not be less than three and not more than ten (subject to any increase in accordance with the Constitution); and
- (b) where practical, the majority of the Board must be independent and non-executive Directors. The criteria for independence are as stated below.

The Company will seek to ensure the Board continues to have the range of skills, knowledge and experience and expertise to:

- (a) understand collectively the risks facing the Company;
- (b) understand the Company's legal and prudential obligations;
- (c) effectively oversee the management of the Company; and
- (d) use their independent thinking and judgement to contribute effectively to the Board's deliberations and processes.

## **4. Role and responsibilities of the Board**

### **4.1 Role**

The role of the Board is to provide overall strategic guidance for the Company and effective oversight of management. The Board ensures that the activities of the Company comply with its Constitution, from which the Board derives its authority to act, and with contractual, statutory and other legal obligations, including the requirements of all applicable regulatory bodies.

In carrying out its governance role, a key task of the Board is to drive the performance of the Company. The Board has overall responsibility for the successful operations of the Company.

### **4.2 Responsibilities**

The Board is responsible for:

- (a) providing leadership and setting and reviewing the Company's objectives, goals and strategic direction, and assessing performance against these benchmarks;
- (b) oversight of the Company's operations with a view to ensuring that:
  - (i) the Company is financially sound, meets prudential requirements and has appropriate financial reporting practices;
  - (ii) the Company meets regulatory and disclosure requirements;
  - (iii) a process is in place for the maintenance of the integrity of internal controls, risk management, delegations of authority and financial and management information systems;
  - (iv) the Company maintains appropriate business standards, ethical conduct and fostering of a culture of compliance and accountability;
- (c) appointing the chairman (or executive chairman) and, if the Company has one, the deputy chairman;
- (d) approving the appointment of the Chief Financial Officer and the company secretary;
- (e) monitoring senior executives' performance and the Company's remuneration framework;
- (f) monitoring the executive succession plan and ensuring a process of evaluating and rewarding key executives;
- (g) requiring that management supplies the Board with accurate, timely and clear information to enable the Board to perform its responsibilities;
- (h) monitoring the Company's workplace health and safety performance;
- (i) providing input into and final approval of management's development of corporate strategy and performance objectives;
- (j) approving and monitoring the budget and progress of major capital expenditure, capital management and acquisitions and divestitures in excess of retain levels delegated to management from time to time;
- (k) approving dividends;

- (l) ensuring that the Company's financial results are appropriately and accurately reported on a timely basis;
- (m) monitoring significant litigation involving the Company;
- (n) approval of all material new business activities, loans to external parties and other material commitments;
- (o) approving charters of board committees;
- (p) monitoring and ensuring compliance with best practice corporate governance requirements; and
- (q) seeking to promote effective engagement with shareholders and providing them with appropriate information and facilities to allow them to exercise their rights as shareholders effectively.

## **5. Role and responsibilities of Chairman and company secretary**

### **5.1 Chairman**

The Chairman is responsible for ensuring that the Board functions effectively, and for communicating the views of the Board to the public. In performing this role the Chairman's responsibilities include:

- (a) setting the agenda of matters to be considered by the Board and seeking to ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- (b) leading the Board in reviewing and discussing Board matters;
- (c) chairing Board meetings and shareholder meetings;
- (d) managing the conduct, frequency and length of the Board meetings so as to ensure that the Board maintains an in depth understanding of the Company's financial position and performance and the opportunities and challenges facing the Company;
- (e) briefing all directors in relation to issues arising at Board meetings;
- (f) facilitating open and constructive communications between Board members and encouraging their contribution to Board deliberations;
- (g) overseeing board composition to ensure that membership of the Board is skilled and appropriate for the Company's needs;
- (h) facilitating open and constructive discussions between management and the Board; and
- (i) reviewing corporate governance matters with the company secretary and reporting on those matters to the Board.

The Chairman will be appointed by the Board and is not required to be independent. Where practical, the Chief Executive Officer should not be the Chairman of the Company during his or her term as the Chief Executive Officer or in the future.

Where the Chairman is not independent as determined by the criteria by reference to the criteria stated below, the Board must satisfy itself that the Chairman is so appointed because that person is of such value to the business of the Company that notwithstanding that lack of independence, that person is still regarded as the best person for the job.

The Board may appoint an Executive Chairman. Where applicable, the Executive Chairman and the Chief Executive Officer are responsible for running the day to day affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out these responsibilities, the Executive Chairman and the Chief Executive Officer must report to the Board in a timely and clear manner and ensure all reports to the Board present a true and fair view of the Company's financial condition and operational results.

## 5.2 Company secretary

The company secretary is responsible for carrying out the administrative and legislative requirements of the Board, including:

- (a) organising Board and committee meetings, director attendance and draft notices of meetings and resolutions for approval;
- (b) monitoring and evaluating compliance with Board policy and procedures and ensuring these are regularly reviewed, as well as advising the Board and its committees on governance matters;
- (c) coordinating the completion and despatch of the Board agenda and briefing materials;
- (d) preparing minutes of meetings and resolutions of the Board and taking these to the Chairman for approval and circulation;
- (e) circulating minutes from committee meetings to the Board;
- (f) helping to organise and facility the induction and professional development of directors; and
- (g) ensuring the Company complies with its requirements under the *Corporations Act 2001* (Cth) (**Corporations Act**) as and where applicable, regarding registered office, annual returns and notices to be lodged with the Australian Securities and Investments Commission.

The company secretary is accountable directly to the Board through the Chairman on all matters relating to the proper functioning of the board.

## 6. Delegations of authority

### 6.1 Delegation to committees

Pursuant to Article 25.14 of the Company's Constitution, the Board may, from time to time, establish committees, consisting of such members as they think fit, to assist in carrying out its responsibilities. The Board shall adopt charters setting out the role, authority, responsibilities, membership and operation of the committee, and any other matters that the Board may consider appropriate.

Once the Board is of sufficient size and structure, reflecting that the Company's operations are of a sufficient magnitude, to assist the Board in fulfilling its duties, the Board must establish the following committees, each with written charters:

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

Directors are entitled to attend committee meetings and receive committee papers. Committees will maintain minutes of their meetings and are entitled to obtain professional or other advice in order to effectively carry out their proper functions. The chair of each committee will report back on committee meetings to the Board at the next full Board meeting.

## **6.2 Appointment and re-election of directors**

The process of selection and appointment of new directors to the Board involves, when a vacancy arises, the Board (in the absence of the Remuneration and Nomination Committee) identifying candidates with appropriate skills, experience and expertise. Candidates with the skills, experience and expertise that best complement the Board's effectiveness will be recommended for appointment to the Board. When the Board considers that a suitable candidate has been found, that person may be appointed by the Board to fill a casual vacancy in accordance with Company's Constitution, but must stand for election by shareholders at the next annual general meeting.

The Board (in the absence of the Remuneration and Nomination Committee) must ensure appropriate background checks (such as criminal record, bankruptcy, education and character reference checks) have been undertaken in respect of the candidate.

Directors and senior executives will be engaged by a letter of appointment setting out the terms and conditions of their appointment. Directors will be expected to participate in any induction or orientation programs on appointment, and any continuing education or training arranged for them to ensure they develop and maintain skills and knowledge needed to perform their role as directors effectively. In particular, directors are provided with detailed briefings by management on corporate strategy and current issues affecting the Company and the industry in which the Company operates.

Directors must retire from office in accordance with the Constitution. Retiring directors may be eligible for re-election. Before each annual general meeting, the Chairman of the Board will assess the performance of any director standing for re-election and the Board will determine their recommendation to shareholders on the re-election of the director (in the absence of the director involved). The Board (excluding the Chairman), will conduct the review of the Chairman.

The Company must disclose the length of service of each director.

## **7. Independence**

A director is only to be regarded as independent if he or she is a non-executive director and:

- (a) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (b) within the last three years has not been employed in an executive capacity by the Company;
- (c) within the last three years has not been a partner, director or senior employee of a provider of material professional services to the Company;
- (d) within the last three years has not been in a material business relationship (e.g. as a supplier or customer) with the Company, or an officer of, or otherwise associated directly or indirectly with, someone with such a relationship;
- (e) has no material contractual relationship with a member of the Group other than as a director of the Company;

- (f) has no close family ties with any person who falls within any of the categories described above;
- (g) has not been a director of the Company for such period that his or her independence may have been compromised; or
- (h) is otherwise free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgement or could reasonably be perceived to do so.

All directors are to disclose to the Company, as soon as possible, any information that may affect their independence. Any change to a director's independent status will be disclosed to the market in a timely manner.

All directors - whether independent or not - should bring an independent judgment to bear on all Board decisions.

## **7.2 Conflicts of interest**

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. All Directors are required to disclose to the Board details of transactions which may create a conflict of interest for them in the decisions placed before the Board, in accordance with applicable law.

A Director who has:

- (a) a material personal interest in a matter which relates to the affairs of the company; or
- (b) any other interest which the Director believes is appropriate to disclose in order to avoid a conflict of interest, or the perception of a conflict of interest,

may not be present at a meeting when the matter is being considered and may not vote on the matter.

## **8. Board process**

### **8.1 Meetings**

All Board meetings will be conducted in accordance with the Company's Constitution and Australian law.

Each Board meeting is to have a structured agenda to ensure that an appropriate amount of time is spent on corporate governance, committee reports, strategic and policy issues and monitoring of overall business performance.

Directors are to be provided with all necessary information to participate fully in an informed discussion of all agenda items.

Directors are committed to collective decision making, but have a duty to question and raise any issues of concern to them. The Chairman of the Board is to encourage all directors to contribute to the discussion of each issue. All discussions are to be conducted in a professional, frank and transparent manner with each director contributing their independent thoughts and judgements in discharging their responsibilities. Individual directors must utilise their particular skills, experience and knowledge when discussing matters at Board meetings.



Directors must keep Board discussions and resolutions confidential, except where they are required to be disclosed.

All Board decisions are to be informed by a Board paper to ensure that appropriate information is provided to enable the best decision to be made. All directors are generally expected to prepare adequately, attend and participate at each Board meeting. All directors should actively consider the sufficiency of the contents of the Board papers that they have been provided for consideration.

The Board should assess the information that it receives and the timing of its distribution to ensure the Board has sufficient time to examine the material provided to it for approval.

Non- executive directors will periodically meet without executive directors or management present.

The Board may request or invite management or external consultants to attend Board meetings, where necessary or desirable. Time is to be allowed at each meeting for management to provide any updates to the information provided in the Board and Committee papers and directors are to be encouraged to ask the relevant executive/s any questions they may have in relation to the issue being discussed. The Board may conduct meetings by telephone or video conference.

Minutes of each Board and Committee meeting will be prepared recording the documents provided and decisions made.

## **8.2 Independent professional advice**

Following consultation with and consent from the Chairman, directors may seek independent professional advice at the Company's expense in respect of any matter connected with the discharge of their responsibilities.

The Chairman must not unreasonably withhold consent to obtain advice and must inform the Board of the request as soon as possible.

## **8.3 Access to management**

The directors have complete and open access to management following consultation with the Chairman.

## **9. Review and publication of charter**

The Board is responsible for reviewing this charter and the division of functions and responsibilities in the Company to determine its appropriateness in light of the needs of the Company from time to time. The charter may be amended by resolution of the Board.

The charter will be made available on the Company's website and the key features of this charter be published in the Company's annual report.

## **Schedule 2 – Code of Conduct**

### **1. Introduction**

This code of conduct applies to all Directors, officers, contractors and employees of Security Matters Ltd (ACN 626 192 998) (**Company**).

### **2. Purpose**

The purpose of this code of conduct is to:

- (a) articulate the high standards of honest integrity, ethical and law-abiding behaviour expected of Directors, officers, contractors and employees;
- (b) encourage the observance of those standards to protect and promote the interests of shareholders and other stakeholders (including suppliers and creditors);
- (c) guide Directors as to the practices thought necessary to maintain confidence in the Company's integrity; and
- (d) set out the responsibility and accountability of Directors to report and investigate any reported violations of this code or unethical or unlawful behaviour.

### **3. Honesty and integrity**

The Directors will act honestly, in good faith and in the best interests of the Company as a whole and will not engage in conduct likely to bring discredit upon the Company.

### **4. Diligence**

The Directors will use due care and diligence in fulfilling the functions of office and in exercising the powers attached to that office.

### **5. Independence**

The Directors will be independent in their judgement and actions, and take all responsible steps to be satisfied as to the soundness of all decisions taken by the Board of Directors.

### **6. Conflicts of interest**

The Directors acknowledge that there may be times when their personal or other interest conflict with those of the Company. In these circumstances, the Directors will take action to remove or manage the conflict, so as to avoid detriment to the Company or any perception of conflict of interest.

### **7. Corporate opportunities**

The Directors will not use the name of the Company for personal gain. The Directors will not use any information gained from their dealings with the Company for personal gain, nor allow any such information to be used for the personal gain of others or to the detriment of the Company or its members.

Any goods, services and facilities received from the Company will only be used for properly authorised purposes.

#### **8. Confidentiality**

The Directors will take care to ensure that confidential information about the Company, the business of the Company, shareholders, suppliers and external service providers is properly protected and not disclosed, except where that disclosure is authorised by the Board or required by law or a regulatory body.

#### **9. Fair dealing**

The Directors will deal fairly with the any officer, shareholder, competitor or external service provider of the Company and will maintain a high standard of responsibility as corporate citizens.

#### **10. Protection and proper use of assets**

The Directors will only use Company assets for legitimate business purposes or other purposes approved by the board and will use all reasonable endeavours to protect any Company asset and to ensure its efficient use.

#### **11. Compliance with laws, regulations, policies and procedures**

The Directors will abide by the law and any and all relevant Company policies at all times.

#### **12. Reporting of unlawful and unethical behaviour**

Any breaches of the law or unethical behaviour which becomes known to a Director must be reported to the Chairman or to the Board as a whole. Any breaches reported will be properly investigated and appropriate action will be taken.

Persons who report suspected breaches in good faith shall be protected from victimisation and their identity will not be disclosed without their consent, except where disclosure is required by law.

## Schedule 3 – Risk Management Statement

### 1. Risk Management Statement

Security Matters Ltd. (ACN 626 192 998) (**Company**) is committed to establishing a sound system of risk oversight and management and internal control to identify, assess, monitor and manage material risks related to the conduct of the Company's activities.

Our aim is to:

- continually improve the management of risk;
- better understand the reward-to-risk balance; and
- reduce the risks to acceptable levels.

Wherever we operate we will develop, implement and maintain management systems for all material risks that enable us to:

- identify, assess and manage risks in an effective and efficient manner;
- make decisions based on a comprehensive view of the reward-to-risk balance;
- provide greater certainty of the delivery of objectives; and
- satisfy our corporate governance requirements.

We will do this by:

- implementing a comprehensive and systematic risk assessment and reporting process across the organisation;
- integrating the outputs of risk specialist functions to provide a holistic view of the risks associated with our business activities; and
- embedding risk management into the business. The level of risk control will be balanced by our continued encouragement of enterprise and innovation, with corporate governance being exercised through the regular measurement and reporting of our risk management processes.

### 2. Risk, control and assurance framework and responsibilities

The Company maintains a system of risk oversight, risk management and internal control over material business risks, including the accuracy of financial reporting. This is designed to provide reasonable assurance in all material respects of the implementation of the Board's financial reporting policies, the integrity of the Group's financial reporting and management of its material business risks within the Board-approved risk appetite. Similarly, the compliance management systems provide the same underpinning for the oversight and management of material compliance risks.

### **3. Responsibility**

Responsibility for risk management is shared across the Company.

#### **3.1 Board of Directors**

The Board has overall responsibility for the Company's risk management systems. Specifically, the Board is responsible for reviewing, at least annually, the policies and procedures on risk oversight and management and satisfying itself that any service provider to the Company have has developed and implemented a sound system of risk management and internal control to meet prudential and statutory requirements.

The Board is also responsible for approving this Risk Management Policy and determining the overarching risk appetite of the Company.

#### **3.2 Audit & Risk Management Committee**

The Audit & Risk Management Committee will assist the Board by overseeing the group's risk profile and is responsible for overseeing management's actions in the identification, management and reporting of material business risks.

### **4. Review**

This policy will be reviewed annually or earlier if required by a change in circumstances.

## **Schedule 4 – Audit and Risk Committee Charter**

### **1. Purpose and authority**

#### **1.1 Purpose**

The purpose of this Audit and Risk Committee Charter is to formalise in accordance with the Constitution of Security Matters Ltd. (ACN 626 192 998) (**Company**) the authority delegated to the Audit and Risk Committee (**Committee**) by the board of directors of the Company (**Board**) and to set out the role, responsibilities, membership and operation of the Committee.

#### **1.2 Authority**

The Committee is a committee of the Board established in accordance with the Company's Constitution and authorised by the Board to assist it in fulfilling its statutory, fiduciary and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this charter and granted to it pursuant to any separate resolutions of the Board from time to time.

### **2. Role of the committee**

#### **2.1 General roles of the Committee**

The roles of the Committee are to:

- (a) assist the Board achieve its governance objectives in relation to:
  - (i) financial reporting;
  - (ii) the application of accounting policies;
  - (iii) business policies and practices;
  - (iv) legal and regulatory compliance; and
  - (v) internal control and risk management systems;
- (b) maintain and improve the quality, credibility and objectivity of the financial accountability process (including financial reporting on a consolidated basis);
- (c) promote a culture of compliance within the Company and the Board;
- (d) provide a forum for communication between the Board and management of the Company in relation to audit and compliance matters (including those matters set out in this paragraph 2);
- (e) ensure effective external audit functions and communication between the Board and the external auditor; and
- (f) review and comment on management's plans for managing the material risks faced by the Company from time to time.

#### **2.2 External financial reporting**

The responsibilities of the Committee in respect of external financial reporting are:

- (a) engaging in the proactive oversight of the Company's financial reporting and disclosure processes and overseeing and reviewing the outputs of that process;
- (b) assessing the appropriateness and application of the Company's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework;
- (c) assessing any significant estimates or judgments in the financial reports of the Company;
- (d) approving the terms of engagement with the Company's external auditor at the beginning of each financial year;
- (e) assessing information from the external auditor that may affect the quality of the Company's financial reports;
- (f) discussing any draft audit opinion letter and management letter with the external auditors before it is finalised;
- (g) obtaining, as required from time to time, independent judgment and opinion from the external auditor about:
  - (i) the acceptability and appropriateness of accounting policies and principles put forward by management; and
  - (ii) the clarity of current or proposed financial disclosure practices as put forward by management;
- (h) regularly reviewing with the external auditor:
  - (i) the scope of any external audit;
  - (ii) identified risk areas and mitigation strategies; and
  - (iii) any other agreed procedures;
- (i) approving policies and procedures for appointing or removing an external auditor and for external audit engagement partner rotation;
- (j) recommending to the Board for approval, the appointment or removal of an external auditor;
- (k) recommending to the Board for approval, the remuneration of the external auditor as appropriate (from time to time) and in doing so ensuring that the external auditor:
  - (i) lacks any current or past connection or association with the Company or with any member of senior management of the Company which could in any way impair, or be seen to carry with it any risk of impairing the independence of any review the external auditor is appointed to undertake in relation to the Company;
  - (ii) has demonstrated a robust reputation for independence, probity and professional standing within the business community; and
  - (iii) possesses knowledge of the industry within which the Company operates;
- (l) regularly reviewing the performance, effectiveness and independence of the external auditor, including annual receipt of an independence report from the external auditor;

- (m) approving the types of non-audit services that the external auditor may provide without impairing or appearing to impair the external auditor's independence;
- (n) meeting periodically with the external auditors and, if considered appropriate, inviting them to attend Committee meetings to:
  - (i) review their plans for carrying out internal control reviews; and
  - (ii) consider any comments made in the external auditor's management letter, and in particular, any comments about material weaknesses in internal controls and management's response to those matters;
- (o) reviewing and approving as required, documents and reports to regulators;
- (p) following up on any matter raised by the Board regarding financial reports, audit opinions and management letters;
- (q) establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls and auditing matters, and procedures for the confidential, anonymous submission of concerns regarding accounting and auditing matters;
- (r) reviewing management processes supporting external reporting, and any complaints or concerns raised internally regarding financial or accounting processes and practices;
- (s) ensuring that procedures are in place designed to verify the existence and effectiveness of accounting and financial systems and other systems of internal control which relate to financial risk management; and
- (t) any other responsibilities as determined by the Board from time to time.

### **2.3 Risk management**

The Company does not have an internal audit function. Accordingly, the responsibility of evaluating and improving the effectiveness of the Company's risk management and internal control processes rests primarily with the Committee.

Specifically, the Committee's responsibilities in respect of risk management are:

#### ***Risk management and internal compliance and control systems***

- (a) overseeing the establishment and implementation of risk management and control systems and ensuring that there is a mechanism for assessing the ongoing efficiency and effectiveness of those systems;
- (b) reviewing and approving policies and procedures on risk oversight and management to establish an effective and efficient system for:
  - (i) identifying, assessing, monitoring and managing risk; and
  - (ii) disclosing any material change to the Company's risk profile;
- (c) receiving reports concerning the Company's material risks in order to assess the internal processes for determining, monitoring and managing these risks and to monitor the risk profile of the Company;

#### ***Disclosure and reporting***



- (d) ensuring that there is an established a comprehensive process to capture all information that must be disclosed to ASX and any other applicable stock exchanges or regulatory authorities; and
- (e) reviewing the processes for ensuring and monitoring compliance with all laws, regulations and other requirements relating to the external reporting of financial and non-financial information.

## **2.4 Other responsibilities**

The other responsibilities of the Committee are:

- (a) assessing and recommending to the Board for adoption the scope, cover and cost of insurance, including insurance relating to directors and officers liability, Company reimbursement and professional indemnity;
- (b) if it considers appropriate, investigating any complaint or allegation made to it; and
- (c) any other responsibilities as determined by the Board from time to time.

## **3. Membership**

### **3.1 Composition and size**

In accordance with Australian law, the Committee is appointed by the Board and will consist of at least three members, a majority of which must be independent and non-executive directors. The Company will disclose the members of the Committee.

Each member of the Committee must be able to read and understand financial statements. Each member of the Committee should have an understanding of the industry in which the Company operates. Each member is expected to possess adequate regulatory and industry knowledge to carry out his or her responsibilities as a member of the Committee. Each member must be free from any interest, business or other relationship which, in the opinion of the Board, could, or could reasonably be perceived to, materially interfere with the exercise of his or her independent judgment as a member of the Committee.

### **3.2 Chairman**

The chairman of the Committee must not be the chairman of the Board and must be an independent non-executive director. If, for a particular Committee meeting, the Committee chairman is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a chairman for the meeting.

### **3.3 Secretary**

The Company secretary is the secretary of the Committee.

## **4. Committee meetings and process**

### **4.1 Meetings**

Meetings and proceedings of the Committee are governed by the provisions in the Company's Constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this charter.

Committee members may attend meetings in person or by electronic means.

#### **4.2 Frequency and calling of meetings**

The Committee will meet as frequently as required to perform its functions and at least annually.

The chairman must call a meeting of the Committee if requested by any member of the Committee. The Company will disclose in relation to each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings.

In cases where circumstances make it impractical to convene and hold a meeting, the Committee may pass resolutions by each member signing a circular resolution.

#### **4.3 Quorum**

Two members constitute a quorum for meetings of the Committee.

#### **4.4 Attendance by officers and advisers**

The Committee chairman may invite any other directors of the Company who are not members of the Committee and external advisers to attend meetings of the Committee.

#### **4.5 Notice, agenda and documents**

Unless otherwise agreed or considered necessary by the chairman, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting documentation, will be circulated by the secretary to each Committee member and any other individual invited to attend, not less than seven days before the meeting.

#### **4.6 Minutes**

The secretary will keep minute books to record the proceedings and resolutions of Committee meetings, including the names of those present.

The chairman of the Committee, or delegate, will report to the Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

The Committee must refer any matter of significant importance to the Board for its consideration and attention.

#### **4.7 Access to information and advisers**

The Committee has direct and unlimited access to all resources necessary to discharge its duties and responsibilities, including engaging counsel or other experts as it considers appropriate. This may include requesting management or external consultants to provide information to the Committee.

The Committee also has the authority to conduct or direct any investigation required to fulfil its responsibilities.

### **5. Delegation**

The Committee may delegate any of its powers and responsibilities as the Committee thinks appropriate for the administration of director, senior executive and employee share, option or other plans, to senior management.

## **6. Committee's performance evaluation**

The Company secretary will facilitate a review of the performance of the Committee annually in accordance with processes established by the Board and will report the findings of that review to the Committee and the Board.

The performance evaluation will have regard to, amongst other matters, the extent to which the Committee has met its responsibilities in terms of this charter.

Committee members must be available to meet with external bodies if requested to do so in accordance with relevant laws, regulations or prudential standards.

## **7. Review and publication of the charter**

The Committee will review this charter annually to keep it up to date and consistent with the Committee's authority, objectives and responsibilities and report to the Board any changes it considers should be made. This charter may be amended by resolution of the Board.

This charter will be made available on the Company's website and the key features will be published in the Company's annual report.

## Schedule 5 – Remuneration and Nomination Committee Charter

### 1. Purpose and authority

#### 1.1 Purpose

The purpose of this Remuneration and Nomination Committee Charter is to specify the authority delegated to the Remuneration and Nomination Committee (**Committee**) by the board of directors of Security Matters Ltd (ACN 626 192 998) (**Company**) (**Board**) and to set out the role, responsibilities, membership and operation of the Committee.

#### 1.2 Authority

The Committee is a committee of the Board established in accordance with Article 25.14 of the Company's Constitution and authorised by the Board to assist it in fulfilling its statutory, fiduciary and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this charter and granted to it under any separate resolutions of the Board from time to time.

### 2. Role of the committee

The Committee assists and advises the Board regarding:

- (a) director selection and appointment practices;
- (b) induction and continuing professional development programs for directors;
- (c) director performance evaluation processes and criteria;
- (d) Board composition; and
- (e) succession planning for the Board,

to ensure that the Board is of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of the Company as a whole.

The Committee assists and advises the Board on remuneration and other human resources policies and practices of the Company. The policies and practices are designed to:

- (a) enable the Company to attract, retain and motivate directors who will create value for shareholders within an appropriate risk management framework, by providing remuneration packages that are equitable, externally competitive and aligned with the long-term interests of the Company and its shareholders;
- (b) be fair and appropriate having regard to the performance of the Company and the relevant director;
- (c) ensure any termination benefits are justified and appropriate; and
- (d) comply with relevant legal requirements.

### 3. Nomination responsibilities

The Committee is responsible for:

- (a) formulating a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership;
- (b) identifying and making recommendations regarding the necessary and desirable competencies of directors, which include a range of skills, knowledge and experience to:
  - (i) understand collectively the risks to the Company;
  - (ii) understand the Company's legal and prudential obligations;
  - (iii) oversee effectively the management of the Company; and
  - (iv) contribute effectively to the Board's deliberations and processes;
- (c) developing and reviewing the process for the selection, appointment and re-election of directors, and making recommendations to the Board by:
  - (i) evaluating the balance of skills, experience, independence, knowledge and diversity of directors sitting on the Board;
  - (ii) undertaking appropriate checks before putting forward a candidate for appointment or election as a director; and
  - (iii) ensuring that all regulatory requirements (including any requirements of the Australian Securities Exchange) are satisfied in respect of the structure and composition of the Board;
- (d) giving consideration to the length of time a director has served on the Board and whether this could affect his or her ability to perform his or her duties and identifying ways to ensure the composition of the Board facilitates it remaining open to new ideas and independent thinking;
- (e) making recommendations regarding the size of the Board to ensure that that the size encourages efficient decision making;
- (f) providing shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director;
- (g) ensuring the Company undertakes appropriate checks before appointing a person, or putting forward to shareholders a candidate for election, as a director;
- (h) developing, implementing and reviewing director induction programs and continuing education measures to enhance director competencies and to update and enhance directors' knowledge and skills including in respect of financial literacy and key developments affecting the Company and the industry and environment in which it operates in order to develop and maintain the skills and knowledge needed to perform their role as directors effectively;
- (i) reviewing Board succession plans and processes and being conscious of each director's tenure, to maintain an appropriate balance of skills, experience, expertise and diversity;
- (j) implementing a formal and rigorous process (including considering whether to use external facilitators) to evaluate the performance of the chairman, Board, Board committees, individual directors and addressing issues that may arise from the review; and
- (k) reviewing and making recommendations in relation to any corporate governance issues as requested by the Board from time to time.

## 4. Remuneration

### 4.1 General

- (a) The Committee is responsible for developing, reviewing and making recommendations to the Board regarding:
  - (i) the ongoing appropriateness and relevance of the remuneration framework for the chairman and the non-executive directors and the process by which any pool of directors' fees approved by shareholders is allocated to directors;
  - (ii) the Company's training, education and development programs and policies (if any);
  - (iii) organisational engagement and cultural matters;
  - (iv) superannuation arrangements for directors;
  - (v) the remuneration report prepared in accordance with the *Corporations Act 2001* (Cth) for inclusion in the annual directors' report; and
  - (vi) shareholder and other stakeholder engagement in relation to the Company's remuneration policies and practices.
- (b) The Committee is also responsible for monitoring and providing input to the Board regarding:
  - (i) legislative, regulatory or market developments likely to have a significant impact on the Company in respect of employment issues;
  - (ii) industrial relations strategies including awards and enterprise bargaining agreements; and
  - (iii) the Company performance in relation to health and safety matters.

### 4.2 Incentive schemes and equity based remuneration

For any incentive schemes or equity based plans which are adopted, the Committee is responsible for:

- (a) reviewing their terms (including any eligibility criteria and performance hurdles) and any amendments to those terms;
- (b) overseeing their administration;
- (c) considering whether shareholder approval is required or desirable for the schemes or plans and for any changes to them; and
- (d) ensuring that payments and awards of equity are made in accordance with their terms and any shareholder approval.

### 4.3 Structure of remuneration

In fulfilling these responsibilities, the Committee will ensure that:

- (a) remuneration is set at a level which:
  - (i) is competitive, equitable and designed to attract and retain high quality personnel;

- (ii) promotes diversity, equal opportunity and ethical behaviour;
  - (iii) motivates executives to pursue long-term growth of the Company;
  - (iv) establishes a clear relationship between director's performance and their remuneration; and
  - (v) aligns performance with the Company's strategy and is structured in a manner designed to link rewards to corporate and individual performance (reflecting short and long term performance objectives appropriate to the Company's circumstances and goals);
- (b) a clear distinction is maintained between the structure of non-executive directors' remuneration and that of executive directors;
  - (c) any engagement of a remuneration consultant is approved by the Board or the Committee and the remuneration consultant must report its recommendation directly to either or both of the members of the Board (other than an executive director) or members of this Committee;
  - (d) the Committee and the Board are satisfied with the arrangements put in place to ensure that any remuneration recommendation made by the remuneration consultant is made free from undue influence from any member of the key management personnel to whom the recommendation relates; and
  - (e) the Committee provides the Board with information sufficient to ensure that the Board makes an informed decision in relation to the Committee's recommendations.

## **5. Membership**

### **5.1 Composition and size**

The Committee is appointed by the Board and will consist of at least three members, a majority of whom are independent directors. The Company will disclose the members of the Committee.

Each member must be free from any interest, business or other relationship which, in the opinion of the Board, could, or could reasonably be perceived to, materially interfere with the exercise of his or her independent judgment as a member of the Committee.

Each member is expected to possess adequate regulatory and industry knowledge to carry out his or her responsibilities as a member of the Committee.

### **5.2 Chairman**

The chairman of the Committee will be an independent director. If, for a particular Committee meeting, the Committee chairman is not present within 10 minutes of the nominated starting time of the meeting, the Committee may elect a chairman for the meeting.

### **5.3 Secretary**

The company secretary is the secretary of the Committee.

## **6. Committee meetings and process**

### **6.1 Meetings**

Meetings and proceedings of the Committee are governed by the provisions in the Company's Constitution regulating meetings and proceedings of the Board and committees of the Board in so far as they are applicable and not inconsistent with this charter.

Committee members may attend meetings in person or by electronic means.

## **6.2 Frequency and calling of meetings**

The Committee will meet as frequently as required to perform its functions and at least annually.

The chairman must call a meeting of the Committee if requested by any member of the Committee. The Company will disclose in relation to each reporting period, the number of times the Committee met throughout the period and the individual attendances of the members at those meetings.

In cases where circumstances make it impractical to convene and hold a meeting, the Committee may pass resolutions by each member signing a circular resolution.

## **6.3 Quorum**

Two directors constitute a quorum for meetings of the Committee.

## **6.4 Conflicts**

No member of the Committee will participate in the determination of their own remuneration or the specific remuneration policies that are applicable to them.

## **6.5 Attendance by officers and advisers**

The Committee chairman may invite other officers of the Company who are not members of the Committee and external advisers to attend meetings of the Committee.

## **6.6 Notice, agenda and documents**

Unless otherwise agreed or considered necessary by the chairman, notice of each meeting confirming the venue, date and time together with an agenda of items to be discussed and supporting documentation, will be circulated by the secretary to each Committee member and any other individual invited to attend, not less than seven days before the meeting.

## **6.7 Minutes**

The secretary will keep minute books to record the proceedings and resolutions of Committee meetings, including the names of those present.

The chairman of the Committee, or delegate, will report to the Board after each Committee meeting. Minutes of Committee meetings will be included in the papers for the next Board meeting after each Committee meeting.

The Committee must refer any matter of significant importance to the Board for its consideration and attention.

## **6.8 Access to information and advisers**

The Committee has direct and unlimited access to all resources necessary to discharge its duties and responsibilities, including engaging counsel or other experts as it considers appropriate. This may include requesting management or external consultants to provide information to the Committee.



The Committee also has the authority to conduct or direct any investigation required to fulfil its responsibilities.

## **7. Reporting and disclosure**

The Committee will liaise with the Audit and Risk Committee in relation to the Company's remuneration related reporting in the financial statements and remuneration report required by the Corporations Act and other applicable laws.

The Committee will approve an annual remuneration report containing information on the Company's remuneration policy, practices, attendance at and frequency of Committee meetings and make recommendations to the Board for the inclusion of the remuneration report in the Company annual report.

The Committee will ensure that all applicable governance, accounting and legal requirements regarding disclosure of remuneration, in all forms, are complied with.

The Committee chairman will attend the Company annual general meetings prepared to respond to any shareholder questions on the Committee's activities.

## **8. Delegation**

The Committee may delegate any of its powers and responsibilities as the Committee thinks appropriate.

### **8.1 Committee's performance evaluation**

The Company Secretary will facilitate a review of the performance of the Committee annually in accordance with processes established by the Board and will report the findings of that review to the Committee and the Board.

The performance evaluation will have regard to, amongst other matters, the extent to which the Committee has met its responsibilities in terms of this charter.

Committee members must be available to meet with external bodies if requested to do so in accordance with relevant laws, regulations or prudential standards.

## **9. Review and publication of the charter**

The Committee will review this charter from time to time to keep it up to date and consistent with the Committee's authority, objectives and responsibilities and report to the Board any changes it considers should be made. This charter may be amended by resolution of the Board.

This charter will be made available on the Company website and the key features will be published in the Company annual report.

## Schedule 6 – Security Trading Policy

### 1. Purpose

#### 1.1 Introduction

Security Matters Ltd. (ACN 626 192 998) (**Company**) is committed to ensuring that public confidence is maintained in the Company, its people and the trading of its securities. This policy sets out the Company's trading policy on buying and selling securities of the Company including shares, options, derivatives, managed investment products, superannuation products and any other financial products of the Company that are able to be traded on a financial market (**Company's Securities**).

#### 1.2 Who does this policy apply to?

This policy applies as follows:

- (a) part 2 (insider trading laws) and part 7 (confidentiality) apply to everyone (including all directors, officers, contractors, family and associates);
- (b) parts 3 to 6 (trading policy) apply to all directors and officers of the Company and any controlled entities (**Group**) and any other persons designated by the board of directors (**Board**) from time to time (each a **Designated Person**); and
- (c) paragraph 3.7 (**associates**) applies our trading policy to the family and associates of Designated Persons as specified in that paragraph.

#### 1.3 Further advice

If you do not understand any aspect of this trading policy, or are uncertain whether it applies to you or your family or associates, please contact the Company Secretary. You may wish to obtain your own legal or financial advice before dealing in the Company's Securities.

## 2. Insider trading prohibitions under the Corporations Act

### 2.1 What are the insider trading prohibitions?

Under the *Corporations Act 2001* (Cth) (**Corporations Act**), if you have Inside Information (as defined in paragraph 2.2 below) relating to the Company it is illegal for you to:

- (a) deal in (that is, apply for, acquire or dispose of) the Company's Securities or enter into an agreement to do so;
- (b) procure another person to apply for, acquire or dispose of the Company's Securities or enter into an agreement to do so; or
- (c) directly or indirectly communicate, or cause to be communicated, that information to any other person if you know, or ought reasonably to know, that the person would or would be likely to use the information to engage in the activities specified in paragraphs (a) or (b) above.

The prohibitions also apply to the application for, grant, exercise or transfer of an option over the Company's Securities, and to the securities of other entities if you possess Inside Information about those entities.

It does not matter how or in what capacity you become aware of the Inside Information. It does not have to be obtained from the Company to constitute Inside Information.

You cannot avoid the insider trading prohibition by arranging for a member of your family or a friend to deal in the Company's Securities nor may you give "tips" concerning Inside Information relating to the Company to others.

## 2.2 What is Inside Information:

"**Inside Information**" is information relating to the Company which is not generally available but, if the information were generally available, would be likely to have a material effect on the price or value of the Company's Securities. Inside Information can include matters of speculation or supposition and matters relating to intentions or likely intentions of a person.

Information is regarded as being likely to have a material effect if it would, or would be likely to, influence persons who commonly invest in securities or other traded financial products in deciding whether or not to deal in the Company's Securities.

Examples of Inside Information could be:

- (a) the financial performance of the Company against its budget;
- (b) changes in the Company actual or anticipated financial condition or business performance;
- (c) changes in the capital structure of the Company, including proposals to raise additional equity or borrowings;
- (d) proposed changes in the nature of the business of the Company;
- (e) changes to the Board or significant changes in key management personnel;
- (f) an undisclosed significant change in the Company's market share;
- (g) likely or actual entry into, or loss of, a material contract;
- (h) material acquisitions or sales of assets by the Company;
- (i) proposed dividend or other distribution or a change in dividend policy; or
- (j) a material claim against the Company or other unexpected liability.

## 2.3 When is information generally available?

Information is generally available if:

- (a) it consists of readily observable matter or deductions;
- (b) it has been brought to the attention of investors through an announcement to ASX Limited (**ASX**) or otherwise similarly brought to the attention of investors who commonly invest in securities, and a reasonable period has elapsed since it was announced or brought to investors' attention; or
- (c) it consists of deductions, conclusions or inferences made or drawn from information referred to in paragraphs (a) or (b) above.

Examples of possible readily observable matters are:

- (d) a change in legislation which will affect the Company's ability to make certain types of investments or conduct certain activities; or
- (e) a severe downturn in global securities markets.

## 2.4 Penalties

Breach of the insider trading laws may subject you to:

- (a) criminal liability – penalties include heavy fines and imprisonment;
- (b) civil liability – you can be sued by another party or the Company for any loss suffered as a result of illegal trading activities; and
- (c) civil penalty provisions – the Australian Securities and Investment Commission (**ASIC**) may seek civil penalties against you and may even seek a court order that you be disqualified from managing a corporation.

Breach of the law, this policy, or both, will also be regarded by the Company as serious misconduct which may lead to disciplinary action or dismissal.

## 3. No dealing in Prohibited Periods

### 3.1 Prohibited Periods

Designated Persons must not deal in the Company's Securities during the following prohibited periods (except in accordance with this Policy):

- (a) from the day of the first quarter year end (or if that day is not a trading day, the previous trading day) to the close of trading on the business day after the Company's first quarter results are announced to ASX;
- (b) from the day of the half year end (or if that day is not a trading day, the previous trading day) to the close of trading on the business day after the Company's half yearly results are announced to ASX;
- (c) from the day of the third quarter year end (or if that day is not a trading day, the previous trading day) to the close of trading on the business day after the Company's third quarter results are announced to ASX;
- (d) from the day after the financial year end (or if the day is not a trading day, the previous trading day) to the close of trading on the business day after the Company's annual results are announced to ASX;
- (e) from 28 days before, to the close of trading on the business day after, the Company's annual general meeting;
- (f) from 28 days before a prospectus or similar disclosure document is lodged by the Company with ASX; and
- (g) any extension to a closed period, and any additional period, as specified by the Board of Directors,

each a Prohibited Period.

Designated Persons may deal in the Company's Securities at other times subject to complying with insider trading prohibitions (see part 2 above) and the requirements of this policy.

### 3.2 Prior notification

If a Designated Person proposes to deal in the Company's Securities (including entering into an agreement to deal) at any time they must first give:

- (a) written notice of their intention to the Notification Officer below:
  - (i) Chairman of the Board for all directors and alternate directors of the Company (other than the chairman of the Board) and the Company Secretary;
  - (ii) Board of Directors for the Chairman of the Board; and
  - (iii) Company Secretary for all other Designated Persons (**Notification Officer**); and
- (b) confirmation that you are not in possession of Inside Information.

The relevant Notification Officer may appoint a delegate to act on his or her behalf in the case of temporary absence.

### 3.3 Confirmation

Before dealing in the Company's Securities, the Designated Person must receive a confirmation signed by the Notification Officer.

A confirmation expires five days from its date, unless it specifies a different expiry date.

A confirmation confirms that the proposed dealing by the Designated Person is within the terms of the trading policy but does not otherwise constitute approval or endorsement by the Company or the Notification Officer for the proposed dealing. Even if a confirmation is granted, a Designated Person remains personally responsible for assessing whether the insider trading prohibitions or other legal restrictions apply to them.

### 3.4 Notification of dealing

In addition to providing advance notice under paragraph 3.2, Designated Persons must confirm in writing to the relevant Notification Officer, within three business days from when the dealing in the Company's Securities has occurred, the number of the Company's Securities affected and the relevant parties to the dealing.

### 3.5 Register

A register of notifications and clearances is to be kept by the Notification Officer.

A register of Designated Persons interests in the Company's Securities is to be kept by the Notification Officer.

### 3.6 Securities of other entities

The Chairman may extend this policy by specifying that Designated Persons are also restricted from dealing in the securities of other specified entities with which the Company may have a close relationship.

### 3.7 Associates

This policy also applies to associates of Designated Persons, except for paragraphs 3.2 to 3.4 regarding prior notification, confirmation and notification of dealing. A Designated Person must communicate on behalf of their associate with the Notification Officer for the purposes of this policy.

"**Associates**" of a Designated Person includes their family members, trusts, companies, nominees and other persons over whom a Designated Person has, or may be expected to have, investment control or influence. If you are in doubt as to whether a person is an associate, you should contact the Company Secretary who will make a determination on the issue.

#### 4. **Exceptional circumstances**

A Designated Person may request, and the Notification Officer may give, prior confirmation for the Designated Person to:

- (a) deal in the Company's Securities during a Prohibited Period; or
- (b) dispose of the Company's Securities even if otherwise prohibited under part 6,

if there are exceptional circumstances (except if this would breach the insider trading prohibitions).

Exceptional circumstances may include:

- (a) severe financial hardship (for example, a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant the Company's Securities);
- (b) requirements under a court order or court enforceable undertakings or other legal or regulatory requirements; or
- (c) other exceptional circumstances as determined by the Chairman (or the Board of Directors where the Chairman is involved).

If the Notification Officer has any doubt in making a determination of exceptional circumstances, they should exercise the discretion with caution.

The requirements of paragraphs 3.2 to 3.4 must be complied with regarding prior notification, confirmation and notification of dealing.

#### 5. **Permitted dealings**

The following types of dealing are excluded from the operation of part 3 of this policy and may be undertaken at any time without requiring prior notification, approval or confirmation of dealing, subject to the insider trading prohibitions:

- (a) (**superannuation**) transfers of securities which are already held in a superannuation fund in which the Designated Person is a beneficiary;
- (b) (**third parties**) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Company's Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) (**other trustees**) where a Designated Person is a trustee, trading in the Company's Securities by the respective trust provided the Designated 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 Designated Person;
- (d) (**takeover**) undertakings to accept, or the acceptance of, a takeover offer;
- (e) (**rights offers, SPPs, DRPs and buy-backs**) trading 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 Company's 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;

- (f) **(lender disposal)** a disposal of the Company's Securities that is the result of a secured lender exercising their rights, however, this does not extend to disposal under a margin lending agreement where such agreements are prohibited by this policy;
- (g) **(trading plan)** trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this policy and where:
  - (i) the Designated Person did not enter into the plan or amend the plan during a Prohibited Period; and
  - (ii) the trading plan does not permit the Designated Person to exercise any influence or discretion over how, when, or whether to trade,

however, this policy does not allow the Designated Person to cancel the trading plan or cancel or otherwise vary the terms of this participation in the trading plan during a Prohibited Period other than in exceptional circumstances;

- (h) **(dividend reinvestment plan)** acquiring the Company's Securities under the terms of the Company's dividend reinvestment plan;
- (i) **(bonus issues)** acquiring the Company's Securities under a bonus issue made all holders of the Company's Securities of the same class;
- (j) **(no change in beneficial interest)** trading the Company's Securities where the trading results in no change in beneficial interest in the Company's Securities. However, the requirements of paragraphs 3.2 to 3.4 must be complied with;
- (k) **(transfer to SMSF)** transferring the Company's Securities already held into a self-managed superannuation fund in which the Designated Person is a beneficiary; and
- (l) **(subscription under disclosure document)** subscribing for the Company's Securities under a disclosure document.

## 6. Further restrictions

### 6.1 No margin lending

Designated Persons are not permitted to enter into margin lending arrangements in relation to the Company's Securities. This is on the grounds that the terms may require the Company's Securities to be sold during a Prohibited Period or when the Designated Person possesses inside information.

This restriction does not extend to other funding arrangements where the Company's Securities may be included as security. Designated Persons should consult the Company Secretary if they are uncertain as to whether an arrangement should be classified as a margin lending arrangement.

### 6.2 No short term or speculative trading

The Company encourages Designated Persons to be long term investors in the Company.

Designated Persons must not engage in short term or speculative trading in the Company's Securities or in financial products associated with the Company's Securities. Short term means in less than a 12 month period.

Designated Persons are not permitted to engage in short selling of the Company's Securities.

### **6.3 No hedging**

Subject to law, Designated Persons must not:

- (a) enter into transactions or arrangements with anyone which could have the effect of limiting their exposure to risk relating to an element of their remuneration that:
  - (i) has not vested; or
  - (ii) has vested but remains subject to a holding lock; or
- (b) deal at any time in financial products associated with the Company's Securities, except for the type of dealing permitted by law or under part 5.

### **6.4 Meaning of financial products**

For the purposes of this part, financial products includes derivatives, options, warrants, futures, forward contracts, swaps and contracts for difference issued or created over or associated with the Company's Securities by third parties.

## **7. Confidential Information**

You must treat all sensitive, non-public information (**Confidential Information**) about the Company as confidential and belonging to the Company. You must not disclose Confidential Information to others (including family members, relatives, business or social acquaintances) except as authorised or legally required. You must avoid inadvertent or indirect disclosure of Confidential Information. Even within the Company, Confidential Information should be distributed to or discussed with others only on a need-to-know basis, and those people must be told that the information is confidential. Be careful that your conversations are not overheard in elevators, aeroplanes or other public places. Do not leave Confidential Information on conference tables, desks or otherwise unguarded. Take whatever steps are reasonably necessary to keep Confidential Information from being disclosed, except as authorised or legally required.

## **8. Review and publication of this policy**

The Board will review this policy periodically to ensure it remains relevant to the current needs of the Company. This policy may be amended by resolution of the Board.

This policy is available on the Company's website and the key features are published in the annual report or a link to the governance section of the website.



## Schedule 7 – Disclosure and Communication Policy

### 1. Purpose

#### 1.1 The Company's commitment to disclosure and communication

Security Matters Ltd (ACN 626 192 998) (**Company**) is committed to the objective of promoting investor confidence and the rights of shareholders by:

- (a) complying with the continuous disclosure obligations imposed by law;
- (b) ensuring that market releases are presented in a factual, clear and balanced way;
- (c) ensuring that all shareholders have equal and timely access to material information concerning the Company; and
- (d) communicating effectively with shareholders and making it easy for them to participate in general meetings.

#### 1.2 Policy scope

This policy outlines corporate governance measures adopted by the Company to further these commitments. It seeks to incorporate and reflect:

- (a) the disclosure obligations contained in the ASX Listing Rules;
- (b) Principle 5 (Make timely and balanced disclosure) and Principle 6 (Respect the rights of security holders) of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations; and
- (c) the principles in Guidance Note 8 (Continuous Disclosure: Listing Rules 3.1 – 3.1B) issued by the ASX.

#### 1.3 Authority

The Committee is a committee of the Board established in accordance with Article 25.14 of the Company's Constitution and authorised by the Board to assist it in fulfilling its statutory, fiduciary and regulatory responsibilities. It has the authority and power to exercise the role and responsibilities set out in this charter and granted to it under any separate resolutions of the Board from time to time.

### 2. Application of this policy

This policy applies to all Officers of the Company.

Disclosure and materiality guidelines that are intended to complement this policy are contained in the Disclosure and Communication Procedures (the **Procedures**).

### 3. Continuous disclosure reporting obligations

#### 3.1 What is the Company's continuous disclosure obligation?

- (a) The Company is listed on the ASX and complies with the continuous disclosure obligations in the ASX Listing Rules. These obligations have the force of law under the Corporations Act and civil and criminal penalties may result from a breach for the company and individuals.

- (b) Once the Company becomes aware of any market sensitive information regarding the Company, it must immediately tell the ASX that information, unless an exception applies at that time.

### **3.2 When is the Company aware of information?**

The ASX Listing Rules state that the Company becomes aware of information if an Officer has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an Officer of the Company.

### **3.3 What does “immediately mean”?**

“Immediately” means “promptly and without delay”. The standard of promptness expected by the market, the ASX and ASIC is very high; “promptly and without delay” means doing something as quickly as it can be done in the circumstances (acting promptly) and not deferring, postponing or putting it off to a later time (acting without delay).

### **3.4 What is “market sensitive information”?**

Market sensitive information is information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company securities. A reasonable person will be taken to have that expectation if the information would, or would be likely to, influence investors in deciding whether to buy, hold or sell the Company securities.

“Information” is given a broad meaning under the ASX Listing Rules and extends beyond facts to matters of opinion and intention.

### **3.5 What is “material”?**

What is material depends on the Company’s business activities, size and place in the market.

A matter may be material even if there is little impact on the Company’s financial position and/or financial prospects. For example, the matter may have a significant impact on the Company’s reputation or perception of the Company’s strategy. In determining whether information was market sensitive, the ASX looks at the effect that the relevant information had on the market price when it was finally announced to the market. The ASX will generally apply the following materiality guidelines in assessing whether information was market sensitive:

- (a) if the market price of a security has moved 5% or less: the ASX generally regards this as confirmation that the information was not market sensitive;
- (b) if the market price of a security has moved 10% or more: the ASX generally regards the information as market sensitive and refer the potential breach to ASIC; or
- (c) if the market price of a security has moved between 5 and 10%: the ASX has regard to various factors to determine whether the information was market sensitive, including the nature and significance of the information, and the market capitalisation of the entity.

These are guidelines only and may not apply in all circumstances.

## **4. Disclosure roles and responsibilities**

### **4.1 How is a decision about disclosure of information made?**

- (a) The Board has established a Disclosure Committee which (or in the absence of a Disclosure Committee, the Board) considers disclosures of potentially market sensitive information to

be made by the Company, and ensures that all potentially market sensitive information has been assessed for compliance with the Company's continuous disclosure obligations. The Disclosure Committee is governed by the Disclosure Committee Charter (set out in Annexure A) which sets out the roles, responsibilities and membership of the Committee.

- (b) A decision of the Disclosure Committee requires the approval of at least two Disclosure Officers.
- (c) Except as otherwise provided in this policy, all disclosures to the ASX of potentially market sensitive information are first approved by the Disclosure Committee. Routine administrative releases are approved by the Company Secretary (or their delegate).

#### **4.2 Matters requiring additional approval**

- (a) While recognising the need to ensure that market sensitive information is disclosed to the ASX promptly and without delay, approval is obtained in advance from the Board where the market release relates to the following significant matters:
  - (i) a material acquisition or disposal;
  - (ii) takeovers, mergers, de-mergers, restructures, schemes of arrangement and all other transactions involving a transfer of control or significant change in the nature or scale of the Company's activities;
  - (iii) share buybacks and capital reductions concerning the Company securities;
  - (iv) equity capital raisings for the Company;
  - (v) material market updates, including any earnings guidance for the Company or other releases regarding forecasts, or the future prospects of the Company;
  - (vi) interim and final results;
  - (vii) dividend policy and dividend determinations/declarations concerning the Company;
  - (viii) any matter in respect of which directors make a recommendation to the Company shareholders; and
  - (ix) any other matter that the Board determines to be a significant matter affecting the Company.
- (b) Unless the Board resolves otherwise in a specific instance, the Disclosure Committee may authorise non-material changes to market releases previously approved by the Board.
- (c) The Disclosure Committee may approve a release relating to a matter described in section Schedule 74.2(a) where that release merely provides that the Company has no information to disclose in respect of the relevant matter, unless the Disclosure Committee considers that the matter should be considered by the Chairman or the Board (if the Chairman is not a member of the Disclosure Committee), in which case the Chairman will be consulted or a Board meeting convened.
- (d) If the Disclosure Committee believes that a meeting of the Board to approve a proposed release to the ASX in relation to a significant matter described in section Schedule 74.2(a) cannot be convened within a timeframe that would allow the Company to comply with its continuous disclosure obligations:

- (i) the Disclosure Committee will seek approval of the proposed release from the Chairman of the Board or, where the Chairman cannot be contacted, the Chairman of the Audit and Risk Committee; or
- (ii) if neither the Chairman of the Board nor the Chairman of the Audit and Risk Committee can be contacted within the required timeframe, the Disclosure Committee will:
  - (A) approve the release for disclosure to the ASX, in which case the approved release must immediately be provided to each member of the Board; or
  - (B) recommend to the Company Secretary that a trading halt is requested until the Board can meet or the Chairman of the Board or the Chairman of the Audit and Risk Committee can be contacted.
- (e) A referral from the Disclosure Committee to the Board, Chairman or Chairman of the Audit and Risk Committee will be accompanied by:
  - (i) a recommendation by the Disclosure Committee that the proposed release be approved; and
  - (ii) confirmation that the Disclosure Committee is satisfied that an appropriate process of verification has occurred regarding the factual accuracy of the content of the proposed release and that there are no material omissions.

#### **4.3 Role and responsibilities of the Disclosure Committee and Company Secretary**

- (a) The role and responsibilities of the Disclosure Committee are set out in the Disclosure Committee Charter.
- (b) The Company Secretary (or their delegate) is responsible for day to day communication with the ASX in relation to ASX Listing Rule matters and also for the general administration of this policy.
- (c) The Company Secretary (or their delegate):
  - (i) seeks to ensure that the ASX is immediately notified of any information which needs to be disclosed;
  - (ii) reviews Board papers and other information referred to the Company Secretary for events that the Company Secretary considers may give rise to disclosure obligations; and
  - (iii) approves routine administrative market releases.

#### **4.4 Obligations of all officers and contractors**

- (a) This policy is made available to all officers and contractors.
- (b) Officers and contractors must refer any matter or event which may need to be disclosed to the ASX under this Policy to a member of the Disclosure Committee.

### **5. Disclosure matters generally**

#### **5.1 Inform the ASX first**

- (a) The Company will not release any information publicly that is required to be disclosed through the ASX until the Company has received formal confirmation of its release to the market by the ASX, unless otherwise permitted by the ASX Listing Rules.
- (b) Information is not to be given to the media before it is given to the ASX, even on an embargo basis.

## **5.2 Correcting a false market and market speculation**

- (a) Generally, the Company does not respond to market speculation or rumours unless a response is required by law or the ASX. 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 provide information to correct or prevent a false market, the Company will give the ASX the information needed to correct or prevent the false market.
- (b) The exceptions in Listing Rule 3.1A do not apply to requests from the ASX for information.
- (c) If any material information disclosed to the market becomes incorrect, the Company will release an announcement correcting or updating the information.

## **5.3 Trading halts and voluntary suspension**

- (a) If necessary, the Disclosure Committee may consider and request a trading halt from the ASX to prevent trading in the Company securities on an uninformed basis and to manage disclosure issues.
- (b) The Disclosure Committee may only make a request to the ASX for a voluntary suspension with the approval of the Board, the Chairman of the Board or the Chairman of the Audit and Risk Committee.

## **6. Market communication**

### **6.1 Website communication**

The Company posts on its website relevant market releases and related information, including slides and presentations to be used in analyst or media briefings, after this information has been given to the ASX and as soon as reasonably practicable following confirmation of release to the market by the ASX.

### **6.2 Analysts and institutional investors**

- (a) The Company may conduct briefings, meetings and telephone calls for analysts and institutional investors to discuss matters concerning the Company. The Board will determine from time to time which Board members or employees are authorised to speak with analysts and institutional investors.
- (b) The Company's policy regarding communications with analysts and institutional investors is that:
  - (i) only publicly available information or information which is not market sensitive is provided or referred to;
  - (ii) the Company does not comment on market sensitive issues not already disclosed to the market;

- (iii) any questions raised in relation to market sensitive issues not already disclosed to the market are not answered and are taken on notice; and
  - (iv) if a question is taken on notice and the answer would involve the release of market sensitive information, a response, if given, is released through the ASX before responding.
- (c) The Company's policy regarding group analyst and institutional investor briefings is that:
- (i) at least two of the Company representatives who have received training in respect of the Company's continuous disclosure obligations are in attendance;
  - (ii) Company representative in attendance makes a file note of each briefing with investors or analysts unless the event is webcast or a recording or transcript is added to the Company's website; and
  - (iii) at or after briefings, the Company representative who has prepared the file note ensures that a Disclosure Officer considers the matters discussed at the briefings to ascertain whether any market sensitive information was inadvertently disclosed. If so, the information is released to the market.

### **6.3 Analyst reports**

- (a) If requested, the Company may review analyst reports. The Company's policy is that it only reviews these reports to clarify historical information and correct factual inaccuracies (provided this can be achieved using information that has been disclosed to the market generally).
- (b) No comment or feedback will be provided on financial forecasts, including profit forecasts prepared by the analyst, or on conclusions or recommendations set out in the report. The Company communicates this policy whenever asked to review an analyst report.

### **6.4 Inadvertent disclosure or mistaken non-disclosure**

If market sensitive information is inadvertently disclosed or a director becomes aware of information which should be disclosed, a Disclosure Officer must be immediately contacted so that appropriate action can be taken including, if required, announcing the information through the ASX and then posting it on the Company's website.

## **7. Media relations and public statements**

### **7.1 Authorised spokespersons and public comments**

- (a) Media relations and general communications (other than communications to the ASX or with market participants) are the responsibility of the Chairman of the Board.
- (b) Other Officers may be authorised by the Chairman of the Board to speak to the media on particular issues or matters.

### **7.2 Inquiries and requests for information**

- (a) Any media inquiry that refers to market share, financial information or any matter which the recipient considers may be market sensitive is referred to the Disclosure Committee. All other significant enquiries or requests for information are referred to the Disclosure Officer.

### **7.3 Guidelines**

The guidelines outlined in this section are subject to any directions given by the Board, either generally or in a particular instance.

## **8. Shareholder communication**

### **8.1 Reports to shareholders**

The Company produces quarterly, half yearly and yearly financial reports and an annual report in accordance with Australian law, the ASX Listing Rules and applicable accounting standards. It seeks to give balanced and understandable information about the Company in its reports to shareholders.

### **8.2 The Company's website**

- (a) The Company's website contains information about the Company, including shareholder communications, market releases and related information. Investor information is posted in a separate section on the website from other material about the Company.
- (b) Relevant media releases, the Company financial data and the Company's charters and policies will also be available on the Company's website.
- (c) The website also provides information to assist shareholders in directing relevant inquiries to the Company's share registry.

### **8.3 Shareholder inquiries**

Any shareholder inquiry about a shareholding that is not resolved by the share registry is referred to the Company Secretary or their delegate.

### **8.4 Use of electronic communication and other technology**

- (a) Shareholders may elect to receive information by post rather than electronically. The Company will communicate electronically with shareholders who have not elected to receive information by post.
- (b) The Company may consider the use of other reliable technologies as they become widely available.

### **8.5 General meetings**

General meetings are used to communicate with shareholders and allow an opportunity for informed shareholder participation. Shareholders are encouraged to attend or, if unable to attend, to vote on the motions proposed by appointing a proxy or by any other means included in the notice of meeting. The Company conducts its general meetings in accordance with the Company's Constitution and the ASX Listing Rules.

### **8.6 Notices of meetings**

The form, content and delivery of notices of general meetings comply with the Company's Constitution, Australian law and ASX Listing Rules. Notices of meeting and accompanying explanatory notes will clearly, concisely and accurately set out the nature of the business to be considered at the meeting. The Company places notices of general meetings and accompanying explanatory material on the Company's website and provides them to shareholders as required under the Corporations Act.

### 8.7 Auditor to attend AGM

The external auditor will attend the annual general meeting and will be available to answer questions about the conduct of the audit and the preparation and content of the auditor's report.

### 8.8 Shareholder privacy

The Company recognises that privacy is important and will not disclose registered shareholder details unless required by law. Shareholder details are only used in accordance with applicable privacy laws.

## 9. Review and publication of this policy

The Disclosure Committee reviews this policy at least annually in accordance with the Disclosure Committee Charter, and reports to the Board any changes it considers should be made. This policy may only be amended by resolution of the Board.

This policy is available on the Company's website and the key features are published in the annual report.

## 10. Definitions

Term	Definition
ASX	ASX Limited or Australian Securities Exchange as appropriate
ASX Listing Rules	The Listing Rules published by ASX
Board	All directors on the Board of the Company
Company (if any)	Security Matters Ltd (ACN 626 192 998) and its controlled entities
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Disclosure Committee	The committee responsible for considering disclosures in accordance with the Disclosure and Communication Policy and the Disclosure Committee Charter, comprised of the Disclosure Officers
Disclosure Officers	Those individuals identified as Disclosure Officers in the Disclosure Committee Charter
Officer	Has the meaning given in section 9 of the Corporations Act and includes directors, company secretaries and senior managers of the Company
Procedures	The Company's Disclosure and Communications Procedures



## Annexure A Disclosure Committee Charter

### 11. Background

Pursuant to the Company's Disclosure and Communication Policy, and in accordance with its Constitution, the Company has established a Disclosure Committee which (or in the absence of a Disclosure Committee, the Board) is responsible for considering disclosures of potentially market sensitive information to be made by the Company, and providing assurance to the Board that all potentially market sensitive information has been assessed for compliance with the Company's continuous disclosure obligations. This document outlines the structure, role and responsibilities of the Disclosure Committee.

### 12. Membership

- (a) The Disclosure Committee consists of the following individuals, each a "Disclosure Officer":
  - (i) Company Secretary
  - (ii) At least 2 independent directors
- (b) The Company Secretary or their delegate is the secretary to the Disclosure Committee.
- (c) The Company Secretary may also invite other Officers and independent legal or technical advisers to attend Disclosure Committee meetings from time to time.

### 13. Role and responsibilities

The role of the Disclosure Committee is to support the Board to discharge the Company's disclosure obligations and ensure compliance with the Disclosure and Communication Policy.

Subject to any directions given by the Board (either generally or in a particular instance), the responsibilities of the Disclosure Committee include:

- (a) assessing the materiality of information which is potentially market sensitive;
- (b) deciding whether to disclose potentially market sensitive information to the market and approving the content and timing of the market release;
- (c) when approving announcements, ensuring such announcements are timely and are not misleading, do not omit material information and are presented in a clear, balanced and objective way;
- (d) referring any issue or announcement required to be approved by the Board under the Disclosure and Communication Policy to the Board for approval;
- (e) determining how the Company will respond to ASX in respect of a query to disclose information to prevent or correct a false market, a price query or a request to respond to speculation or to clarify a matter;
- (f) reviewing the Company's periodic disclosure documents and media announcements before release to the market;
- (g) determining whether to request in particular circumstances a trading halt or, with the approval of the Board, Chairman of the Board or Chairman of the Audit and Risk Committee, a voluntary suspension of trading; and

- (h) monitoring the Company's disclosure processes and reporting framework.

The Disclosure Committee is also responsible for overseeing the implementation of the Disclosure and Communication Policy and monitoring training of the Company's Officers to:

- (a) assist with their understanding of the Company's legal obligations relating to disclosure of market sensitive information, materiality and confidentiality;
- (b) promote awareness of the internal processes and controls; and
- (c) promote compliance with the Disclosure and Communication Policy, including communicating any amendments approved by the Board.

## **14. Procedures**

### **14.1 How decisions are made**

Where a decision of the Disclosure Committee is required, it must be made with the approval of at least two of the Disclosure Officers.

### **14.2 Meetings**

- (a) Subject to paragraph (b) below, the Disclosure Committee is not required to formally meet in order to make decisions, but may communicate and meet as and when it thinks fit from time to time.
- (b) One of the Disclosure Officers participating in a decision must take a record of discussions and decisions made by the Disclosure Committee about each disclosure issue considered. Where the Company Secretary is not present or involved in the relevant Disclosure Committee meeting, the Company Secretary must be advised of any discussions and decision (whether to disclose or otherwise).
- (c) The Company Secretary will maintain any records of discussions and decisions made about disclosure issues by the Disclosure Committee.
- (d) The Disclosure Committee is required to meet at least annually for the purposes of reviewing the effectiveness of the Disclosure and Communications Policy and Procedures. A meeting may be convened by any Disclosure Officer.

## **15. Reporting**

The Board will receive a report from the Disclosure Committee at each scheduled Board meeting, or as otherwise requested by the Board.

The Disclosure Committee will annually review and report to the Board on the operation of the Disclosure and Communication Policy and the effectiveness of the Disclosure Committee.