

Code of Conduct Governance Policy

1. Purpose

The Code of Conduct defines the ethical standards and behaviors expected from all members of XReality Group Limited (XRG), including directors, senior managers, employees, contractors, and suppliers. This Code promotes a safe, respectful, and lawful work environment and aims to:

- Provide a framework for consistent, ethical decision-making.
- Encourage honesty and responsibility, in alignment with XRG's values.
- Offer clear guidelines on acceptable conduct and behavior.

Team members are encouraged to consult managers or the People and Culture (P&C) team if they have any questions. This Code is integral to maintaining high standards of corporate governance and should be used alongside other XRG policies.

This Code of Conduct should be read in conjunction with other XRG policies and procedures, which can be accessible in the hub or by request to a direct reporting manager.

2. Scope

This Code applies to:

- All employees of XRG.
- Contractors, suppliers, and their employees who work with the company.
- Any other person notified that this policy applies to them.

3. Director's Duties

3.1 Directors Obligations

(a) A Director has an obligation to comply at all times with the spirit and the principles of this Code of Conduct as well as the law.

(b) The Board recognises that each Director and the Board collectively takes on important legal and ethical responsibilities, as well as a commitment to uphold the values of good corporate citizenship in both individual conduct and corporate actions. These responsibilities, and this commitment, are highlighted by this Code. Directors have considered this Code of Conduct and regard themselves as bound by it.

3.2 General Duties of Directors

(a) Directors must:

- (i) act in accordance with the law and in good faith in the best interests of the Company and for a proper purpose;
- (ii) act in the interests of all shareholders and wherever possible avoid any actual or potential conflict of interest;
- (iii) exercise reasonable care and diligence;
- (iv) not make improper use of information; and
- (v) not make improper use of their position.

3.3 Personal Interests and Conflicts of Interests for Directors

- (a) No Director may allow any personal interest, or the interest of any associated person, to prejudice his or her conduct in respect of any Board or Committee discussion or decision.
- (b) A Director must avoid to the extent reasonably possible (reasonableness to be judged from the Company's perspective) any conflict between the best interests of the Company and the Director's own personal interests or those of any third party. Every Director must, as soon as he/she becomes aware of them, make the Board aware of all actual or potential conflicts of interest that he/she may have.
- (c) A Director with a conflict of interest must refrain from voting on any related resolution. A Director who has any conflict of interest in a matter must not be present at a meeting of the Board while the matter is being considered without the express permission of the non-interested Directors. A personal interest may be either direct or indirect and may be either pecuniary or otherwise.

(d) A Director will not be taken to have a conflict of interest only because the Director holds shares or other securities issued by the Company.

(e) Papers relevant to any matter on which there is an actual or potential or perceived conflict of interest by a Director may at the Chairman's discretion not be provided to the Director concerned.

3.4 Improper Use of Information, Property, Positions or Opportunities for Directors

(a) A Director must not make improper use of or take advantage of information, property, position or opportunities acquired as a Director.

(b) Directors are prohibited from making improper use of or taking advantage of information, property, position or opportunities acquired by virtue of their position as a Director so as to gain, directly or indirectly, any personal advantage or any advantage for any other person that may compete with or cause detriment to the Company or the Company group.

3.5 Directors and Confidentiality

(a) Directors must observe confidentiality regarding all Board matters and all confidential information received by a Director in the course of the exercise of their duties.

(b) All information received by a Director in the course of fulfilling Board duties must be regarded as confidential and remains the property of the Company. Confidential information is not limited to information that may be regarded as price sensitive and extends to (by way of example only) information that might reasonably be considered of use or of interest to suppliers or competitors of the Company.

(c) A Director may not disclose information, or knowingly allow information to be disclosed, to any other person unless that disclosure has been authorised by the Chairman or the Chief Executive Officer or is required by law to be disclosed.

(d) All discussions and resolutions of the Board must likewise be treated as confidential and not disclosed, or allowed to be disclosed, as regards either content or substance, to persons who are not Directors except in cases where disclosure:

(i) has been authorised by the Chairman or the Chief Executive Officer; or

(ii) is required by law.

(e) Authorisation by the Chairman or the Chief Executive Officer will be presumed where and to the extent that Board or Committee minutes convey, either expressly or implicitly, that it is intended that disclosure should be made to third parties.

(f) Any Director in any doubt as to their obligations of confidentiality or in relation to any matter of disclosure should consult with the Chairman prior to making any disclosure. A Director may also seek independent advice in accordance with the Company's policy.

4. Policy Overview

XRG is committed to a foundation of trust, honesty, and integrity. Team members are expected to exhibit professionalism at all times, both within and outside the workplace. Directors, senior leaders, and all employees should foster a positive culture and take prompt action on any unacceptable behavior.

The success of XRG relies on trust, honesty, and integrity. Team members play a vital role in maintaining the company's reputation for excellence in dealings with customers, colleagues, contractors, and the community. Leaders are expected to foster a culture where ethical conduct is valued and ensure action is taken to prevent and address unacceptable behaviour. As a representative of XRG, you are expected to maintain professionalism and courtesy at all times, both within and outside of the workplace, where your behaviour could reasonably be seen as reflecting on XRG.

5. Definitions

- **Bullying:** Repeated, unreasonable behaviour directed toward a person or group that creates a risk to health and safety, including verbal abuse, intimidation, and social exclusion.
- **Code of Conduct:** A set of guidelines and expectations for behaviour and ethical standards that employees must adhere to within XRG.
- **Company:** Refers to XRG, including all its divisions, entities, and operations.

- **Confidential Information:** Any private, sensitive, or proprietary information about XRG, its employees, customers, or operations that should not be disclosed without authorization.
- **Conflict of Interest:** A situation where personal interests or activities could interfere with, or appear to interfere with, a person's ability to act in the best interests of XRG.
- **Contractor:** A person or company engaged by XRG to perform work under agreed terms but not employed by XRG.
- **Fraudulent Behaviour:** Any dishonest action intended to result in personal or financial gain at the expense of others or the company, such as falsifying records or misrepresenting information.
- **Harassment:** Unwelcome behaviour that creates an intimidating, hostile, or offensive environment for an individual, including but not limited to verbal, physical, or written harassment.
- **People and Culture Team:** The department responsible for employee welfare, HR policies, recruitment, workplace culture, and enforcing ethical standards within XRG.
- **Professionalism:** Behaviour and conduct that reflect high standards of work ethics, courtesy, and responsibility in the workplace.
- **Reasonable Directions:** Instructions given by a manager or supervisor that are lawful, clear, and reasonable for the performance of a job or task.
- **Team Member:** Any individual employed by XRG, including full-time, part-time, casual staff, contractors, or temporary staff.
- **Wellbeing:** The overall mental, physical, and emotional health of an individual, which the company seeks to promote and protect in the workplace.
- **Workplace Investigation:** A process by which allegations of misconduct, breaches of the Code of Conduct, or complaints are investigated to ensure fairness and compliance with company policies.

6. Expectations and Duties

5.1 Expectations

XRG team members are expected to adhere to high standards of conduct, which include:

- Treating colleagues, customers, and suppliers with respect and fairness.
- Making decisions impartially and in the best interests of XRG.
- Using company resources responsibly and for business purposes only.
- Protecting confidentiality and avoiding conflicts of interest.

- Upholding XRG policies, laws, and ethical standards.
- Reporting misconduct to the appropriate personnel.
- Consulting with managers or P&C when in doubt.

5.2 Duties

All managers, employees and contractors of the Company must:

- (a) actively promote the highest standards of ethics and integrity in carrying out their duties for the Company;
- (b) deal with the Company's customers, suppliers and competitors and each other with the highest level of honesty, fairness and integrity and to observe the rule and spirit of the legal and regulatory environment in which the Company operates;
- (c) disclose any actual or perceived conflicts of interest of a direct or indirect nature of which they become aware and which they believe could compromise in any way the reputation or performance of the Company; and
- (d) respect confidential information acquired in the course of the Company's business which is not in the public domain and not divulge such confidential information to any person unless specific authorisation is given for disclosure by the Chief Executive Officer or disclosure of the information is required by law.

7. Decision Making Guidance

When faced with a difficult decision, consider these questions to guide your actions:

- Is it legal and consistent with XRG policies?
- Have I consulted appropriately with colleagues or experts?
- Is it fair and honest?
- Will it reflect positively on me and the company?
- Would I be comfortable explaining my decision to someone I respect?

8. Harassment Free Workplace

XRG promotes a professional, harassment-free environment, essential to teamwork and mutual respect. Unwelcome behaviors, including sexual harassment, discrimination, or other intimidating actions, are prohibited. Sexual harassment encompasses unwelcome advances, comments, or behaviors that create a hostile work environment. Directors, managers, employees and contractors of the Company must adhere to XRG's *Bullying, Discrimination and Harassment Policy*.

9. Competition Laws

Compliance with competition laws is mandatory. All directors, employees, and contractors must avoid collusion, price-fixing, or other anti-competitive behaviors, and should not share sensitive business information with competitors. Violating these laws risks serious legal consequences and damages XRG's reputation.

10. Conflicts of Interest

Conflicts of interest arise when personal relationships or interests interfere with business decisions. Employees must disclose any potential conflicts, whether commercial, financial, or personal. Directors, in particular, are expected to avoid situations where personal interests could influence their duties and must recuse themselves from related decisions.

- (a) Employees of the Company make business decisions every day. All business decision and any related action must be based on the needs of the Company – not on personal interests or relationships. It is essential that all Directors, employees and contractors of the Company avoid even the appearance of conflicts of personal interest and those of the business.
- (b) For purposes of this policy, a conflict of interest is any interest that conflicts with the purpose, policies, or operations of your service with the Company. A conflict can be described as what a reasonable person might view as a potential conflict. Conflicts apply equally to business relationships and personal activities.

- (c) It is an obligation of all employees of the Company to avoid a conflict of interest whether that interest is a commercial, financial or personal conflict of interest.

11. Financial Integrity and Fraud Prevention

XRG is committed to accuracy and integrity in its financial practices. Any misuse of funds or assets, fraudulent reporting, or false entries are prohibited. Suspected fraud should be reported immediately, as it is grounds for disciplinary action, potentially including criminal prosecution.

12. Confidentiality and Proprietary Information

All XRG employees and affiliates must safeguard confidential information, including proprietary data and intellectual property. Unauthorized sharing or misuse of sensitive information, even post-employment, is strictly prohibited.

- (a) The Company's business information is very valuable and needs to be protected. All directors, employees and contractors are expected to respect the company's proprietary and confidential information by:
- (i) maintaining strict confidentiality of information safeguarded to you; and
 - (ii) not sharing that information with anyone – even a co-worker – who does not need to know about it.
- (b) Information provided to the Company in good faith by our customers and suppliers must be treated with the same degree of confidentiality as the Company's information.
- (c) The obligations of confidentiality extend beyond your employment with the Company. Even after the termination of employment, you may not disclose or in any way provide confidential information to others.
- (d) Any technical innovations, discoveries, system designs, or technical enhancements that an employee designs or conceives while employed or engaged by the Company are the sole property of the Company.

13. Communications and Technology Use

All employees must follow all or any Information and Communications Policies, which prohibit unauthorized media interactions. XRG may monitor communications for compliance. Any inappropriate or offensive language, content, or conduct using company resources is prohibited. Directors, managers, employees and contractors of the Company must adhere to XRG's *Acceptable Use of IT Policy*.

- (a) Under no circumstances should a Director, employee or contractor of the Company make comments to the media or submit a story for publication in the media, unless so authorised by the CEO or Chairman. All Directors, employees and contractors of the Company are required to comply with the XR Group Shareholder Communications Policy.
- (b) All communications data and information sent or received using company property, is company property and not private communications. The Company owns and/or controls access to all communication equipment, including computers, software, e-mail, voicemail, conferencing equipment, and office supplies. The Company reserves the right to monitor all communications, including Internet usage.
- (c) Communication must not:
 - (i) contain pornographic or offensive material, discriminatory or harassing language or derogatory references to age, colour, disability, ethnicity, marital or family status, national origin, race, religion, sex, sexual orientation, or any other characteristic protected by law; or
 - (ii) otherwise violate this Code of Conduct, particularly the sections related to Conflicts of Interest and/or Disclosure of Confidential Information.
- (d) The Company's property – its buildings, vehicles, equipment, and supplies – is in place to enable employees to perform the business-related duties that each position requires. The use of company property is for the sole purpose of conducting business-related tasks.

14. Compliance with Policies and Procedures

Adherence to all company policies is required. Non-compliance may lead to disciplinary actions, up to and including termination. XRG has a variety of supplementary company policies and procedures available and accessible to all team members, at all times that are updated regularly.

15. Breaches of Conduct

Breaches of the Code of Conduct may be categorized into four levels of severity: **yellow**, **orange**, **red**, and **black**. This categorization has been included in the policy to aid in understanding and to ensure a consistent and fair response to different types of misconduct. Each category reflects the level of seriousness and guides the appropriate course of action.

It is important to note that while these categories provide a framework, there are many different situations, and certain breaches or a combination of breaches may lead to escalation into more severe categories. This structure is provided for general understanding, and decisions will be made on a case-by-case basis, taking all relevant factors into account.

- **Yellow breaches:** Minor infractions which may be resolved informally through discussions or verbal warnings.
- **Orange breaches:** These involve more serious issues and typically require a formal investigation. Disciplinary actions may include written warnings or performance improvement plans.
- **Red breaches:** Serious misconduct, such as harassment, theft, or significant safety violations, that trigger a comprehensive investigation and may result in suspension or termination of employment.
- **Black breaches:** The most severe breaches including gross misconduct which may lead to immediate termination without further warnings.

1. Yellow Breaches (Least Severe)

These breaches are typically minor and may involve unintentional actions or behaviour that does not severely impact the workplace. They often require informal resolution but may escalate if repeated.

Process:

- **Informal Resolution:** A manager may hold a conversation or counselling session to address the behaviour, reminding the team member of expected standards.
- **Action:** Verbal warnings, advice, or support for improvement.
- **Documentation:** These may not be formally documented unless the issue continues.

2. Orange Breaches (Moderate Severity)

These breaches are more serious and may negatively impact other employees, company operations, or the reputation of the business. They typically require a more structured investigation and disciplinary action. Repeated minor offences or breaches may also fall under this category.

Process:

- **Formal Investigation:** A more formal approach, with an investigation conducted by a manager or the People and Culture team.
- **Action:** Written warnings, required training, or performance improvement plans.
- **Documentation:** A formal record is kept, and the employee is monitored for further breaches.

3. Red Breaches (Most Severe)

These breaches involve serious misconduct that could have significant legal, financial, or reputational consequences for the company. They may include unlawful actions or behaviour that creates a hostile work environment or endangers others. Repeated moderate offences or breaches may also escalate to this level.

Process:

- **Comprehensive Investigation:** Immediate formal investigation by the People and Culture team or an external investigator.
- **Action:** Depending on the findings, actions may range from suspension during the investigation to termination of employment.
- **Documentation:** All actions and findings are thoroughly documented, and the breach may be reported to external authorities if necessary (e.g., law enforcement or regulatory bodies).

4. Black Breaches (Instant Termination)

These are the most severe breaches, involving gross misconduct that immediately jeopardizes the integrity, safety, or legal standing of the company. Such breaches warrant immediate termination without warning. Any repeated offence, regardless of prior severity, may be considered a black breach if it shows a disregard for corrective measures.

Process:

- **Immediate Action:** The employee is suspended or dismissed immediately upon discovery of the breach.
- **Comprehensive Investigation:** A full investigation may follow to document the incident, but the employment termination is immediate.
- **External Reporting:** In cases involving criminal behaviour, authorities may be notified.
- **Documentation:** Complete and thorough documentation of the incident is required, and relevant authorities may need to be informed.

16. Gross Misconduct

Gross misconduct refers to behaviour that is so serious it fundamentally breaches the trust and confidence between the employer and employee. It typically results in immediate termination of employment without notice or pay in lieu of notice, as the nature of the offense makes continued employment untenable. Gross misconduct involves actions that can severely damage the company's reputation, endanger the safety and wellbeing of employees, or violate legal, ethical, or professional standards.

Examples of Gross Misconduct include:

- **Theft or Fraud:** Stealing company property or falsifying records for personal gain.
- **Physical Violence or Threats:** Engaging in or threatening acts of physical harm against a colleague or customer.
- **Harassment or Discrimination:** Severe cases of bullying, sexual harassment, or discriminatory behaviour.
- **Criminal Conduct:** Engaging in illegal activities, especially those related to the workplace.
- **Breach of Confidentiality:** Sharing proprietary or confidential information that compromises the company or its clients.

- **Serious Safety Violations:** Wilful neglect of safety rules that endangers others or the company's assets.

17. Investigation Process for Breaches of Code of Conduct

XRG is committed to handling breaches of its Code of Conduct fairly, objectively, and in compliance with Australian employment law and the guidelines of the Fair Work Commission (FWC). Each situation is different, and depending on the severity of the breach, a variation or combination of the following process may be applied.

Team Members are encouraged to report any concerns or breaches through their manager, the People and Culture team, or via XRG's P&C reporting system

17.1 Reporting a Breach

Team Members are encouraged to report any suspected breaches, including unethical behaviour, misconduct, or unlawful actions. Reports can be made:

- To a direct manager.
- Through the People and Culture (P&C) team.
- Via XRG's internal reporting system.

17.2 Initial Review

Upon receiving a report:

- The P&C team or manager will acknowledge the report and assess its validity.
- The severity of the breach will determine whether informal resolution (such as counselling) or a formal investigation is required.

17.3 Investigation Planning

If a formal investigation is necessary:

- **Appointing an Investigator:** An impartial investigator from the business (often P&C) will and may be appointed to ensure objectivity.

- **Investigation Plan:** The investigator will and may create a plan outlining the scope and timeline of the events of the breach.

17.4 Conducting the Investigation

The formal investigation will and may involve:

- **Gathering Evidence:** Collect documents, statements, or other relevant materials.
- **Interviews:** The investigator will and may interview the complainant, the accused, and witnesses, ensuring transparency.
- **Confidentiality:** The process will and should maintain confidentiality for all involved.

17.5 Conclusion of the Investigation

After reviewing evidence:

- **Findings Report:** The investigator will and may prepare a report with conclusions.
- **Recommendations:** The report will and may suggest actions ranging from training to disciplinary measures, depending on the breach's severity.

17.6 Outcome Notification

Both the complainant and accused will and may be informed of:

- Whether the allegations were substantiated.
- Any actions or consequences taken as a result.
- The process for appeals if either party is dissatisfied.

17.7 Disciplinary Actions

Disciplinary actions for substantiated breaches will and may include:

- Warnings, additional training, or, for severe cases, termination.
- Managers who fail to address breaches will and may also face disciplinary action.

17.8 Post-Investigation Follow-up

The P&C team will and may:

- Monitor the implementation of corrective actions.
- Provide ongoing support to those involved.
- Ensure the situation is resolved effectively.

18. Appeal Process

In case of dissatisfaction with the outcome, an appeal may be submitted to the People and Culture team. The process will and may involve an independent review of the investigation. However, depending on the situation, some appeals may be denied if the strength of the evidence and the nature of the breach clearly support the original findings and decision. Appeals will be carefully considered based on the merits of the case and the available evidence.

19. Protection from Retaliation

Employees reporting in good faith are protected under Australian law from retaliation. Any retaliation will and may result in disciplinary action.

This investigation process ensures that all breaches of the XRG Code of Conduct are handled with fairness and compliance, adapting to each unique situation's severity and needs.

20. Responsibility

20.1 Team Member Responsibilities

All team members are expected to:

- **Respect others:** Treat colleagues, customers, and suppliers fairly and courteously.
- **Act with integrity:** Make honest, fair decisions in the best interest of the company.
- **Follow laws and policies:** Comply with relevant laws and company rules.
- **Use company resources responsibly:** Ensure company property is used appropriately.
- **Maintain confidentiality:** Protect confidential information.
- **Support workplace safety:** Contribute to a safe, discrimination-free environment.
- **Avoid conflicts of interest:** Ensure personal interests don't interfere with the company's goals.
- **Report misconduct:** Speak up about unethical behaviour.
- **Protect the company's reputation:** Act professionally at all times.

20.2 Manager Responsibilities

In addition to the above, managers must:

- **Lead by example:** Demonstrate the Code of Conduct through their actions.
- **Promote a positive culture:** Encourage respect, honesty, and ethical behaviour.
- **Ensure compliance:** Enforce company policies and legal obligations.
- **Provide guidance:** Support team members on ethical matters.
- **Address issues promptly:** Investigate and resolve misconduct fairly.
- **Recognize contributions:** Reward team members based on merit.
- **Foster a safe workplace:** Ensure a supportive and safe environment.

20.3 People and Culture (P&C) Team:

The P&C team is responsible for:

- **Providing support and guidance:** Provide support and guidance to both team members and managers during the grievance process
- **Procedural fairness:** Overseeing formal grievance reports, ensuring fair and consistent investigations, and maintaining confidentiality
- **Investigation:** Will or may assign an investigator, track the progress of investigations, and ensure that appropriate corrective actions are taken
- **Recordkeeping and resources:** Responsible for record-keeping and providing resources to support team members throughout the process.

21. Consultation Support

For any clarification or support regarding the Code of Conduct, employees have several options:

1. **Direct Manager:** Employees can approach their manager for guidance on how the Code applies to their role, workplace behavior, and specific situations.
2. **People and Culture (P&C) Team:** The P&C team offers broader support, including advice on complex issues, mediation, and addressing breaches. Employees can also report concerns confidentially to the P&C team.
3. **Anonymous Reporting:** For those uncomfortable with direct reporting, anonymous HR tickets are available for raising issues without fear of reprisal.

4. **Company Resources:** Employees have access to internal policy documents and training materials for detailed guidance on the Code of Conduct.
5. **Escalation:** If concerns aren't addressed adequately, employees can escalate the matter through appropriate channels.

XRG encourages a supportive environment where employees can seek advice without fear of retaliation.

22. Equal Employment Opportunities

The Company expects that all employees and contractors treat one another with respect and dignity. Directors, managers, employees and contractors of the Company must adhere to XRG's *EEO Policy*.

1. Equal opportunity and fair treatment extends to all employees. The Company specifically prohibits discrimination on the basis of age, colour, disability, ethnicity, marital or family status, national origin, race, religion, sex, sexual orientation, or any other characteristic protected by law. These principles extend to all employment decisions, including:
 - (a) recruiting, hiring, and training;
 - (b) promotions, pay, and benefits; and.
2. All of these types of decisions are based on the individual applicant or employee's qualifications as they relate to the particular job.
 - (c) In addition to complying with Equal Employment Opportunities (EEO) laws, the Company is committed to compliance with all other applicable civil rights, human rights, environmental and labour laws. The Company is committed to providing an environment that values diversity with a conscious desire to achieve understanding, respect, inclusion and continuous learning.

23. Legislation

This Code of Conduct policy is developed in accordance with relevant Australian laws and regulations, including but not limited to:

- **Fair Work Act 2009 (Cth):** Governs workplace rights and obligations, ensuring fair treatment of employees and setting standards for employment conditions, termination, and misconduct.
- **Work Health and Safety Act 2011 (Cth/State):** Establishes duties to provide a safe work environment, protect employee health, and manage workplace hazards, including appropriate behaviour in the workplace.
- **Privacy Act 1988 (Cth):** Protects the privacy and confidentiality of personal information, including how employee data is handled in accordance with this policy.
- **Age Discrimination Act 2004 (Cth):** Prohibits discrimination based on age, promoting respect and equal treatment of employees.
- **Disability Discrimination Act 1992 (Cth):** Ensures non-discrimination against individuals, particularly in workplace conduct, based on disability.
- **Sex Discrimination Act 1984 (Cth):** Prohibits harassment and discrimination on the basis of gender, sexual orientation, marital status, or pregnancy in the workplace.
- **Racial Discrimination Act 1975 (Cth):** Prohibits racial discrimination and promotes a respectful, inclusive workplace for all employees, irrespective of race or ethnic background.

The Code of Conduct Policy is now finalized and enforceable. This version supersedes all prior policies, which remained enforceable until this document's issuance. All employees and managers are required to strictly adhere to the guidelines and procedures outlined in this updated policy.

Document executed by George Varelis on 31/10/2024 and excerpts have been taken from the 28 February 2022 Board Code of Conduct document and the historical XRG Employee Handbook.