



COMPLIANCE POLICY

Approved by the Board on 29 April 2020

1 Overview

Elixinol Global Limited (**Company**) and its subsidiaries (**Group**) are committed to fostering a culture of compliance to ensure the Group complies with all applicable laws and regulations.

This Compliance Policy (**Policy**) has been adopted by the board of the Company (**Board**) to provide an overarching framework for facilitating the compliance culture of the Group. The objective of the Policy is to emphasise the importance of a compliance culture for our staff, customers, suppliers and other stakeholders and to protect and enhance the reputation of the Group.

The Policy is in addition to and supports the Group's existing compliance systems and policies described in section 2.

2 Compliance systems

The Company has in place the following systems to promote compliance by the Group and each of its officers and employees:

- (a) **Code of Conduct (Code):** The Code requires officers and employees and others acting on behalf of the Group to abide by the law and policies of the Group and covers business ethics, personal and professional conduct and key values of the Group;
- (b) **Whistleblower Policy:** The Whistleblower Policy sets out the protocols in place to protect any officer, employee or contractor who wishes to speak up about misconduct and extends beyond the requirements of Australian Whistleblower laws to disclosures about improper, unethical or dishonest conduct;
- (c) **Anti-Bribery and Corruption Policy (ABC Policy):** The ABC Policy applies to all officers, employees and in certain circumstances consultants, secondees, contractors, agents and intermediaries representing the Group who must not engage in bribery or corrupt conduct and report any concern or suspected or potential breach of the policy
- (d) **Audit & Risk Committee Charter (ARC Charter):** The ARC Charter requires the Audit & Risk Committee to review and report to the Board on the effectiveness of internal systems and processes for identifying, managing and monitoring material business risks, including breaches of contracts or internal controls.
- (e) **Reporting:**
 - The Code requires any unlawful or unethical behaviour or non-compliance with the Code to be reported to the Board, the Group CEO, the General Counsel & Company Secretary or relevant manager – all communications are to be handled confidentially and without risk of retaliation or disadvantage to the relevant officer or employee;
 - The Whistleblower Policy allows a disclosure to be made to the General Counsel & Company Secretary (as the dedicated Whistleblower Protection Officer), a member of the Group's executive leadership team, an auditor, tax agent or related function (if a tax matter) or any other officer or senior manager



of the Group; the Whistleblower Protection Officer must immediately report to the Board (or its delegated committee) any material incidents and quarterly reports on all active matters;

- The ABC Policy requires any concern or suspected or potential breach of the policy to be reported to the Group CEO or CFO or any other authorised person in accordance with the Whistleblower Policy and all material breaches of the ABC Policy must be reported to the Board.
- (f) **Training and Education:** The Company recognises that compliance obligations should be fully understood by all those participating in the business and that education and training are fundamental to aid this understanding. The Board and management will have oversight of a compliance training program for the Group to provide staff with the necessary competencies to understand their compliance obligations and perform their roles effectively.
- (g) **Policy Review:**
- the Code is subject to periodic review through liaison with the Board, management and staff in relation to any areas of difficulty arising from the Code and suggestions for improvement which can be made at any time by notice to the Group CEO or the General Counsel & Company Secretary;
 - the Whistleblower Policy must be reviewed by the Board (or its delegated committee) with the assistance of the Whistleblower Protection Officer at least every two years to ensure its effective operation;
 - the ABC Policy is subject to periodic review by the Board in conjunction with the Audit and Risk Committee;
- (h) **Compliance Processes:**
- The Group has Regulatory advisors on staff or retainer for certain jurisdictions to ensure the Group monitors the regulations that relate generally to the Group's business operations and regularly reviews its key regulatory requirements and governance arrangements and practices for those jurisdictions;
 - The Group's Delegation of Authority Policy provides a clear framework for decision making and accountability and requires approval requests for major initiatives to be submitted to the Board with a detailed business case;
 - The ARC Charter requires the Audit & Risk Committee to regularly review, in consultation with management, its risk profile which describes the material business risks facing the Group, including non-financial matters and taking into account the Group's legal and regulatory obligations;
 - The Group's regional heads are required to:
 - report on a monthly basis to the General Counsel & Company Secretary on compliance activities and risks within their region; and
 - provide regular reports to the Audit & Risk Committee and the Board on:
 - the occurrence and/or status of any material breaches of internal controls or other material risk exposures or incidents; and



- managing and mitigating known and emerging risks.

3 **Obligations of the Board and senior management**

The Audit & Risk Committee and the Board is responsible for reviewing and overseeing the implementation of this Policy and the compliance systems described in section 2. The scope of the Audit & Risk Committee and the Board's obligations under this Policy, the ARC Charter and the Board Charter include:

- (a) a standing agenda item at all meetings of the Board to review and discuss the Group's adherence to this Policy and any compliance issues that may have arisen including any issue reported under the reporting requirements described in section 2(d);
- (b) receiving regular updates from senior management of the Group in relation to any compliance issues or risks affecting the Group and implementation of compliance actions as required by the Board from time to time;
- (c) monitoring compliance by the Group with this Policy and the compliance systems described in section 2, which may include from time to time commissioning an independent audit of compliance systems and processes; and
- (d) periodically reviewing opportunities to improve compliance and the compliance culture at the Group, including the formal requirements described under section 2(g).

4 **Approval process**

In accordance with the processes provided for in the ARC Charter and the Board Charter, the following actions will require simple majority approval of the Board (including each independent director of the Board):

- (a) any amendments to, or waiver of the requirements of, this Policy or the compliance systems described in section 2; and
- (b) the establishment or acquisition of a new business or business line or material changes to an existing business or business line of the Group, in each case which may reasonably raise material compliance considerations (such as entering into a new jurisdiction or launching a new product).

5 **Breach and reporting**

Any breach or potential breach of this Policy must be immediately reported to the Chairperson or the Company Secretary and to the independent directors.

The Board must keep a register of all breaches or potential breaches of this Policy including the outcome of any investigations undertaken by the Board (or any delegated committee) and any remediation steps taken in relation to that breach or potential breach (**Compliance Register**).

Pursuant to section 3(a) of this Policy, a report of all active compliance matters recorded in the Compliance Register, including a summary of the key findings and material information related to that matter must be tabled at each meeting of the Board.

Any breach of this Policy will be treated seriously and, if established to have occurred, will result in disciplinary action being taken.



DOCUMENT VERSION CONTROL

CHANGE HISTORY

Version	Date	Author	Reason for Change
Version 1.0	29 April 2020	Teresa Cleary General Counsel & Company Secretary	New Policy