

connecting everyone, everywhere **datasquirt™**

# **DATASQUIRT LIMITED**

# **GOVERNANCE MANUAL**

**APPROVED: 22 JULY 2009**

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## **Introduction**

This Governance Manual (“Manual”) was adopted by the Board of Datasquirt Limited (DSQ) on 22 July 2009. The Manual is a collection of the Board’s governance documents and policies, and includes the:

- Board Charter
- Audit & Risk Committee Charter
- Code of Conduct and Ethics
- Continuous Disclosure Policy
- Shareholder Communications Policy

In adopting the Manual, the Board recognises the Australian Securities Exchange Corporate Governance Council’s *Corporate Governance Principles and Recommendations (ASX Principles)*.

A copy of the Manual will be made available on the DSQ website:  
**[www.datasquirt.com](http://www.datasquirt.com)**

## Board Charter

### 1. OVERVIEW

- 1.1 The Board is primarily responsible for ensuring that DSQ Limited (DSQ) has an appropriate corporate governance structure to ensure the creation and protection of shareholder value.
- 1.2 The Board is also responsible for ensuring DSQ recognises its legal and other obligations to all legitimate stakeholders from time to time where and to the extent appropriate. “Stakeholders” are groups that are likely to feel a social, environmental or economic impact from DSQ’s actions. They include shareholders, employees, contractors, regulatory bodies and members of the communities where DSQ operates and are affected by DSQ’s activities.
- 1.3 This Board Charter explains DSQ’s commitment to corporate governance and sets out the role, responsibilities and conduct of the Board. It is not an “all inclusive” document and should be read as an expression of principle.
- 1.4 To the extent practicable, DSQ endorses the Australian Securities Exchange (ASX) Corporate Governance Council’s *Corporate Governance Principles and Recommendations (ASX Principles)*.

### 2. COMPLIANCE AND GOVERNING MATERIALS

#### 2.1 Constitution

DSQ’s Constitution is DSQ’s key governance document. The Board must ensure that it and DSQ comply at all times with the provisions of the Constitution.

#### 2.2 Compliance with Laws

As a public company listed on the ASX, DSQ must comply with the ASX Listing Rules (Listing Rules) as well as all other applicable laws and statutes. Examples of applicable areas of regulation include:

- environmental protection legislation;
- New Zealand *Companies Act 1993 (Companies Act)*;
- New Zealand *Financial Reporting Act 1993 (Financial Reporting Act)*;
- Australian *Corporations Act 2001 (Corporations Act)* (where applicable);
- occupational health & safety legislation;
- employment related laws; and
- anti-discrimination legislation.

As a Company incorporated in New Zealand and operating from time to time in jurisdictions outside New Zealand and Australia, DSQ must ensure that it is aware of, and complies with, all applicable laws and statutes in those jurisdictions.

#### 2.3 Governance Materials

The operations and conduct of DSQ are administered in accordance with all governance materials adopted by the DSQ Board, including but not limited to:

- this Charter;
- Audit & Risk Management Committee Charter;
- Code of Conduct and Ethics;
- Continuous Disclosure Policy; and

- Shareholder Communications Policy.

### **3. COMPOSITION OF THE BOARD**

#### **3.1 Number of Directors**

- In accordance with the Constitution, the Board shall at all times have at least 3 Directors, with a maximum of 7 Directors.
- At least 2 Directors must be ordinarily resident in New Zealand.

#### **3.2 Alternate Directors**

Directors may appoint Alternate Directors in accordance with the Constitution.

#### **3.3 Appointment and Removal of Directors**

##### General

Directors will be appointed and removed in accordance with the *Companies Act* and the Constitution.

##### Considerations

In selecting new Directors, the Board must ensure that the candidate has the appropriate range of skills, experience and expertise that will best complement Board effectiveness.

In addition, any candidate must confirm that they have the necessary time to devote to their DSQ Board position.

#### **3.4 Nomination and Rotation of Directors**

Nomination and rotation of Directors will be governed by the *Companies Act*, the Listing Rules and DSQ's Constitution.

#### **3.5 Board Committees**

Given the nature and size of DSQ, its business interests and its stage of development, the Board assumes the obligations normally imposed upon certain committees, therefore it has not delegated any of its duties to other committees (such as an Audit, Risk, Remuneration and/or Nominations Committees). The Board intends to review the extent and scope of its roles and responsibilities, and to assess the need for other committees, on a regular basis.

#### **3.6 Independence**

Independent Directors are those who have the ability to exercise their duties unfettered by any business or other relationships and are willing to express an objective opinion.

It is the approach and attitude of each Non-Executive Director which is critical to determining independence and this must be considered in relation to each Director while taking into account all other relevant factors, which may include whether the Non-Executive Director:

- is a substantial shareholder (within the definition of the *Corporations Act*) of DSQ, or an officer of, or otherwise associated directly with, a substantial shareholder of DSQ;

- ii. is employed, or has previously been employed in an executive capacity by DSQ and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- iii. has, within the last three years, been a principal of a material professional adviser or a material consultant to DSQ or an employee materially associated with the service provided. In this context, the relationship with the professional adviser or consultant shall be deemed to be material if payments from DSQ exceed 10% of DSQ's annual expenditure to all professionals and consultants or exceed 10% of the recipient's annual revenue for advisory or consultancy services;
- iv. is a material supplier or customer of DSQ, or an officer of or otherwise associated directly or indirectly with, a material supplier or customer. In this context, the relationship with the supplier or customer shall be deemed to be material if annual payments to or from that supplier or customer exceed 10% of the annual consolidated gross revenue of either DSQ or of that supplier or customer;
- v. has any material contractual relationship with DSQ other than as a Director;

#### **4. INFORMATION AND INDEPENDENT ADVICE**

##### **4.1 Due Diligence "Pack"**

Prior to any formal offer, any potential Director must be given sufficient information about DSQ as part of his/her personal due diligence. The information will extend to non-public information and care must be taken to ensure confidentiality.

##### **4.2 Appointment Letter**

Upon appointment, a new Director will be given a formal letter of appointment from the Chairman setting out the key terms and conditions of their position.

##### **4.3 Induction Program**

Upon appointment, the Chief Financial Officer (CFO) is responsible for arranging for the new Director to undertake an induction program to enable them to gain an understanding of:

- i. DSQ's operations and the industry sectors in which it operates;
- ii. DSQ's financial, strategic, operational and risk management position;
- iii. their rights, duties and responsibilities; and
- iv. any other relevant information.

As part of this induction program, a new Director will meet with all incumbent Directors (if this has not already taken place).

##### **4.4 Ongoing Information**

The Chairman, Managing Director, CFO and any other Executive Officers must be conscious to ensure that updated information is provided to the Board in a timely fashion to enable them to effectively discharge their duties as Directors. This may be part of, or in addition to, the periodic board reporting process.

##### **4.5 Requested Information**

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any Director has the authority to seek any information he/she requires from any employee or contractor (Employee) of DSQ and all Employees must comply with such requests.

Unless a conflict exists or to do so would be inconsistent with the Director's duties, the Director is to request such information via the Managing Director.

### 4.6 Independent Advice

Any Director may take such independent legal, financial or other advice as they consider necessary at DSQ's cost. Any Director seeking independent advice must first discuss the request with the Chairman who will facilitate obtaining such advice.

## 5. DUTIES AND RESPONSIBILITIES

5.1 The Board is responsible for setting the strategic direction of DSQ and for the management of DSQ, including:

- i. oversight of control and accountability systems;
- ii. appointing and removing the:
  - a. Managing Director;
  - b. Chief Financial Officer; and
  - c. Company Secretary;
- iii. input into and final approval of corporate strategy;
- iv. approving the annual operating budget;
- v. approving and monitoring the progress of major capital and operating expenditure;
- vi. monitoring compliance with all legal and regulatory obligations;
- vii. reviewing any risk management system (which may be a series of systems established on a per-project basis) and internal compliance and controls;
- viii. monitoring any Executive Officer's performance; and
- ix. approving and monitoring financial and other reporting to the market, shareholders, employees and other stakeholders.

5.2 In addition, the Board assumes the obligations normally imposed upon certain committees and is responsible for:

- i. determining all the remuneration (quantum and any policy) of all Directors and Executive Officers; and
- ii. the appointment, performance and succession planning of all Directors and Executive Officers.

5.3 In undertaking those functions normally undertaken by a Remuneration Committee, the Board assumes any and all of the following responsibilities:

- i. establishing appropriate levels for executive remuneration and the content of incentive policies;
- ii. determining the remuneration packages of Senior Management including any Executive Directors;
- iii. establishing the company's recruitment, retention and termination policies and procedures for senior Management;
- iv. approving incentive schemes;
- v. approving superannuation arrangements; and
- vi. establishing the remuneration framework for Non-Executive Directors.

5.4 Executive Officers and Senior Management acting in their capacity as employees of the Company and subsidiary(ies) may receive a mix of fixed, performance-based and equity-based remuneration. Non-Executive Directors may receive only fixed remuneration.

5.5 Anti-hedging policy: Employees are not permitted to enter into transaction with Securities (or any derivative thereof) in associated products which limit the economic risk of any unvested entitlements under any equity-based remuneration schemes offered by DSQ.

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- 5.6 In undertaking those functions normally undertaken by a Nomination Committee, the Board assumes any and all of the following responsibilities:
- i. review and advise the Board on the composition of the Board and its Committees;
  - ii. assess the necessary and desirable competencies of Directors;
  - iii. ensure the Directors have the appropriate mix of competencies to enable the Board to discharge its responsibilities effectively;
  - iv. oversee the Directors' induction program;
  - v. ensure that Directors have access to appropriate continuing education to update and enhance their skills and knowledge;
  - vi. develop Board succession plans to ensure an appropriate balance of skills, experience and expertise is maintained;
  - vii. review the time commitment required from Non-Executive Directors and whether Directors are meeting that commitment; and
  - viii. evaluate the collective performance of the Board, the Chairman of the Board, the individual performance of all the Directors.
- 5.8 The Board also undertakes the functions of the Audit Committee and Risk Committee referred to in the *ASX Principles*. The Board's responsibilities are outlined in the Audit Committee Charter.
- 5.9 In discharging his/her duties, each Director must:
- i. exercise care and diligence;
  - ii. act in good faith in the best interests of DSQ;
  - iii. not improperly use his/her position or misuse information of DSQ; and
  - iv. commit the time necessary to discharge effectively his/her role as a Director.
- 5.10 All Directors are entitled to be heard at all Meetings and to the extent practicable, should bring an objective judgement to bear in decision-making.

## 6. THE CHAIRMAN

- 6.1 The Chairman is responsible for:
- i. leadership of the Board;
  - ii. overseeing the Board in the effective discharge of its supervisory role;
  - iii. the efficient organisation and conduct of the Board's function and Meetings;
  - iv. facilitating the effective contribution of all Directors;
  - v. briefing all Directors in relation to issues arising at Meetings;
  - vi. the promotion of constructive and respectful relations between Directors; and
  - vii. committing the time necessary to discharge effectively his/her role as Chairman.
- 6.2 The roles of the Chairman and the Managing Director may not be exercised by the same individual.

## 7. DIRECTOR SHARE TRADING

The DSQ Code of Conduct & Ethics includes the Employee Share Trading Policy which imposes restrictions on the trading of financial products (shares) by Directors and others with undisclosed price sensitive information. All Directors must comply with that Policy.

**8. CORPORATE GOVERNANCE**

- 8.1 The Board is responsible for the adoption, oversight and administration of relevant corporate governance materials of DSQ, including but not limited to those documents listed in paragraph 2.3.
- 8.2 The Annual Report will include a Corporate Governance Statement which will contain the content required by the *ASX Principles* (as well an explanation of any departures from the Corporate Governance Principles and Recommendations).
- 8.3 As part of an effective communications strategy, DSQ will maintain and keep current its Corporate Governance website.

**9. PERFORMANCE**

To determine whether it is functioning effectively, the Board shall:

- i. review this Charter annually; and
- ii. perform an evaluation of its performance.

## Audit & Risk Management Functions

### 1. INTRODUCTION

- 1.1 At the time the Board approved this Charter, DSQ was not required to have an Audit Committee in accordance with ASX Listing Rule (Listing Rule) 12.7.
- 1.2 The functions which would otherwise be devolved to an Audit & Risk Management Committee are assumed by the Board. These include fulfilling its corporate governance responsibilities in regard to:
- i. the reliability and integrity of financial information for inclusion in the DSQ's financial statements;
  - ii. audit, accounting and financial reporting obligations of DSQ;
  - iii. safeguarding the independence of the external auditor;
  - iv. business or financial risk management; and
  - v. the integrity of the systems of internal control established by the Board and management.

### 2. DUTIES AND RESPONSIBILITIES

#### 2.1 Financial Reporting

The Board will:

- i. review the financial information presented by management to the Board, the market, shareholders and regulators;
- ii. oversee the effectiveness of administrative and accounting controls used by DSQ;
- iii. oversee and appraise the quality of the audits conducted by the external auditors; and
- iv. maintain open lines of communication with the external auditors.

#### 2.2 Review of Financial Information

The Board reviews:

- i. the draft half-yearly and annual financial statements of DSQ to ensure they:
  - a. represent a true and fair view of DSQ's financial position and performance; and
  - b. comply with accounting standards; and
- ii. the declaration signed by the Chief Executive Officer and Financial Controller required by section 295A of the Corporations Act and the statements requirement by Recommendation 7.3 of the *ASX Principles*.

#### 2.3 Insurance

In relation to insurances, the Board will:

- i. review and approve or ratify any material new insurances, proposed cancellations or variations of existing policies; and
- ii. be advised of each renewal (including details of the principal terms) of material insurances.

### 2.3 Taxes

In relation to taxes, the Board will:

- i. monitor compliance with all tax obligations;
- ii. review any relevant taxation information submitted to the Committee; and
- iii. where necessary, approve or ratify any material amendments to taxation policies.

### 2.4 Business Risk Management

Without limiting its scope, the Board will ensure management has established and operates a business risk management system which is designed to identify, assess, monitor and manage business risk. At least annually:

- i. management should report to the Board as to whether the Company's material business risks are being managed effectively; and
- ii. the Board to assess the effectiveness of the Company's systems for the management of material business risks.

For the purposes of annual financial reporting, the Managing Director (MD) and Chief Financial Officer (CFO) state that:

- i. the Company's risk management and internal control system has been designed and implemented to manage the Company's material business risks; and
- ii. the Company's material business are being managed effectively and the Company's management of its material business risks have been effective.

### 2.5 External Auditor

In relation to the external auditor, the Board will:

- i. observe the policies and procedures for the selection, appointment and re-appointment of the external auditor and the rotation of external audit engagement partners;
- ii. approve the external audit plan;
- iii. at least annually, assess the performance and independence of the external auditor and whether the independence of this function is maintained having regard to the provision of non-audit related services in accordance with section 300(11B) of the *Corporations Act*; and
- iv. review any reports from the external auditor with regard to the auditor's independence, which may describe any or all of the following:
  - a. the audit firm's internal quality control and conflict procedures;
  - b. any material issues raised by the most recent quality control, or peer review, of the audit firm, and any steps taken to address such issues; and
  - c. all relationships between the external auditor and DSQ.
- v. ensure that Non-Executive Directors are given the opportunity to meet with the auditor, independent of management prior to approving the half-year and annual financial statements.

### 2.6 Other

Other responsibilities include, but are not limited to:

- i. reviewing policies and practices on sensitive financial issues; and
- ii. identifying and directing any special projects or investigations as deemed necessary.

### **3. RESPONSIBILITIES OF THE MANAGING DIRECTOR**

#### **Verification of Financial Information**

- 3.1** At each Meeting where the Board approves the half-year and annual financial statements, the MD must provide the Board with a written confirmation which includes a declaration whether, in the MD's opinion:
- i. the financial records of DSQ for the reporting period have been properly maintained;
  - ii. the financial statements and the notes comply with applicable accounting standards;
  - iii. the financial statements and notes for the reporting period give a true and fair view;
  - iv. DSQ is able to pay its debts as and when they become due and payable; and
  - v. for the purposes of annual financial reporting, declarations i. to iii. are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

### **4. RESPONSIBILITIES OF THE CHIEF FINANCIAL OFFICER**

#### **4.1 Financial Reporting**

In assisting the Board, the CFO will:

- i. compile (or be responsible for the compilation of) and to the extent necessary, verify, the financial information presented to the Board, the market, members and regulators;
- ii. assess the effectiveness of administrative and accounting controls (for example, cash and foreign currency reconciliations, credit verifications, approvals within financial delegations etc.) used by DSQ;
- iii. oversee and appraise the quality of the audits conducted by the external auditors; and
- iv. maintain open lines of communication with the external auditors.

#### **4.2 Verification of Financial Information**

At each Meeting where the Board approves the half-year and annual financial statements, the CFO must provide the Board with a written confirmation which includes a declaration whether, in the CFO's opinion:

- i. the financial records of DSQ for the reporting period have been properly maintained in accordance with section 286 of the *Corporations Act*;
- ii. the financial statements and the notes referred to in section 295(3)(b) of the *Corporations Act* for the reporting period comply with applicable accounting standards;
- iii. the financial statements and notes for the reporting period give a true and fair view in accordance with section 297 of the *Corporations Act*;
- iv. DSQ is able to pay its debts as and when they become due and payable; and
- v. for the purposes of annual financial reporting, declarations i. to iii. are founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.

### **5. ACCESS TO INFORMATION AND ADVICE**

- 5.1** All Directors have unlimited, direct access to the external auditors.
- 5.2** All Directors have the authority to seek any information it requires from any DSQ employee or contractor (Employee) and all Employees must comply with such

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requests. Normally (unless a conflict exists so that to do so would be inconsistent with their duties), any information sought by Directors will be requested via the CFO.

- 5.3** In carrying out its functions, the Committee or the CFO, as the case may be, may take independent legal, accounting or other professional advice or assistance, at the reasonable expense of DSQ.

### **6. REVIEW**

This Policy will be reviewed by the DSQ Board annually.

## Code of Conduct and Ethics

### 1. OVERVIEW

#### 1.1 Purpose

The DSQ Limited (DSQ) Code of Conduct and Ethics (Code) governs all DSQ commercial operations and the conduct of Directors, employees, consultants, contractors and all other people when they represent DSQ (Personnel).

#### 1.2 Provision of this Code

A copy of this Code will be given to all incumbent and new Personnel.

#### 1.3 Questions – Interpretation & Enforcement of this Code

Any questions relating to the interpretation or enforcement of this Code should be forwarded to the CFO.

### 2 GENERAL PRINCIPLES

#### 2.1 Compliance with Laws

DSQ, its subsidiaries and associated entities and Personnel are expected to comply, at all times, with all applicable laws. They are also expected to conduct DSQ operations in keeping with the highest legal, moral and ethical standards.

#### 2.2 Performance of Duties by Personnel

All Personnel of DSQ, its subsidiaries and associated entities must conduct the business of DSQ with the highest level of ethics and integrity in relation to each other and all others with whom they deal.

Personnel must act:

- i. ethically, honestly, responsibly and diligently;
- ii. in full compliance with the letter and spirit of the law and this Code; and
- iii. in the best interests of DSQ.

#### 2.3 Breach of the Code

Any breach of applicable laws, accepted ethical commercial practices or other aspects of this Code will result in disciplinary action. Depending on the severity of the breach, such disciplinary action may include reprimand, formal warning, demotion or termination of employment or engagement (as the case may be).

Similar disciplinary action may be taken against any manager who directly approves of such action or has knowledge of the action and does not take appropriate remedial action.

Breach of applicable laws or regulations may also result in prosecution by the appropriate authorities. DSQ will not pay, directly or indirectly, any penalties imposed on any Personnel as a result of a breach of law or regulation.

## **2.4 Reporting Breaches of the Code**

All Personnel are requested to report immediately any circumstances which may involve a breach of this Code to the Chief Financial Officer,(CFO) the Managing Director or the Chairman.

It is in the best interests of DSQ for all Personnel to immediately report any observance of a breach of this Code.

The external auditors of DSQ are responsible for reviewing the operations of DSQ. Part of this review will be to report to the Board any breaches of this Code which they detect.

## **3 STATEMENT OF COMPLIANCE**

### **3.1 Certificate of Compliance**

At the time the declaration made under section 295A of the *Corporations Act* is given, the Managing Director and Chief Financial Officer will be required to certify compliance with this Code personally and in their areas of responsibility.

### **3.2 Reference to Compliance in the DSQ Annual Report**

The Board will include reference to compliance with this Code in the Annual Report to Shareholders.

## **4 COMPLIANCE WITH LAWS AND REGULATIONS**

### **4.1 DSQ Operations – Compliance with Laws**

The operations of DSQ **must** be conducted in compliance with all laws and regulations applicable in the jurisdictions in which DSQ's operations and activities are being undertaken.

### **4.2 Observing the Letter and Spirit of the Law**

Compliance with the law means observing the letter and spirit of the law as well as managing the business of DSQ so that DSQ and its Personnel are recognised as “good corporate citizens” at all times.

## **5 UNACCEPTABLE PAYMENTS & CONTRIBUTIONS**

### **5.1 Prohibited Payments & Contributions**

Bribes, kickbacks, inducements or other illegal payments of any kind must not be made (either directly or indirectly) to or for the benefit of any government official (of any country) or any other third party in connection with obtaining orders or favourable treatment or for any other purpose.

Political contributions (to any government or political official or party) must not be made directly or indirectly on behalf of DSQ without the prior approval of the Board.

### **5.2 Personnel's Responsibilities**

Personnel must not seek or accept any type of compensation, fee, commission or gratuity from a third party in connection with the operations of DSQ.

## **6 GIVING OR RECEIVING GIFTS**

Personnel must not give, seek or accept in connection with the operation of DSQ any gift, entertainment or other personal favour or assistance which goes beyond common

courtesies associated with accepted ethical commercial practice. For avoidance of doubt, any gift (or series of gifts) received by Personnel from the one party which might, as a matter of judgement, fall outside the ambit of this paragraph, must be reported to the CFO with full details of the background of the gift.

### **7 PROTECTION OF DSQ ASSETS**

#### **7.1 Responsibilities of Personnel**

Personnel are responsible for taking all prudent steps to ensure the protection of DSQ's assets and resources. In particular, Personnel should take care to minimise the possibility of theft or misappropriation of DSQ's assets and resources by any person.

#### **7.2 Assets used for DSQ Purpose only**

Personnel must ensure that DSQ's assets and resources are used only for the purposes of DSQ and in accordance with appropriate authorisations.

### **8 PROPER ACCOUNTING**

#### **8.1 Accounting Roles**

Personnel must ensure that all DSQ's accounting records accurately and fairly reflect, in reasonable detail, all underlying transactions and all of DSQ's cash, assets and liabilities.

#### **8.2 Maintenance of Accounting Records**

Accounting records must be maintained in accordance with International Financial Reporting Standards and any financial and accounting policies issued by DSQ.

### **9 DEALING WITH AUDITORS**

Personnel must fully co-operate with the external auditors of DSQ.

Personnel must not make a false or misleading statement to the external auditors of DSQ and must not conceal any relevant information from the external auditors of DSQ.

### **10 UNAUTHORISED PUBLIC STATEMENTS**

#### **10.1 Unauthorised Statements**

Personnel must not, without prior consent of the DSQ Board which may be included in the terms of engagement or as advised from time to time, directly or indirectly state that they are representing DSQ or its public position in respect of any matter.

#### **10.2 Unauthorised Activity**

Personnel must not directly or indirectly engage in any activity which could by association cause DSQ public embarrassment or other damage.

### **11 CONFLICT OF INTEREST**

#### **11.1 Use of Position for Personal Benefit**

Personnel must not use their position for personal benefit independent from the business of DSQ or to benefit any other business or person.

## **11.2 Taking Advantage of Property**

Personnel must not take advantage of any property or information belonging to DSQ, or opportunities arising from those, for personal benefit independent from the business of DSQ or to benefit any other business or person.

## **11.3 Interest in Third Parties**

No Personnel, or any family member or companion over which the Personnel has influence, may directly or indirectly have an equity interest in, or have a significant beneficial connection with, any business or individual with whom DSQ have entered into a commercial contract, without the prior written consent of the Chairman or his nominee. This paragraph permits contractors and consultants to have outside interests, providing that they are disclosed by the individual at the time of entry into contract with DSQ.

## **11.4 Outside Business Activity**

Personnel must not engage directly or indirectly in any outside business activity involving commercial contact with, or work for the benefit of, third parties with whom DSQ have entered into a commercial contract, without the prior written consent of the Chairman or his nominee.

## **12 USE OF INSIDE INFORMATION**

### **12.1 Non Disclosure of Confidential Information**

Personnel must not disclose confidential DSQ information to any third party without the prior consent of a Director of DSQ, or if required by law.

### **12.2 Confidential DSQ Documents**

Personnel must maintain the confidentiality of all DSQ's documents and must not disclose any information contained within the documents to any third party without the prior consent of a Director of DSQ.

### **12.3 Personal Gain**

Personnel must not use DSQ's information for the purpose of directly or indirectly obtaining personal gain.

## **13. DSQ PERSONNEL SHARE TRADING POLICY (INSIDER TRADING)**

### **13.1 Introduction**

The *Corporations Act*, *Companies Act* and the laws of other countries in which the DSQ operates, contains provisions which prohibit a person in possession of material, non-public information relating to a company from dealing in any way with shares, options or other securities issued by that company or issued or created over the company's securities by third parties (Securities).

The DSQ Personnel Share Trading Policy (the Insider Trading Policy) sets guidelines designed to protect DSQ and Personnel from intentionally or unintentionally breaching these Laws.

### **13.2 The Law**

DSQ is listed on the Australian Securities Exchange and the trading in its securities is subject to the insider trading prohibition under Australian law contained in section 1043A of the *Corporations Act*.

Section 1043A prohibits a person (an Insider) who is in possession of information relating to DSQ that is not generally available but, if the information was generally available (see paragraph 13.3), a reasonable person would expect that information to have a material effect (see paragraph 13.4) on the price or value of DSQ Securities (Material Non-Public Information) from:

- i. applying for, acquiring, disposing of or entering into an agreement to apply for, acquire or dispose of DSQ Securities;
- ii. procuring another person to apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of DSQ Securities; or
- iii. directly or indirectly communicating the Material Non-Public Information to another person when the Insider knows, or ought reasonably to know, that the other person would or would be likely to:
  - a. apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of DSQ Securities; or
  - b. procure another person to apply for, acquire, dispose of or enter into an agreement to apply for, acquire or dispose of DSQ Securities.

### 13.3 Available Information

Information relating to DSQ would be considered to be generally available after it has been released to the Australian Securities Exchange (ASX) and the ASX has fully disseminated that information to the market.

### 13.4 Information having a Material Effect on DSQ Securities

A reasonable person would be taken to expect information to have a material effect on the price of DSQ Securities if that information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to acquire or dispose of DSQ Securities.

### 13.5 Determining Material Non-Public Information

Determining what is Material Non-Public Information is subjective. It would, as an indication, most likely include (but not be restricted to) the following types of information:

- material (more than 5%) changes in DSQ's financial forecasts or expectations;
- a declaration of a dividend or a decision that a dividend not be declared;
- the making of a share, option or debt issue and the under or over subscription of that issue;
- proposed acquisitions, mergers, sales, joint ventures or takeovers;
- information about DSQ's business plans, investment proposals or asset purchases or sales;
- regulatory decisions or industrial actions that may affect DSQ's operations;
- the occurrence of an environmentally related incident;
- the threat, commencement or settlement of any material litigation or claim;
- an agreement between DSQ (or a related party or subsidiary) and a Director (or related party of the Director);
- a change in accounting policy adopted by DSQ;
- a proposal to change DSQ's auditors; and
- the health or capacity of any Director.

### 13.6 Insider Trading Policy

The confidentiality of Material Non-Public Information must be strictly maintained within DSQ by all persons who have access to that information, regardless of title or position.

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No Personnel shall disclose such information, except on a need-to-know basis, inside or outside of DSQ.

### **13.7 Personnel in Possession of Material Non-Public Information**

Personnel must not purchase or sell DSQ Securities while in possession of Material Non-Public Information.

Personnel in possession of Material Non-Public Information must not cause or procure a third party to deal in the Securities of DSQ.

### **13.8 Directors' Notice of Intent to Deal in DSQ Securities**

Directors are routinely in possession of Material Non-Public Information (which, if generally available would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell DSQ Securities). As such, they (or any family member or associate over whom they have influence) are prohibited from dealing in DSQ Securities without providing the Chairman (and the Managing Director in the case of the Chairman) with prior written notice of their intent to deal in DSQ Securities, or by advising the Board as a whole at a scheduled Board meeting. If in writing, the notice must include a statement that they do not believe they are in possession of any Material Non-Public Information. A copy of the notice will be sent to the CFO for the official file.

Directors must confirm with the Chairman (or the Managing Director, as appropriate) that the trading has occurred. A copy of the confirmation will be sent to the CFO for the official file.

The CFO will notify the Board of all trades by Directors as soon as reasonably practicable.

### **13.9 Breach of Insider Trading Policy**

Notwithstanding the provisions of disciplinary action contained in General Principles, failure to comply with this Insider Trading Policy by any DSQ Personnel constitutes cause for immediate dismissal/termination of engagement by DSQ.

### **13.10 Share Trading Blackout Periods**

Company policy precludes its employees and Directors from trading in Company shares during share trading blackout periods which operate:

- i. from the end of the Company's financial half-year, until the release of the results for that period; and
- ii. from the end of the Company's financial year, until the release of the results for that period.

The Board may, on the giving of reasonable notice, impose additional trading blackouts, or vary a trading blackout at its discretion.

Directors are required to notify the CFO and the Company Secretary of purchases and sales within two business days of the transaction in order to enable the Company to notify the ASX within five business days.

If an exceptional circumstance arises during share trading blackout periods, a Director may contact the Chairman to seek approval for specified trading which the Chairman may in his discretion approve or not. In the case of the Chairman, approval must be sought from the Deputy Chairman. The matter must be reported to the Board no later than the next following Board Meeting.

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Employees and Directors are at all times required to monitor their compliance with insider trading laws, and should contact the CFO or the Company Secretary should they be unsure of their obligations under this policy.

## Continuous Disclosure Policy

### 1. OVERVIEW

#### 1.1 Compliance with ASX Listing Rules

DSQ Limited (DSQ) is listed on the Australian Securities Exchange (ASX) and must comply with the *Corporations Act* and the ASX Listing Rules (Listing Rules).

#### 1.2 Continuous Disclosure of Material Information

One of the most significant obligations imposed by the *Corporations Act* and the Listing Rules is the continuous disclosure to the market via the ASX of material information. This is a mandatory obligation.

#### 1.3 Purpose

The purpose of this Policy is to:

- i. ensure that all Directors, employees and contractors (Employees) are aware of the continuous disclosure obligations of DSQ; and
- ii. implement a procedure for the central collection, assessment and if required, release to the ASX, of material information.

### 2. THE LAW

#### 2.1 Compliance with the Law

Section 674 of the *Corporations Act* requires that DSQ comply with the provisions of the Listing Rules relating to the continuous disclosure to the ASX of material information relating to DSQ. The *Corporations Act* states that if DSQ has information that the continuous disclosure provisions of the Listing Rules require DSQ to notify the ASX and that information is:

- i. not generally available; and
- ii. information that a reasonable person would expect, if it were generally available, to have a material effect on the price or value of DSQ shares,

DSQ must notify the ASX of that information in accordance with the Listing Rules.

#### 2.2 Material Effect of Information on DSQ Shares

Section 677 of the *Corporations Act* states that:

*“A reasonable person would be taken to expect information to have a material effect on the price or value of securities (DSQ shares) if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to acquire or dispose of the securities.”*

#### 2.3 Breach – Offences, Infringement Notices and Liabilities

A breach of section 674 of the *Corporations Act* is both a criminal and civil offence.

Furthermore, under section 1317DAC of the *Corporations Act*, the Australian Securities & Investments Commission may issue an Infringement Notice for an alleged contravention of the Act.

A person who is involved in any contravention by DSQ of its continuous disclosure obligations also commits a civil offence. However, a person will not be liable if the person can prove that they:

- i. took all steps (if any) that were reasonable in the circumstances to ensure that DSQ complied with its continuous disclosure obligations; and
- ii. after doing so, believed on reasonable grounds that DSQ was complying with its obligations.

A third party who incurs a loss as a result of a breach of DSQ's continuous disclosure obligations may commence action against DSQ or any Employee who was involved in the breach.

### **3. THE ASX LISTING RULES**

#### **3.1 ASX Policy**

The ASX's Policy is that:

*"Timely disclosure must be made of information which may affect security (share) values or influence investment decisions, and information in which security (share) holders, investors and ASX have a legitimate interest."*

#### **3.2 Continuous Disclosure Obligation to Release Material Information**

To support this Policy, ASX Listing Rule 3.1 contains the continuous disclosure obligation which applies to DSQ and all other listed entities. The Rule provides:

*"Once an entity (DSQ) is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's (DSQ) securities (shares), the entity (DSQ) must immediately tell ASX that information."*

As in the *Corporations Act*, the Listing Rules provide that a reasonable person would be taken to expect information to have a material effect on the price or value of securities (DSQ Shares) if the information would, or would be likely to influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell, the securities.

"Immediately" should be taken to mean within hours of becoming aware of the information.

In this Policy, such information will be referred to as "Material Information".

#### **3.3 Possession of Material Information**

Listing Rule 19.12 also provides:

*"An entity becomes aware of information if a director or executive officer has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity."*

An "Executive Officer" is any manager of DSQ who is concerned with, or takes part in, the management of DSQ.

#### **3.4 Restricted Exemptions**

Listing Rule 3.1A contains a restricted exemption for any of the following reasons:

- i. a "reasonable person" would not expect the information to be disclosed;

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- ii. the information is confidential (and ASX has not formed the view that the information has ceased to be confidential);
- iii. it would be a breach of law to disclose the information;
- iv. the information concerns an incomplete proposal or negotiation;
- v. the information is insufficiently definite to warrant disclosure;
- vi. the information is generated for DSQ's internal management purposes only; or
- vii. the information is a trade secret.

Decisions on whether any of these exemptions may apply to Material Information will be made by the Company Secretary.

### 3.5 False Market

Listing Rule 3.1B provides that where:

*“ASX considers that there is or is likely to be a false market in an entity's (DSQ) securities (shares) and asks the entity (DSQ) to give it information to correct or prevent a false market, the entity (DSQ) must give ASX the information needed to correct or prevent the false market.”*

There is likely to be a false market in DSQ shares in a number of circumstances including:

- i. where DSQ has Material Information that has not been released to the market because it falls under the exemption in Listing Rule 3.1A; and
- ii. there is reasonably specific rumour or media comment in relation to DSQ that has not been confirmed or clarified by an announcement to the market (via the ASX); and
- iii. there is evidence that the rumour or comment is having, or ASX forms the view that the rumour or comment is likely to have, an impact on the price of DSQ shares.

## 4. POLICY

### 4.1 Overview

The Chief Financial Officer (CFO) is primarily responsible for ensuring that this Policy is implemented and enforced and that all required Material Information is disclosed to the ASX. The Local Agent is responsible for ensuring all other information is disclosed as required by the as required by the *Corporations Act* and the Listing Rules.

### 4.2 Employee Responsibilities

All Employees of DSQ, its subsidiaries or associated companies must immediately disclose full details of any Material Information that comes to their attention to the CFO. If an Employee is unsure whether specific information would be Material Information, the Employee must immediately disclose full details of the information to the CFO.

### 4.3 Directors' and Executive Officers' Responsibilities

The Listing Rules require disclosure of Material Information that has, or ought reasonably to have come into the possession of a Director or Executive Officer. As such, all Directors and Executive Officers must keep up to date with all matters within their operations which may become material.

**4.4 Local Agent's Responsibilities**

The Local Agent is responsible for reviewing all information with the CFO for submission forwarded by the CFO and, where necessary, for making a recommendation to the Chairman or Managing Director on whether it is Material Information that must be disclosed to the ASX.

**4.5 Compliance with Policy**

The Board may require DSQ's external auditors to audit and report on compliance with this Policy.

**5. TYPES OF INFORMATION THAT MAY REQUIRE DISCLOSURE**

**5.1 Types of Information**

For assistance in determining if information is Material Information, the following types of information may be material and therefore may be required to be disclosed:

- material (more than 5%) changes in DSQ's financial forecasts or expectations;
- a declaration of a dividend or a decision that a dividend not be declared;
- the making of a share, option or debt issue and the under or over subscription of that issue;
- proposed acquisitions, mergers, sales, joint ventures or takeovers;
- information about DSQ's business plans, investment proposals or asset purchases or sales;
- regulatory decisions or industrial actions that may affect DSQ's operations;
- the occurrence of an environmentally related incident;
- the threat, commencement or settlement of any material litigation or claim;
- an agreement between DSQ (or a related party or subsidiary) and a Director (or related party of the Director);
- a change in accounting policy adopted by DSQ;
- a proposal to change DSQ's auditors; and
- the health or capacity of any Director.

**5.2 Other Matters**

Clearly, there are many other matters which may give rise to Material Information. Employees with any questions on whether particular information is material must contact the CFO.

**5.3 Providing Public Information**

As a listed company, Employees must ensure that only public information is provided when answering questions asked by third parties, including the media and analysts. Media statements or draft analyst reports will only be commented on or corrected by the Chairman or Managing Director of DSQ and should only be commented on or corrected if doing so involves the provision of publicly available information.

**6. QUESTIONS**

Any questions relating to the interpretation or enforcement of this Policy should be forwarded to the CFO.

## Shareholder Communications Policy

### 1. OVERVIEW

#### 1.1 Purpose

The purpose of this Shareholder Communications Policy (Policy) is to:

- promote effective communications with shareholders of DSQ Limited (DSQ);
- ensure all information relevant to their shareholding is disseminated to shareholders; and
- encourage effective participation by shareholders at DSQ General Meetings.

#### 1.2 Scope

This Policy endorses the Australian Securities Exchange (ASX) Corporate Governance Council's *Corporate Governance Principles and Recommendations (ASX Principles)*.

#### 1.3 Maintaining Shareholder Communications

DSQ will ensure that:

- materials detailed in this Policy are available on the DSQ website ([www.datasquirt.com](http://www.datasquirt.com)) within a reasonable timeframe;
- shareholder communications are distributed to shareholders in accordance with the *Companies Act, Corporations Act* (where applicable) and ASX Listing Rules (Listing Rules); and
- this Policy is updated and maintained as required.

#### 1.4 Methods of Communication

The following methods of communication will be available to shareholders:

- telephone;
- mail;
- email;
- facsimile;
- via the ASX website (<http://www.asx.com.au>) (the DSQ code for ASX purposes is DSQ);
- via the DSQ Share Registry; and
- via the DSQ website (under "Contact us").

Contact details for the DSQ Share Registry are detailed in paragraph 3.2.

### 2 ASX ANNOUNCEMENTS

#### 2.1 Outline

DSQ makes announcements to the ASX in accordance with the Listing Rules.

#### 2.2 Availability

All announcements made to the ASX are available to shareholders:

- under the Investor Centre section of the DSQ website (under "Company Announcements");

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- under the Company Announcements section of the ASX website; or
- by email notification (when shareholders provide their email address to DSQ via the website and elect to be notified of all DSQ announcements).

### 3 THE DSQ SHARE REGISTRY

#### 3.1 General

For all share related enquiries, shareholders should contact the DSQ Share Registry.

#### 3.2 Contact Details

Registries Limited  
Level 7  
207 Kent Street  
Sydney NSW 2000

Telephone: +61 1300 737 760  
Facsimile: +61 1300 653 459  
Email: [callcentre@registries.com.au](mailto:callcentre@registries.com.au)  
Website: <http://www.registries.com.au>

### 4 SHAREHOLDER DETAILS

If shareholders wish to amend any of their details on the DSQ Share Register, they will need to complete the appropriate form and send it back to the DSQ Share Registry. Forms available from the DSQ Share Registry include:

- Change of Address;
- Name Correction Indemnity;
- Direct Credit Authority;
- TFN, ABN or Exemption Notification; and
- Annual Report Election.

### 5 ANNUAL MEETINGS

#### 5.1 General

DSQ holds its Annual Meeting in accordance with the requirements of the *Companies Act*.

#### 5.2 Date and Location of Annual Meeting

The date, time and location of the Annual Meeting will be detailed:

- in the Notice of Annual General Meeting; and
- on the DSQ website under “Investor centre” and then “Company announcements”.

Alternatively, shareholders can contact the DSQ Share Registry directly to obtain this information.

#### 5.3 Notice of Meeting

The Notice of Meeting will be distributed to all shareholders prior to the Annual Meeting pursuant to the timeframe set by the *Companies Act*.

Archived versions of Notices of Meeting will be available on the DSQ website under “Investor centre” and then “Company announcements”.

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### **5.4 Proxy Form**

A proxy form allowing shareholders to appoint a proxy in the event they cannot attend the Annual General Meeting will accompany the Notice of Meeting distributed to all shareholders.

### **5.5 Questions From Shareholders**

At the Annual Meeting, shareholders can ask questions about or comment on the management of DSQ and/or on the conduct of the audit and preparation and content of the Auditor's Report.

### **5.6 Chairman's Address**

Any addresses from the Chairman and the Managing Director will be announced to the ASX prior to the commencement of the Annual General Meeting in accordance with the ASX Listing Rules. They will be available to shareholders in the same manner as other ASX Announcements (see paragraph 2.2). A copy of any address will also be made available on the DSQ website under "Investor centre" and then "Company announcements".

### **5.7 Meeting Results**

Results of all Annual Meetings will be announced to the ASX at the conclusion of the General Meeting in accordance with the Listing Rules. They will be available to shareholders in the same manner as other ASX Announcements (see paragraph 2.2). Results will also be made available on the DSQ website under "Investor centre" and then "Company announcements".

## **6 HALF-YEAR & FULL-YEAR RESULTS**

### **6.1 Timing**

The financial results for the half-year ended 30 September are normally reported in November each year. The financial results for the full-year ended 31 March are normally reported in May each year.

### **6.2 Availability**

As DSQ's Half-Year and Full-Year Results are announced to the ASX pursuant to the Listing Rules, they will be available to shareholders in the same manner as other ASX Announcements (see paragraph 2.2). In addition, the results are available on the DSQ website under "Investor centre" and then "Reports & financials".

## **7 ANNUAL REPORT**

### **7.1 Timing**

The Annual Report contains key financial information about DSQ, as well as important operating and corporate information.

The Annual Report will be available to shareholders in accordance with section 209 of the *Companies Act*.

## **8 CORPORATE GOVERNANCE**

In accordance with Recommendation 6.1 of the *ASX Principles*, DSQ has a Corporate Governance section on its website. The information available on the website includes, but is not limited to:

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- Corporate Governance Statement;
- Board Charter;
- Audit & Risk Management Committee Charter;
- Code of Conduct and Ethics;
- Continuous Disclosure Policy;
- Shareholder Communications Policy; and
- other governance material (including policies and statements).

### **9 MEDIA RELEASES**

Access to DSQ media releases is available on the DSQ website under “Investor centre” and then “Company announcements”. Media releases may be released to the market via the ASX in accordance with the Listing Rules.

### **10 INFORMATION TO BENEFICIAL OWNERS**

Beneficial owners of DSQ are encouraged to contact the DSQ Share Registry to arrange the direct receipt of shareholder materials.