

CONSTITUTION



1 Pleasant State

- (a) Pleasant State exists to work towards a sparkling clean world that is free of toxins and single-use plastics. Pleasant State's purpose is to deliver returns to Shareholders whilst having an overall positive impact on society and the environment.
- (b) Pleasant State is a proprietary company limited by shares. The liability of a Shareholder is limited to any amount owing on its shares.

2 How does this Constitution apply to Pleasant State, its Directors and Shareholders?

- (a) This Constitution sets out the rights and responsibilities of Pleasant State, its Directors and Shareholders. Defined terms in this Constitution are defined in Schedule 1 (Glossary of Terms).
- (b) The replaceable rules contained in the Act do not apply to Pleasant State. However, all the rules of this Constitution are subject to the Act. Any rules that are inconsistent with the Act are taken to be amended so that it is consistent with the Act.

PLEASANT STATE'S POWERS**3 What are Pleasant State's powers?**

Pleasant State has all the capacity and powers of a natural person and a body corporate.

4 How does Pleasant State exercise its powers?

- (a) The Board may exercise all of Pleasant State's powers, including the payment of dividends and capitalising profits as the Board sees fit, except:
 1. Pleasant State may only make a decision by an Ordinary Resolution of Directors (unless this Constitution requires otherwise);
 2. Pleasant State may only decide to change the nature of its business significantly, to vary this Constitution or wind up Pleasant State by Special Resolution of Shareholders; and
 3. where this Constitution or the Act require Pleasant State to exercise its powers in a general meeting of Shareholders.
- (b) For clarity, the Board is authorised to implement and maintain an ESOP (up to and including the ESOP Allocation). The Board may decide, vary, suspend and/or terminate the terms of the ESOP as it sees fit.

Delegation of powers

- (c) The Board may delegate any of its powers to the Chief Executive Officer, a Director, a Pleasant State employee or any other person. However, the delegate may only exercise its delegated power in accordance with the Board's direction and may not delegate further unless specified by the Board. Where the delegated power is exercised, it has the same effect as if the Board exercised it. The Board may revoke any delegation at any time.

Validity of acts of Directors

- (d) All acts of the Director or Board remain valid even if it is later discovered that a Director was disqualified or there was a defect in the appointment of a Director or Director in a Committee or their entitlement to vote.
- (e) A rule made or resolution passed by Pleasant State in a general meeting of Shareholders does not invalidate any prior act of the Directors which would have been valid if that rule or resolution had not been made or passed.

Pleasant State subsidiaries

- (f) The Board may act in the best interests of its subsidiaries (including Good Day Co. Pty Ltd) so long as it is in the best interest of the corporate group as a whole.

DIRECTORS' CONDUCT OF PLEASANT STATE'S BUSINESS**5 What duties do the Directors have?**

- (a) The Board has the duty to manage Pleasant State's business.
- (b) The Board will meet at least quarterly each financial year.
- (c) In discharging their duties under this Constitution, the Act and the general law, the Directors or other officers of Pleasant State:
 - (i) will include in their consideration the following factors:
 1. the likely consequences of any decision or act of Pleasant State in the long term;
 2. the interests of Pleasant State's employees;
 3. the need to foster Pleasant State's business relationships with suppliers, customers and others;
 4. the impact of Pleasant State's operations on the community and the environment;
 5. the desirability of Pleasant State maintaining a reputation for high standards of business conduct;

- 6. the interests of Shareholders; and
- 7i. Pleasant State's ability to create an overall positive impact on society and the environment.
- (ii) need not give priority to a particular factor referred to in paragraph (a) over any other factor (included in paragraph (i) or otherwise).

6 How can Pleasant State execute a legal document?

- (a) The Board may determine any way that a negotiable instrument may be signed, accepted, endorsed or otherwise executed on behalf of Pleasant State.
- (b) Any two Directors may sign, draw, accept, endorse or otherwise execute a negotiable instrument on behalf of Pleasant State to the extent the Directors act in accordance within their authority as set by the Board.

7 How does the Board make decisions?

- (a) The Board may make a decision by passing an Ordinary Resolution unless this Constitution requires otherwise. This may be conducted by a Board meeting or by circular resolution according to rule (c) below.
- (b) An Alternate Director is entitled to vote on behalf of each Director whom it represents as an Alternative Director at a meeting.
- (c) The Board may pass a resolution without a meeting being held if all the Directors (entitled to vote on the resolution) physically or electronically sign a document (one copy or separate, identical copies) containing a statement that they are in favour of the resolution set out in the document. A resolution passed in this way is passed when the last Director signs.

8 How are Board meetings conducted and resolutions passed?

- (a) The Board may meet, adjourn and otherwise regulate their meetings as it sees fit.
- (b) A Director may at any time call a meeting of Directors by giving each Director notice (at least 48 hours before the meeting unless the Directors agree) specifying the day, time and place of the meeting and the business to be transacted. The omission of notice to a Director does not invalidate the proceedings of the meeting if (a) the Director waives notice, (b) the Director agrees to the resolution passed at the meeting or (c) the Director (or the Alternate Director) attends the meeting.
- (c) A Directors' meeting may be called or held using any technology consented to by all Directors (acting reasonably). The consent may be a standing one. A Director may only withdraw their consent within a reasonable period before the meeting.

- (d) The quorum for a Board meeting is two Directors and the quorum must be present at all times during the meeting. Alternate Directors are counted separately for each appointment.

Voting

- (e) Subject to the Act, each Director has one vote and an Alternate Director has one vote for each appointment (in addition to any vote as a Director). The Chair does not have a casting vote.

BOARD COMPOSITION

9 Who are Pleasant State's Directors?

At the date of this Constitution, Pleasant State's Directors are Ami Bateman and Sian Murray, and Ami Bateman is the Chair.

10 How many Directors must Pleasant State have?

- (a) Pleasant State must have at least two Directors.
- (b) The Board may decide by Special Resolution of the Director to set and adjust the maximum number of Directors on the Board.
- (c) A Director does not need to be a Shareholder.

11 How are Directors and the Chair appointed?

- (a) The Board may appoint a person as a Director, and a Director as the Chair, by Special Resolution. Each Shareholder holding Shares of a number at least 20% of Shares in Pleasant State may appoint one Director for so long as that Shareholder holds at least 20% of Shares in Pleasant State and on the condition that the Director acts in the best interests of Pleasant State (over the interests of the Shareholder if there is any conflict).
- (b) The appointment of a Director takes effect when the Director consents to the appointment.
- (c) With the written approval of the majority of the other Directors, a Director may appoint an Alternate Director to exercise some or all of the Director's powers for a specified period. The Board or appointer may terminate the appointment at any time. The appointment ends automatically when the appointer ceases to be a Director.

12 How can a Director resign?

A Director may resign as a Director by notifying the Board in writing. The resignation takes effect when the Board receives notice.

13 How can a Director be removed?

- (a) Pleasant State may remove a Director by an Ordinary Resolution of its Shareholders. This removal takes effect when the resolution is passed.
- (b) A Director is deemed to have been removed if the Director is precluded from taking part in the management of a corporation under the Act.
- (c) The office of a Director becomes vacant if a Director dies or becomes of unsound mind.

14 How are Directors remunerated and indemnified?

- (a) The Board may set remuneration for a Director by Unanimous Resolution for his or her services as a Director. The remuneration may include superannuation contributions and reimbursement of travelling and other business expenses properly incurred.
- (b) By Unanimous Resolution of the Board, Pleasant State may remunerate a Director for services called upon beyond his or her duties as a Director.
- (c) To the extent that the Act permits, Pleasant State indemnifies any current or former Director against any liability (including legal costs and expenses) that the person incurs for his or her acts or omissions in his or her capacity as a Director. Pleasant State agrees to pay a premium for a contract insuring that person from such liability.
- (d) Where a current or former Director seeks to rely on the indemnity under this Constitution:
 - (i) that person must immediately notify the Board of any claim which gives rise to or could give rise to a liability of Pleasant State to that person under the indemnity;
 - (ii) permit Pleasant State to conduct any negotiations and proceedings in respect of the claim in the name of the person and to have the sole arrangement and the control of such negotiations or proceedings and to settle or compromise the claim or make any admission or payment in relation the claim;
 - (iii) not make any admission without the prior written consent of Pleasant State; and
 - (iv) promptly render all reasonable assurance and co-operation to Pleasant State as requested by Pleasant State.

CHIEF EXECUTIVE OFFICER**15 Who is Pleasant State's Chief Executive Officer?**

At the date of this Constitution, Pleasant State's Chief Executive Officer is Ami Bateman.

16 What are the Chief Executive Officer's powers?

Unless the Board decides otherwise, the Chief Executive Officer's powers and duty are to manage Pleasant State's business under the Board's direction and oversight.

17 How is the Chief Executive Officer appointed?

- (a) The Board may appoint one person to the office of Chief Executive Officer on terms that the Board sees fit, and may revoke or vary that appointment. The Chief Executive Officer does not need to be a Director or Shareholder.
- (b) If the Chief Executive Officer becomes temporarily incapable of acting, the Board may appoint any person to act temporarily as Chief Executive Officer.

NEW SHARES**18 What is the Board's power to issue shares?**

- (a) Subject to the Act, the rights of existing Shareholders and this Constitution, the Directors may, on behalf of Pleasant State:
 - (i) issue Shares, including issue Shares under any ESOP; and
 - (ii) grant options to have Shares issued, including granting options under any ESOP, and may do so without first offering them to any existing Shareholders.
- (b) The Board must notify Shareholders of the issue of Shares in its annual reports.
- (c) Subject to the terms of issue of existing or new Shares or the Act:
 - (i) new shares rank equally with existing Shares of the same class; and
 - (ii) a new issue is taken not to vary the rights attached to existing Shares.

Shareholder entitlements and obligations

19 What are a Shareholder's entitlements?

- (a) Shares entitle Shareholders:
 - (i) the right to receive any dividends that the Board decides Pleasant State should pay (at the Board's discretion);
 - (ii) the right to receive notice of and attend general meetings of Shareholders in accordance with this Constitution;
 - (iii) one vote on a poll at a general meeting for each Share held; and
 - (iv) the right to participate in the division of any surplus assets or profits in any winding up of Pleasant State in proportion to the number of Shares held to the total number of Shares issued.
- (b) No Shareholder may Encumber any of its Shares (unless a Unanimous Shareholder resolution approves otherwise).
- (c) If two or more persons are registered as Shareholders, they are taken to hold the Share as joint tenants.
- (d) Except as required by law, Pleasant State is not bound to recognise (even if it has notice) that a person holds a Share on trust or an equitable contingent future or partial interest in a Share or any other right in respect of a Share except the Shareholder's absolute right to the entirety.

20 How does a Shareholder transfer Shares?

- (a) Pleasant State may buy back Shares any time and for any reason in accordance with the Act.
- (b) Unless rule 20(f) applies, a Shareholder intending to transfer Shares must offer the Shares to Pleasant State by providing the Board a statement setting out the terms of the offer as below:
 - (i) the number of Shares offered;
 - (ii) the price for each Share; and
 - (iii) the period for which the offer will remain open, which must be greater than 30 calendar days **(Shareholder Offer)**.
- (c) If Pleasant State does not accept the offer under rule 20(b), the Shareholder must provide the same Shareholder Offer to each Shareholder that holds at least 20% of the total issued Shares in proportion, as far as is practicable, to the number of the Shareholder's Shares to the total issued Shares.

- (d) To the extent that a Shareholder's Shares are not accepted under rules 20(b) to (c), the Shareholder may offer the remaining Shares to a legal entity on the same or less favourable terms as the Shareholder Offer under rule 20(c) except the Board may refuse the transfer if the Board considers that the proposed Shareholder (or its beneficiaries if the proposed Shareholder is a trustee) is a competitor of Pleasant State and/or has an interest in a business of a similar nature to Pleasant State.
- (e) Shares may be transferred with 30 days calendar notice to the Board without the need to comply with rules 20(b) to (d) where the Shareholder holds the Shares as trustee of a trust and the transfer is to the new trustee or trustees of the trust or to the beneficiary or beneficiaries of the trust, subject to the Shareholder providing evidence to the Board's satisfaction that this rule applies and the new Shareholder or Shareholders agreeing to this Constitution.
- (f) Subject to the Act, the Board may accept or refuse to register transfers of Shares for any reason and, before it accepts and register a transfer of Shares, the Board has the power to decide on the form of the transfer. Until the Board accepts and registers the transfer, the existing Shareholder remains the holder of the Shares.

21 What happens if Pleasant State or a Shareholder receives an offer to buy Shares?

Each Shareholder must transfer all of its Shares to a third party if:

- (a) the Board approves an offer from that third party to buy all of the Shares in Pleasant State;
- (b) Shareholders holding at least 50% of the total issued Shares in Pleasant State accept a bona fide offer from that third party to buy all of the Shares in Pleasant State **(Offer to Purchase)**, and these Shareholders sell their Shares according to the terms of the offer and the Board's approval;
- (c) the Shareholder is provided a notice that specifies the Offer to Purchase;
- (d) the transfer is on the same terms of the Offer to Purchase; and
- (e) the Shareholder is provided a notice that specifies the details of the third party and the price payable for each Share.

22 What happens if a majority Shareholder or Shareholders receive an offer to buy Shares?

A Shareholder or group of Shareholders holding at least 50% of the total issued Shares (**Majority Shareholders**) in Pleasant State may only transfer its Shares to a third party if:

- (a) the Board approves the offer from the third party to the Majority Shareholders;
- (b) the Majority Shareholders give each other Shareholder a written notice giving the option to sell their Shares to the third party on the same terms of the offer to Majority Shareholders (Option) and providing a period of 30 calendar days from notice to exercise the Option; and
- (c) if the third party also purchases the Shares of Shareholders (that have notified the Board that it exercises the Option) on the same terms as its offer to Majority Shareholders.

For clarity, there is no obligation on Shareholders to agree to the offer.

23 What happens if Pleasant State is to be listed on the Australian Stock Exchange?

- (a) If the Board decides to pursue and implement a strategy for an initial public offering (IPO) on the Australian Stock Exchange, and the Shareholders pass an Ordinary Resolution approving the strategy, each Shareholder agrees to do everything reasonably necessary to achieve the IPO, including selling an agreed proportion of their Shares and executing any necessary documentation.
- (b) The Shareholders severally appoint the Board as agent and attorney with power to complete any steps and execute any necessary document under this rule 23.

24 What happens to Shares if a Shareholder dies or becomes bankrupt?

If a Shareholder dies or becomes bankrupt, the Board may accept a legal entity that has a legal entitlement to the Shares as the registered shareholder of the Shares subject to applicable bankruptcy laws and the legal entity providing evidence to the Board's satisfaction.

SHAREHOLDER DECISIONS

25 How can Shareholders make decisions for Pleasant State?

Pleasant State may pass a resolution by:

- (a) all Shareholders entitled to vote on a resolution signing a document (physically or electronically) containing a statement that they are in favour of the resolution set out in the document. Separate copies may be used if the wording of the resolution and statement are identical in

each copy; and/or

- (b) a meeting of Shareholders.

26 Who may call a Shareholders' meeting?

Any Director can call a Shareholders' meeting by giving notice according to rule 27 and providing Shareholders a reasonable opportunity to participate using technology that the Board nominates.

A Director must call a Shareholders' meeting if requested by a Shareholder or group of Shareholders holding at least 5% of the total issued Shares.

A Shareholder cannot call a Shareholders' meeting unless the Act allows this.

27 What are the notice requirements for a Shareholders' meeting?

Any Director may call a Shareholders' meeting at any time by giving at least 21 calendar days' written notice to:

- (a) each Shareholder entitled to vote at the meeting (if a Share is held jointly, notice need only be given to one of the joint Shareholders);
- (b) each Director; and
- (c) every person entitled to a Share as a result of the death or bankruptcy of a Shareholder (who would be entitled to receive notice except for the Shareholder's death or bankruptcy) who provides sufficient evidence of the entitlement to the Board's satisfaction.

Notice may be given by sending it by email, post or another method accepted by a Shareholder. A notice is taken to be given on the day it is sent.

A Shareholders' meeting, and any resolution passed at the meeting, remain valid even if a notice is not received or there is accidental omission to give notice.

28 What must a notice to a Shareholders' meeting include?

The notice must state the date, time and place or technology to be used for the Shareholders' meeting and the resolution(s) to be proposed at the Shareholders' meeting. The notice must also state that a Shareholder has a right to appoint a proxy according to this Constitution.

29 How can proxies be appointed?

A Shareholder may appoint a proxy by signing a document that states the Shareholder's name and address, the proxy's name and the meeting at which the appointment may be used, and sends the document to the Chair at least 7 calendar days from the scheduled meeting.

A Chair may decide that a proxy is valid even if it does not meet the requirements under the Act. A proxy's appointment is valid at an adjourned meeting.

If a Share is held jointly and the Chair receives more than one appointment, the Chair will accept an appointment signed by all joint Shareholders or will prefer an appointment signed by the Shareholder whose name first appears in the Register over appointments signed by other joint Shareholders.

30 What is the quorum for a Shareholders' meeting?

A quorum is present if a Shareholder or Shareholders holding more than 50% of Shares are present at all times during the meeting. If a quorum is not present within 30 minutes after the scheduled time, the meeting is adjourned to a date and time that the Board specifies.

31 Who chairs a Shareholders' meeting and what are his or her responsibilities?

The Chair is the chair for all Shareholders' meetings unless the Chair or the Board nominates an alternative chair for the meeting. If the Chair is not present within 30 minutes after the time appointed for the meeting or is unwilling to act, the Board must elect a Director to chair the meeting.

The chair of the meeting is responsible for the general conduct of the meeting and the chair's ruling on the conduct is final.

32 How are votes counted?

Votes are to be conducted by poll and each Shareholder or their proxy has one vote for each ordinary share the Shareholder holds (except for Shareholders holding Shares jointly in which case the votes of the first named Shareholder is counted where more than one of the joint Shareholders vote).

Where a Shareholder has appointed more than one proxy, the appointment must specify to the Chair the proportion of the Shareholder's voting rights which each proxy is entitled to represent. A Shareholder may revoke a proxy by participating at a meeting and voting on a resolution.

The Chair may decide on any challenges to a right to vote.

33 What happens if a Shareholders' meeting is adjourned?

If the majority of the Shareholders present consent to adjourn a meeting, the Chair may adjourn the meeting to a different time to conduct unfinished business of the initial Shareholders' meeting. The Chair only needs to notify Shareholders if the meeting is adjourned for more than 21 calendar days and, if the Chair needs to provide notice, the Chair must provide at least three calendar days notice.

GENERAL

34 Protecting Pleasant State's commercial interests

Pleasant State strives to take a transparent and inclusive approach to its Shareholders. However, unless the Shareholder is a Director, no Shareholder is entitled to access any of Pleasant State's information or materials, including Confidential Information. Only the Board may decide (at its discretion) whether a Shareholder may access any document of Pleasant State.

If a Shareholder accesses Pleasant State's Confidential Information, the Shareholder agrees to not to disclose that information to any third party.

To protect Pleasant State's goodwill in the business and the interests of Shareholders as a whole, a Shareholder (or its beneficiaries, if that Shareholder is a trustee) must not engage in an activity that competes with Pleasant State's business and/or have a direct or indirect interest in a business of a similar nature to Pleasant State unless it first obtains the Board's written consent. Consent is not required if:

- (a) the activity relates to the Shareholder (or its beneficiaries, if that Shareholder is a trustee) being an employee of a competing business and the Shareholder does not have an executive position nor a direct or indirect ownership interest in the business; and
- (b) the interest relates to a shareholding of less than 0.5% of an ASX-listed company.

35 Shareholder breach

- (a) If a Shareholder commits a breach of this Constitution, the Shareholder must inform the Board immediately of the breach.
- (b) If a Shareholder commits a Serious Breach and the Board by Special Resolution resolves that the Serious Breach has occurred:
 - (i) the Shareholder's rights to the Shares are suspended and the Shareholder's obligations continue to apply; and
 - (ii) the Shareholder is deemed to have provided the Board with an irrevocable notice to sell the Shareholder's Shares to Pleasant State by way of buy-back (or to a person(s) that the Board nominates) at 70% of the fair market value of the Shares (as determined by the Board taking into account in good faith the opinion of an independent valuer), which take effect on the earlier of:
 - (iii) the date on which the Shareholder provides a notice of Serious Breach; or

- (iv) the date the Board resolves by Special Resolution that the Serious Breach has occurred.
- (d) The Shareholder must do everything necessary to facilitate the sale of the Shares, including the transfer of the Shares within 14 calendar days of the acceptance of the sale.
- (e) If the Shareholder does not remedy the breach or does not comply with a transfer as required under this rule, the Chair (or an alternative person nominated by the Board) is taken to be the attorney of the Shareholder with the power to do any act to remedy the breach and/or effect the transfer and receive the sale price on trust for the Shareholder.

36 Distribution on winding up

If Pleasant State is wound up and the Shareholders decide by Special Resolution for a liquidator to distribute assets, the liquidator may set the fair value upon any property to be divided and determine the division to be carried out between the Shareholders.

37 Notice

Notice to a Shareholder is deemed to be received if sent by email to the Shareholder's registered email address 24 hours after transmission.

Notice to a Director is deemed to be received if sent by email to the Director's registered email address 24 hours after transmission.

Notice from a Shareholder to Pleasant State must be sent by email to the following address: investor@pleasantstate.com or an updated address as the Board notifies from time to time.



SCHEDULE 1. GLOSSARY OF TERMS

In this Constitution:

Act means the *Corporations Act 2001* (Cth).

Alternate Director means the alternate director nominated by a Director and approved by the Board.

Board means the board of Directors of Pleasant State.

Chair means Ami Bateman or, if she leaves this position, the Director appointed according to rule 11.

Chief Executive Officer means Ami Bateman or, if she leaves this position, the Director appointed according to rule 17.

Confidential Information means any information or material relating to Pleasant State that is by its nature confidential, in any form of media, whether in writing or oral, except information that the Shareholder shows:

- (a) is or becomes publicly available through no fault of the Shareholder; or
- (b) is or becomes lawfully available to the Shareholder from a third party.

Director means a person appointed as a director of Pleasant State.

ESOP means any employee share plan, share option plan or similar incentive arrangement that the Board adopts from time to time for the benefit of Pleasant State's Directors, employees and consultants/advisors up to and including the ESOP Allocation.

ESOP Allocation means 20% of the issued share capital of Pleasant State (on a fully diluted basis) from time to time.

Majority Shareholders has the meaning given to it in rule 22.

Offer to Purchase has the meaning given to it in rule 21.

Option has the meaning given to it in rule 22.

Ordinary Resolution means a resolution passed by over 50% of the votes validly cast.

Serious Breach means:

- (a) a Shareholder's breach of any rule in this Constitution, which the Shareholder does not remedy (or cannot remedy) within 7 calendar days of the Board providing notice of the breach;
- (b) a Shareholder transferring or attempting to transfer any Shares in breach of this Constitution;
- (c) a Shareholder breaching its confidentiality obligations under this Constitution; and/or
- (d) a Shareholder holding Shares in contravention of an Australian law.

Shareholder means a party entered in Pleasant State's register as a holder of Shares in Pleasant State at the relevant time.

Shareholder Offer has the meaning given to it in rule 20(b).

Shares means ordinary, fully-paid shares in Pleasant State.

Special Resolution means a resolution passed by over 75% of the votes validly cast.

Unanimous Resolution means a resolution passed by 100% of the votes validly cast.