

CODE OF CONDUCT POLICY FOR DIRECTORS

Scope

To ensure directors have a clear understanding of the company's expectations of their conduct.

Detailed Policy

The Director as a Fiduciary

All directors have a fiduciary relationship with the shareholders of the company. A director occupies a unique position of trust vis-à-vis the shareholders which makes it unlawful for a director to improperly use his/her position to gain advantage for himself or herself.

The director is expected to exercise skills commensurate with his/her level of knowledge and experience to increase the value of the company (ie. the value of the shareholders' assets).

All facets of a director's role are bound up inextricably with the fiduciary relationship with the shareholders. Because of the fiduciary relationship, a director's membership of the board should be the subject of continual personal evaluation.

A director who believes that a course of action proposed by or already undertaken by the board of management is against the best interest of the company and its shareholders, must be prepared to oppose that course of action and insist that his/her objection be fully documented and noted.

Similar steps should be taken by any director who believes the board is failing to take action to remedy irregular practices within the company.

Duties of a Director

Each director must endeavour to ensure that the company is properly managed so as to protect and enhance the shareholders' interests.

To meet this obligation directors must act honestly and should:

- at all times exercise due care in their duties;
- be diligent, attend board meetings and make themselves knowledgeable about the business of the company and the physical and social environment in which it operates;
- ensure that the shareholders and the stock market are informed of all material matters which require disclosure;
- avoid or fully disclose conflicts of interest; and
- be impartial in their judgements and actions.

Directors should ensure they can give sufficient time and attention to detail so as to properly fulfil the duties of directors.

Conflict of Interest

At all times a director must be able to act in the interests of the company. Where the interests of associates, personal interest of the director or the director's family

may conflict with those of the company, then the director must immediately disclose such conflict and either:

- eliminate the conflict, or
- abstain from participation in any discussion or decision-making process in relation to the subject matter of the conflict, or
- in exceptional circumstances he/she may have to consider resignation.

Associates of a director means –

- spouse
- dependent children
- trustee of a trust in which the director or an associate has or may have a beneficial interest
- a company in which the director or an associate has a significant interest
- any other person over whose judgement the director could be expected to have beneficial influence.

Executive directors must always be alert to the potential for conflict of interest between management interests and their fiduciary duty as directors.

Directors should refrain from voting their shares at any general meeting on any matter in the outcome of which they or their associates have a special beneficial interest.

Directors' Benefits

Directors will comply with the provisions of the Australian Corporations Act relating to disclosure of directors' benefits.

Directors' Needs

To enable all directors, but particularly non-executive directors, to be fully effective, they must have full access to all relevant information. In the case of matters to be considered by the board, directors must insist that full details are made available to them in sufficient time to allow proper consideration.

Directors must ensure that when expert advice is sought it comes from suitably qualified sources. Auditors and other experts must not be subjected to pressure to produce results deemed appropriate by management of the board.

Confidentiality

All directors acquire information not generally known to the public or other businesses such as trade secrets, processes, methods, advertising or promotional programs, sales and all statistics affecting financial results. This information is the property of the company and it is improper, whether deliberately or carelessly, to disclose it to any other person unless the disclosure has first been authorised by the company.

Insider Trading

Fiduciary duty requires that directors do not improperly utilise their position for personal gain or for the gain of associates.

Therefore information concerning the activities or proposed activities of the company, which is not public and which could materially affect the price of the

company's shares, must not be used for any purpose other than valid company requirements.

Each director is required to ensure that information in his or her possession and which would affect the price of the company's shares, notes, etc. is transmitted only to those with a need to know for the proper discharge of their duties on behalf of the company. Such information includes, but is not limited, to:

- financial results;
- profit forecasts;
- proposed share issue;
- borrowings;
- impending takeovers, acquisitions, mergers, reconstructions, litigation;
- significant changes in operations;
- new products and new discoveries;
- liquidity;
- major purchases or sales of assets; and
- management restructuring.

Other Obligations of Directors

The director should make reasonable endeavours to ensure that the company gives proper consideration to:

- the impact on the environment of the company's activities and proposed activities and that the company observes its obligations in respect of environmental practices;
- matters affecting the health, safety and general well-being of the employees;
- products.

While directors cannot be expected to possess the technical knowledge to evaluate for themselves the utility and safety of products, it is their responsibility to endeavour to ensure that the company develops policies to ensure that products manufactured and sold by the company are safe for consumers.