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## CODE OF CONDUCT

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Empired Ltd



## COMPANY CODE OF CONDUCT

The Company has adopted a code of conduct for all employees and directors to promote high ethical standards and responsible decision making. Such conduct is considered integral to the primary objective of working to enhance the Company's reputation and shareholder value.

*We will achieve this by upholding the following principles:*

- acting with honesty, integrity, decency and responsibility at all times;
- acting fairly in our dealings with others;
- acting in the best interests of the Company as a whole and avoiding real or perceived conflicts of interest;
- respecting the law at all times, both to the letter and in spirit, and acting in accordance with it;
- treating all persons with whom we deal with dignity, regardless of individual differences;
- respecting confidentiality, the proprietary nature of information and not misusing Company information, assets or facilities;
- exercising independent and sound judgment in performing our duties;
- accepting responsibility for ensuring a safe workplace, maintaining proper occupational health and safety standards and minimizing environmental impacts; and
- ensuring equality of opportunity in our employment practices.

In addition, the Board subscribes to the Code of Conduct as published by the Institute of Company Directors. A copy of that code and guidelines for the interpretation of its principles is appended hereto as Appendix 1.

## APPENDIX 1

### Directors Code of Conduct

*The Code of Conduct is as follows:*

- 1) A director must act honestly, in good faith and in the best interests of the company as a whole.
- 2) A director has a duty to use care and diligence in fulfilling the functions of office and exercising the powers attached to that office
- 3) A director must use the powers of office for a proper purpose, in the best interests of the company as a whole.
- 4) A director must recognise that the primary responsibility is to the company's shareholders as a whole but should, where appropriate, have regard for the interest of all stakeholders of the company.
- 5) A director must not make improper use of information acquired as a director.
- 6) A director must not take improper advantage of the position of director.
- 7) A director must properly manage any conflict with the interests of the company.
- 8) A director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors.
- 9) Confidential information received by a director in the course of the exercise of directorial duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or the person from whom the information is provided, or is required by law.
- 10) A director should not engage in conduct likely to bring discredit upon the company.
- 11) A director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.

**Source:** Australian Institute of Company Directors Code of Conduct - Approved February 2004

## **Guidelines for the interpretation of the principles of the Code of Conduct**

The following guidelines are intended to assist directors in complying with the core principles of the Code of Conduct.

They are not meant to be exhaustive and may be added to over time to address issues of importance as they arise.

### **1. Duties to the Company**

- 1.1 Each director should endeavour to ensure that the functions of the board have been specified clearly, are properly understood and are competently discharged in the interests of the company.
- 1.2 A director should endeavour to ensure that the management of the company is competent and is devoting its best endeavours in the interests of the company.
- 1.3 In evaluating the interests of the company, a director should take into account the interests of the shareholders as a whole, but where appropriate or required by law should take into account the interests of creditors and others.

### **2. Duties to Shareholders**

- 2.1 Each director should endeavour to ensure that the company is financially viable, properly managed and constantly improved so as to protect and enhance the interests of the shareholders.
- 2.2 A director should seek to ensure that all shareholders or classes of shareholders are treated fairly according to their rights as between each other.
- 2.3 A director should consider whether any benefit to be received by the director or an Associated Person is of sufficient magnitude that the approval of the shareholders should be sought, even though not required by law.
- 2.4 A director who is appointed to a board at the instigation of a party with a substantial interest in the company, such as a major shareholder or a creditor, should recognise the particular sensitivity of the position. Fiduciary duty requires the director to make a contribution in the interests of the company and the shareholders as a whole and not only in the interest of the nominator. Where obligations to other people or bodies preclude an independent position on an issue the director should disclose the position and seriously consider whether to be absent or refrain from participating in the board's consideration of the issue (see also Guideline 6.2). Before taking the decision to be absent, a director should consider whether that absence would deprive the board of essential background or experience. The matter should be disclosed to and resolved by the rest of the board.

### 3. Duties to Creditors

- 3.1 While the obligations of a director are primarily owed to the company (that is to the shareholders as a whole), there are situations in which it is necessary to evaluate the interests of the creditors. This is particularly so where the company's financial position is uncertain or where insolvency may be pending. In cases of doubt, a director should, with some urgency, seek professional advice.

### 4. Duties to other Stakeholders

- 4.1 All companies and their directors must comply with the legal framework governing their operations and must be conscious of the impact of their business on society. Without limiting in any way the nature of the issues with which the director must be concerned in the running of the business, particular attention should be paid to the environment, questions of occupational health and safety, industrial relations, equal opportunity for employees, the impact of competition and consumer protection rules, and other legislative initiatives that may arise from time to time. Although the director owes primary duty to the shareholders of the company as a whole, the responsibilities imposed on companies and the director under various Acts of Parliament clearly demand that the director evaluate actions in a broader social context.

### 5. Due Diligence

- 5.1 A director should attend all board meetings but where attendance at meetings is not possible appropriate steps should be taken to obtain leave of absence.
- 5.2 A director must acquire knowledge about the business of the company, the statutory and regulatory requirements affecting directors in the discharge of their duties to the company, and be aware of the physical, political and social environment in which it operates.
- 5.3 In order to be fully effective, a director should insist upon access to all relevant information to be considered by the board. This information should be made available in sufficient time to allow proper consideration of all relevant issues. In the extreme circumstances where information is not provided, the director should make an appropriate protest about the failure on the part of the company to provide the information and if necessary abstain from voting on the particular matter on the basis that there has not been the time necessary to consider the matter properly. Any abstention, and the reasons for it, should be included in the minutes. It may also be appropriate to vote against the motion or move for deferment until proper information is available.
- 5.4 A director should endeavour to ensure that systems are established within the company to provide the board, on a regular and timely basis, with necessary data to enable them to make a reasoned judgment and so discharge their duties of care and diligence. An internal audit of systems supporting the board should be conducted regularly.

- 5.5 A director should endeavour to ensure that relations between the board and the auditors are open, unimpeded and constructive. Similarly, the auditors should have direct and unimpeded access to the board. A director should be satisfied that the scope of the audit is adequate and that it is carried out thoroughly and with the full co-operation for management and the internal auditors.
- 5.6 A director should endeavour to ensure that any company on whose board the director sits complies with the law and strives for the highest standards of business and ethical conduct.
- 5.7 A director should endeavour to ensure that the company complies with the listing and business rules and in particular those rules relating to any benefits that may be received by a director or an Associated Person from the company by way of an issue of shares or any other transaction of a similar nature.
- 5.8 A director from time to time may need expert advice (whether it be legal, financial or some other professional advice and whether it relates to fiduciary or other duties) in order to discharge the director's duties properly. The director should ensure, to the extent possible, that any advice obtained is independent of the company. In that regard the services of advisers independent of those advising the company may need to be sought. In any case of doubt, separate independent advice should always be sought by the directors on matters that may impact on their position vis-a-vis the company. There should be an agreed procedure for directors in the furtherance of their duties to take independent professional advice if necessary, at the company's expense.

## 6. Conflicts of Interest

- 6.1 A director must not take improper advantage of the position as director to gain, directly or indirectly, a personal advantage or an advantage for any Associated Person, which might cause detriment to the company.
- 6.2 The personal interests of a director, and those of the director's family must not be allowed to prevail over those of the company's shareholders generally. A director should seek to avoid conflicts of interest wherever possible. Full disclosure of any conflict, or potential conflict, must be made to the board. In considering these issues, account should be taken of the significance of the potential conflict for the company and the possible consequences if it is not handled properly. Where a conflict does arise, a director must consider whether to refrain from participating in the debate and/or voting on the matter, whether to be absent from discussion of the matter, whether to arrange that the relevant board papers are not sent, or, in an extreme case, whether to resign from the board. Where a director chooses to be absent from the meeting, consideration should be given as to whether expertise that would be contributed by the director is otherwise available. In the case of a continuing material conflict of interest, a director should give careful consideration to resigning from the board and consider the provisions of Guideline 7.3.

- 6.3 An executive director must always be alert to the potential for conflict of interest between management interests and the director's fiduciary duties.
- 6.4 Dealing in the shares of the company may give rise to dangers of breaching the duties of a director and should be undertaken with care. A director should not engage in the short term trading of the company's shares. The board should lay down precisely when shares can be traded by a director of a company.
- 6.5 The payment of "success fees" in situations of potential conflict of interest is unacceptable.

## 7. Use of Information

- 7.1 A director must not make improper use of information acquired by virtue of the director's position. This prohibition applies irrespective of whether the director would gain directly or indirectly a personal advantage or an advantage for any Associated Person or might cause detriment to the company.
- 7.2 Matters such as trade secrets, processes, methods, advertising and promotional programs, sales and statistics affecting financial results are particularly sensitive and must not be disclosed.
- 7.3 A director who takes the serious step of resignation on a point of principle should consider whether the reasons for resignation should be disclosed to shareholders (perhaps through the stock exchange) or the appropriate regulator. In deciding whether or not to make public the reasons for resigning and composing any resignation statement, a director should have regard to the following:
  - (a) the duty not to disclose confidential information so as to damage the company;  
and
  - (b) the duty to act bona fide in the interests of the company.
- 7.4 A director who has been nominated to a board by outside parties should recognise the particular sensitivity of the position and should be especially careful not to disclose to the nominators matters that are confidential unless the prior agreement of the board has been obtained.
- 7.5 A director must not buy or sell shares as a director of a company while in possession of information which, if disclosed publicly, would be likely materially to affect the price of the company's shares.
- 7.6 A director should ensure that any information which is not publicly available and which would have a material effect on the price or value of the company's securities is not provided to anyone who may be influenced to subscribe for, buy or sell shares.

Such information includes, but is not limited to:

- (a) profit forecasts;
- (b) proposed share issues;
- (c) borrowings;
- (d) impending takeovers;
- (e) impending litigation;
- (f) significant changes in operations;
- (g) new products;
- (h) new discoveries; and
- (i) liquidity problems.

7.7 A director has a particular duty in this regard and should ensure that adequate and timely disclosure is made to the Australian Securities Exchange.

## 8. Professional Integrity

8.1 An executive director should recognise that the position occupied is particularly sensitive. A director must be prepared, if necessary, to express disagreement with colleagues including the managing director. However, in the absence of a need to express disagreement, an executive director should be prepared to implement the decisions of the board and the instructions of the managing director as a loyal member of the board.

8.2 If there is any doubt whether a proposed course of action is inconsistent with a director's fiduciary duties then the course of action should not be supported. Independent advice should be sought as soon as possible to clarify the issue.

8.3 When a director feels so strongly as to be unable to acquiesce in a decision of the board, some or all of the following steps should be considered:

- (a) making the extent of the dissent and its possible consequences clear to the board as a means of seeking to influence the, decision;
- (b) asking for additional legal, accounting or other professional advice;
- (c) asking that the decision be postponed to the next meeting to allow time for further consideration and informal discussion;
- (d) tabling a statement of dissent and asking that it be minuted;
- (e) writing to the Chairman, or all members of the board, and asking that the letter be filed with the minutes;
- (f) if necessary, resign, and consider advising the appropriate regulator.



8.4 'Opinion shopping' and the search for loopholes in the law is unacceptable.

## **Definitions of terms**

**Associated Person** in relation to a director includes any spouse (including a de facto spouse), parent, child, brother or sister of the director or any company, corporation, partnership, trust or other entity owned or controlled by the director or in which the director has a material personal interest within the meaning of the Corporations Act.

**Directors** includes all directors whether executive or non-executive.

**Executive Director** means a director who is employed by the company and is part of management.