

DIVERSITY POLICY

1. INTRODUCTION

- 1.1. As an entity listed on the Australian Securities Exchange (**ASX**), Adacel Technologies Limited Limited (the **Company**) is committed to compliance with the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* (**ASX Principles**) to the extent that it is practicable and appropriate to do so.
- 1.2. Recommendation 3.2 of the ASX Principles provides that ASX-listed entities should establish a diversity policy.
- 1.3. This diversity policy has been adopted in compliance with the ASX Principles, and supports the Company's commitment to diversity (**Diversity Policy**).

2. POLICY OBJECTIVES

- 2.1. For the purposes of the Diversity Policy, 'diversity' refers to the variety of differences between individuals in the workplace, and encompasses, amongst others, differences in the context of gender, race, ethnicity, age, disability and cultural background.
- 2.2. This Diversity Policy defines the initiatives which will assist the Company in maintaining and encouraging workplace diversity, and applies to all policies and procedures of the Company, particularly relating to director appointments and employee recruitment.
- 2.3. The Board, in conjunction with its Nomination Committee will be responsible for:
 - establishing measurable diversity objectives for the Company, with an emphasis on gender diversity;
 - maintaining the Company's achievement of these measurable objectives; and
 - assessing on an annual basis the measurable objectives and the progress of achieving them.

3. BENEFITS OF DIVERSITY

- 3.1. The Company acknowledges that workplace diversity across board, senior management and employee levels will maximise achievement of its corporate goals.
- 3.2. The Company recognises the benefits that flow directly from embracing and advancing workplace diversity, such that it will enable the Company to:
 - recruit employees and directors from a broader pool of diverse talent;
 - retain and develop a superior skills base within the Company;

- improve employee productivity and retention;
- make better informed decisions by drawing on the multitude of different perspectives, experiences and ideas, and wide scope of talent provided by employees from diversified backgrounds; and
- better represent the diversity of stakeholders generally.

4. COMMITMENT TO DIVERSITY

4.1. The Company is committed to:

- recruiting, developing and retaining a talented and diverse workforce;
- providing a respectful working environment where all directors, employees and other individuals are treated fairly;
- providing access to equal opportunities at work primarily based on merit;
- fostering and preserving a corporate culture that places an emphasis on diversity and values the positive business outcomes of such diversity.

4.2. The Company prides itself as an equal opportunity employer and welcomes people from a diverse range of backgrounds.

5. SELECTION AND APPOINTMENT OF DIRECTORS AND EMPLOYEES

5.1. The Company is committed to a corporate culture which embraces diversity when determining the composition of its Board, senior management and employees, including its recruitment and selection process.

5.2. The Company's recruitment process is based on the principle of merit and a person's skills and qualifications, regardless of their age, gender, nationality, cultural background or any other factor irrelevant to the position.

5.3. In order to promote the specific objective of gender diversity as required by the ASX Principles, the Company will seek to ensure, to the extent that is practicable and appropriate, that its director appointment and employee recruitment processes are undertaken with reference to this Diversity Policy, and in conjunction with the following considerations:

- decision- making in relation to employee and director selections are to be formal and transparent in accordance with the ASX Principles;
- candidates are to be selected from a diverse pool of qualified candidates;
- a wider candidate pool can be established by engaging a professional search firm and by advertising board and employment vacancies;
- wherever possible, a shortlist identifying potential candidates for the appointment should include a combination of both male and female candidates;
- wherever possible, the selection and interview panel should comprise at least one female;

- if, at the end of the selection process, a female candidate is not selected, the Board must be satisfied that there are objective reasons to support its determination.

6. MEASURABLE OBJECTIVES

6.1. The Board notes its obligations under the ASX Principles to:

- establish measurable objectives for achieving gender diversity; and
- assess the measurable objectives annually; and
- assess the progress in achieving the measurable objectives annually.

6.2. For the purposes of complying with its obligations under the ASX Principles, upon commencement of the financial year starting 1 July 2011, the Board, in conjunction with its Nomination Committee proposes to:

- undertake an annual review to:
 - assess its policies and procedures in reference to its diversity objectives as implemented by this Diversity Policy;
 - determine whether its diversity policies and procedures are and are likely to continue to be appropriate;
 - ensure that the Company, and its policies and procedures, comply with all applicable legal requirements in respect of diversity and that such policies and procedures remain relevant and effective;
- report on the findings of such an annual review, and make relevant recommendations in relation to changes proposed.

7. REPORTING OF MEASURABLE OBJECTIVES

7.1. Whilst the Company is committed to all aspects of workplace diversity, for the purposes of disclosure and reporting, the Company is focused on measurable gender diversity objectives as required by the ASX Principles.

7.2. In accordance with requirements of the ASX Principles, the Board proposes to disclose in its Annual Report for each relevant financial year:

- its measurable objectives for achieving gender diversity set by the Board;
- the progress in achieving those measurable objectives;
- the proportion of women employees in the Company, at senior management level, and at Board level.

8. REVIEW OF POLICY

8.1. This Diversity Policy is not intended to be contractual in nature.

8.2. The Board may change this Diversity Policy by resolution.

This Diversity Policy was approved and adopted by the Board on 19 August 2011

Date: 19 August 2011

Signed: 

Chairman