

ADACEL'S CODE OF CONDUCT

The Adacel Board has established a Code of Conduct for Directors, senior executives and employees to assist in maintaining integrity, ethics and sound business practices.

The Code of Conduct has the commitment of the Directors and senior executives to ensure that practices are operating that are necessary to achieve these aims.

Under Adacel's Code of Conduct, Directors, senior executives and employees are expected to:

- Act honestly, in good faith and in the best interests of the company as a whole;
- Assist in achieving the company vision and continually improving the performance of the company to deliver shareholder value;
- Strive to enhance the reputation of the company and to achieve the reasonable expectations of shareholders, employees, customers, the communities in which the company operates, and other stakeholders;
- Ensure compliance with all relevant legislation and recognise the obligation, at all times, to comply with the spirit as well as the letter of the law and with the principles of this Code, and to report concerns of unlawful or unethical behaviour;
- Ensure they do not take improper advantage of their position or allow personal interests, or the interests of any associated person, to conflict with the interests of the company. The company has issued guidelines on managing conflicts of interest.
- Ensure they do not make improper use of confidential information acquired through their employment with the company.

New Directors, senior executives and employees are advised of the company's Code of Conduct and other management policies and procedures, which are posted on the company's intranet.

Specific expectations of Directors and senior executives

- A Director and senior executive must act honestly, in good faith and in the best interests of the company as a whole.
- A Director and senior executive has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- A Director and senior executive must use the powers of office for a proper purpose, in the best interests of the company as a whole.
- A Director and senior executive must recognise that the primary responsibility is to the company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the company.
- A Director and senior executive must not make improper use of information acquired as a Director or senior executive.
- A Director and senior executive must not take improper advantage of the position of Director or senior executive.
- A Director and senior executive must not allow personal interests, or the interests of any associated person, to conflict with the interests of the company.
- 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.
- Confidential information received by a Director and senior executive in the course of the exercise of Directorial or management 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.
- A Director and senior executive should not engage in conduct likely to bring discredit upon the company.
- A Director and senior executive 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.
- A Director and senior executive must encourage the reporting and investigating of unlawful and unethical behaviour.

MANAGING CONFLICTS OF INTEREST

Employees are under an obligation to the Company not to place themselves or allow themselves to be placed directly or indirectly in a position where their private interests conflict or could conflict with their professional activities and their duty to the Company.

This policy applies to all Adacel full-time, part-time and casual employees in all business units, both local and overseas. It also applies to consultants and contractors both local and overseas.

Managing Conflicts of Interest in business activities

Employees at all levels may not use their positions, company assets or proprietary information gained in connection with company employment for personal gain or for the benefit of a family member or outside party.

Situations which may be considered to involve an actual or potential conflict of interest or other breach of duty need to be resolved by the Board as soon as they are identified. Some examples of such situations include, but are not limited to:

- An employee, an employee's spouse, or a dependent member of an employee's family:
- Competing with the Company or any related or subsidiary corporation through outside business activities, and/or
- Directly or indirectly selling, leasing, renting or trading any kind of property, facilities, equipment or services to or from the Company or an related or subsidiary corporation, and/or
- Having an ownership interest in, or receiving benefits, profit or payment from any company, firm or individual which has, or is seeking to have, business dealing with the Company or any related or subsidiary corporation.
- An employee engaged in the same field as his/her spouse, where the employee's spouse is employed by a competitor or is self-employed, and both normally have access to and use highly sensitive and proprietary information of competitive value.

An employee may not approve or administer contracts or other business arrangements between the company and a member of the employee's immediate family or with a company, firm or individual employing a member of the employee's immediate family in activities under the employee's administration.

Proprietary information about the Company should not be disclosed outside the Company, unless it has been made public, or it is part of the employee's job to disclose that information. Proprietary information should not be discussed in public places within the Company offices, or where visitors are likely to be present.

Gifts

All employees must be aware that accepting gifts, entertainment, and/or services:-

- May lead to a conflict of interest;
- Could be seen as an inducement;
- May lead to entrapment;
- Could lead to possible criminal activity.

Therefore employees must not accept or provide gifts entertainment, and/or services (on behalf of themselves, their spouse or a dependent member of their family), unless the transaction meets ALL of the following requirements:

- It is customary and proper under the circumstances and gives no appearance of impropriety.
- Serves a valid company business purpose.
- Does not impose any sense of obligation on the recipient to the donor.
- Does not result in any kind of special or favoured treatment for the donor.
- Cannot be viewed as extravagant, excessive or too frequent considering all the circumstances.
- Does not involve cash payments, gift certificates, credit arrangements of any kind, or any items that are beyond reasonable value.
- Does not involve materials, services, repairs or improvement at no cost or at unreasonably low prices.
- There is no effort made to conceal the full facts by either the recipient or the donor.

Managing Conflicts of Interest in personal activities

Adacel would like to support and encourage those employees who have associations with non-profit groups, sporting groups, professional bodies and schools. At all times, employees in these situations should be careful not to engage in any activity which may conflict with their responsibilities to the Company.

- Use the Company name for any outside activities including sponsorship of athletic teams and/or support for charitable organisations, without direct authority from the CEO or equivalent.
- Serve as an officer or director of, or receive any compensation from an outside organisation that is not a professional, social, religious, educational, civic or charitable organisation.

Responsibilities of Adacel's Managers and employees

Adacel's Managers are responsible for ensuring:

- They and their employees have read, understood and will follow this policy document
- They remain alert to possible conflict situations and work with the employees to resolve such situations as soon as possible

The Employee is responsible for ensuring:

- They have read, understood and will follow this policy document
- They will alert the CEO or equivalent, a Business Unit General Manager or equivalent or a Company Director, should there be a question that a conflict situation may exist or may be seen by others to exist..