



**U & D COAL LIMITED**

A.C.N. 165 894 806

---

**CORPORATE CODE OF CONDUCT**

---

**As at 31 March 2014**



# CORPORATE CODE OF CONDUCT

---

## Contents

1. Introduction.....	3
2. Board .....	4
3. Shareholders .....	4
4. Compliance with the law .....	4
4.1 Introduction.....	4
4.2 Competition and consumer protection law .....	5
4.3 Insider trading .....	5
4.4 Privacy .....	6
5. Whistleblower protection .....	6
6. Environment.....	6
7. Occupational health and safety policy .....	7
8. Equality in employment .....	7
9. Confidentiality .....	8
10. Conflicts of interest .....	8
11. General conduct .....	8
12. Compliance.....	9
12.1 Responsibility for monitoring compliance .....	9
12.2 Reporting instances of non-compliance.....	9
12.3 Consequences of non-compliance .....	9
13. Review .....	10



## 1. Introduction

This is the corporate code of conduct (**Code**) for U&D Coal Limited (**Company**) and is designed to provide guidelines aimed at maintaining confidence in the integrity of the Company and the responsibilities and accountability of individuals for reporting and investigating reports of unethical practices.

This Code expresses certain guidance that the Company, their employees and external consultants should endeavour to follow in all dealings related to the Company. They should be loyal to the Company, show the highest business integrity in their dealings with others, including preserving the confidentiality of other peoples' information and should conduct the Company's business in accordance with law and principles of good business practice.

The Code reflects the Company's recognition that the Company's reputation is an essential element of the Company's success. Each employee and consultant employed by the Company must act in a way that preserves and enhances the Company's reputation.

Employees will often encounter issues in their work for the Company requiring judgment based on the principles expressed in this Code. While it is impossible to discuss every conceivable situation that might arise, the Company believes that the examples contained in this Code illustrate principles that should usually be followed to ensure that the actions of employees and consultants are not and will not be challenged for being unethical. The material in this Code is meant to be illustrative only and is not intended to limit the principles themselves.

Although the Company expects all employees to be familiar with the principles stated in this Code, the Company does not expect each employee and consultant to be fully versed in the law affecting his or her responsibilities. Whenever questions of any nature whatsoever arise in relation to the Code, each employee should seek guidance from the Company Secretary who may in turn obtain advice on the interpretation of applicable laws and regulations from the Company's solicitors.

The Code sets out the standards that the Company expects will be adhered to whilst conducting the Company's business and includes:

- compliance with relevant laws;
- whistleblower protection;
- environment protection;
- occupational health & safety;
- equal employment;
- confidentiality;
- conflicts of interest; and
- general conduct.

All employees are responsible for the Company achieving the highest levels of business conduct. The Company's employees are accountable for acting in line with the policies and standards outlined in the Code.



## **2. Board**

The Board's view is that the Code will benefit the Company in all that it strives to achieve and in the implementation of its strategies.

Proper business conduct is in the long-term interests of the Company because it creates loyalty and trust in employees, customers, the communities in which the Company operates, and other stakeholders.

## **3. Shareholders**

The Company acknowledges and endorses the expectation that funds of shareholders will be used in a manner that results in the best possible return. In achieving this aim, the directors, officers and employees should undertake their duties with honesty, integrity, care, skill and diligence.

The Company recognises that transparency in business conduct and open disclosure of the strategies of the Company play a key role in building shareholder value, loyalty and trust. The Company also recognises that in order to grow and achieve success, it must earn the trust of employees, customers, suppliers, communities and shareholders by being open and communicative.

## **4. Compliance with the law**

The Company Secretary will conduct an annual review of this charter to ensure that the charter continues to reflect the current processes and guidance utilised when assessing the appropriate remuneration of the directors and the senior executives. The Board will need to approve any amendments to this charter that stem from the review.

### **4.1 Introduction**

The Company's employees must comply with the all laws and regulations. This includes:

- being aware of the laws and regulations relevant to their work; and
- complying with those legal requirements.

Some laws affect the business conduct of everyone and include equal employment opportunity and occupational health and safety. Other laws focus primarily on particular roles in the Company such as the environment, trade practices and product liability.

It is crucial that all employees have at least some understanding of the laws that affect both their roles and their general business conduct. If an employee is unclear of the impact that the law may have on their role, they should seek advice from the Company Secretary.

It is up to the managers in each department to ensure that their section or department complies with all relevant laws and regulations.



## 4.2 Competition and consumer protection law

The *Trade Practices Act 1974* (Cth) (**Trade Practices Act**) promotes competition in business and protects the interests of consumers in Australia. These laws generally prohibit anti-competitive behaviour such as arrangements between competitors, exclusive supply or distribution arrangements, misuse of market power to damage a competitor and misleading or deceptive conduct.

The Australian Competition and Consumer Commission actively ensures that companies comply with the Trade Practices Act and aggressively seeks to prosecute and punish those companies that act outside the law. Breaches of competition laws carry potentially serious consequences for the Company and for employees or other individuals who may be involved. Penalties can include significant fines that may be millions of dollars.

Businesses or consumers who are damaged by unlawful conduct can sue to recover damages as well. Conduct in breach of these laws is strictly prohibited and must be avoided. Collusive conduct in particular that involves, for example, understandings with competitors on prices, volumes, terms of sale, will not be tolerated by the Company.

The Company must ensure that all products, whether goods or services, that are supplied to consumers, customers and the community are of the highest quality and will always exceed the statutory benchmark for product quality that is provided for in the Trade Practices Act.

If an employee is unsure as to how the competition or consumer protection laws would impact on their role, they should seek advice from the Company's legal adviser.

## 4.3 Insider trading

The *Corporations Act 2001* (Cth) (**Corporations Act**) makes it unlawful to deal in the shares of the Company while in possession of material information about the Company which has not become public.

If you are in possession of information concerning the Company that is not generally available, and which a reasonable person would expect to have a material effect on the share price, it is unlawful for you to buy, sell or otherwise deal in the Company's shares. It is also unlawful in those circumstances to encourage someone else to deal in the Company's shares or to pass the information to someone you know may use the information to buy or sell the Company's shares. The penalties for insider trading are severe and can include imprisonment.

The Securities Trading Policy of the Company provides guidelines and prohibitions relating to the trading of the Company's securities. The general scheme of the Securities Trading Policy regarding allowable dealings by employees and directors in the Company's securities is that you should:

- never engage in short term trading of the Company's securities;
- not deal in the Company's securities while in possession of price sensitive information; and
- notify the Company Secretary of any material intended transactions involving the Company's securities.

You should refer to the Securities Trading Policy if you require any further information.



#### **4.4 Privacy**

The Company will only collect personal information from its employees ethically and lawfully. It also seeks to collect information in a fair manner, and in a way that is not unreasonably intrusive. If you are collecting personal information on behalf of the Company you must inform the person involved of the purpose for which information is collected and be aware that, subject to some limitations, employees will be able to gain access to the information collected on request. Steps must be taken to ensure that data is appropriately accurate and current and that data is stored no longer than necessary.

Employees must ensure that the confidentiality of personal information contained in company records is strictly maintained.

Personal information relating to individuals, including individual employees, should not be provided to other employees unless it is required to perform their jobs. Information relating to employment records, salaries, addresses etc. cannot be released to external organisations unless required by law or upon informed consent from the relevant employee.

### **5. Whistleblower protection**

The Corporations Act protects any officer or employee of the Company and a contractor of the Company or an employee of that contractor from any civil or criminal liability, contractual liability or victimisation arising from the disclosure of information relating to the contravention of the Corporations Act by the Company or by an officer or employee of the Company.

To be protected by the whistleblowing provisions, the discloser must have reasonable grounds to suspect that the information indicates that the contravention has or may have occurred and must have disclosed it to ASIC, the auditor or an officer of the Company.

### **6. Environment**

All the Company's business activities will be carried out so as to protect the health and safety of employees, contractors, customers and the community while paying proper regards to the protection of the environment.

The Company will use its best endeavours to conduct its operations in a manner that is environmentally responsible and sustainable.

The objectives of the Company in protecting the environment are to:

- meet or exceed all relevant legal and regulatory requirements for environmental management and protection;
- maintain an awareness within the Company of the responsibility of the Company and its employees or contractors to ensure protection of the environment;
- regularly review the Company's operations to identify and assess the environmental impact associated with those operations; and



- implement and maintain management systems, programs and procedures to ensure the environment is protected including the control of discharges and other waste emissions that may harm the environment.

All aspects of environmental performance must be reported through senior management to the Board.

## **7. Occupational health and safety policy**

The Company is committed to the health and safety of all employees. The Company will work to eliminate hazardous practices and behaviour, which could cause accidents, injuries or illness to employees, contractors, visitors and the general public. The Company strives to have injury free workplaces.

The primary goal is to assist in providing a safe and healthy work environment for the Company's employees, contractors and visitors.

The objectives of the Company in ensuring health and safety are to:

- comply with all relevant statutory obligations;
- provide adequate resources to establish and maintain safe systems of work;
- maintain health and safety competency and integrate health and safety requirements in all aspects of business;
- ensure all incidents are reported and thoroughly investigated with a view to preventing a similar injury occurring;
- continuously improve performance through innovative technology, education and good management practices;
- provide health and safety training for employees;
- employ contractors who aspire to the same health and safety standards as the Company; and
- promote a positive health and safety culture that is based on the principle that all incidents can be prevented.

All managers, supervisors and contractors are accountable for health and safety performance in their areas. All employees are required to follow rules for safe and healthy operations, report hazards to their supervisors and must always report any injuries that occur to either themselves or others.

## **8. Equality in employment**

The Company seeks to develop a diverse workforce and provide a work environment in which everyone is treated fairly and with respect. Merit is the primary basis for employment with the Company. All employees and applicants for employment should be treated and evaluated according to their job-related skills, qualifications, abilities and aptitudes only. Any decisions based on characteristics such as gender, age, race, religion, marital status, sexual preference or political belief may constitute discrimination and will not be tolerated at the Company.



Active discrimination and harassment in the workplace in any form is unacceptable. The Company regards any actions by an employee that constitute harassment or discrimination as serious misconduct. The Company has implemented policies to guide employees in the courses of action they can take to resolve, investigate and remedy acts of discrimination, harassment and bullying in the workplace. These issues are taken seriously and investigated thoroughly by the Company.

## **9. Confidentiality**

Confidentiality is a key characteristic of an efficient and successful business. Employees are required to protect proprietary, commercial and other information that is confidential to the Company. These obligations of confidentiality continue after an individual's employment has ceased with the Company.

Information that is not generally available concerning the activities, results, strategies or plans of the Company must be used for authorised purposes only. This includes not giving confidential information to other business units in the Company or using the information provided for a different purpose without first obtaining permission. Confidential information should be handled and communicated with care, and must not be disclosed outside the Company without proper authority.

Any contracts that are entered into by the Company with customers, consultants and contractors should contain appropriate confidentiality clauses that ensure the protection of the Company's confidential information.

Managers and supervisors are responsible for ensuring that arrangements are in place for protecting sensitive and confidential information.

## **10. Conflicts of interest**

Employees should not engage in activities or hold or trade assets that involve, or could appear to involve, a conflict between their personal interests and the interests of the Company. Such circumstances could compromise or appear to compromise the employee's ability to make impartial business decisions.

If in any doubt a conflict of interest issue should be disclosed to a supervisor to ensure it can be adequately considered.

## **11. General conduct**

Directors, executives, officers and employees must:

- Not make unauthorised gains or payments. As a general rule, the Company's directors, executives, officers and employees should not accept or offer to give gifts, services, discounts, gratuities or other gains from (or to) people who conduct business with the Company. This principle has particular application where the Company is involved in a tender. The offering of bribes to anyone is prohibited outright as it has the potential to compromise all concerned. Modest gifts and reasonable entertainment are acceptable, however, they should not be of a nature that might affect or be reasonably perceived to affect an employee's judgement or conduct in matters involving the Company.



In the spirit of being open and honest you should disclose offers of gifts or entertainment to your supervisor.

- Only use company assets as authorised. The Company's assets are critical to business competitiveness and success. These assets include office equipment, computer systems, the data on those systems (including the passwords allowing access to that data), the Company's brands and corporate charge cards. The Company's assets are provided to employees for conducting the Company's business. Any use of these assets must be authorised.
- Not make unauthorised public statements. Great care must be taken in public speaking engagements, media releases and official appearances.
- Treat customers, consumers, the community and suppliers with the utmost respect, integrity and honesty and must strive to deliver a superior performance in conducting their duties.
- Not make unauthorised political donations on behalf of the Company. This does not, of course, restrict the rights of employees to attend political functions in a personal capacity.
- Help out fellow workers and work collaboratively and, within the bounds of commercial confidentiality.

## **12. Compliance**

### **12.1 Responsibility for monitoring compliance**

All directors, executives, officers and employees of the Company are responsible for ensuring their individual compliance with the Code.

Managers and supervisors of business units/departments of the Company will also be responsible for ensuring that the conduct of employees in that manager's or supervisor's section or department complies with the Code.

### **12.2 Reporting instances of non-compliance**

All instances of non-compliance with the Code are to be reported:

- in the first instance, to the manager or supervisor of the business unit/department of the person to which the report relates (which, in the case of a director is the Board); and
- where the instance of non-compliance constitutes a serious breach of the Code, to the Company Secretary.

Where appropriate, the Company should refer the report of serious non-compliance to the Audit Committee (eg where the misconduct is an allegation of fraud).

### **12.3 Consequences of non-compliance**

The Company is committed to ensuring that all directors, executives, officers and employees of the Company comply with the Code and the Company's policies and procedures.



Instances of non-compliance with the Code may mean a breach of a company policy and procedure or relevant law. These are treated seriously by the Company and may result in disciplinary action, including dismissal or removal of the person(s) concerned.

### **13. Review**

The Company Secretary will conduct an annual review of the Code to ensure that the Code continues to reflect the letter and spirit of all applicable laws and regulations and the Company's commitment to its staff and the community.

Directors and employees of the Company are encouraged to report any difficulties or challenges encountered by them in complying with the Code (including any inconsistencies between the Code and the business initiatives of the Company) to the Company Secretary. This will assist in the evaluation of the effectiveness of the Code and will highlight any areas of the Code that may require amendment or additional guidance.