



Director Code of Conduct

Introduction

The Directors of a publicly listed corporation such as AJ Lucas Group Limited (**AJL**) have substantial responsibilities to shareholders, employees, the financial community and, in some circumstances, the creditors of a corporation. Corporations are also increasingly held accountable as to whether they are being socially and environmentally responsible. Directors have the principal responsibility of ensuring that the corporations of which they are directors adhere to these standards and satisfy their obligations.

Purpose

The purpose of this AJ Lucas Group Limited Board Code of Conduct (**Board Code**) is to provide a summary of the duties and responsibilities of the directors of AJL and the standards of conduct that are expected from them.

Who does it apply to?

You must comply with this Board Code if you are a director of AJL.

Directors' obligations under law

Directors should be familiar with the obligations imposed on them by the law applicable to the corporation of which they are a director. Directors should be aware that they may be subject to laws other than those of Australia if the corporation of which they are a director has been incorporated or does business in a country outside of Australia. Under Australian law the obligations and responsibilities imposed upon directors include a duty to:

- act honestly and exercise reasonable care and diligence at all times in the performance of their functions;
- act in good faith in the best interests of the corporation and for a proper purpose;
- not improperly use their position to gain an advantage for themselves or someone else or cause detriment to the corporation;
- to not improperly use information they acquired as a director to gain an advantage for themselves or someone else or cause detriment to the corporation;

If you are unsure of your legal obligations and responsibilities please contact the Company Secretary who may refer you to AJL's General Counsel.

What we expect from our directors

AJL expects its Directors to:

- have a sound knowledge of AJL's business and the environment in which AJL operates;

- have a knowledge of, and comply with, the statutory and regulatory obligations related to their directorships;
- be at all times familiar with the various internal policies and procedures of AJL;
- use their best endeavours to attend all board meetings, relevant committee meetings and other scheduled activities and, where they are unable to attend, to seek a leave of absence or forward an apology;
- treat each other and AJL's employees with professionalism, courtesy and respect; and
- work cooperatively with fellow Directors towards agreed objectives while acting independently in their judgements and actions.

Who else do I owe duties to?

AJL is a substantial Australian corporation and as such AJL's actions can have significant impact on our community. The success of AJL affects not only the many AJL shareholders both in Australia and overseas but also thousands of employees, persons to whom we provide our services and also those who are able to receive products as a direct result of the services we provide. At particular times, AJL must also have regard to the requirements of particular stakeholders for example employees and creditors. While the primary duty owed by Directors is to the shareholders of AJL, Directors, in the running of the business must pay particular attention to the environment, corporate social responsibility, occupational health and safety, industrial relations, equal opportunities for employees, the impact of competition and consumer protection rules and the legislation and regulation framework in which AJL operates.

Keeping yourself informed

In order for you as a Director to make informed decisions you must acquire knowledge and keep up-to-date about the business of the Company and the physical, political and social environment in which it operates.

You must ensure that you have access to all relevant information that you require to be fully informed to make your decisions as a director. If this information is not provided or is not provided in sufficient time for you to consider it properly then you should make an appropriate protest. If you have not had the opportunity to consider material without which you would not be making your decision with due care and diligence, you should move for a deferment of the motion or decision. If this is not possible you should consider abstaining or voting against the resolution and ensure that your reasons for doing so or concerns are noted in the minutes.

Disagreeing with your colleagues

In the course of your directorship it is unlikely that you will always agree with your colleagues. While consensus decisions of the Board are encouraged, you are to act independently in your judgement and actions. In doing so it may be necessary for you to express your disagreement to other Directors including to any executive director or chairperson. Even in disagreement you should always act with professionalism and courtesy.

If you are in disagreement with the other Directors and you and your fellow Directors have been unable to resolve the disagreement you should consider the following actions:

- clearly inform the other Directors of the reasons for your dissent and what you believe the possible consequences to be;
- if you believe it would be of assistance, ask for further external advice;
- ask for the decision to be postponed to allow time for further consideration and informal discussion;
- table a statement and ask that it be minuted;
- write to the chairman or all members of the Board and ask that the letter be filed in the minutes; or
- if necessary, resign and consider whether you should or are obliged to report the matter to an appropriate regulator.

Even if a decision has been made by the Board that you are not in favour of, you must be prepared to implement the decision as a loyal member of the Board. If you have any doubt as to whether a proposed course of action is inconsistent with your duties as a director then you should seek independent advice as soon as possible.

Keeping accurate minutes

It is the responsibility of each Director to ensure that minutes of meetings of the Board or committees are made and that those minutes represent a fair and true reflection of the happenings of the meeting.

You should aim to review the minutes of a meeting as soon as possible after that meeting and where appropriate, make comments or requests if those minutes are not representative of the meeting.

You should not vote in favour of approving past minutes unless you have considered their contents and are satisfied that they are a fair and true reflection of the happenings of the meeting.

Continuous Disclosure

AJL has responsibilities under law and the ASX Listing Rules to keep the market informed.

The Directors of AJL are principally responsible for ensuring that AJL complies with its continuous disclosure obligations. Directors should be familiar with the AJ Lucas Group Limited Continuous Disclosure Policy.

Committees and auditor

As a Director you may also be asked to be a member of one or more committees of AJL. You should ensure that the way you act in carrying out your duties on these committees is to the same standard that you must act in your duties for the Board.

It is important that relations between the Board, the auditors and the various committees of AJL are open and it is the responsibility of all Directors to ensure that this is the case.

Directors should also endeavour to be cooperative with and available for AJL's auditors.

Disclosure of conflicts

As a Director, you may find that you may find yourself in a position where you have a conflict of interest. It is your responsibility to avoid conflicts wherever possible.

If a conflict or potential conflict arises you must disclose the full circumstances to the Board. It may be appropriate for you to refrain from being present and/or voting in relation to a particular matter or, if the conflict is one that is unable to be resolved it may be appropriate for you to resign.

If you were appointed as a director by a particular party who has a substantial interest in AJL, such as a major shareholder or a creditor, you need to be particularly careful in your actions. It may even be that you are an employee of that shareholder or creditor as well as a Director of AJL. You have duties and obligations imposed on you by law including acting in the best interests of AJL. If you are unable to fulfil these duties because of other obligations you should resign your directorship immediately.

Obtaining independent expert advice

You may, from time to time, need expert advice in order to ensure that you are discharging your duties properly. You are authorised to, in good faith, obtain such advice.

Use of information

In your position as director, you will have access a high degree of exposure to information that is of a confidential or sensitive nature. In dealing with this information you should be ensured that you are not and you cannot be perceived to be improperly using this information to gain an advantage for yourself or someone else or cause detriment to the AJL. For more information you should refer to the AJ Lucas Securities Trading Policy.

You should ensure that, to the extent possible, any advice obtained is independent of the Company. This may mean, in the case of legal advice, that the lawyers you engage are not lawyers engaged by AJL.

Other Conduct

As a Director you are also required to comply with the AJ Lucas Group Limited Employee Code of Conduct. You should ensure that you are familiar with this document.