

AUSTIN ENGINEERING LIMITED

ABN 60 078 480 136

CODE OF CONDUCT AND GUIDELINES FOR DIRECTORS AND OFFICERS

1. Code of Conduct

- a. A Director or Officer (*Officer*) must act honestly, in good faith and in the best interest of Austin Engineering Limited (*the Company*) as a whole.
- b. An Officer has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- c. An Officer must use the powers of office for a proper purpose, in the best interests of the Company as a whole.
- d. An Officer 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.
- e. An Officer must not make improper use of information acquired as An Officer.
- f. An Officer must not take improper advantage of the position of Officer.
- g. An Officer must not allow personal interests, or the interests of any associated person, to conflict with the interests of the Company.
- h. An Officer has an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board.
- i. Confidential information received by An Officer in the course of the exercise of Directorial or executive duties remains the property of the Company and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the Company, or the person from whom the information is provided, or is required by law.
- j. An Officer should not engage in conduct likely to bring discredit upon the Company.
- k. An Officer 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.

2. Guidelines for the Interpretation of Code of Conduct

The following guidelines are intended to assist Officers in complying with the core principles of the Code. They are not meant to be exhaustive and may be added to over time to address issues of importance as they arise.

a. Who is an Officer?

- An Officer is a person who makes or participates in making decisions that affect the whole or a substantial part of the business of the Company. It includes the company secretary, general managers, senior executives and senior consultants.

b. Duties to the Company

- Each Officer 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.
- An Officer should endeavour to ensure that the management of the Company is competent and is devoting its best endeavours in the interests of the Company.
- In evaluating the interests of the Company, An Officer should take into account the interests of the shareholders as a whole, but where appropriate and/or required by law should take into account the interests of creditors and others.

c. Duties to Shareholders

- Each Officer 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.
- An Officer should seek to ensure that all shareholders or classes of shareholders are treated fairly according to their rights as between each other.
- An Officer should consider whether any benefit to be received by the Officer or associated persons is of sufficient magnitude that the approval of shareholders should be sought, even though not required by law.
- An Officer 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, common law and statutory duties require the Officer to make a contribution in the interests of the Company and the shareholders as a whole and not only in the interest of the nominators.

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2. Guidelines for the Interpretation of Code of Conduct – Duties to Shareholders (Cont'd)

- Where obligations to other people or bodies preclude an independent position on an issue the Officer 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 23). Before taking the decision to be absent, an Officer should consider whether that absence would deprive the board of essential background or experience. The matter should be disclosed and resolved by the rest of the board.

d. Duties to Customers

The Board's and Management's commitment to our customers, both present and future, is to provide solutions in steel fabrication demonstrating best practice and providing fair value.

e. Duties to Creditors

Whilst the obligations of An Officer are primarily owed to the Company, there are situations in which it is necessary to evaluate the interests of creditors. This is particularly so where the Company's financial position is uncertain or where insolvency may be pending. In cases of doubt, an Officer should, with some urgency, seek professional advice.

f. Duties to Employees

The Board's and Management's commitment to our employees, as our business partners, is to provide a culture that:

- clearly enunciates the corporate strategy
- recognises individual initiative whilst developing and encouraging team building and team achievements
- provides fair and just reward based on achievements and results
- establishes a safe workplace where the individual is treated with dignity
- actively discourages discrimination and harassment in any form
- encourages relevant training, personal development and advancement opportunities
- promotes integrity in dealings with all stakeholders
- actively promotes a wider understanding and enforcement of expected Codes of Conduct established by the Board from time to time.

g. Duties to Fair Dealing and Trading

The Board and Management are committed, in line with its commitment to compliance and risk management, to demonstrating fair and reputable conduct in its business dealings. This commitment will be demonstrated by compliance with the provisions of the Trade Practices Act 1974 (Cwlth) and the Fair Trading Acts in the States in which the Company operates.

This commitment will be achieved by establishing where necessary a training programme in trade practices compliance for all senior and marketing staff.

All employees shall deal fairly with all stakeholders in the Company. For the purpose of this code stakeholder is taken to be any customer, supplier, security holder, fellow employee, competitor, or member of the public. In determining whether the dealing is fair the following considerations ought to guide employees deliberations.

- Is it fair to all concerned?
- Is it right?
- Will the behaviour build good relationships?
- Will the behaviour build long-term relationships?

h. Duties to Other Stakeholders

All companies and their Officers must comply with the legal framework governing their operations and must be aware of the impact of their business on society. Without limiting in any way the nature of the issues with which the Officer 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 opportunities for employees, the impact of competition and consumer protection rules, and other legislative initiatives that may arise from time to time. Although the Officer owes a primary duty to shareholders of the Company as a whole, the responsibilities imposed on companies and the Officer under various acts of parliament clearly demand that the Officer evaluate actions in a broader social context.

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2. Guidelines for the Interpretation of Code of Conduct (Cont'd)

i. Due Diligence

- An Officer (who is 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.
- An Officer must acquire knowledge about the business of the Company, the statutory and regulatory requirements affecting Officers in the discharge of their duties to the Company, and be aware of the physical, political and social environment in which it operates.
- In order to be fully effective, an Officer 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 Officer 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.
- An Officer should endeavour to ensure that systems are established with 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.
- An Officer should endeavour to ensure that relations between the board, the audit committee and the auditors are open, unimpeded and constructive. Similarly, the auditors should have direct and unimpeded access to the Officer. An Officer should be satisfied that the scope of the audit is adequate and that it is carried out thoroughly and with the full cooperation of management and the internal auditors.
- An Officer shall endeavour to ensure the Company complies with the law and strives for the highest standards of business and ethical conduct.
- An Officer 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 duties properly. The Officer (who is a director) should ensure, to the extent possible, that any advice obtained is independent of the Company. In that regard wherever necessary the services of advisers external to those advising the Company may need to be sought. In any case of doubt separate independent advice should always be sought by the Officers on matters that may impact on their position vis-a-vis the Company.

j. Compliance

- An officer shall ensure that the Company discharges its compliance obligations under all laws, statutes, regulation and voluntary codes of conduct under which it operates.
- An Officer shall endeavour to ensure that the Company complies with the listing, and market rules of the Australian Stock Exchange and in particular those rules relating to any benefits that may be received by An Officer or an associated person from the Company by way of an issue of shares or any other transaction of a similar nature.

k. Whistleblowing

The Board has determined that it shall be the responsibility of all officers to report and investigate unlawful or unethical behaviour. Alleged improper behaviour by any Officer (other than the Chairman) must be reported to the Chairman and alleged improper behaviour by the Chairman must be reported to the chairman of the Audit Committee. The identity of the Officer reporting the violation in good faith will remain confidential. The person to whom any alleged improper behaviour is reported must record and investigate the allegation, advise the Board of the allegation and recommend a proposed response (if any).

l. Conflicts of Interest

- An Officer must not take improper advantage of the position as Officer to gain, directly or indirectly, a personal advantage or an advantage for any associated person or, which might cause detriment to the Company.

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2. Guidelines for the Interpretation of Code of Conduct – Conflicts of Interest (Cont'd)

- The personal interests of An Officer, and those of family, must not be allowed to prevail over those of the Company's shareholders generally. An Officer should seek to avoid conflicts of interest wherever possible.
- Officers must disclose to the Board any interest that could potentially conflict with those of the Company. Whenever there is an actual or potential conflict of interest or material personal interest in relation to a Director:
 - The interest must be fully disclosed and the disclosure recorded in the register of directors' interests and in the Board minutes;
 - The relevant director must not receive any part of the Board papers or other documents in which there is any reference to the matter, must be excluded from all considerations of the matter by the Board, not be present at any meeting whilst the matter is considered and not participate in any decision on the matter or be informed that the decision has been taken.

In the case of a continuing material conflict of interest an Officer should give careful consideration to resigning from the board.

- An executive Officer must always be alert to the potential for conflict of interest between management interests and the fiduciary duties as an Officer.
- Dealing in listed securities of the Company may give rise to dangers of breaching the duties of an Officer and should be undertaken with care. An Officer should not engage in the short term trading of the Company's listed securities. The Company's listed securities may be traded by Officers (after considering the provisions of the Company's Security Trading Policy) at any time, subject to applicable statutory regulations and after reference to the Company Secretary.

m. Corporate Opportunities

It is the duty of all Officers to recognise and avoid circumstances where an opportunity which comes to their attention by virtue of their position with the Company or which arises incidental to their position with the Company to reserve the financial benefits and exploitation of those opportunities for the Company alone. These opportunities may arise as a result of property, information or the Officer's position.

n. Protection of Assets

It is the duty of all Officers to protect the Company's assets. Assets include intangible assets, such as goodwill, brand names and intellectual assets (inventions, designs, trade secrets and trade processes). Protecting assets includes ensuring the efficient use for the Company for legitimate business purposes.

o. Use of Information

- An Officer must not make improper use of information acquired by virtue of the position as An Officer. This prohibition applies irrespective of whether the Officer would gain directly or indirectly a personal advantage or an advantage for any associated person or might cause detriment to the Company.
- Matters such as trade secrets, processes, methods, advertising or promotional programs, sales and statistics affecting financial results are particularly sensitive and must not be disclosed.
- An Officer who has been nominated to the board by outside parties should recognise the particular sensitivity of the position and should be especially careful not to disclose confidential matters to the nominators unless the prior agreement of the board has been obtained.
- An Officer 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, buy or sell shares. Such information includes, but is not limited to: profit forecasts; proposed share issues; borrowings; impending takeovers; impending litigation; significant changes in operations; new products; liquidity problems.
- Because the Company is listed on the stock exchange, an Officer has a particular duty in this regard and should ensure that adequate and timely disclosure is made to the stock exchange. The Company has established a *Continuous Disclosure Policy* for this purpose.

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2. Guidelines for the Interpretation of Code of Conduct (Cont'd)

p. Security Trading

Officers must comply with the Company's Securities Trading Policy in force from time to time.

q. Professional Integrity

- An Officer should recognise that the position occupied is particularly sensitive. An Officer must be prepared, if necessary, to express disagreement with colleagues including the Managing Director and other senior executives. However, in the absence of a need to express disagreement, an Officer should be prepared to implement the decisions of the board and the instructions of the Managing Director as a loyal member of the board.
- If there is any doubt about whether a proposed course of action is inconsistent with an Officer's fiduciary or other duties then the course of action should not be supported. Independent advice should be sought as soon as possible to clarify the issue.
- When an Officer 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:
 - Making the extent of the dissent and its possible consequences clear to the board as a means of seeking to influence the decisions.
 - Asking for additional legal, accounting or other professional advice.
 - Asking that the decision be postponed to the next meeting to allow time for further consideration and informal discussion.
 - Tabling a statement of dissent and asking that it be minuted.
 - Writing to the Chairman, or all members of the board, and asking that the letter be filed in the minutes.
 - If necessary, resign, and consider advising the appropriate regulator.