



Coventry Group Ltd

ABN 37 008 670 102

**CODE
OF
CONDUCT**

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Introduction

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A Letter from Our Chief Executive Officer

Welcome to Coventry Group Ltd. As a new or existing employee we believe it is important to outline the standards of behaviour that the Board of Directors has committed to and to clearly spell out what is expected of all employees.

As our Company has grown and developed and the corporate landscape has changed, there is now more emphasis being placed on good governance and the social responsibility of companies.

Coventry Group Ltd has developed a code of conduct to support all of our employees and to ensure that there is a clear understanding of what is considered to be acceptable conduct.

The Code recognises and is based on a number of current governance principles and is provided to every employee, both new and existing, from entry level to Board members.

Our Code of Conduct is designed to highlight our commitment to good corporate practices.



Roger Flynn

Executive Chairman

June 2007

Introduction

It is a fundamental principle of Coventry Group Ltd (CGL) that we shall undertake all business activities in strict adherence to our Company Values for the benefit of our employees, customers, suppliers and other stakeholders. This Code of Conduct ("the Code") is based on that principle, and is guided by our Mission.

Our Mission

To be the first choice supplier of our products and services to industrial and automotive customers, provide a safe and rewarding place of employment and consistently provide our shareholders with superior returns.

Our Values

The strength of our mission is reinforced by our commitment to our values.

Customer Focus

We will provide our external and internal customers with products and services that meet their needs. We will listen to their requirements and act professionally at all times.

Honesty and Integrity

We will act with honesty and integrity at all times when dealing with our customers, suppliers, shareholders, fellow employees and other stakeholders.

Business Performance

We will be accountable for the performance of each of our areas of responsibility and we will act to optimise the returns on the funds invested by our shareholders.

Innovation

We will actively strive for the continuous improvement of our business processes and we will look for new products and services to support our customers.

People

We will attract and retain people of the highest skills and competencies. It is expected our people will use their initiative and provide leadership and in return we will support the development of our people and ensure we operate in a safe work environment.

Communication

We will communicate openly and honestly in all our dealings with a clear focus on listening and two way communication.

Our Code of Conduct

The Code sets the standards expected of all of us within CGL. It provides information to assist in the understanding of the values and standards that apply in all of our daily business activities. These are the values and standards on which the Company's reputation is based, and adherence to these is fundamental to building a partnership of trust between the Company and its stakeholders.

Who does the Code apply to?

The Board of Directors and everyone employed by CGL as well as its subsidiaries. From the Chief Executive Officer to the newest or most junior employee. We are all equal when it comes to observing the Code. In this Code, the term "employee" includes Directors.

What if the Code is breached?

This Code is available to everyone, so that we all know the standards expected of us. We therefore expect that the Code will not be breached. It sets down the standards of behaviour which, if not observed, may result in management action ranging from counselling to dismissal and possible prosecution by the appropriate authorities. The Code assumes that the relevant statutory laws will be observed.

What if I am unsure?

If you are unsure of any aspect of the Code you can discuss the issue with your immediate manager. If you still need further information you should contact your local Human Resources Department.

What if I see breaches of the Code?

If you believe that another person is breaching the Company's standards of conduct, you can discuss the matter, without risk of reprisal, with your immediate manager, or communicate your concerns to the Regional Human Resources Manager personally. If this is not practical then direct contact with the Chief Executive Officer may be appropriate.

Our Commitment

Accounting Practices

A key objective of the accounting department is to prepare financial reports for internal and external stakeholders that can be relied upon for decision-making purposes. To this end, the accounting practices adopted will be transparent, and will comply with the spirit, and not just the form, of accounting standards and other financial reporting regulations.

Accounting staff are expected to discharge their duties with objectivity and integrity, so as to prepare reports that present fairly the financial position and financial performance of the business unit, Company or group.

Bribes and Inducements

A bribe or an inducement is a form of coercion designed to affect the decision an employee has made or will make in favour of the inducer. Whilst bribes or inducements are rare, they can arise at any time in business. Transactions which typically attract this activity include but are not limited to:

- Potential employment
- Awarding of supply contracts and/or rates
- Discounting of product
- Opening or closing accounts

Any employee who is approached to take, or who is aware of, a bribe or inducement must report this immediately to either their manager or their local HR Department.

Acceptance or solicitation of bribes or inducements, whether monetary or in the form of fringe benefits, may result in dismissal of the employee involved and/or referral of both parties to the appropriate authorities.

Similarly, employees of CGL must not offer any form of bribe or inducement to third parties on behalf of CGL.

Business Records

Employees must not destroy business documents and records that are required by law to be maintained for a statutory period, nor must any records be falsified or manipulated.

Charitable Donations & Sponsorships by CGL

As a corporate citizen, CGL has played an important role in the Australian community for over 75 years. We also believe that as a Company we should support the charitable work that many worthy benevolent organisations perform throughout our communities.

Provided it is within their authority limits, local managers are able to approve donations in their communities that they deem both charitable and/or beneficial to their community and business.

Full details of CGL's Charitable Donations & Sponsorships Policy can be viewed on the intranet.

Community Activities

As a responsible and caring corporate citizen, CGL encourages its employees to participate in professional associations, trade associations, charitable or service organisations and other community activities. The Company also recognises that employees may from time to time wish to participate in political activity and/or serve in public office. Such activities will not generally create difficulties, but the following points should be considered:

- Employees should ensure that where any non-business activity is likely to involve a substantial commitment of time, it does not impact on their ability to satisfactorily perform their assigned work with CGL.
- If outside activity adversely affects an employee's work performance, he or she may need to consider modifying the activity.
- Where the outside activity involves service as a member of local government or other political activity, there should be no specific or implied CGL endorsement of such activity.
- Where employees wish to speak at a public function, or write an article in their own right, but not as a representative of CGL, such activity is permitted provided that:
 - Company information is not divulged;
 - Company names or logos do not appear (unless permission has been obtained from a State Manager or above);
 - Where necessary, employees clearly indicate that they are not speaking or writing as representatives of CGL.

Company Assets

Company assets, including goods, money, intellectual property or the services of other CGL employees (including contractors), must not be used for personal gain. This includes, but is not limited to:

- Transcription of computer software programs regardless of whether or not the programs are protected by copyright;

- Falsification or improper use of Corporate cards, expense accounts or similar accounts.
- Company property and merchandise is not to be removed from CGL premises without authorisation. This includes any samples of merchandise received. If removal is necessary, for business reasons, then appropriate approvals must be obtained.
- Every employee while in control of any Company assets, particularly cash or other valuables, is personally accountable for them.

Competitors

Employees having access to information that can affect the profitability of CGL, for example, sales data, discount details, marketing plans and acquisition strategies etc, and who have an interest in a competitor of CGL must disclose that interest to their State or Department Manager.

Where in the opinion of the employee's State or Department Manager, the interest constitutes a conflict, those employees will be advised that it is a condition of employment that they divest themselves of that interest.

It is not appropriate to make any disparaging or untruthful remarks about any of our competitors, their products or services.

Any employee who feels they should not be subjected to this provision should request the State or Department Manager to raise their particular concerns with the General Manager Human Resources before a final decision is made.

Compliance

CGL will comply with all statutory and regulatory requirements in the jurisdictions in which it operates.

Confidentiality & Disclosure of Information

Unauthorised disclosure of Company information, including the misuse of intellectual property belonging to CGL is prohibited.

All information relating to CGL's business obtained in the course of employment is considered to be confidential unless the Company has officially made the information public.

Any employee who is uncertain whether something is confidential should presume that it is. While it is not practical to define the term, "information" includes:

- Documents which are prepared for internal use no matter how generated, formal or informal, and whether stored in printed form or electronically;
- Commercially sensitive documents relating to sales, products or merchandising;
- Personal records and other information regarding internal procedures, processes and systems;

- Information obtained verbally whether in meetings, during discussions, or in any other manner.

Except as required by law, employees should treat all non-public Company information as confidential both during and after employment with CGL.

Information may be disclosed to employees or agents of CGL who need to know such information to further the Company's business interests, provided the disclosure does not breach any laws, regulations or Company policies. External disclosure of information should only be made with specific authorisation.

Disclosure of information may be authorised by State or Department Managers or their delegates. There may be different delegations for dealing with various groups including the public, suppliers, customers, regulatory agencies, analysts and the total employee population, amongst others. Responsibility for ensuring that any disclosure is appropriate remains with the relevant manager.

Conflict of Interest

All employees have fundamental duties to CGL implied into their employment contract with the Company. One such duty is the duty of faithful service.

This is a duty to act so as to not knowingly cause harm to the Company either by doing something adverse or by not undertaking some type of activity.

The main area where this responsibility can be breached by an employee is in their duty to faithfully perform their role. The inability to perform their role faithfully may have been caused by them being actively involved in other pursuits thereby causing a potential conflict of interest. In other words a conflict of interest exists where loyalties are divided.

Employees of a Company have a potential conflict of interest if, in the course of their employment, any decision they make provides **any improper gain or benefit to themselves or a third party** (in this context "employee" includes contractors and consultants engaged by CGL.)

Any situation potentially involving direct or indirect conflict of interest between an employee and the Company should be avoided unless consent in writing is provided by the appropriate representative of the Company.

Employees who believe they know of a potential or actual conflict of interest have a duty to raise the matter with their immediate manager or to communicate their concerns to the Regional Human Resources Manager.

On this basis, approval may be granted for the activity to proceed, and therefore, for the employee to gain the benefit. However, the decision to approve or reject the request always remains the right of the Company.

It is impossible to formulate an all-embracing set of guidelines regarding potential conflict of interest. However, in a recent court decision on this matter the judgement clearly outlined the law in relation to this area by stating:

"..... a prime example of such incompatible conduct is setting up business in competition with one's employer, while still an employee....an employee shall not put himself in a position where his interest and his duty conflict or, if the conflict is unavoidable, shall resolve the conflict in favour of the employer, and

***shall not, except by special arrangement with his employer, make a profit out of his position."*(McPherson's Ltd v Tate & Ors1993 AILR).**

Another example is the acceptance of employment with a competitor, customer or supplier while still employed by Coventry Group Ltd. Once the employment issue arises it should be resolved in CGL's favour as soon as legally possible.

Questions of conflict or potential conflict of interest must be assessed on a case by case basis. However, the general principles to consider are:

- The capacity of the employee to influence commercial dealings that CGL has, or could have with a third party;
- The improper personal benefit that may flow to the employee or a relative, friend, or other third party through the exercise of that influence;
- Whether the activity is fraudulent, corrupt or of an irregular nature.

If it is determined that an employee has knowingly entered into a situation resulting in a conflict of interest with their duties as an employee, and the Company has or will suffer damage as a result, the Company has the right to dismiss the employee without notice. Subsequent recovery action may be initiated by CGL.

Customers

It is paramount that all employees treat customers in a polite, respectful and courteous manner at all times. The age old service adage "*the customer is always right*" still represents the manner in which we must treat all of CGL's current and potential customers.

Dealing in CGL Shares

No employee is permitted to buy or sell shares in CGL at any time when that employee possesses information that is not generally available but, if it was, could reasonably be expected to have a material effect on the price or value of CGL's shares.

To reinforce this principle, CGL has adopted a formal share trading policy which applies to its directors, senior management and their associates. The policy establishes certain guidelines for share dealing and includes requirements to notify in advance any intended transaction involving CGL securities, and defines timeframes in which buying and selling of CGL shares is permitted.

CGL's share trading policy can be viewed on our web site.

Employment Policies & Practices

- CGL is committed to ensuring that its employment policies are up to date and implemented throughout the Company. All employees including Managers, Supervisors and Team Leaders are responsible for complying with the policies and practices of the day.

The various policies and procedures are updated regularly and can be found on the CGL intranet, and advice on specific applications can be sought from regional or Group HR teams.

Environment

CGL is committed to protecting the environment, and will comply with all environmental regulations in the jurisdictions in which it operates.

We will manage all hazardous materials responsibly and train our employees in their safe use. CGL's environment policy can be viewed on the Company's website.

Family and Friends' Business Activities

A potential conflict of interest may arise due to the business activities of an employee's partner, relatives or associates.

An employee has a potential conflict of interest whenever they know a partner, relative or associate has a significant interest in a transaction with CGL or a significant relationship with any competitor or supplier.

Employees should not make or influence any decision, either directly or indirectly, which they know could benefit a partner, relative or associate. In order to protect all parties from the potential for, or appearance of, a conflict of interest, appropriate disclosures must be made to the relevant State or Department Manager. See also the section on **Conflict of Interest**.

Gifts & Other Fringe Benefits

In certain circumstances, CGL may be liable to pay fringe benefits tax on benefits provided to its employees by other parties, such as by suppliers of goods and services. For fringe benefits tax to apply, CGL need only be "involved" in the provision of the benefit to the employee. "Involved" in this context could mean simply allowing the employee to attend an event or conference during work hours, or approving annual leave to attend an event, or allowing the employee to accept a gift from a supplier.

To ensure that CGL is not unknowingly exposed to such fringe benefits tax liability, it is Company policy that, with the exception of meal entertainment, employees are required to advise their Regional HR Manager of the benefit before accepting or participating in the benefit. This will allow the Company to consider whether fringe benefits tax will apply, and if it does, whether the employee will be permitted to accept the benefit where the provider has not offered to pay the associated fringe benefits tax.

The employee can only accept the benefit if written approval has been granted by the State or Department Manager.

Employees should note that if fringe benefits tax applies, irrespective of who pays it, the Company is obliged to report the grossed-up taxable value of the benefit on the employee's annual payment summary. This could affect the employee's entitlement to any means-tested tax or social security benefits.

In any event employees should consider the section on **Bribes and Inducements** before accepting any gift or other fringe benefit from a third party.

Harassment

Harassment in the workplace or whilst in the course of employment is unlawful. Management and employees are responsible for maintaining a workplace free of harassment. Sexual harassment does not refer to occasional compliments or mutually acceptable behaviour.

The emphasis is on uninvited, unreciprocated or unwelcome behaviour.

CGL will ensure that both the complainant and respondent involved in an alleged sexual or workplace harassment incident are treated in a fair and equitable manner.

We will also ensure that confidentiality is strictly maintained at all times and that all claims are resolved. Employees seeking help should first access the policy and guidelines relating to harassment located on the intranet.

Investments

Employees may own shares or other interests in any other public or private Company.

In most cases these interests will not present a problem. However, employees should carefully assess the potential for a conflict of interest where they themselves have an interest in a Company or firm that is a trade customer of, supplier to, or competitor of CGL.

If a potential conflict of interest appears to exist, then the facts of the matter must be disclosed to the employee's State or Department Manager. Guidance can then be sought from Senior Management as to the correct approach to be taken, with each case being considered on its own merits.

Leaving the Company

On leaving the Company, each employee must surrender any Company assets and items containing business information. This includes intellectual property (ie, customer/supplier lists and any concepts and innovative ideas) that may have been created whilst working with CGL.

Outside Business Activities

Extreme care should be taken to ensure that active participation, on a part-time or freelance basis, in any outside business, whether or not such business is a supplier, customer or competitor, does not create a potential conflict of interest.

Full-time employees who propose to engage in outside business activities should assess those activities in terms of the following guidelines to determine whether a conflict exists with their CGL commitments:

- Where an employees participation in outside business activities interferes with his/her ability to satisfactorily perform assigned work for CGL, a conflict of interest will exist;

- Where an employee having knowledge of commercially sensitive information actively participates in outside business activities for a competitor of CGL, a potential conflict of interest will exist;
- No employee who has knowledge of commercially sensitive information shall engage in any outside business activity for a supplier to CGL without first obtaining written approval from a General Manager;
- CGL will not accept any bid submitted by an employee to supply any goods, or perform any contract work for which tenders are sought, or negotiate contract work with any employee; and
- An employee who actively participates in business activity for an outside company may not render service to CGL on that company's behalf.
- Any appointment to the board on an external company, benevolent society or other organisation requires CEO approval prior to the employee accepting the offer.

Occupational Safety & Health

CGL places the highest priority on establishing and maintaining a safe and healthy workplace for our employees and contractors. Our commitment is to meet or exceed the safety and health standards expected of an industry leader by the community and government, thereby achieving our goal of an accident-free and healthy workplace, through the **Safety First** program.

To achieve this, CGL will:

- Comply with all applicable safety and health laws and regulations;
- Actively promote and support employee consultation as an important element of our Safety First program;
- Provide safety and health training for all employees;
- Utilise the Safety Management Program, as an integral part of its business operations, to provide assurance that significant hazards are identified and controlled;
- Continuously review work areas, equipment and methods to further improve safety and health of employees and contractors; and
- Set targets and provide an environment that will create a desire to meet or exceed those targets.

All Managers, Supervisors and Contractors are required to recognise and accept their responsibility to maintain a safe and healthy workplace, and to participate in the development and use of the Safety Management Program for each work area.

All employees are required to participate in the Safety Management Program; to work in a manner that ensures safety to themselves and their workmates; to use all appropriate safety equipment provided by the Company for their own protection and to

immediately correct or report any unsafe work practices to their supervisors; and to immediately report to their supervisors any accidents or incidents.

This policy applies to all CGL activities and can be found on our website

Personal Conduct

It is expected that all CGL employees will conduct themselves with dignity and respect for others and the Company reputation during business and after hours.

Privacy

CGL acknowledges the importance of protecting the privacy of our employees, customers and other individuals with whom it transacts. Accordingly CGL will comply with the Privacy Act and the National Privacy Principles when handling personal information. A formal policy has been developed to ensure compliance with privacy legislation which applies to private sector organisations like CGL.

CGL's privacy policy can be viewed on our website.

Product Value, Quality & Safety

CGL commits to stocking products that comply with our good, better, best philosophy.

This ensures that our employees sell only those products that meet our stringent standards of quality and safety thereby representing best value for money to our customers.

Public Disclosure of Company Information

As a listed public company CGL acknowledges its responsibility to shareholders and the financial community generally to provide accurate and timely disclosure of information.

CGL abides by the continuous disclosure obligations imposed by the Australian Stock Exchange (ASX) listing rules. Accordingly, CGL constantly monitors through senior management its disclosure requirements which are reviewed by the Board as a standing agenda item.

We endorse Principle 5 of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations to make timely and balanced disclosure. CGL has established a formal policy for communicating to the investment community and the media. Accordingly only designated senior officers of the Company are authorised to make any statements on behalf of CGL to the media, ASX and other regulatory bodies. CGL also supports Principle 6 issued by the ASX Corporate Governance Council to respect the rights of shareholders. To that end we have established a Company website which not only has details on CGL's operations, its products and services but also corporate information such as announcements to the

ASX, annual reports, corporate governance matters etc. Shareholders and other interested parties are encouraged to visit our website.

Suppliers

Suppliers form an integral part of CGL's customer service commitment. Without quality supply partners CGL would not be the success it is today. As such we will endeavour to support and respond to our suppliers needs and concerns with efficiency and in a respectful and professional manner.

Working Environment

CGL will provide a safe, healthy and productive working environment. To this end, the abuse of prescription drugs or the use or possession of illicit drugs is not acceptable. Neither is the consumption of alcohol, where it affects customer service, other employees, work performance, public relations, and safety or where it violates the law.

Under the Occupational Safety and Health Policy, the Company will provide confidential support to any employee who seeks assistance in dealing with any substance abuse.

Smoking on Company premises is only permitted in designated areas.

Any conduct which is intimidating or offensive to our customers, suppliers, contractors, competitors, the public or other employees will be deemed unacceptable behaviour.

Website

The Company's website is located at www.cgl.com.au and provides access to all publicly available information about Coventry Group Ltd.

Employees can also access all policies covered in the Code at <http://insidecgl> - the Company's intranet site.

Tear out this page and sign.

Employee Acknowledgement and Commitment to the Code

I have read and understood the contents of the CGL Code of Conduct and agree to abide by the conditions set down.

I also understand that a breach of the Code, either intentionally or inadvertently, will represent a breach of my employment contract and may result in me being subjected to disciplinary action in accordance with the Company policy on Counselling and Discipline.

.....

Employee Signature

...../...../.....

Date

Please return this slip to your HR Department upon commencement.