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21 December 2010

The Manager  
Company Announcements Office  
ASX Limited  
Level 4  
20 Bridge Street  
Sydney NSW 2000

## **ASX ANNOUNCEMENT**

### **ADOPTION OF REVISED CORPORATE GOVERNANCE POLICIES**

The Board of Ausdrill Limited announces that it has revised its Corporate Governance Policies, copies of which are attached to this announcement.

These policies include a revised Trading Policy as required under new ASX Listing Rule 12.9 (effective 1 January 2011).

The revised policies will also be published on the Company's website at [www.ausdrill.com.au](http://www.ausdrill.com.au).

For and on behalf of the Board.

AUSDRILL LIMITED

DOMENIC SANTINI  
Company Secretary

**AUSDRILL LIMITED**  
**ACN 009 211 474**

**CORPORATE GOVERNANCE POLICIES**  
**(INCORPORATING AMENDMENTS APPROVED AND ADOPTED BY THE BOARD OF  
DIRECTORS OF AUSDRILL LIMITED ON 17 DECEMBER 2010)**

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# BOARD CHARTER

## Introduction

The directors are accountable to the shareholders and must ensure that Ausdrill Limited (“**Company**”) is appropriately managed to protect and enhance the interests and wealth of shareholders and other key stakeholders. The board of directors of the Company (“**Board**”) recognises its responsibility to act honestly, fairly, diligently and in accordance with the law and to promote this culture throughout the organisation.

## Responsibilities

The responsibilities of the Board are to:

- oversee the Company, including its control and accountability systems;
- appoint and remove the Managing Director and conduct his or her performance assessment;
- appoint and remove the Company Secretary;
- ratify the appointment and/or removal of members of the senior management team including the Group Operations Manager and the Chief Financial Officer;
- provide input into and final approval of management’s development of corporate strategy and performance objectives;
- provide strategic guidance to the Company including contributing to the development of and approving the corporate strategy;
- review, ratify and monitor systems of risk management and internal control, codes of conduct, and legal compliance;
- monitor senior executives’ performance and implementation of strategy;
- ensure appropriate resources are available to senior executives;
- approve and monitor organisational performance and the achievement of the Company’s strategic goals and objectives and the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- with the assistance of the Audit Committee, approve and monitor financial and other reporting, including approval of the annual and half-year financial reports and liaison with the Company’s external auditors;
- ensure there are effective management processes in place and approve major corporate initiatives;
- enhance and protect the reputation of the organisation;
- establish and regularly review an appropriate remuneration policy; and

- consider and review (in lieu of the establishment of a nomination committee):
  - the necessary and desirable competencies of directors;
  - Board succession plans;
  - the process for evaluation of the performance of the Board, its committees and directors; and
  - the appointment and re-election of directors.

## **General**

The relationship between the Board, the Managing Director and other senior management is critical to the long term success of the Company. Day to day management of the Company's affairs and implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior management executives.

Matters reserved to the Board include determining whether the Company should commence business in a new industry or jurisdiction, entering arrangements that create a significant commitment for the Company, the capital structure of the Company including the increase or decrease of shares on issue, and approving business plans and budgets.

## **Board Composition**

- The Board should comprise between 3 and 7 directors.
- A majority of the Board should be independent directors.
- The Chairman should be an independent director.
- The Chairman is elected by the full Board and is required to meet regularly with the Managing Director.
- The Company is to maintain a mix of directors on the Board from different backgrounds with complementary skills and experience.
- The role of Chairman and Managing Director should not be exercised by the same individual.

The Board is required to undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group, any "gaps" in the skills and experience of the directors on the Board, and whether succession plans are in place to maintain an appropriate mix of skills, experience, expertise and diversity on the Board.

The Board is structured to ensure that:

- at any point in time, its membership represents an appropriate balance between directors with experience and knowledge of the Group and directors with an external or fresh perspective; and

- the size of the Board is conducive to effective discussion and an efficient decision-making process.

### **Directors' independence**

The Board has adopted the definition of "independent director" set out in the Australian Securities Exchange ("ASX") Corporate Governance Council's Corporate Governance Principles & Recommendations (2<sup>nd</sup> ed) ("ASX Guidelines"), and determines the independence of directors based on those guidelines.

### **Chairman**

The Chairman is responsible for leadership of the Board and for the efficient organisation and conduct of the Board's functioning. The Chairman should facilitate the effective contribution of all directors and promote constructive and respectful relations between directors and between Board and management.

### **Non-executive Directors**

Non-executive directors bring a fresh perspective to the Board's consideration of strategic, risk and performance matters and are best placed to exercise independent judgement and review and constructively challenge the performance of management.

Each non-executive director is required to acknowledge that they have and will continue to have the time available to discharge their duties and responsibilities to the Company. Non-executive directors should meet from time to time without the presence of management to discuss the operation of the Board and other matters pertinent to the Company's operations. Relevant matters arising from these meetings are to be conveyed to the full Board.

### **Managing Director**

The Managing Director's duties are to:

- devote the whole of his or her time, attention and skill during normal business hours, and at other times as reasonably necessary, to the duties of the position;
- be accountable for planning, co-ordinating and directing the operations of the Company to achieve strategic, financial and operating objectives as agreed with the Board;
- formulate and recommend business and financial strategies and plans to develop the Company's business and to implement these plans to achieve agreed performance targets;
- promote the interests of the Company; and
- faithfully and diligently perform the duties and exercise the powers assigned by the Board consistent with the position of a Managing Director of the Company.

In fulfilling their duties, the Managing Director:

- reports directly to the Board;
- provides prompt and full information to the Board regarding the conduct of the business of the Company; and
- complies with reasonable directions given by the Board.

### **Access to information and Company Secretary**

The Board should be provided with the information it needs to discharge its responsibilities effectively. Senior executives should supply the Board with information in a form and timeframe, and of a quality, that enables the Board to discharge its duties effectively. Directors are entitled to request additional information where they consider such information necessary to make informed decisions.

The Company Secretary plays an important role in supporting the effectiveness of the Board by monitoring that Board policy and procedures are followed, and coordinating the timely completion and despatch of Board agenda and briefing material. All directors are entitled to have access to the Company Secretary.

### **Meetings**

The Board shall meet at regular intervals as deemed necessary to appropriately discharge its duties and fulfil its responsibilities.

Board and committee papers are to be provided to directors, where possible, at least three days prior to the relevant meeting.

### **Board Committees**

The Board shall establish committees to assist it in carrying out its responsibilities, and adopt charters setting out matters relevant to the composition, responsibilities and administration of such committees, and other matters that the Board may consider appropriate.

The Board has established the following committees:

- a Remuneration Committee; and
- an Audit Committee (which also fulfils the functions of a risk committee).

The full Board performs the functions that would otherwise be fulfilled by a nomination committee.

### **Term of Office**

Directors are initially appointed by the full Board subject to election by shareholders at the next Annual General Meeting. One third of the members of the Board, excluding the Managing Director, retire by rotation at every Annual General Meeting of the Company and may offer themselves for re-election.

## **Appointment**

Letters of appointment for each new Board member set out the terms and conditions of the appointment as well as the legal and disclosure obligations as required by the Corporations Act 2001 (Cwlth) ("**Corporations Act**") and the ASX Listing Rules.

An induction program is available to enable new Board members to gain an understanding of:

- the Company's financial, strategic, operational and risk management position;
- the culture and values of the Company;
- the rights, duties and responsibilities of the directors;
- the roles and responsibilities of senior executives;
- the role of board committees;
- meeting arrangements; and
- director interaction with each other, senior executives and other stakeholders.

The Board is supportive of directors having access to continuing education (including education concerning key developments in relation to the company and in the industry and environment within which it operates) to update and enhance their skills and knowledge.

## **Selection and appointment of new directors and performance assessment**

The Board assesses the skills required to discharge competently the Board's duties having regard to the Company's performance, financial position and strategic direction.

As and when it considers it appropriate, and when a non-executive director retires, the Board assesses the skills represented on the Board by the non-executive directors and determines whether those skills meet the skills identified as required.

Having regard to the skills required and the skills already represented on the Board, the Board will implement a process to identify suitable candidates for appointment as a non-executive director, and will (where sufficient candidates meet the required criteria) consider a diverse range of candidates for the position.

The process for identifying suitable candidates may include a search undertaken by an appropriately qualified independent third party acting on a brief prepared by the Board which identifies the skills sought.

The Board undertakes an annual self assessment performance evaluation of itself, its committees and the Chairman. The performance evaluation is conducted in such a manner as the Board deems appropriate.



## Independent Professional Advice

Directors and Board committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior approval of the Chairman is required, which will not be unreasonably withheld.

## Conflicts of Interest Protocol

1. This protocol sets out the procedures to be adopted in circumstances where a director has or where there is a real and sensible possibility that the director may have:
  - (a) a material personal interest in a matter that is being considered or will be considered at a meeting of the Board; or
  - (b) a conflict or perceived conflict between the duties which he or she may owe to another company of which he or she is a director or salaried executive and his or her duties as a director of the Company in considering a matter that is to be brought before a meeting of the Board.
2. This protocol has been adopted by the Board as governing the conduct of directors and should be accepted by each director subsequently appointed to the Board as part of his or her consent to join the Board.
3. A director may, at any time, declare a conflict of interest in relation to a matter by notification to the Company Secretary in writing. In addition, the Managing Director, in consultation with the Chairman, may at any time determine a director to have a conflict of interest.
4. In circumstances where the Company Secretary has been notified of a conflict of interest by a director or where the Managing Director in consultation with the Chairman has determined a director to have a conflict of interest, for so long as that conflict of interest remains:
  - (a) the director concerned will not receive Board (or Board committee) papers or other information which relates in any way to the declared or perceived matter which is the subject of the conflict of interest; and
  - (b) the director concerned will be requested to withdraw from any part of a Board (or Board committee) meeting for the duration of any discussion on that matter.
5. Where a director is not provided with information in accordance with clause 4 and is excluded from discussion, the Company Secretary will advise the director concerned in writing of the broad nature of the withheld information and why it has been withheld from him or her. In addition, for so long as the director has or is regarded as having a conflict of interest in respect to a matter, the Company Secretary will maintain a reporting system by which the director is kept informed in general terms (and with sensitive information removed) as to the progress or status of the matter from which he or she has been excluded.
6. Where a director is provided with information that is not public knowledge (whether or not it relates to a matter then or subsequently declared or determined to represent a conflict of interest for that director), that information should be treated as confidential and may not be passed to a third party without the informed consent of the Board.

7. Once information withheld from a director in accordance with this protocol becomes public knowledge or if, in the opinion of the Managing Director, after consultation with the Chairman, the potential for conflict has passed, the excluded director shall be entitled, should he or she request this, to a briefing by the Managing Director as to the current status of the matter and the particulars of any decision of the Board in respect of that matter.
8. Any director who is aggrieved at the application of clause 4 above may refer his or her complaint to the Chairman for the Chairman's review and ruling. If the director is dissatisfied with the Chairman's ruling, he or she may take the complaint before the Board and the Board's decision will be final and binding in the matter.
9. The Company Secretary will maintain records of, and will keep the Board advised as to the status of:
  - (a) each director to whom this protocol has current application; and
  - (b) the administration of this protocol.

### **Code of conduct for directors**

This Board has adopted a code of conduct for directors to promote responsible decision making and ethical behaviour. The code considers the values of honesty, integrity, accountability, independence and equality. The code supplements the duties and responsibilities of directors imposed by the law.

A director:

- must act honestly, in good faith and in the best interests of the Company as a whole;
- has a duty to use care and diligence in fulfilling the functions of office and exercising the powers attached to the office;
- must use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- must recognise that the primary responsibility is to the Company as a whole but may, where appropriate, have regard to the interests of all stakeholders of the Company;
- must not make improper use of information acquired as a director;
- must not take improper advantage of the position of director;
- must properly manage any conflict with the interests of the Company;
- 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;
- acknowledges that confidential information received in the course of the exercise of directorial duties remains the property of the Company (or the person who disclosed it) 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 who disclosed it) or is required by law;

- should not engage in conduct likely to bring discredit upon the company; and
- has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and the ASX Listing Rules and with the principles of this code.

In addition to the above code of conduct for directors, the Company has adopted a code of conduct for all directors, executives and employees. The Board must take steps to ensure that this code is integrated into management processes and that standards consistent with the code are implemented and enforced appropriately by management.

# AUDIT COMMITTEE CHARTER

## Introduction

The Audit Committee is a committee of the Board. The Audit Committee assists the Board in fulfilling its responsibilities in relation to financial information published by the Company, the internal controls and the external audit process. The Audit Committee also fulfils the functions which would otherwise be fulfilled by a risk committee. This Charter details the functions and the manner in which the Audit Committee will operate.

## Membership

- The Audit Committee shall comprise three non-executive Board members with a majority being independent.
- The Audit Committee members should possess the appropriate skills and experience, and have an appropriate understanding of the industries in which the Company operates to enable the Audit Committee to meet its objectives. At least one member of the Audit Committee should be a qualified accountant or other finance professional with experience of financial and accounting matters.
- The Audit Committee shall have a chairperson appointed by the Board and the chairperson shall not be the chairperson of the full Board.
- The appointment of new members to the Audit Committee must be approved by the Board.
- The Audit Committee may invite various parties to attend its meetings. These parties may include but are not limited to, the Managing Director, Chief Financial Officer, Company Secretary and external auditor.

## Objectives

The Audit Committee's objectives are to:

- assist the Board to discharge its responsibilities in relation to the Company's:
  - reporting of financial information;
  - application of accounting policies;
  - financial management;
  - internal control systems;
  - risk management systems;
  - business policies and practices;
  - protection of the Company's assets; and
  - compliance with applicable laws, regulations, standards and best practice guidelines;
- improve the credibility and objectivity of the accountability process, including financial reporting;
- provide a formal forum for communication between the Board and senior financial management;

- improve the effectiveness of the internal and external audit functions and be a forum for improving communications between the Board and the internal and external auditors;
- facilitate the maintenance of the independence of the external auditor;
- review the Company's financing arrangements and hedging strategies;
- provide a structured reporting line for internal audit and facilitate the maintenance of the independence of any internal auditor;
- improve the quality of internal and external reporting of financial and non-financial information;
- oversee the establishment and implementation of the risk management and internal control system of the Company; and
- review the effectiveness of the Company's risk management and internal control system.

### **Responsibilities**

The Audit Committee's role is to monitor, investigate and make recommendations to the Board with respect to:

- **External Reporting:**
  - Review the integrity of the Company's financial reporting and oversee the independence of the external auditors.
  - Assess whether external reporting is consistent with committee members' information and knowledge and is adequate for other shareholder needs;
  - Review management's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the external reporting by the Company of financial and non-financial information.
  - Consider the appropriateness of the Company's accounting policies and principles and any changes, as well as the methods of applying them, ensuring they are in accordance with the stated financial reporting framework.
  - Assess significant estimates and judgements in financial reports.
  - Ensure that a comprehensive process is established by the Company's management to capture issues for the purposes of continuous reporting to ASX.
  - Assess information from internal and external auditors that affects the quality of financial reports (including the form of the external audit opinion).
  - Recommend to the Board whether the financial and non-financial statements should be signed based on the Audit Committee's assessment of them.

- Request and receive assurance from the Managing Director and Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
- **Related-party Transactions:**
  - Review and monitor the propriety of related-party transactions.
- **Risk Management:**
  - Assess the internal process for determining, managing and reporting on key risk areas.
  - Consider all material business risks of Ausdrill and its subsidiaries, including but not limited to operational, environmental, sustainability, compliance, strategic, ethical, reputational, brand, technological quality, human capital, financial reporting and market-related risks.
  - Ensure that the Company has an effective risk oversight and risk management system and review its operational effectiveness on a regular basis, particularly areas of significant exposure.
  - When developing risk management policies, take into account the Company's legal obligations (including but not limited to requirements dealing with trade practices and fair dealing laws, environmental law, privacy law, employment law, occupational health and safety and equal employment and opportunity laws) and consider the reasonable expectations of the Company's stakeholders (including shareholders, employees, customers, suppliers, creditors, consumers and the broader community in which the Company operates).
  - Ensure the Company's risk management policies clearly describe the roles and accountabilities of the Board, the Audit Committee, management and any internal audit function.
  - Review (at least annually) and address the effectiveness of the Company's internal control and risk management systems with management and the internal and external auditors.
  - Assess whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
  - Review periodically the debt management strategy in the treasury management of the Company.
  - Evaluate the Company's annual insurance renewal strategy in light of risk management assessment.

- Consider and review with management and the external auditor the adequacy of the risk management policies of the Company and assess the steps management has taken to minimise such risks to the Company.
- Review, consider and advise the Board on the corporate governance policies and practices implemented by the Company and ensure that they are being communicated and followed, including the Company's compliance with ASX Listing Rules.
- Consider whether an internal audit function is necessary or desirable given the size of the Company and the complexity and types of risks involved in the Company's business.
- Receive from management reports concerning compliance with key laws, regulations, licences and standards which the Company is required to satisfy to operate, and report on all suspected and actual frauds, thefts and breaches of law.
- Annually review the Company's Securities Trading Policy to assess compliance and effectiveness.
- Annually review the Company's employee code of conduct to assess compliance and effectiveness.
- Annually review the Audit Committee's charter and report the results of the review to the Board, making such recommendations for amendments as are considered necessary.
- **External audit:**
  - Develop procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners.
  - Make recommendations to the Board on the appointment, remuneration and monitoring of the effectiveness and independence of the external auditor and, if necessary, the removal of the external auditor.
  - Invite the external auditor to attend Audit Committee meetings to, at least, review the audit plan, discuss audit results and consider the implications of the external audit findings for the control environment.
  - Together with the external auditor, review the scope of the external audit (particularly the identified key risk areas) and any additional agreed-upon procedures on a regular and timely basis.
  - Provide the opportunity for the Audit Committee members to meet with the external auditors without management personnel being present at least twice a year.

### **Access to information**

The Audit Committee shall obtain regular reports from management, the external auditors and any project teams under its charter.

The Audit Committee shall have full and open access to all of the Company's books and records and to management, staff and the external auditors of the Company.

The Audit Committee may consult independent experts and institute special investigations if it considers it necessary in order to fulfil its responsibilities.

### **Meetings**

The Audit Committee shall meet at least twice per year being immediately prior to the release of the full year and half yearly financial statements. The Audit Committee will meet more frequently if considered necessary to undertake its role effectively.

The proceedings of all meetings shall be minuted and the minutes are to be included in the Board papers for the next full Board meeting following the Audit Committee meeting.



# REMUNERATION COMMITTEE CHARTER

## Introduction

The Remuneration Committee is a committee of the Board. The Remuneration Committee assists the Board in fulfilling its responsibilities to ensure that the Company has remuneration policies and practices which enable it to attract and retain directors and executives that will make a contribution towards achieving positive outcomes for shareholders. This Charter details the functions and the manner in which the Remuneration Committee will operate.

## Membership

- The Remuneration Committee shall comprise three independent non-executive Board members.
- The Remuneration Committee shall have a chairperson appointed by the Board who may be the Chairman. The Remuneration Committee chairperson must be independent.
- The appointment of new members to the Remuneration Committee must be approved by the Board.

## Objectives

The Remuneration Committee objectives and responsibilities are to review and make recommendations to the Board on:

- remuneration, recruitment, retention and termination policies and procedures for senior executives and directors;
- senior executives' remuneration and incentives;
- superannuation arrangements; and
- the remuneration framework for directors.

## Remuneration Framework

### Non-Executive Directors

Fees to non-executive directors reflect the demands and responsibilities associated with the position. Non-executive directors' fees are determined within the aggregate directors' fee pool limit per the Constitution as amended from time to time by approval of shareholders.

Remuneration for non-executive directors is reviewed annually to ensure fees are appropriate and in line with the market. Additional fees may be payable to the chairperson or members of Board committees where the Board considers it appropriate to pay such additional fees. Also, in accordance with the Constitution, any Director who being willing is called upon to perform extra services or to make any special exertions or to undertake any executive or other work for the Company beyond his or her ordinary duties or to go or reside abroad or otherwise for any of the purposes of the Company may be remunerated either by a fixed sum or a salary as may be determined by the directors and such remuneration may be either in addition to or in substitution for his or her share in the non-executive directors' fee pool referred to above.

Non-executive directors are not entitled to any retirement benefits other than those required pursuant to the Superannuation Guarantee Legislation.

Non-executive directors do not generally receive options. However, in exceptional cases where the Remuneration Committee or the Board considers that it is appropriate to offer options to an existing or proposed non-executive director, having regard to the contribution that person has made (or is likely to make if they accept a position on the Board, based on factors including their skills, reputation and standing in the community or the industry in which the Company operates), then the Board may offer options to a particular person notwithstanding that they are or will be a non-executive director. Shareholder approval for such issue or offer of options will be obtained if required under the Corporations Act or the ASX Listing Rules.

The Chairman's fees are determined independently of the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of the Chairman's remuneration.

### **Managing Director**

The remuneration package for the Managing Director is determined and recommended by the Remuneration Committee for approval by the full Board. The package must appropriately reward for the responsibilities and functions assumed and be sufficiently adequate to attract and retain suitably qualified and experienced people. The package must be aligned with comparative market conditions and the remuneration of executives.

Non-cash benefits are to be limited at the determination of the Remuneration Committee. No retirement benefits other than those required under the Superannuation Guarantee legislation are to be offered without Board approval and must be within the requirements of the Corporations Act.

The other members of the Remuneration Committee may seek input from the Managing Director on remuneration policies, but the Managing Director is not directly involved in deciding his own remuneration.

### **Executives**

The Company has adopted a structured framework for the remuneration of senior executives. The framework ensures that:

- Staff salary bands and benefits are applied consistently to like roles for similarly positioned employees in the same industry sector. On appointment, an employee's rate of pay is determined by the HR manager, in consultation with the manager for the division. Salaries outside the upper band limit may only be approved by the Managing Director.
- Remuneration bands are reviewed annually to maintain market competitiveness and attract and retain high calibre employees. Relevant comparative information and independent advice is obtained during this process.
- Staff salaries are reviewed annually effective 1 July, in light of market and comparative data, and the movement in the Consumer Price Index. Individual salary reviews take place concurrently across all areas of the business on an annual basis to ensure that:

- proper controls are in place to subject all increases to appropriate review
  - increases are consistent with the remuneration framework and salary bands
  - there is consistency between like roles in like locations in the same industry sector
  - any anomalies can be resolved having access to all necessary data.
- Letters of offer do not specify a review date outside of the normal annual salary review cycle, but do take the annual salary review cycle into account when setting the salary to be offered.
  - An appropriate approval process is followed whenever an offer of employment, promotion or transfer is made. General managers must liaise with the human resource manager to ensure that the salary and benefits to be offered are commensurate with the band and location of the new role and that benefits and allowances are only utilised for their intended purpose and not as a means of artificially inflating an employee's total remuneration package. All offer letters are created from templates developed and maintained by the HR manager to ensure the integrity of the salary administration system.
  - The Company's remuneration policy:
    - motivates senior executives to pursue the long-term growth and success of the Company; and
    - demonstrates a clear relationship between senior executives' performance and remuneration.
  - The Remuneration Committee may seek input from senior executives on remuneration policies, but no individual is directly involved in deciding their own remuneration.

### **Benefits**

Executives on specified levels can elect to receive a fully maintained motor vehicle as a component of their remuneration. No other non-cash benefits are included in the remuneration framework.

### **Retirement Benefits**

Retirement benefits are delivered under the Superannuation Guarantee Legislation. No additional retirement benefits are incorporated into the remuneration framework.

### **Access to resources**

The Remuneration Committee shall have access to appropriate internal and external resources to enable it to fulfil its functions appropriately. The Remuneration Committee is authorised to seek advice from external consultants or specialists to assist with its functions.

### **Meetings**

The Remuneration Committee shall meet as often as required to undertake its role effectively, but at least annually. Any committee member may call a meeting of the Remuneration Committee. The Remuneration Committee may invite various parties to attend its meetings.

The proceedings of all meetings shall be minuted and the minutes are to be included in the Board papers for the next full Board meeting following the Remuneration Committee meeting.

# SHAREHOLDER COMMUNICATION POLICY

## Introduction

The Company recognises the right of shareholders to be informed of matters, in addition to those prescribed by law, which affect their investments in the Company.

## Continuous Disclosure

The Company adheres to a policy to ensure it complies with the continuous disclosure requirements of the law and the ASX Listing Rules.

## Electronic Communication

The Company's website ([www.ausdrill.com.au](http://www.ausdrill.com.au)) carries the following for the information of shareholders:

- ASX announcements.
- Details relating to the Company's directors and senior management.
- Dividend history.
- Annual reports.
- Top 20 shareholders.
- The full text of notices of meeting and explanatory materials.
- Press releases and financial data for at least the last three years.

The website allows shareholders to make direct contact with the Company and access Company information on demand.

The Company is committed to continuously reviewing its website and use of communication technologies to provide:

- opportunities for more effective communications with shareholders; and
- improved access for shareholders unable to be physically present at meetings.

## Email Alert

The Company's share registry service provider operates an email alert service for investors wishing to be advised that the Company has issued an announcement.

## Responsibilities

The Company Secretary is to ensure that shareholders have ready and widespread access on a timely basis to matters that affect their investment in the Company.

## Meetings

At all general meetings, the Company allows reasonable opportunity for shareholder participation and communication.

# DISCLOSURE POLICY

## Introduction

The Company is committed to complying with the continuous disclosure obligations of the Corporations Act and the ASX Listing Rules to ensure investor confidence and achieve full and fair value for the Company's securities through appropriate disclosure. The Company has put in place mechanisms to ensure compliance with the ASX Listing Rules such that:

- all investors have equal and timely access to material information concerning the Company – including its financial position, performance, ownership and governance; and
- Company announcements are factual and presented in a clear and balanced way (ie, disclose both positive and negative information).

Responsibility for determining disclosure matters and making disclosures has been delegated by the Board to the Managing Director.

## Continuous Disclosure

ASX Listing Rule 3.1 requires the Company to immediately advise ASX once the Company is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

In order to ensure the Company meets its obligations of timely disclosure of such information, the Company adheres to the following:

- Immediate notification to ASX of such information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities except where such information is not required to be disclosed in accordance with the exception provisions in the ASX Listing Rules.
- All information disclosed to ASX is promptly placed on the Company's web site following receipt of confirmation from ASX.
- The Company will only comment on speculation or rumour where it is considered that the ASX Listing Rules or the Corporations Act require such comment, or in response to a specific request from ASX, or in special circumstances such as when the Company is subject to a takeover offer.

## Review of Analyst Reports and Profit Forecasts

In reviewing analyst's reports, the Company will correct factual inaccuracies on historical matters. The Company will not provide price sensitive information or earnings forecast guidance unless it has already been disclosed to the market via ASX.

## **Prevention of Selective Disclosure**

The Company has established policies and procedures to ensure that a wide audience of investors has access to information given to ASX for market release. The Company Secretary is to be made aware of all disclosures in advance in order to minimise the risk of continuous disclosure breaches.

## **Earnings expectations**

Comments on expected earnings are confined to the Company's half year and full year financial reports, forecasts in a bidder's statement, target's statement or other takeover related documents, forecasts in a prospectus, or comments in the Chairman's address to the annual general meeting. Any material change in a disclosed expectation is disclosed immediately via ASX.

## **Briefing of Institutional Investors and Analysts**

The Company hosts briefings for institutional investors and analysts to discuss information already released to the market via ASX and to provide background information to assist analysts and institutions in their understanding of the Company's businesses. Where reasonably possible, the Company arranges for advance notification of significant group briefings (including, but not limited to, results announcements) and makes them widely accessible, including through the use of webcasting or other mass communication mechanisms as may be practical from time to time.

The Company's policy is to not disclose or discuss price sensitive information unless it has already been released to the market via ASX.

Generally, such interviews are conducted by the Managing Director and the Chief Financial Officer, sometimes with the support of advisers. The Company Secretary may attend to consider (together with the Managing Director and Chief Financial Officer) whether there has been an inadvertent disclosure of price sensitive information. If there has been such a disclosure, then the information is immediately disclosed to ASX.

The Company also keeps summary records for internal use of the issues discussed at group or one-on-one briefings with investors and analysts, including a record of those present (names or numbers where appropriate), and the time and place of the meeting.

## **Interviews with the Media**

The Managing Director and the Chairman are the only persons authorised to speak to the media and, where convenient, another senior executive attends to assist in the review process described previously. In the course of these interviews, the Company's policy is not to disclose or discuss price sensitive information unless it has already been disclosed to the market via ASX.

## **Responsibilities**

The Company has nominated the Company Secretary as the person responsible for communication with ASX. In addition, the Company Secretary has responsibility for overseeing, coordinating and monitoring disclosure of information to ASX and communicating with the Managing Director, the Chairman and the Chief Financial Officer in relation to continuous disclosure matters.

The Managing Director is responsible for overseeing and coordinating disclosure of information to the media and to analysts, brokers and shareholders and communicating with the Company Secretary in relation to continuous disclosure matters.

The Managing Director and Company Secretary are also responsible for ensuring that all employees are aware of their obligation to bring price-sensitive matters to management's attention, and to safeguard the confidentiality of corporate information to avoid the need for premature disclosure.

Each Manager of a business unit is responsible for communicating with the Company Secretary in relation to possible continuous disclosure matters concerning the business unit.

The Company has vetting and authorisation processes in place to ensure that all Company announcements:

- are made in a timely manner;
- are factual;
- do not omit material information;
- are expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions; and
- seek to avoid the emergence of a false market in the Company's securities.

The Company's annual reports and financial results announcements comply with the ASX Listing Rules and are designed to give commentary on the Company's financial results to enhance the clarity and balance of reporting. This commentary includes information needed by an investor to make an informed assessment of the entity's activities and results. The Company also makes full disclosure of executive payment structures, in accordance with the ASX Listing Rules and ASX Guidelines.

Copies of press releases and other announcements to ASX are posted immediately to the Company's website upon confirmation of receipt from ASX.

# SECURITIES TRADING POLICY

The Company's Securities Trading Policy imposes basic trading restrictions on all employees of the Company and its related companies with "inside information", and additional trading restrictions on key management personnel, being those persons having authority and responsibility for planning, directing and controlling the activities of the Ausdrill Group, directly or indirectly, including any director (whether executive or otherwise) of the Group or its controlled entities (**Key Management Personnel**).

The restrictions and procedures in relation to the Company's securities apply equally to trading in all types of the Company's securities including shares, options, warrants, debentures and notes.

## What is inside information?

"inside information" is information that:

- is not generally available; and
- if it were generally available it would, or would be likely to, influence investors in deciding whether to buy or sell the Company's shares or other securities.

## Insider trading is prohibited at all times

If an employee or director possesses inside information, the person must not:

- trade in securities. "Trading" in securities includes applying for, acquiring or disposing of securities or entering into an agreement to apply for, acquire or dispose of securities;
- advise others or procure others to trade in securities; or
- pass on the inside information to others – including colleagues, family or friends – knowing (or where the employee or director should have reasonably known) that the other persons will use that information to trade in, or procure someone else to trade in, securities.

This prohibition applies regardless of how the employee or director learns the information (eg, even if the employee or director overhears it or is told it in a social setting).

The prohibition on insider trading applies not only to information concerning the Company's securities. If a person has inside information in relation to securities of another company (which they have learned through their position in the Company), that person must not deal in those securities.

In the event of any uncertainty regarding the implementation of this Securities Trading Policy, those affected need to ensure that the market is fully informed before they trade and as a matter of course, and to protect themselves, should discuss the intended trading with the Chairman, the Company Secretary or their legal advisers. Insider trading is prohibited at any time if the person possesses inside information, irrespective of whether this Securities Trading Policy provides that trading could occur in a trading window or outside a prohibited period, or whether the trade is excluded from the operation of this Securities Trading Policy.

Directors and employees have a duty of confidentiality to the Company in relation to any confidential information they possess, in addition to obligations under the law in relation to inside information.



Directors and employees should also be aware that external advisers who receive confidential information may owe a duty of confidentiality. Directors and employees are encouraged to enforce such obligations, particularly where inside information is involved.

### **Additional restrictions on trading by Key Management Personnel**

Before trading in the Company's securities, Key Management Personnel (including, without limitation, directors, Chief Financial Officers, Company Secretaries, General Counsel, Group General Managers and other senior executives) must:

- advise the Chairman and the Company Secretary of their intention to trade in the Company's securities and whether they intend to enter into, or have entered into, a margin lending or other security arrangement affecting the Company's securities;
- confirm that they do not hold unpublished inside information about the Company, the Group or the Company's securities; and
- have been advised by the Chairman (in writing or via email) that there is no known reason to preclude the trading in the Company's securities or entering into a margin lending or other security arrangement affecting the Company's securities.

After permission has been granted by the Chairman, the Key Management Personnel must complete the trade or enter into the margin lending or other security arrangement within twenty (20) working days after the approval (or such longer time as stated in the approval). Upon completion of any trading, the Key Management Personnel must inform the Company Secretary within two (2) working days of all details relating to the transaction including the date of the transaction, the number and class of securities involved and the price per security.

The Key Management Personnel have an obligation to, and must, notify the Chairman and the Company Secretary if a security interest affecting the Company's securities that they own or control is created, varied or discharged and the details of the security interest. This includes disclosing the terms of any margin lending arrangements which they may enter into.

Key Management Personnel and those employees involved in the preparation and release of financial statements for the Company (or any of its divisions) shall not engage in trading of the Company's securities during "closed periods" which are periods of four (4) weeks prior to the announcement of the Company's half-year and full-year results. The prohibitions on trading extend to those persons' related entities and families. From time to time, the Board may also declare that Key Management Personnel are prohibited from trading in the Company's securities during certain other trading periods even though those other trading periods are not closed periods.

In "exceptional circumstances", the Chairman may permit trading in the Company's securities by Key Management Personnel when this policy would otherwise prohibit such trading. Exceptional circumstances include (without limitation) the requirement to sell securities due to severe financial hardship or a court order, court-enforceable undertaking or other overriding legal or regulatory requirement. Approval of any other exceptional circumstances is at the Chairman's discretion. The person wishing to trade in securities during a closed period must satisfy the Chairman that they are in severe financial hardship or that their circumstances are otherwise exceptional and that the proposed trading is the only reasonable course of action available. The person must not trade until they have received permission from the Chairman (in writing or via email) in accordance with the

procedures described above (and must then only trade within the twenty (20) working days after the approval or such longer time as stated in the approval).

If the Chairman wishes to trade in the Company's securities, the Chairman must notify the Managing Director and the Company Secretary in accordance with the above procedures and must not trade unless they have received permission in accordance with the procedures described above (with such permission to be sought from the Managing Director in place of the Chairman).

### **Application of Securities Trading Policy**

The Company's Securities Trading Policy also applies to trading in financial products issued or created over the Company's securities by third parties (such as derivatives), or trading in associated products.

Key Management Personnel are prohibited from entering into transactions in associated products which operate to limit the economic risk of security holdings in the Company over unvested entitlements.

The Company's Securities Trading Policy does not apply (and no approvals or notifications are required) in the following circumstances:

- transfers of securities already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Company's securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- where a restricted person is a trustee, trading in the securities of the Company by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;
- undertakings to accept, or the acceptance of, a takeover offer or similar transaction;
- trading under an offer or invitation made to all or most of the security holders, such as a rights issue, a security purchase plan, a dividend reinvestment plan or an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- a disposal of securities of the entity that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement; or
- the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period and either:
  - the entity has been in an exceptionally long prohibited period or the entity has had a number of consecutive prohibited periods and the restricted person could not reasonably have been expected to exercise their rights at a time when free to do so; or

- the exercise of the option or right falls within an exception to the insider trading provisions, such as the exception in Regulation 9.12.01(b) of the Corporations Regulations 2001.

As mentioned above, insider trading is prohibited at any time if the person possesses inside information, irrespective of whether this Securities Trading Policy provides that trading could occur in a trading window or outside a prohibited period, or whether the trade is excluded from the operation of this Securities Trading Policy.

### **Responsibilities**

The Company Secretary is to be immediately notified of share trades by directors or director-related entities. The Company Secretary must introduce appropriate compliance standards and procedures to ensure that the Securities Trading Policy is properly implemented. The Company's Securities Trading Policy is to be reviewed annually by the Audit Committee to assess compliance and effectiveness.

# EMPLOYEE CODE OF CONDUCT

## Introduction

This code of conduct applies to all employees and directors (“**Employees**”) of the Company and its subsidiaries (the “**Group**”). The object of the code is to provide a framework of principles for conducting business and dealing with shareholders, customers, colleagues, suppliers, creditors and other stakeholders which are:

- to act with the utmost integrity and professionalism and be scrupulous in the proper use of company information, funds, equipment and facilities;
- to exercise objectivity, fairness, equality, proper courtesy, consideration and sensitivity in dealing with customers, Employees and other stakeholders;
- to avoid conflicts of interest; and
- to comply with the letter and the spirit of the law.

## Responsibilities

Employees are required to:

- promote the interests of the Group;
- respect their co-workers, customers, suppliers and other service providers;
- comply with laws regarding equal opportunity;
- perform their duties with skill, honesty, care and diligence, using authority in a fair and equitable manner;
- abide by policies and procedures, instructions and lawful directions that relate to their employment and duties;
- comply with the spirit as well as the letter of the codes of conduct applying to the professions of individual Employees; and
- act within the laws of the countries in which they operate.

## Conflicts of Interest

- Employees must avoid any personal, financial or other interest which may be in conflict with their duties and responsibilities to the Group.
- Any interest which may constitute a conflict of interest must be promptly disclosed to an appropriate senior manager.

- Accepting any external appointment, such as a board appointment, working for another organisation, or conducting a business that detracts from an Employee's ability to fulfill their specified role for the Group is not permitted without the permission of the Managing Director.

### **Confidentiality**

- Employees must not use or disclose confidential or sensitive information or trade secrets obtained through their employment other than within the proper course of their duties.
- Information obtained in the course of employment must not be used to obtain financial reward or other benefit, or to take advantage of another person.

### **Trading in Company Securities**

- Employees must ensure that all transactions in company securities comply with the law (particularly the insider trading provisions) and the Group's Securities Trading Policy.

### **Company Property**

- Group property, funds, facilities and services must be used only for authorised purposes.
- Unless governed by law or otherwise agreed in writing, any intellectual property developed by an Employee during or as a result of their employment by the Group is the sole property of the Group.

### **Public Statements**

- The Group's relationships with the media and the investment community are conducted exclusively by the Managing Director or Chairman or as delegated by them.

### **Safety**

- Employees must observe and comply with all safety practices and procedures introduced by the Company to maintain a safe workplace.
- Unsafe work practices must be reported to the immediate manager.
- Group equipment is to be maintained in a safe operating condition.
- Protective equipment supplied by the Group must be correctly used at all times by Employees.

### **Environment**

- Employees must comply with relevant legislation and promote environmental awareness, to raise standards.
- Employees must comply with the environmental policies of clients.
- Employees are to use energy and other resources efficiently.

- Employees are encouraged to support community activities in the areas in which they work.

### **Gifts and Entertainment**

- Employees, from time to time, entertain or are entertained, and give or receive gifts in the course of their duties.
- Gifts should never be offered or accepted in circumstances where the outcome of a transaction may be influenced by the gift, or give rise to the perception that the transaction may be influenced by the gift.
- Employees involved in a tendering process must refrain from actions which may give rise to an expectation of some favoured treatment from or by any tendering party.
- Under no circumstances must Employees offer or accept money.
- Gifts and entertainment must be of a size that is generally acceptable and free from any suggestion of bribery or secret commission.
- Bribing, or attempting to bribe, a foreign public official (even outside Australia) is a serious crime under Australian law with harsh maximum penalties (including imprisonment for individuals involved). The Company may also be liable for breaches by Employees. The definitions of “foreign public official” and “bribe” are very broad. Employees must ensure that they do not participate in any conduct which may directly or indirectly provide any benefit or advantage to a foreign public official where such benefit is not legitimately due or is intended to influence the foreign public official. Employees must read and comply with the attached Australian Government Fact Sheet on Foreign Bribery. Any questions about its application are to be referred to the Managing Director.

### **Compliance**

- Employees must be aware of, and adhere to, company policies, especially those relating to health and safety, equal opportunity, privacy, trade practices and continuous disclosure.
- In the course of their duties, Employees must comply with relevant laws and regulations of the country in which they work.

### **Privacy**

- Employees and the Group must comply strictly with the privacy principles of the Privacy Act.
- Private information about a co-worker, supplier, customer or any other person dealing with the Group must not be discussed without prior written consent.

### **How the Group complies with legislation affecting its operations**

- Within Australia, the Group strives to comply with the letter and the spirit of all legislation affecting its operations.

- The Group will abide by local laws in all countries in which it operates. However, the Group recognises that the laws in some countries may not be as stringent as the Group’s operating policies, particularly in relation to the environment, intellectual property and the giving of “gifts”. Consequently, where Group policy is more stringent than local laws, Group policy will prevail.

### **Breaches of the Code**

- Employees have a duty to observe the code and ensure that no breaches occur. Breaches require immediate attention and Employees have a duty to report known or suspected breaches of the code.
- A complaint or disclosure about an alleged breach of the code should be in writing and contain details about the date, time and nature of the alleged breach and include any available support material. All reports are treated as confidential.
- The Company will protect any “whistleblower” who reports a violation in good faith and on reasonable grounds and will comply with laws relating to “whistleblower protection”.
- The allegation should be made to the Employee’s immediate supervisor, or if the Employee believes the immediate supervisor may be implicated, to a senior executive or to the Managing Director.
- The Employee will be informed of the outcome of the investigation.
- If unsatisfied with the outcome of the investigation, the Employee may refer the matter to a senior executive or the Managing Director.
- Employees may at any time discuss a matter, or seek advice on how to proceed with a matter from the Company Secretary or any other senior executive.

### **Conclusion**

- If an Employee has doubts about any aspect of this code, they must seek clarification from their manager or the Company Secretary.

# FOREIGN BRIBERY



Australian Government

## FACT SHEET 2

### The Offence

#### What is the offence of bribing a foreign public official?

The offence of bribing a foreign public official is contained in section 70.2 of the Criminal Code Act 1995 (Cth). It has a number of elements which can be divided into steps. All of these elements must be present for the offence to apply. A person is guilty of an offence if:

1. the person provides, offers to provide or promises to provide a benefit to another person, or causes a benefit to be provided or causes an offer of the provision of a benefit or a promise of the provision of a benefit to be made to another person

AND

2. the benefit is not legitimately due to the other person

AND

3. step 1 was carried out with the intention of influencing a foreign public official (who may or may not be the other person) in the exercise of the official's duties as a foreign public official in order to obtain or retain business or obtain or retain a business advantage which is not legitimately due.

#### When does the offence apply?

The offence applies where the conduct constituting the offence occurs wholly or partly in Australia, or wholly or partly on board an Australian aircraft or an Australian ship.

The offence also applies to conduct committed wholly outside Australia in three situations. This is where, at the time of the alleged offence, the person who is alleged to have committed it is:

1. an Australian citizen
2. a resident of Australia, or
3. a body corporate incorporated by or under a law of the Commonwealth or of a State or Territory.

The offence applies regardless of the outcome or result of the bribe or the alleged necessity of the payment.



Attachment A to this Fact Sheet provides some examples of how the offence applies. These examples do not cover every manner or method by which the crime may occur.

## **Corporate and agent liability**

Companies also need to be aware that they may be liable for the actions of their employees and agents. Persons acting in the capacity of an agent may also be individually liable and may be prosecuted in Australia. It is therefore important to be aware of what actions may constitute a bribe.

## **What is a benefit?**

A benefit is any advantage and is not limited to property. A benefit can be a non-monetary or non-tangible inducement. It does not need to be provided or offered to the foreign public official, it can be provided or offered to another person. A benefit can also be provided or offered by an agent.

## **Who is a foreign public official?**

The definition of 'foreign public official' is very broad, and includes:

- an employee / official of a foreign government
- a member of the executive, judiciary or magistracy of a foreign country
- a person who performs official duties under a foreign law
- a member / officer of the legislature of a foreign country, or
- an employee / official of a public international organisation (such as the United Nations).

## **What are the penalties?**

The offence provides for a penalty of up to 10 years imprisonment. A court can also impose a fine instead of, or in addition to, a term of imprisonment. The current fines for this offence are up to \$66,000 for an individual and up to \$330,000 for a company. The high penalties for foreign bribery reflect the seriousness of the offence.

Proceeds of foreign bribery can also be forfeited to the Australian Government under the Proceeds of Crime Act 2002 (Cth).

## **What are the defences to the offence?**

There are two defences to the offence:

### **1. The advantage was permitted or required by the written laws that govern the foreign public official**

Applies where a written law governing the foreign public official expressly permits or requires the benefit to be paid. Subsection 70.3(1) of the Criminal Code lists the laws that govern different public officials.

### **2. Facilitation payments**

Applies where a payment is a facilitation payment made to expedite or secure the performance of a routine government action of a minor nature and the payment is of a minor value.

In order to satisfy the defence, a company or individual who makes a facilitation payment must make record of that payment. The record-keeping requirements are set out in subsection 70.4(3) of the Criminal Code.

## **Examples**

### **Australians overseas**

An Australian businessman in country X wants to enter into a contract with the local provincial authority. He offers the provincial planning officer a payment in a bid to have his tender proposal considered favourably.

Even though all the activity took place in country X, this businessman can be prosecuted in Australia and could be imprisoned for up to 10 years, regardless of whether the businessman secured the contract.

### **Payments through intermediaries**

An Australian businessman wants to enter into a contract with the local provincial authority in country X. He instructs his accountant in country X to offer the provincial planning officer a payment in a bid to have his tender proposal considered favourably.

Even though the businessman did not offer the bribe himself, and the offer of the bribe occurred in country X, this businessman can be prosecuted in Australia and could be imprisoned for up to 10 years, regardless of whether the businessman secured the contract.

Note: if the accountant was an Australian citizen or resident of Australia, the accountant may also be prosecuted in Australia.

### **Payments to third parties**

An Australian businessman in country X has entered into a contract with the local provincial authority. Certain legislative obligations apply to the contract. In an attempt to have those legislative obligations waived, the Australian businessman provides expensive gifts to the wife of the provincial planning officer.

Even though all the activity took place in country X, and the 'bribe' was not paid to the government official, this businessman can be prosecuted in Australia and could be imprisoned for up to 10 years, regardless of whether the legislative obligations were waived.

### **Indirect benefit**

An Australian businessman wants to win a tender in country X. The foreign official in country X arranges for the Australian businessman to purchase services at an inflated price and in return the foreign official will award the Australian businessman the government contract.

Even though there was no 'bribe' paid, the purchase of services from the foreign official at an inflated price is a benefit not legitimately due and this businessman can be prosecuted in Australia, and could be imprisoned for up to 10 years, regardless of whether the businessman secured the contract.