

# Code of Conduct

## The Arrow Energy Code of Conduct draws on our shared values

The Code of Conduct crystallises Arrow's values, as well as other policies and procedures already in place, into an ethical framework on which we base our decisions – as individuals and as a corporate entity.

### Our Values

#### *Lead*

We lead by continually seeking ways to improve safety, delivery, cost, quality, and teamwork

#### *Own*

We think and act like owners taking personal responsibility for Arrow's business performance and conduct.

#### *Solve*

We view challenges not as barriers but as opportunities to improve through innovation and change.

#### *Share*

We share experiences, knowledge and ideas to achieve superior outcomes.

#### *Respect*

We treat all people, inside and outside Arrow, with dignity and respect

We expect everyone at Arrow to behave in accordance with the principles contained within the Code of Conduct. If you do not understand the principles, it is your responsibility to consult with an appropriately qualified colleague to get your question answered.

## CEO's message

Arrow Energy is emerging as a leading player in the Australian coal seam gas business, and plans to expand significantly in the near future.

*"It is vitally important that everyone within Arrow follows the Code's requirements"*

This code of conduct will allow us to grow our reputation for treating people with respect and dignity, along with our business. To do this, each one of us must act in accordance with the law and the ethical standards set out in this Code of Conduct.

As a company that has seen, and will continue to see, many changes in the way that we operate and do business, I believe now is the right time to provide our people with greater detail and more help on how to act in accordance with the standards of behaviour that we expect. The Arrow Code of Conduct sets out those details and provides that help. It is based on our beliefs and values and applies our principles to everyday business life.

It is vitally important that everyone within Arrow understands and follows the Code's requirements, though they will of course apply at different times to different people, depending on their jobs.

It is also everyone's responsibility to foster an open culture, where people ask if they are unsure of what compliance means. We also want concerns to be raised and, if you believe the Code has been broken by anyone, you have a responsibility to report it.

We have the opportunity to grow a reputation for integrity which is a priceless asset. This Code of Conduct will help us send a firm message about the strength of our commitment to treating all people with dignity and respect.

Best regards,



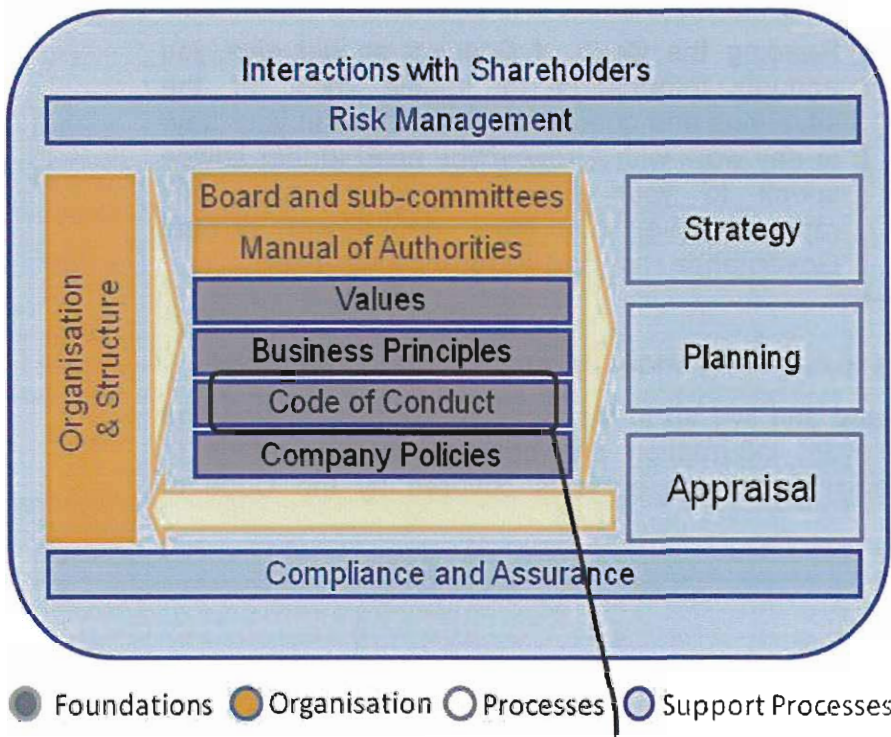
**Andrew Faulkner**  
Chief Executive Officer

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## Explaining the Code of Conduct

Arrow Energy's mission is to create value for our shareholders and key stakeholders by commercialising our coal seam gas reserves within Australia and marketing them both domestically and to the world. To do this, we need to lead our industry in profitability, safety, operational excellence and environmental care while adhering to Arrow's core values.



The Code of Conduct forms part of Arrow's Governance and Control framework. It is one of the foundations of the organisation and is an ethical framework which influences and provides guidance to our strategy, planning and the way in which we operate as a business.

As part of our Governance and Controls framework the Board and the leadership team have developed this Code of Conduct to provide Arrow employees and executives with guidance on how to achieve this mission through acting in an ethical manner, upholding our values and complying with relevant legislation.

The Code of Conduct is a key component of the Governance and Control framework. It comprises a summary of existing legal and policy requirements, along with guidance on how to meet those requirements.

As such, it is a common reference

point for anyone who is unclear about what is expected of them in a specific situation.

### Who must follow the Code of Conduct?

It is the responsibility of all employees, directors and contractors of Arrow to understand what is required of them in terms of this Code of Conduct, and to comply with its requirements.

### How can you report a violation of the Code of Conduct?

Where you believe the rules contained within the Code of Conduct have been broken, you have a duty to report your concerns. You can do this through your normal reporting line, through HR or to the Governance Risk and Assurance Manager as appropriate.

Arrow will not tolerate discrimination or retaliation of any kind against reports of illegal or unethical behaviour made in good faith.

**The Code of Conduct does not remove the need for us all to exercise good judgement – it just makes it easier for every one of us to do so.**

### How can you find out more about the Code of Conduct?

Reading the Code of Conduct should give you enough information to handle most of the situations and questions you will face in your day-to-day work with Arrow. If you need further advice speak to your supervisor or manager, HR representative, our legal department or the Governance Risk and Assurance Manager.

### Will you receive training to help you understand the Code of Conduct?

We will help you understand and live up to the Code by offering training and education along with relevant information and contacts through which to access compliance expertise in all the subjects covered by the Code of Conduct.

## Health, Safety and Environment

Arrow believes nothing less than zero harm is acceptable. This applies to people, company assets and the environment. Achievement of our other goals is not a matter for celebration if people are injured or the environment is permanently damaged in the process of achieving them.

**Arrow's target is to have Zero recordable incidents (Target Zero). This includes Lost Time, Restrictive and Medical**

### Health & Safety

Arrow aims to provide a safe, secure and healthy working environment for all its employees and for all contractors and suppliers who may be temporarily assigned to perform work or services for Arrow. To create this environment all employees must use our 12 Lifesaving Rules, which are available on our intranet, to guide you in your day to day role.

**Health, Safety, Security and the Environment should be the bottom line for any business; and a top priority for every employee**

Arrow has also initiated Project Zero to highlight the importance of Health and Safety, and to highlight incidents where we have not used the 12 Lifesaving rules, or where they have not prevented an incident. This Project Zero focuses on accountability, leadership and the integration of safety into all areas of the business.

### Environment

It is vital to Arrow's ability to do business and to its reputation that it conducts itself in an environmentally considerate way.

This means that we must operate in a manner that protects and promotes the health and well-being of the environment in both fact and appearance, which is one of Arrow's key priorities.

Arrow also has strict land access rules governing how we can gain access to land in an environmentally kind way and in a considerate manner towards the communities in which we operate.

These rules should be complied with in conjunction with our government engagement protocols and community engagement strategies.

## Health, Safety and Environment (Cont'd)

How do we achieve this?

### Accountability

Each employee, contractor or supplier should be familiar with the contents of the Code of Conduct, our relevant HSE policies as well as the laws and regulations that apply to your job.

### Leadership

All Arrow staff should take the leadership when it comes to HSE through:

- Complying with all relevant laws, standards and procedures
- Intervening in unsafe or non-compliant situations
- Respecting our neighbours

### Integration

Considering Health, Safety and the Environment should be integrated into all aspects of Arrow's business. This means:

- Using personal protective equipment required for the task you are undertaking.
- Reporting all situations which have, or which could potentially have, harmed people or damaged the environment to your manager, and through the OHS monitoring system or the Integrated Environmental Management System (IEMS) on our intranet.
- Make sure you handle and dispose of hazardous materials properly and safely.



## People

Arrow has grown strong as a group through our people. We realise that it is key to our business to attract and retain the best people. To do this we must foster a culture of inclusiveness, where every employee has an equal opportunity to grow and develop their skills and talents.

### Equal Opportunity

As we prepare for growth, we realise the value in ethnic, gender, cultural and lifestyle diversity and listen to everyone without prejudice. We depend on, and draw upon, the varying backgrounds, knowledge, points of view and talents of each other to reach our full potential. Through allowing our people to reach their full potential, we develop a high performance culture which allows Arrow to achieve its objectives.

### Harassment

It is unacceptable for any employee to harass or discriminate against another person in the workplace for any reason. We strictly prohibit unlawful discrimination or harassment. That is any action, conduct or behaviour which any individual or group of individuals finds unwelcome, humiliating, intimidating or hostile.

If you believe you have been harassed by anyone at Arrow, you should immediately report the incident to your supervisor, Human Resources or both. Similarly, supervisors and managers who learn of any such incident should immediately report it to Human Resources. Human Resources will promptly and thoroughly investigate any complaints and take appropriate action.

**Arrow is committed to the further development of a high performance culture in order to achieve the Company's business objectives and assist its employees reach their full potential.**

### Substance abuse

Our position on substance abuse is simple: It is incompatible with the health and safety of our employees, and we don't permit the use of alcohol or illegal drugs while working or driving.

## Business Integrity

As we grow our business it becomes more important that we conduct ourselves and our business in an ethical and transparent way so that our reputation as a fair business grows with us.

### Conflict of Interest

Arrow employees must avoid situations where there is a conflict of interest between their private activities and their role as a member of the Arrow business. This conflict could be an actual conflict or only a perceived conflict. Both should be avoided. Even circumstances that present only the appearance of a conflict can damage our reputation, such as receiving a gift that could lead to a reasonable person to believe that there is a conflict of interest. As such Arrow staff cannot accept gifts from any person or entity doing, or which seeks to do, business with Arrow.

In some cases the conflict cannot be avoided. In these situations you should disclose the potential conflict to your manager as soon as reasonably practicable. This could include entertainment or social invitations which could be included in gifts. Your manager will in turn report the conflict to the Governance, Risk and Assurance Manager who will consider appropriate strategies to deal with the conflict and log it in the conflicts of interest register.

More information can be obtained from the Conflicts of Interest Policy which will be available on our intranet.

### Our relationships with customers and suppliers

As our role in the Coal Seam Gas industry grows, we must treat our customers and suppliers in a fair manner. This includes giving local resources a fair chance and using them where possible and where it makes business sense.

We should avoid working with suppliers who's ethical or Occupational Health and Safety standards are incompatible with this Code of Conduct.

### Political contributions and activities

Arrow Energy does not make direct cash donations to any political party, or any political representative, for the purposes of supporting their election or re-election.

Arrow is not aligned with any political party, at either a local, state or federal level. We support engagement with Governments and Oppositions of the day, and participate actively in new policy and policy reform to progress the interests of our business, and minimise impacts on communities.

**We expect all employees and contractors to be guided by both the letter and the spirit of this Code of Conduct.**

## **Information Management**

Information is a valuable asset. As such Arrow and its employees have the obligation to safeguard and respect the privacy of the information we hold about the company and its people.

### **Data Privacy and Protection**

It is Arrow's policy that all personal data is obtained and used lawfully and, where required, with the knowledge or consent of the person concerned. You should also be aware that personal data is often strongly protected by law.

Conversely, all Arrow employees and contractors must be aware that all personal data created, used, transferred to or stored on Arrow IT and communication facilities may, under certain circumstances, be accessed, monitored and analysed by Arrow. This includes not only personal files, but also business related files that contain personal data.

### **Business Communications**

We should all take care when communicating both internally and externally. Inappropriate, inaccurate or careless communications can harm our company's profile, and even lead to serious liability and compliance risks. Each employee and contractor should be aware that all emails, which are virtually indestructible, could be held out to be Arrow's formal position on a certain subject. In general you should take care when writing business communications and think before you send them.

All employees and contractors should be aware that all business correspondence, including email, can be monitored.

### **Personal use of IT and communication**

Arrow understands that all of its employees will from time to time need to use its IT and communication equipment for personal reasons. We do require that this use be kept to a minimum and it is important that this personal use, which includes the use of Arrow PC's, laptops, desk phones and mobile phones (Including Company Blackberry's), does not incur substantial costs or negatively affect productivity.

In addition to this, all employees and contractors should use the company's tools ethically and in a manner that will not cause damage to the company, or offence to any of its employees. You should be aware of the potential damage to Arrow if you do not comply with this policy and, for example, access pornography, use our networks to gamble or send emails with inappropriate content that will cause offence, inconvenience or annoy other employees.

All IT and communication activity will be logged and monitored. This information may also be used in legal or criminal proceedings. Arrow will also report any illegal use to the proper authorities.

## Protection of Corporate Assets

For Arrow to operate successfully and to grow into the CSG leader we aspire to, it is vital that we use the company's assets effectively and efficiently. This includes; buildings, sites, equipment, tools, supplies, communication facilities, computer programs, information, know how, technology or documents,

All employees are entrusted with these company assets every day. It is your responsibility to keep these assets safe and to use them effectively.

**When you spend Arrow's money, or commit us to using our resources, make sure that the cost is reasonable, directly related to company business and correctly authorised.**

Employee's should not waste any company asset, including its IT and communication tools.

These assets also include company funds, accounts and time. It is important that we have the tools in place to spend the company's money appropriately and to monitor where we are against our financial goals.

So that all employees are aware of their responsibility and authority to act on behalf of the company, we have put in place the Manual of

Authorities (MoA). We expect that all employees will execute transactions and access assets in accordance with the MoA. We also expect them to record these transactions accurately and on a timely basis so that we can all have access to relevant and timely business information to allow us to do our job.

To make sure that we get this right, Arrow maintains a system of internal controls to reinforce our compliance with legal, accounting, tax and other regulatory requirements in the environment in which we operate. It is your responsibility to stay in full compliance with our system of internal controls.

## In conclusion

It's impossible to spell out every possible ethical scenario we might face. Instead, we rely on one another's good judgment to uphold a high standard of integrity for ourselves and our company. We expect all employees and contractors to be guided by both the letter and the spirit of this Code of Conduct. Sometimes, identifying the right thing to do isn't an easy call. If you aren't sure, don't be afraid to ask questions of your manager, Legal or the Governance, Risk and Assurance manager.