

14 July 2014

Company Announcements Office  
Australian Securities Exchange  
4<sup>th</sup> Floor, 20 Bridge St  
Sydney NSW 2000

Sent via electronic lodgement

Dear Sir/Madam,

**Securities Trading Policy**

In accordance with ASX Listing Rule 12.10, M2 Group Ltd (ASX: MTU) provides the attached revised Securities Trading Policy for release to the market. The revised policy replaces the previous policy released to the market on 31 December 2010.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ashe-lee Jegathesan'.

Ashe-lee Jegathesan  
**Company Secretary**

# Securities Trading Policy

## 1. Purpose and Objective

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- 1.1 M2 is a listed public company. The ASX Listing Rules require M2 to:
- (a) have a securities trading policy to regulate the Dealing in Securities by KMP;
  - (b) release the securities trading to the market;
  - (c) release to the market any material amendments to the securities trading policy;
  - (d) provide the securities trading policy to the ASX immediately on request by ASX; and
  - (e) ensure that the securities trading policy includes, at a minimum, the information prescribed in the ASX Listing Rules.
- 1.2 This document sets out M2's securities trading policy ("**Securities Trading Policy**").
- 1.3 The purpose of this Securities Trading Policy is to:
- (a) explain the type of conduct in relation to dealings in Securities that is prohibited under the Corporations Act, which is applicable to Employees (as that term is defined in **section 11**); and
  - (b) establish a best practice procedure relating to buying and selling Securities that provides protection to both M2 and Employees against the misuse of unpublished information which could materially affect the value of Securities.

## 2. Scope

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- 2.1 This Securities Trading Policy applies generally to all Employees of the Group. Certain sections may be specified as applying only to directors of M2 and/or KMP.

### 3. Restrictions on Dealings by all Employees

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#### **Insider Trading**

- 3.1 Under the Corporations Act, a person is prohibited from Dealing in Securities where they are in possession of Price Sensitive Information. This is also referred to as “insider trading”.
- 3.2 All Employees are prohibited from engaging in insider trading.
- 3.3 In addition, a person with Price Sensitive Information must not procure, advise or encourage another person to Deal in Securities nor communicate the information (directly or indirectly) to another person who the person believes may Deal (or procure, advise or encourage someone else to Deal) in Securities.
- 3.4 By virtue of position or association, an Employee may also obtain Price Sensitive Information relating to another company, for example, a supplier, customer or proposed acquisition target or acquirer or joint venture partner. The insider trading prohibition equally applies to the Dealing in Securities of such other company or joint venture partner.

#### *Forward Contracts*

- 3.5 All Employees are prohibited from entering into forward contracts to Deal with the Securities.

#### *Short Term Gain*

- 3.6 All Employees are prohibited from dealing in Securities for short-term gain, except where **section 4.10** applies.

### 4. Restrictions on Dealings by KMP (including directors)

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#### *Dealing Generally*

- 4.1 KMP are prohibited from Dealing in Securities during a **Black-Out Period**, unless the KMP has sought and obtained M2’s prior approval in accordance with **section 6 (Approval Process)**. Approval will only be granted in Exceptional Circumstances.
- 4.2 KMP may only Deal in Securities during a Trading Window. Within the Trading Window however, KMP may not Deal in Securities if the KMP is:

- (a) in possession of Price Sensitive Information; or
  - (b) notified by M2 that they may not Deal in Securities during all or part of any such period.
- 4.3 If a KMP is not sure whether he or she may Deal in Securities during a Trading Window, the KMP is expected to consult with the Company Secretary in the first instance.
- 4.4 Outside a Trading Window, KMP must seek prior approval before Dealing in Securities in accordance with **section 6 (Approval Process)**.
- 4.5 A director seeking to Deal in Securities must:
- (a) inform the chairman of the Board of Directors and the company secretary prior to undertaking a transaction; and
  - (b) provide details of such transaction to company secretary immediately following the sale or purchase of Securities for the purposes of M2 complying with its obligations under the ASX Listing Rules.
- 4.6 A KMP (other than directors) must notify the CEO and company secretary of any transaction it undertakes, within 5 business days of the transaction.

#### *Collateral and lending arrangements*

- 4.7 KMP must not:
- (a) use M2 Securities as collateral in any financial transactions, including margin loan arrangements; or
  - (b) engage in any lending arrangements in respect of M2 Securities.

#### *Hedging*

- 4.8 KMP and their Closely Related Parties must not enter into an arrangement (with anyone) if the arrangement would have the effect of limiting the KMP's exposure to risk relating to an element of the KMP's remuneration that:
- (a) has not vested in the KMP; or
  - (b) has vested in the KMP but remains subject to a holding lock.
- 4.9 For the purposes of this Securities Trading Policy and the Corporations Act, remuneration does not vest in a KMP until the remuneration is due for payment to the KMP.
- 4.10 The following arrangements are examples of arrangements that are prohibited by **section 4.8** of this Securities Trading Policy:
- (a) a put option on incentive remuneration; or

- (b) a short position on shares that forms part of incentive remuneration; or
- (c) an income protection insurance contract in which the insurable risk event affects the financial value of remuneration or equity or an equity-related instrument for the KMP.

## 5. Excluded Dealings

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- 5.1 The trading restrictions set out in this Securities Trading Policy do not apply in the following circumstances:
- (a) where the Dealing results in no change to beneficial interest in the Securities, for example, transferring Securities from a personal holding to a personal superannuation fund, or another personal holding; or
  - (b) where the Dealing occurs via investments in a scheme or other arrangement where the investment decision is exercised by a third party; or
  - (c) where the KMP has no control or influence with respect to trading decisions; or
  - (d) where the KMP acquires the Securities as part of an issue under dividend reinvestment plan, or under an offer to all or most of M2 shareholders; or
  - (e) participation in an employee share plan or option plan. Note, the selling of Securities received or acquired via an employee share or option plan is restricted in accordance with the provisions of this Policy.

## 6. Approval process

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### Requirement for approval

- 6.1 If a KMP wishes to Deal in Securities outside a Trading Window, during a Black-Out Period or where trading is otherwise prohibited by the terms of this Policy, they must seek prior approval.

### Requests for approval

- 6.2 The form for Requests for approval is available by request from the Company Secretary. In the case of Dealing during a Black-Out Period or where trading is otherwise prohibited, approval will only be granted:
- (a) in the case of Exceptional Circumstances; and

- (b) upon confirmation in writing from the KMP that they are not in possession of any Price Sensitive Information.

### **Granting of approval**

- 6.3 Approval for Dealing outside a Trading Window may be granted or denied at the discretion of the chairman of the Board (or the majority of the Board of directors in the case of a proposed Dealing by the chairman).
- 6.4 All requests for approval are to be sent to the chairman of the Board (or the Board of Directors in the case of approval sought by the chairman) and to the company secretary. It is intended that a request for approval will be considered and approved or denied within 48 hours.
- 6.5 In the case of an Exceptional Circumstance, approval will only be given to the Employee to sell, but not purchase, M2 Securities. Following approval of a request to Deal in M2 Securities (where a case of Exceptional Circumstances exist) ("**Written Clearance**"), such Written Clearance shall only apply for a period of seven (7) days from the specified approval date. If the Dealing does not occur within that period, the Employee will be required to submit a fresh application for new consideration.
- 6.6 Where approval during a Black-out Period is given, the Employee must also notify the company secretary immediately following the sale of M2 Securities, to enable appropriate record keeping and compliance with obligations under the ASX Listing Rules.

## **7. Breach of Securities Trading Policy**

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- 7.1 Any non-compliance with this Securities Trading Policy may result in disciplinary action. The severity of the breach will determine the action taken.
- 7.2 An Employee may also be subject to penalties and/or prosecution under the Corporations Act if the Employee engages in insider trading in contravention of the Corporations Act.
- 7.3 M2 may be required to, or may voluntarily, disclose any non-compliance with this Securities Trading Policy to ASIC, the ASX or any other regulatory or enforcement body.

## 8. Publication of this Policy & Further Information

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- 8.1 This policy will be released to the ASX in accordance with the ASX Listing Rules. Additionally, any material changes to this policy will be released to the ASX (by way of an amended policy) from time to time. Examples of material changes include:
- (a) changes to the Trading Windows;
  - (b) changes in respect of the Exceptional Circumstances; and
  - (c) changes in respect of any trading that is excluded from the operation of this policy.
- 8.2 If an Employee is in any doubt regarding a proposed Dealing in Securities, the Employee should contact the Company Secretary for guidance.

## 9. Roles and Responsibilities

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The following roles and responsibilities are integral to this Securities Trading Policy:

Role	Responsibility
Chairman	Considering applications for, and providing, Written Clearance (other than applications by the chairman).
Board of directors	Establishing this Securities Trading Policy.  Considering applications for, and providing, Written Clearance (including in respect of applications by the chairman).
All Employees	Compliance with the obligations set out in this Securities Trading Policy (as applicable).
Company Secretary	Assist the chairman and the Board in considering and providing Written Clearance.

## 10. Monitoring, Evaluation and Review

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10.1 The policy will be reviewed on a regular basis.

## 11. Definitions

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11.1 In this document, the following terms have the following meanings:

**ASX** means the Australian Securities Exchange;

**ASX Listing Rules** means the listing rules of the ASX, as varied from time to time;

**Black-Out Period** means the period commencing two (2) months before the date of release of:

- (a) the half-year financial results; and
- (b) the annual financial results

**Closely Related Party** of a KMP means:

- (c) the spouse or child of the KMP; or
- (d) a child of the KMP's spouse; or
- (e) a dependent of the KMP or of their spouse; or
- (f) anyone else who is one of the KMP's family and may be expected to influence the KMP in the KMP's dealings with M2; or
- (g) a company which the KMP controls; or
- (h) any other person who is considered under the Corporations Act (or the regulations made under the Corporations Act) to be a "closely related party" of the KMP from time to time;

**Corporations Act** means the *Corporations Act 2001* (Cth);

**Dealing** or **Deal** includes buying or selling Securities, and includes exercising options over shares and entering into agreements to buy or sell Securities;

**Employee** means:

- (i) KMP;
- (j) all employees and contractors of the Group; and

- (k) all employees of any joint venture companies, operations or arrangements to which any member of the Group is party, and their associates.

**Exceptional Circumstances** means a situation where the relevant KMP:

- (a) has pressing financial concerns which cannot be satisfied otherwise than by selling M2 Securities. Note, generally, tax liabilities will not be considered exceptional circumstances, unless the relevant KMP has no other means to satisfy the tax liability. Similarly, a tax liability in respect of M2 Securities received under an M2 share or plan will not be an exceptional circumstance; or
- (b) is required by a court order or a court enforceable undertaking to transfer or sell M2 Securities (for example a bona fide family settlement) or if there is some other overriding legal or regulatory requirement requiring for him or her to do so; or
- (c) other circumstances exist which are otherwise exceptional by nature and the proposed sale or disposal of M2 Securities is the only reasonable course of action available to the KMP;

**Generally Available** means where information:

- (a) consists of a readily available matter (for example, public websites, newspapers); or
- (b) it has been released to and published by the ASX, or otherwise made available to the investing public; or
- (c) may be deduced, inferred or concluded from the above;

**Group** means M2 and its Related Bodies Corporate;

**KMP** means all persons having authority and responsibility for planning, directing or controlling the activities of M2, whether directly or indirectly (including any director (executive or otherwise) and executive management). This definition is consistent with the definition given to that term in Accounting Standard AASB 124 Related Party Disclosure;

**M2** means M2 Group Ltd ABN 74 091 575 021;

**Material Effect** means in respect of Price Sensitive Information, where that information would, or would likely to, influence persons who commonly invest in securities in deciding whether or not to Deal in M2 Securities. The following types of information would be likely to be considered to have a Material Effect (without limitation):

- (a) information regarding a material increase or decrease in M2's financial performance from previous results; or
- (b) a proposed material business or asset acquisition or sale (material in respect of expected earnings or profit effect); or

- (c) proposed material legal proceedings to be initiated by or against M2; regulatory action or investigations undertaken by a Government authority; the launch of a new business or material new product; or
- (d) a proposal to undertake a new issue of shares or major change in financing;

**Price Sensitive Information** means information which is not Generally Available and which a reasonable person would expect to have a Material Effect on the price or value of Securities;

**Related Body Corporate** has the meaning given to that term in the Corporations Act;

**Securities** has the same meaning as provided under the Corporations Act, and includes, ordinary shares, preference shares, options, debentures and convertible notes. The definition also extends to financial products relating to securities issued by M2 (for example warrants and other derivative products) whether or not the financial products are created by M2 or third parties; and

**Securities Trading Policy** has the meaning given to that term in **section 1.2** and includes this policy as amended from time to time.

**Trading Window** means each six (6) week period commencing one (1) day after:

- (e) the release of half-year financial results;
- (f) the release of annual financial results;
- (g) the Company's annual general meeting; or

as such other times as permitted by the Board (which shall be notified by the Company Secretary).