

# Share trading policy

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Sofcom Limited ABN 88 087 482 602 (**Company**)

MinterEllison

L A W Y E R S

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# Share trading policy

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## 1. Introduction

1.1 The ordinary shares of the Company are listed on ASX.

1.2 This policy outlines:

- (a) when Designated Officers and Employees may deal in Company Securities;
- (b) when Designated Officers and Employees may deal in the securities of another entity; and
- (c) procedures to reduce the risk of insider or inappropriate trading of the shares of the Company.

## 2. Defined terms

In this policy:

**Approving Officer** means:

- (a) for a Designated Officer who is not a Director, the Managing Director of the Company from time to time);
- (b) for a Director (except the Chairman), the Chairman from time to time; and
- (c) for the Chairman, the chairman of the Audit and Risk Committee from time to time.

**ASX** means ASX Limited.

**Blackout Period** means each period between (including the respective dates):

- (a) 1 January and the date of the release of the Company's half year results to ASX, and
- (b) 1 July and the date of the announcement of the Company's full year results to ASX.

**Board** means the board of Directors of the Company.

**Chairman** means the chairman of the Board.

**Company** means Sofcom Limited ABN 88 087 482 602.

**Company Securities** includes:

- (a) shares in the Company or a Group member,
- (b) options over the shares set out in paragraph (a),
- (c) any other financial products of the Group traded on ASX; and
- (d) any derivative or associated instruments the value of which is determined (in whole or in part) by any security listed in paragraph (a), (b) or (c)..

**Designated Officer** means a senior manager or other person engaged in the executive management of the Group (includes a Director), whether as a director or employee of the Group or as a consultant to the Group.

**Director** means a director of the Company.

**Employee** means an employee of the Company or any of its controlled entities.

**Executive Trading Windows** means each six week period after the date of:

- (a) the release of the Company's half year results to ASX;
- (b) the announcement of the Company's full year results to ASX; and
- (c) the Company's annual general meeting.

**Group** means the Company and each of its controlled entities.

**Managing Director** means the managing director of the Company or, if there is no one appointed to that position or it is vacant for any reason, the chief executive officer of the Company.

### 3. Insider trading

3.1 If a person has information about securities and the person knows, or ought reasonably to know, that the information is inside information, it is likely to be illegal for the person to:

- (a) deal in the securities;
- (b) procure another person to deal in the securities; or
- (c) give the information to another person who the person knows, or ought reasonably to know, is likely to:
  - (i) deal in the securities; or
  - (ii) procure someone else to deal in the securities.

3.2 Insider trading is a criminal offence. It is punishable by substantial fines or imprisonment or both. A company may also be liable if an employee or director engages in insider trading.

3.3 Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties for insider trading and order payment of compensation to persons who suffer loss or damage because of insider trading.

### 4. What is inside information?

4.1 Inside information is information that:

- (a) is not generally available; and
- (b) if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the relevant securities.

4.2 It is not a requirement of the law that only information of the Company can be inside information in respect of the Company Securities. Information of another company / entity will be inside information in respect of the Company Securities if it is information which, if generally available, would be expected to have a material effect on the price or value of the Company Securities.

4.3 Information is generally available if it:

- (a) consists of readily observable matter;
- (b) has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in securities of the kind whose price might be affected by the information and a reasonable period for that information to be disseminated has elapsed since it was made known; or
- (c) consists of deductions, conclusions or inferences made or drawn from information falling under clauses 4.3(a) or 4.3(b).

## 5. What is dealing in securities?

5.1 Dealing in securities includes:

- (a) applying for, acquiring or disposing of, securities;
- (b) entering into an agreement to apply for, acquire or dispose of, securities; and
- (c) granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of securities.

5.2 The following do not constitute dealing in Company Securities:

- (a) a decision to join, or subscribe for shares under, any share purchase plan or dividend reinvestment plan;
- (b) a decision to participate in, or subscribe for shares under, any corporate action open to all shareholders; and
- (c) exercise of an option or other right to subscribe for Company Securities.

## 6. When Employees may deal

Subject to paragraph 7 below, an Employee (who is not a Designated Officer ) may deal in Company Securities or the listed securities of another entity if he or she does **not** have information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or the securities of the other entity.

## 7. When Employees may not deal

An Employee (who is not a Designated Officer) must not deal or procure another person to deal in Company Securities or the listed securities of another entity if:

- (a) he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or the securities of the other entity; or
- (b) the Chairman has by notice to the Employees under paragraph 11 temporarily halted or restricted dealing in Company Securities.

It is to be noted that an Employee who:

- (c) has information concerning the Group is precluded from dealing in the securities of another entity if that information would be inside information in respect of the securities of the other entity; and
- (d) has information concerning another entity is precluded from dealing in the Company Securities if that information would be inside information in respect of the Company Securities.

## 8. When a Designated Officer may deal

8.1 Subject to paragraph 9, a Designated Officer may deal in Company Securities:

- (a) during the Executive Trading Windows provided he or she immediately notifies the Approving Officer of the dealing; or
- (b) outside the Executive Trading Windows provided he or she has complied with paragraph 10 prior to the dealing.

- 8.2 A Designated Officer may deal in the listed securities of another entity if he or she does **not** have information that he or she knows, or ought reasonably to know, is inside information in relation to those securities.
- 8.3 While not seeking to limit the right of a Designated Officer to deal in Company Securities outside the Executive Trading Windows, the preference of the Company is, and Designated Officers are encouraged, that, as a general rule, dealings in Company Securities should take place in the Executive Trading Windows.

## 9. When a Designated Officer may not deal

- 9.1 A Designated Officer may not deal or procure another person to deal in Company Securities:
- (a) if he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities;
  - (b) during a Blackout Period;
  - (c) at any time that the Chairman has by notice given under paragraph 11 to the Designated Officers and / or Employees temporarily halted or restricted dealing in Company Securities; or
  - (d) outside the Executive Trading Windows if he or she has not complied fully with paragraph 10 prior to the dealing.
- 9.2 A Designated Officer may not deal or procure another person to deal in the listed securities of another entity if he or she has information that he or she knows, or ought reasonably to know, is inside information in relation to those securities.

## 10. Clearance from the Approving Officer

- 10.1 Before dealing in Company Securities under paragraph 8.1(b), a Designated Officer must first inform (in writing) and obtain a clearance (in writing) from the Approving Officer.
- 10.2 The Approving Officer must give a clearance unless:
- (a) there is a matter about which there is inside information relevant to the Group or Company Securities (whether the Designated Officer knows about the matter / information or otherwise) when the Designated Officer requests clearance or proposes to deal in Company Securities; or
  - (b) the Approving Officer believes that the proposed dealing breaches this policy or any other corporate governance standard of the Company; or
  - (c) the Approving Officer believes that the proposed dealing, if undertaken, may adversely impact on the reputation and standing of the Company.
- 10.3 The Approving Officer must:
- (a) keep a written record of:
    - (i) any information received from a Designated Officer in connection with this policy; and
    - (ii) any clearance given under this policy; and
  - (b) send a copy of the written record to the Company secretary for safe keeping.
- 10.4 The Company Secretary must keep a file of any written record referred to in clause 10.3.

## 11. Temporary halts on dealings

- 11.1 Where the Chairman, acting in good faith and reasonably, believes that the circumstances warrant a temporary halt or restriction on dealing in Company Securities, he or she may:
- (a) revoke any earlier clearance given under clause 10 for a Designated Officer to deal in Company Securities; or
  - (b) for such period as determined by the Chairman, declare that no dealings in Company Securities by an Employee or a Designated Officer are to take place.
- 11.2 The Chairman may decide (in his / her absolute discretion) if circumstances are sufficiently exceptional to warrant a temporary halt or restriction on dealing in Company Securities under clause 11.1 and, if so, the duration of that temporary halt or restriction on dealing in Company Securities.
- 11.3 For clarity, the Chairman is not limited in the exercise of his / her absolute discretion to impose a temporary halt or restriction on dealing in Company Securities to only those circumstances where there is inside information in relation to the Group or the Company Securities.

## 12. Exceptional circumstances

- 12.1 The Approving Officer may give clearance for a Designated Officer to sell (but not buy) Company Securities in exceptional circumstances where the Designated Officer would otherwise not be able to do so under this policy. For example, if the Designated Officer has a pressing financial commitment that cannot otherwise be satisfied.
- 12.2 The Approving Officer must refuse to give clearance under the exception in paragraph 12.1 if there is a matter about which there is inside information in relation to Company Securities (whether or not the Designated Officer knows about the matter) when the Designated Officer requests clearance or proposes to deal in Company Securities.
- 12.3 The Approving Officer will decide if the circumstances are exceptional.

## 13. Dealings by associated persons

- 13.1 If a Designated Officer is not permitted to deal in the Company Securities, he or she must prohibit any dealing in the Company Securities by any associated person (including family or nominee companies, private investment funds and family trusts).
- 13.2 For the purposes of clause 13.1, and subject to clause 13.3, a Designated Officer must:
- (a) inform any associated person of the periods during which the Designated Officer may and may not deal in Company Securities; and
  - (b) request any associated person to inform the Designated Officer immediately after they have dealt in Company Securities.
- 13.3 A Designated Officer does not have to comply with clauses 13.1 and 13.2 to the extent that to do so would breach their obligations of confidence to the Group.

## 14. Communicating inside information

- 14.1 If an Employee / Designated Officer has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities or the listed securities of another entity, the Employee / Designated Officer must not directly or indirectly communicate that

information to another person if he or she knows, or ought reasonably to know, that the other person would or would be likely to:

- (a) deal in Company Securities or those securities of the other entity; or
- (b) procure another person to deal in Company Securities or the securities of the other entity.

14.2 An Employee / Designated Officer must not inform colleagues (except the Approving Officer) about inside information or its details.

## 15. Financing of dealings

15.1 It is expected that a Designated Officer will not seek to finance a dealing in Company Securities by means of a margin facility, share lending facility, hedging or other arrangement that involves the use or provision of Company Securities as security or collateral for the funding used to acquire Company Securities or the shares or other securities of another entity (collectively referred to in this clause as '**Scrip Finance Facility**').

15.2 If a Designated Officer wishes to use a Scrip Finance Facility to assist in the acquisition of Company Securities or the shares or other securities of another entity, he or she must first inform (in writing) and obtain a clearance (in writing) from the Approving Officer.

## 16. Speculative dealing

A Designated Officer must not deal at any time in Company Securities on considerations of a short term or speculative nature.

## 17. Breach of policy

A breach of this policy by an Employee / Designated Officer is serious and may lead to disciplinary action, including dismissal in more serious cases. It may also be a breach of the law.

## 18. Assistance and additional information

Employees / Designated Officers who are unsure:

- (a) about any information they may have in their possession and whether, knowing that information, they can deal in securities; or
- (b) if a holding of shares or other securities in another entity or a dealing in Company Securities or the shares or other securities of another entity is permitted under this Policy,

should contact the Approving Officer or the Managing Director.

### **Sofcom Limited**

18 January 2011