

CBGCAPITAL

CBG Capital Limited (ACN 168 936 249)

**Corporate Governance Charter**

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## Definitions

<b>Act or Corporations Act</b>	Corporations Act 2001 (Cth)
<b>Annual General Meeting</b>	an annual general meeting of the Company
<b>ASX</b>	ASX Limited (ACN 008 624 691)
<b>ASX Recommendations</b>	the ASX Corporate Governance Council "Corporate Governance Principles and Recommendations" (as amended from time to time)
<b>Board</b>	board of Directors
<b>Board Policy</b>	policy of corporate governance in relation to the Board contained in Section 2 of this Charter
<b>CFO or Chief Financial Officer</b>	chief financial officer or equivalent officer of the Company
<b>Chairman</b>	chairman of the Board
<b>Charter</b>	this Corporate Governance charter
<b>Code of Conduct</b>	the Company's code of conduct as set out in Section 4 of this Charter
<b>Company</b>	CBG Capital Limited (ACN 168 936 249)
<b>Company Secretary</b>	secretary of the Company
<b>Constitution</b>	constitution of the Company
<b>Continuous Disclosure Policy</b>	the Company's Continuous Disclosure Policy as set out in Section 3 of this Charter
<b>Director</b>	director of the Company
<b>Executive</b>	an executive officer (whether or not a Director) involved in the strategic and operational management of the Company and including the Company Secretary
<b>Insider Trading Policy</b>	the Company's insider trading policy as set out in Section 6 of this Charter
<b>Listing Rules</b>	the ASX Listing rules as amended from time to time
<b>Manager</b>	CBG Asset Management Limited (ACN 098 327 809) (AFSL 246 790)
<b>Managing Director</b>	the managing director of the Company as appointed from time to time
<b>NTA</b>	net tangible assets
<b>Securityholder</b>	holder of shares and / or options in the Company
<b>Security Trading Policy</b>	the Company's security trading policy as set out in Section 5 of this Charter

# **CBG Capital Limited (ACN 168 936 249)**

## **1. Introduction**

Corporate governance is a set of systems, policies and procedures which define the way in which a company is governed. It establishes the objectives of a company ensuring that the administration and management of a company is undertaken in a manner which is consistent with the interests of the company's securityholders. Additionally, it establishes a system for monitoring and evaluating the achievement of those objectives.

The ASX Recommendations define corporate governance as "the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in corporations".

Corporate governance policies will vary from company to company as there is no single system of corporate governance that is applicable to all companies. A company must establish systems, processes and policies that help it achieve its objectives in light of the nature and size of that company.

As a result, the Company has adopted a number of policies to ensure that it has high-quality and transparent systems of corporate governance in place. These policies are incorporated in this Charter and are prepared in line with the ASX Recommendations which the Board recognises as best practice guidelines.

The Charter incorporates the following:

- (a) Board Policy;
- (b) Continuous Disclosure Policy;
- (c) Code of Conduct;
- (d) Security Trading Policy; and
- (e) Insider Trading Policy.

## **2. Board Policy**

### **2.1. Introduction**

Directors will be appointed and removed in accordance with the Corporations Act and the Constitution.

The conduct of the Board is governed primarily by the Constitution. This policy aims to set out the practices that the Company has established and to which the Board and each Director is committed. This policy is simply an aid to the Board and the Directors. In the course of undertaking its responsibilities, the Board at all times must act in a manner that is consistent with its duties and obligations as imposed by the Constitution, the ASX Listing Rules and by the law. Should there be any inconsistency between this policy and the Constitution, the Constitution shall prevail.

### **2.2. Responsibilities**

The Board is responsible for the overall operation, strategic direction, leadership and integrity of the Company and in particular, is responsible for the Company's growth and profitability. In meeting its responsibilities the Board shall undertake the following functions:

#### **(a) Strategic Direction**

- (i) Providing and implementing the Company's strategic direction.
- (ii) Directing and monitoring the Company's performance against strategies and business plans.
- (iii) Approving and monitoring capital management and major expenditure and investments.

#### **(b) Risk management and reporting**

- (i) Reviewing and overseeing the operation of systems of risk management ensuring that the significant risks facing the Company are identified, that appropriate control, monitoring and reporting mechanisms are in place and that risk is appropriately dealt with.
- (ii) Monitoring and appraising financial performance including the approval of annual and half year financial reports and liaising with the Company's auditors.
- (iii) Liaising with the Manager to identify and manage risk.
- (iv) The Board will seek to procure that the Manager puts in place sound systems of risk management and internal controls and ensure that the systems are operating effectively in all material respects in relation to financial reporting risks.
- (v) Before the Board approves the Company's financial statements for a financial period, it will receive from the Manager a declaration that, in its opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
- (vi) The appointment, reappointment or replacement of the external auditor and the oversight of the independence of the external auditor.

**(c) Management**

- (i) Monitoring and assessing the performance of the Manager and ensuring that their actions are consistent with corporate strategy.
- (ii) Ensuring that appropriate and effective remuneration packages and policies are implemented by the Company.
- (iii) Monitoring and reviewing business results, outsourced service providers and the Board itself.
- (iv) Ensuring the Board is comprised of individuals who are best able to discharge the responsibilities of directors having regard to the law and the best standards of governance.

**(d) Remuneration**

- (i) The Company recognises the ASX recommendation with respect to distinguishing the structure of non-executive directors' remuneration from that of executive directors and senior executives. However, as the Board comprises of all non-executive directors, this recommendation does not apply to the Company.
- (ii) The allocation and amount of remuneration for non-executive directors will be reviewed periodically every six months and will reflect market rates.

**(e) Performance**

- (i) Formation and monitoring of corporate governance policies and codes of conduct.
- (ii) Undertaking an annual performance evaluation of the Board in light of this Charter.
- (iii) Reviewing and overseeing internal compliance and legal regulatory compliance.
- (iv) Adopting a skills matrix to identify any deficient competencies in the skills and experience of the Board.

**(f) Corporate governance**

- (i) Ensuring compliance with the Constitution and with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act.
- (ii) Communicating with and protecting the rights and interests of all Securityholders.

**2.3. Board Composition**

The composition of the Board is determined as follows:

- (a) The Board shall comprise of a minimum of (3) directors, two of which will be Australian residents.
- (b) The Board must be comprised of members with expertise, experience and skill relevant to the business of the Company.
- (c) The Board will determine the number of independent directors (if any) it considers appropriate based on the size, nature and complexity of the business at any given time. The Board recognises that a majority of directors should be independent.

## **2.4. Chairman and Company Secretary**

The Chairman of the Board and majority of the Board are not independent directors.

The Company believes that when the Chairman is a significant driver behind the business, and is a sizeable shareholder, as is the case with the Company, it adds value to the Company and all shareholders benefit.

The Company Secretary is directly accountable to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

## **2.5. Diversity**

The Company is committed to building a diverse workplace and developing policies to promote diversity to the extent appropriate for the size, nature and complexity of the Company at any given time.

The Board will determine the appropriate policy concerning diversity from time to time. This policy will include a recommendation as to whether it is appropriate for the Board to establish measureable objectives for achieving gender diversity for the Board to assess annually.

At present, the Company does not have any employees or management and such policy would only apply to the Board. To the extent this changes, or a new director is appointed, the Board will consider the appropriate policy.

## **2.6. Independence**

The ASX Recommendations establish a number of factors that may be considered when assessing the independence of directors. The factors are whether a director:

- (a) is a substantial Securityholder of the Company or an officer of, or otherwise associated directly with, a substantial Securityholder of the Company;
- (b) is employed, or has previously been employed in an executive capacity by the Company or another group member, and there has not been a period of at least 3 years between ceasing such employment and serving on the Board;
- (c) has within the last 3 years been a principle of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provider;
- (d) is a material supplier or customer of the Company or other group member, or an officer or otherwise associated directly or indirectly with a material supplier or customer;
- (e) has a material contractual relationship with the Company or another group member other than as a director.

These factors are only indicators of matters in which to assess the independence of a Director. The Board will assess the independence of each Director in light of the interests disclosed by them. The Board's assessment of the independence of Directors will be disclosed in the Company's future annual reports (to the extent deemed necessary).

## **2.7. Committees**

The Company recognises the important of establishing audit, remuneration and nomination committees as good corporate governance in circumstances where appropriate for the size, nature and complexity of the Company.

However, considering the size of the Company, the functions that would be performed by these committees are best undertaken by the Board. This is also in line with ASX Recommendations which recognise that "the ultimate responsibility of the integrity of a company's financial reporting rests with the full board".

The Board will review its view on these committees in line with the ASX Recommendations and in light of any changes to the size or nature of the Company and if required may establish committees to assist it in carrying out its functions. At that time the Board will adopt a policy or charter for such committees in accordance with the ASX Recommendations and industry best practices.

## **2.8. Appointment and Retirement**

### *Appointment*

The Board will consider the appointment of a Director as and when a vacancy arises in accordance with the following considerations:

- (a) the skills, expertise and experience of any proposed Director;
- (b) the relevant and appropriateness of these skills, expertise and experience when compared to those of the current Board;
- (c) the terms of appointment must be recorded in a letter of appointment taking into consideration the ASX Recommendations, if appointed this will form the basis of the written agreement between the Company and the director; and
- (d) the results of any background check, which the Board will undertake;
- (e) the terms of appointment must be in accordance with the Constitution, the Corporations Act and the Listing Rules.

The Board will provide Securityholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Prior to making any formal offer, a potential Director must be given sufficient information about the Company to allow the potential Director to conduct his / her personal due diligence. The information will extend to non-public information and care must be taken to ensure confidentiality.

### *Retirement*

A Director must retire in accordance with the Corporations Act, the Listing Rules and the Constitution. A Director may be re-elected if the Constitution permits.



## **2.9. Induction and Information**

### *Induction Program*

The Company Secretary is responsible for arranging for the new Director to undertake an induction program to enable them to gain an understanding of:

- (a) Company's investments;
- (b) the Company's financial, strategic, operational and risk management position;
- (c) their rights, duties and responsibilities; and
- (d) any other relevant information.

As part of this induction program, a new Director will meet with all incumbent Directors (if this has not already taken place).

### *Ongoing Information*

The Directors, the Executives (if any), Company Secretary and any other key members of management must be conscious to ensure that updated information is provided to the Board in a timely fashion to enable them to effectively discharge their duties as Directors.

Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. Any Director has the authority to seek any information he/she requires from any Executive, employee or contractor of the Company.

Directors are entitled to receive appropriate professional development opportunities and maintain the skills and knowledge needed to perform their role as director effectively. The Board will consider what is appropriate in this regard and the costs of such professional development must be reasonable when considered against the Company's corporate strategy and business plan.

## **2.10. Advice, security Trading and Performance**

### *Independent Advice*

In the performance of their duties as Directors, the Directors have a right to seek independent legal or other professional advice at the Company's expense.

### *Director Security Trading*

The Security Trading Policy imposes restrictions on the trading of financial products by people, including Directors with undisclosed price sensitive information. All Directors, Executives and senior management (if any) must follow the Security Trading Policy.

### *Performance*

The performance of Directors shall be assessed and reviewed by the Board. To determine whether it is functioning effectively, the Board shall:

- (a) review this Policy annually; and
- (b) perform an evaluation of the Board's performance at intervals considered appropriate.

### **2.11. Ethical standards and Security Trading**

The Directors must perform their duties in line with the Company's objectives and with the utmost integrity. Furthermore, the Directors must comply with the Company's Code of Conduct, Security Trading Policy and Insider Trading Policy as set out in Sections 4, 5 and 6 of this Charter.

### **2.12. Compliance with Laws**

The Company must comply with the Corporations Act, the Listing Rules as well as all other applicable laws, statutes and policies. Examples of applicable areas of regulation include:

- (a) Regulatory Guides and Practice Notes issued from time-to-time by the Australian Securities & Investments Commission;
- (b) occupational health & safety legislation;
- (c) employment related legislation;
- (d) anti-discrimination legislation; and
- (e) taxation legislation.

### **2.13. Constitutions**

The Constitution is a key governance document. The Board must ensure that it complies at all times with the provisions of the Constitution.

### **3. Continuous Disclosure Policy**

#### **3.1. Introduction**

The objective of the continuous disclosure policy is to ensure that the Company complies with its continuous disclosure obligations under the Corporations Act and the Listing Rules. Additionally, this policy aims to:

- (a) ensure that information issued by the Company is issued to Securityholders and the market in a timely manner;
- (b) to promote investor confidence in the integrity of the Company and its securities; and
- (c) to generally promote investor protection and protection of the market.

#### **3.2. Continuous Disclosure**

An ASX listed company is subject to the continuous disclosure requirements under the Corporations Act and the Listing Rules, in addition to the periodic and specific disclosure requirements in the Listing Rules.

The continuous disclosure obligation is contained in Listing Rule 3.1 and states that, once an entity is or becomes aware of any information that concerns the entity and that a reasonable person would expect to have a material effect on the price or value of its securities, the entity must immediately tell the ASX that information unless an exception applies.

Contravention of continuous disclosure obligations can extend to a person (director or executive) who is involved in a contravention of the continuous disclosure regime by a disclosing entity.

#### **3.3. Disclosure exception**

The continuous disclosure obligation is not applicable where each of the following is satisfied in relation to the information:

- (a) one or more of the following applies:
  - (i) it would be a breach of a law to disclose the information;
  - (ii) the information concerns an incomplete proposal or negotiation;
  - (iii) the information comprises matter of supposition or is insufficiently definite to warrant disclosure;
  - (iv) the information is generated for internal management purposes of the Company; or
  - (v) the information is a trade secret; and
- (b) the information is confidential and ASX has not formed the view that the information has ceased to be confidential; and
- (c) a reasonable person would not expect the information to be disclosed.

Should one of the exceptions no longer be applicable then the Company can no longer rely on these exceptions and must disclose the information immediately to the market.

### **3.4. Compliance**

The Company will ensure compliance with this Charter and will immediately disclose:

- (a) price sensitive information to the ASX as soon as it becomes aware of that information;
- (b) ensure that the information is not false, misleading or deceptive so as to avoid creating what would constitute a false market; and
- (c) ensure that the information is disclosed clearly (expressed objectively), accurately and is complete.

In doing so the Company will ensure compliance with Listing Rule 15.7 that requires an entity not to release information anyone until it has given the information to the ASX and has received an acknowledgement from the ASX that the information has been released to the market.

### **3.5. Price Sensitive Information**

The Company will ensure that all price sensitive information is released to the market in accordance with the Listing Rules and in accordance with the Announcements Procedure in Section 3.9 of this Continuous Disclosure Policy.

Price sensitive information is information that:

- (a) a reasonable person would expect will have “a material effect on the value or price” of securities; and
- (b) if the information were publicly available “would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of” those securities”.

Price sensitive information includes information relating to a takeover bid or a merger, proposed acquisition or disposal of a material asset, material variations in earnings or profits from previously published forecasts, a material change to the business plan, loss of a material contract and major litigation.

### **3.6. Loss of Confidentiality**

Where confidentiality is lost as a result of a specific rumour or media comment then the Company will respond to media speculations to the extent that such responses are required to correct or prevent a false market. In determining whether confidentiality is lost the Company will look at previous announcements it had made and will consider any likely reaction of the market or particular investors to such speculation.

### **3.7. Administering Corporate Governance Compliance**

This policy will be administered by the Board and key personnel as follows:

- (a) the Board will be involved in reviewing significant ASX announcements and ensuring and monitoring compliance with this policy;
- (b) the Company Secretary will be responsible for the overall administration of this policy and all communications with the ASX;
- (c) other employees will report any material price sensitive information to the Company Secretary and they will observe the Company’s no comments policy as set out below.

### **3.8. Company Secretary**

The Company Secretary is responsible for the overall administration of this policy particularly:

- (a) ensuring that the Company is compliant with its disclosure obligations;
- (b) all communications with the ASX;
- (c) reviewing proposed announcements and consulting with the Board and other advisors as necessary;
- (d) implementing reporting processes for materiality of information;
- (e) reporting on continuous disclosure issues regularly to the Board;
- (f) keeping a record of ASX announcements;
- (g) monitoring and reporting to the Board on the effectiveness of this policy in light of the ASX Recommendations; and
- (h) regularly reviewing this policy in light of legislative changes or other developments.

### **3.9. Announcements Procedure**

The Company's announcements to the ASX will be managed in accordance with the following procedure:

- (a) as soon as an employee becomes aware of any price sensitive information the Board or the Company Secretary is to be notified;
- (b) the Company Secretary will review and assess that information and determine whether it needs to be disclosed or whether it needs to be further discussed with the Board;
- (c) if an announcement of price sensitive information is required the Company Secretary will prepare a draft announcement;
- (d) the Company Secretary will provide the draft announcement to the Board for approval;
- (e) following the approval of an announcement of price sensitive information by the Board, the Company Secretary will then lodge the announcement with the ASX electronically;
- (f) after receiving acknowledgement from the ASX that the announcement has been released the Company Secretary will ensure the announcement is accessible from the Company's website. This will be done within 24 hours of receiving that acknowledgement.

### **3.10. Market speculation and no Comments Policy**

The Company recognises the need to be aware of any market speculation or rumours that impact the Company. Accordingly, if required, the Company will monitor major sources of news and information, including significant social media sites that regularly include posts about the Company (such as investor blogs, chat sites, on-line forums or other social media).

The Company has adopted a "no comments" policy in relation to any market speculation or rumours and this policy must be observed by all Directors, Executives and employees at all times. In light of this, the Company may issue an announcement in response to a market speculation or rumour where it is necessary to do so to eliminate the possibility of a false market or contravention of the Listing Rules.

Each Director, Executive and employee will notify the Company Secretary as soon as possible if that employee:

- (a) is approached by the media or any analysts or other external parties with respect to providing any information about the Company (noting the general policy to be observed is a “no comments” policy); or
- (b) becomes aware of market speculation or rumours involving the Company (including through posts on social media or networking sites,

However, where requested to do so, the Company will provide the ASX with any information in its possession necessary to correct or prevent a false market in the Company’s securities.

As part of the Company’s management of investor relations it may conduct briefings with analysts or investors from time to time. However, the Company’s policy for conducting these briefings will be to ensure that no material price sensitive information is announced prior to it being announced to the market. No briefing will be held during the pre-results periods. In addition, a procedure will be in place for the conduct of the briefings which will include that at any briefing 2 Company employees must be present, notes of the briefing must be kept by an employee attending and any information to be used at briefings must be signed off by at least two Directors prior to the briefing.

Where in the course of a briefing a question is raised that refers to price sensitive information that has not been previously disclosed the Executive or employee must decline to answer the question but take the question on notice and advise the Board and the Company Secretary of the question.

See the Insider Trading Policy in Section 6 of this Charter for further details.

### **3.11. Responding to Analyst Reports and Forecasts**

If a draft report has been sent to the Company for comments the report should be forwarded directly to the Company Secretary. The Company will not endorse any reports, and will restrict any comments to factual matters and matters which have been previously disclosed to the ASX. See the Insider Trading Policy for further details.

### **3.12. Trading Halts**

The Company in certain circumstances may need to request a trading halt from the ASX. The Chairman in consultation with the Board will make decisions in relation to trading halts and the only personnel authorised to request a trading halt on behalf of the Company will be the Chairman and the Company Secretary.

### **3.13. Advisors**

To ensure compliance with its listing obligations, the Company may from time to time require advisors to advise on its adherence to this policy. The Company may ask such advisors to sign a confidentiality agreement before disclosing any information to them.

### **3.14. Contravention of Policy**

Non-compliance with the continuous disclosure obligations may constitute a breach of the Corporations Act and the Listing Rules. This may result in fines for the Company, personal liabilities for Directors and other officers and damage to the Company’s reputation. The Company takes continuous disclosure very seriously and will not tolerate any deviation from this policy by any employee and will take disciplinary action against any employee where a contravention arises. Disciplinary action may include dismissal.

### **3.15. Securityholder Communications**

The Board aims to keep Securityholders informed of all major developments affecting the Company's activities and its state of affairs through announcements to the ASX, releases to the media and dispatch of financial reports. All such announcements are also placed on the Company's website at [www.cbgcapital.com.au](http://www.cbgcapital.com.au).

These include:

- (a) monthly net tangible asset backing announcements;
- (b) the half year report;
- (c) the full year report;
- (d) the annual report;
- (e) the notice of annual general meeting, explanatory memorandum and the Chairman's address;
- (f) occasional ASX announcements made to comply with the Company's continuous disclosure requirements; and
- (g) occasional correspondence sent to Securityholders on matters of significance to the Company.

The Board encourages full participation of Securityholders at the Annual General Meeting or any general meeting to ensure a high level of accountability and identification with the Company's strategy and goals.

The Board will ensure that its external auditor attends its Annual General Meeting and is available to answer questions from Securityholders relevant to the audit.

The Company aims to promote effective two-way communication with Securityholders and encourage effective participation at general meetings. Securityholders are encouraged to contact the Company's registry to arrange the direct receipt of Securityholder materials.

### **3.16. Ethical Standards/Business Conduct**

The Company actively promotes a set of values designed to assist all personnel in their dealings with each other, competitors, customers and the community. The Company has adopted a Code of Conduct policy which is set out in this Charter.

The Company has also adopted a Security Trading Policy, which is also set out in this Charter.

### **3.17. Review**

The Board will periodically review this Charter to ensure that it reflects the letter and spirit of all applicable laws and regulation.

## 4. Code of Conduct

### 4.1. Introduction

The Company is committed to maintaining ethical standards in the conduct of its business activities. The Company's reputation as an ethical business organisation is important to its ongoing success and it expects all its officers and employees to be familiar and have a personal commitment to meeting these standards.

### 4.2. Purpose of this Code

The Board has adopted this Code of Conduct to define basic principles of business conduct. This Code requires officers and employees to abide by the policies of the Company and to the law. The Code is a set of principles giving direction and reflecting the Company's approach to business conduct and is not a prescriptive list of rules for business behaviour.

### 4.3. Business Ethics

**Openness, honesty, fairness and integrity** – Executives and employees will conduct themselves with openness, honesty, fairness and integrity in business transactions and in dealings with others.

**Mutual respect** – Executives and employees are expected to treat everyone else with whom they interact in their work with courtesy and respect.

**Ethical Conduct** – Executives and employees will act ethically in their approach to business decisions.

**Compliance with Laws** – Executives and employees are expected to comply with all laws that govern the Company's business and the policies that the Company adopts from time to time.

### 4.4. Business Conduct

Executives and employees will observe appropriate principles of behaviour when conducting Company business and interacting with others.

**Compliance with laws and regulations** – Directors, Executives and employees will act in compliance with all laws that apply to the Company's business. Directors, Executives and employees should discuss with their manager and if necessary obtain the consent of the Company Secretary or Chairman to seek advice from one of the Company's legal advisors if they are unclear about any laws relating to their work.

**Trading in Securities** – Any trading of the Company's securities must be done in accordance with the Security Trading Policy.

**Privacy and Intellectual property** – Each Executive and employee is responsible for protecting the Company's intellectual property rights. All intellectual property that an employee or contractor generates in relation to the Company is the property of the Company.



#### 4.5. Personal and Professional Conduct

**Financial Integrity** – The Company has stringent financial accounting procedures that are overseen by management, the audit committee and the external auditor. The use of Company funds or assets for any unethical purpose is prohibited.

**Giving Gifts** – The Company does not allow the making of payments or payments in kind (gifts, favours etc) to induce individuals to award business opportunities to the Company or to make a decision in the Company's favour. This activity is prohibited by the Criminal Code Act 1995.

The Company recognises that it is accepted business practice that entertainment and small gifts may be extended to third parties with whom the Company has a relationship. However, any such gifts must be made for a proper purpose.

**Accepting Gifts** – Executives and employees should not accept personal gifts or extraordinary hospitality, accommodation or travel which may influence, or appear to influence, a business decision.

**Business agreements and contracts** – The Company expects to compete fairly and ethically for all business opportunities. Executives and employees involved in the negotiation of agreements and contracts must ensure that they act in accordance with the law.

All appropriate approvals must be obtained before contracts are executed. The Company is committed to meeting its contractual obligations.

**Confidentiality** - Executives and employees may not at any time, directly or indirectly, profit from confidential information obtained during the course of duties they perform on behalf of the Company.

Each employee must safeguard confidential information of the Company by not transferring, publishing, using or disclosing it other than when necessary in the ordinary course of business, or as specifically directed or authorised. All confidential or proprietary information that has been entrusted to the Company by a third party must be treated as if it was the Company's confidential information.

**Public Statements** – Public statements have the potential to breach the Company's obligations in respect to confidential information, security trading and continuous disclosure.

Executives and employees should not make public statements unless authorized by the Chairman or Company Secretary.

**Smoking and the use of drugs and alcohol** – A safe and healthy work environment is the responsibility of every employee. This obligation includes responsible behaviour with respect to the use of alcohol, drugs and tobacco when conducting Company business and at Company sponsored activities.

Smoking and the use of recreational or non-prescription drugs is not permitted on Company premises.

**Gathering information on the Company's competitors** – Information should not be gained through unlawful or deceitful means.

**Conflict of Interest** – All Executives and employees have an obligation to seek to avoid financial, business or other relationships which might be opposed to the interests of the Company or which may conflict with the performance of their duties.

Where an employee or Executive has any doubt about conflicts of interest, the employee or Executive should contact the Company Secretary.

**Use of Company resources** – Employees must use all Company assets for proper purposes during their employment with the Company.

No property of the Company may be sold, loaned, given away, otherwise disposed of, without proper authorisation.

**E-mail and Internet** – The Company's email and internet systems have been developed to assist communication with customers, suppliers and between staff. These facilities may not be used for personal gain or in a manner which may breach the law or is inappropriate for an officer or employee of the Company.

#### **4.6. Respect for Others**

**The Company and its employees** – The Company actively supports the principle of equal employment opportunity and expects its Executives and employees to practise and support this principle. The Company's policy is to ensure that it does not engage in discriminatory practices and to make employment and career decisions on the basis of individual ability, performance, experience, and Company requirements.

The Company regards personal, physical or sexual harassment as unacceptable. The Company expects and requires its officers and employees to comply with Occupational Health and Safety laws and Company policies.

**The Company and partners, customers and suppliers** – The Company's partners, customers and suppliers will be treated fairly and with respect. The Company strives to maintain open and frank business dealings and to develop mutually advantageous relationships.

#### **4.7. Improper Behaviour**

Employees and Executives are encouraged to contact the Company Secretary where the employee or Executive has a reason to suspect that any fraudulent or unethical behaviour has occurred.

#### **4.8. More information**

An employee or Executive requiring further information regarding any aspect of the Company Code of Conduct, must contact the Company Secretary.

## **5. Securities Trading Policy**

### **General Trading Policy**

#### **5.1. Policy**

The Board has established the following policy to apply to trading in the Company's securities on the ASX. This policy applies to those persons defined below as "Restricted Persons" of the Company. Restricted Persons to whom this policy applies must restrict their buying and selling of Company's securities within the Company trading window established by this policy.

In addition to the requirements of this General Trading Policy, all Restricted Persons (as defined below) must also comply with the Insider Trading Policy of the Company in Section 6 of this Charter.

#### **5.2. Executive restrictions on trading**

This General Trading Policy and the restrictions on trading in securities of the Company set out below apply to the following representatives of the Company (**Restricted Persons**):

- (a) the Board;
- (b) Directors and Company secretary of any subsidiary of the Company;
- (c) any person who is entitled to receive equity performance rights and/or options as part of any equity incentive based scheme of the Company;
- (d) any Executives; and
- (e) the Company Secretary.

The Restricted Persons of the Company are to be subject to restrictions on trading in the Company's securities at certain times of the year. Restrictions also apply where any Restricted Persons is exposed to inside information in the course of their duties in accordance with the Insider Trading Policy (see Section 6 of this Charter).

#### **5.3. Associated Parties**

Each Restricted Person has a personal responsibility to ensure that his or her "associated parties" (being immediate family (including a spouse (or equivalent) or dependent), family company or trust) complies with the same respective restrictions as apply to Restricted Persons.

#### **5.4. Prohibition on Restricted Persons dealing in Securities**

As the Company is a listed investment company announcing its Investment Update and Net Tangible Assets monthly on the ASX, the Board believes the shareholders are generally fully informed.

#### **Black-out Periods**

In addition to the prohibitions on dealing set out in the Insider Trading Policy, Restricted Persons and their associated parties are prohibited (unless otherwise agreed to by the Board) from dealing in securities during the following Black-out Periods:

- (a) for the relevant half year, from 20 January until the commencement of the next trading day after the release of the half yearly results;
- (b) for the relevant annual period, from 20 July until the commencement of the next trading day after the release of the annual results and
- (c) any other period the Board determines, in its absolute discretions, to be a Black-out Period.

For avoidance of doubt, it is emphasised that Restricted Persons may not deal whilst in the possession of "Inside Information" (see Section 6 of this Charter).

#### **5.5. Board of Directors' discretion**

The Board has an absolute discretion to place an embargo on Restricted Persons and/or employees and /or their respective associated parties trading in the Company's securities at any time.

#### **5.6. Notification rules in relation to dealing in securities**

Restricted Persons are required to notify the Company of intended dealings in securities, by themselves or their associated parties, of the Company prior to such intended dealings. This should be done by written notice to the Company Secretary outlining:

- (a) name of securityholder;
- (b) type of proposed transaction (purchase, sale, etc.); and
- (c) number of securities involved.

The Company Secretary will confer with the Chairman in relation to any proposed dealing.

The Chairman and the Company Secretary must keep a written record of any information received from an employee (including a Restricted Person) in connection with this policy and any clearance or refusal to grant clearance given under this policy.

#### **5.7. Directors to notify ASX of securityholding**

The Directors are required to complete, or request that the Company Secretary complete necessary forms to the Company to be filed with the ASX in respect of their securityholding in the Company for the purposes of section 205G of the Corporations Act and the Listing Rules.

#### **5.8. Exceptional Circumstances**

Where, in exceptional circumstances, and it is the only reasonable course of action available to a Restricted Person (e.g. a pressing financial commitment that cannot be satisfied otherwise) clearance may be given for the Restricted Person to sell (but not to purchase) securities in the Company when that person would otherwise be prohibited from doing so. "Exceptional circumstances" means severe financial hardship, a court order (or court enforceable undertaking), or some other overriding legal or regulatory requirement, to transfer or sell securities in the Company, or other circumstances that may be deemed exceptional by the Chairman. For example, a Restricted Person may be in severe financial hardship if he or she has a pressing financial commitment that cannot otherwise be satisfied.

The Chairman may not give clearance if there is a matter about which there is inside information in relation to securities in the Company (whether or not the Restricted Person knows about the matter) when the Restricted Person requests clearance or proposes to deal in securities in the Company.

The Chairman will decide if circumstances are exceptional.

Any clearance given by the Chairman must be in writing (which may be in the form of an email). The Chairman must determine, and specify in the written clearance, the maximum duration of the clearance.

## 5.9. Trading not subject to this Trading Policy

The following dealings are not subject to the provisions of this Security Trading Policy in respect of the Company:

- (a) undertakings or elections to take up entitlements under a rights issue or other offer (including an offer of securities in lieu of a cash dividend (DRP));
- (b) the take up of entitlements under a rights issue or other offer (including an offer of securities in lieu of a cash dividend);
- (c) allowing entitlements to lapse under a rights issue or other offer (including an offer of securities in lieu of a cash dividend);
- (d) the sale of sufficient entitlements to allow take up of the balance of the entitlements under a rights issue;
- (e) undertakings to accept, or the acceptance of, a takeover offer or pursuant to a scheme of arrangement implemented in accordance with section 411 of the Corporations Act;
- (f) transfer of securities arising out of the operation of an employee scheme into a savings scheme investing only in securities of the Company following:
  - (i) the exercise of an option under a savings related share option scheme; or
  - (ii) release of shares from a profit sharing scheme;
- (g) the cancellation or surrender of an option under an employee scheme;
- (h) the purchase of securities or the communication of information pursuant to a requirement imposed by law;
- (i) transfers of securities by an independent trustee of an employee share scheme to a beneficiary who is not a person;
- (j) bona fide gifts to a Director by a third party;
- (k) transfers of securities of the entity already held into a superannuation fund or other saving scheme in which the Restricted Person is a beneficiary;
- (l) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the entity) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (m) where a Restricted Person is a trustee, trading in the securities of the entity 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; and
- (n) 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 or distribution reinvestment plan and 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.

## **6. Insider Trading Policy**

### **6.1. Policy**

The Board has established the following Insider Trading Policy to apply to trading in the Company's securities on the ASX.

This policy applies to all Directors, Executives and employees of the Company. All Directors, Executives and employees of the Company must not deal in the Company's securities while in possession of price sensitive information.

In addition, the General Security Trading Policy (see above) sets out additional restrictions which apply to Directors and Executives of the Company.

The law imposes a number of significant restrictions on employees of the Company when they deal in their Company's securities. As fiduciaries, these persons must not utilise their position for their own gain or for the gain of any person other than the Company.

The Corporations Act imposes severe penalties (both criminal and civil) on persons who conduct insider trading activities. Any perception of improper conduct by employees of the Company also has the potential to substantially damage the Company's reputation.

The Company has established the policy set out in this document in an effort to prevent the incidence of insider trading in the Company's securities. The policy provides a general summary of the law in Australia in relation to insider trading, and as such operates in addition to the legal requirements. It is the personal responsibility of each Director, Executive and employee to comply with this policy.

### **6.2. Overview of the insider trading provisions in the Corporations Act**

It is illegal for anybody to deal in any securities of a body corporate (including the Company), when in possession of information that the person knows, or ought reasonably to know:

- (a) is not generally available (including information that the Company has not disclosed to the market in accordance with the Company's Continuous Disclosure Policy); and
- (b) might have material effect on the price or value of those securities if it was generally available (Inside Information).

This prohibition extends to procuring another person to deal, and, in the case of securities of listed corporations, extends to communicating the inside information to another person, if the person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in the securities in question or procure another person to do so. To communicate Inside Information to another person is also an offence which carries both civil and criminal penalties.

An employee or Executive in possession of Inside Information about the Company has a duty to keep that information confidential and must not in any way disclose or communicate that information to any person.

### **6.3. Dealing with security analysts, institutional investors and journalists**

An employee or Executive may be exposed to others outside the Company such as security analysts, institutional investors and journalists. It is important that all Directors, Executives and employees be aware that selective disclosure of non-public information may result in a breach of the insider trading rules.

It is important to emphasise that it is the mere fact of conveyance of the material non-public information that gives rise to liability, not the manner in which it is conveyed.

It is possible to convey information in breach of this policy and the Corporations Act by expressing subjective attitudes about the Company's performance or by calling attention to selective information not available as an aggregate to the general public. It is essential to avoid the indirect conveyance of information by any means whatsoever.

If during the course of a discussion with any analyst, journalist or other outsider, material non-public information concerning the Company is disclosed, inadvertently or otherwise, the recipient of the information should be informed of its non-public nature and cautioned against its use unless and until the Company has made full public disclosure of the information. The Company Secretary should be notified of the situation immediately so that a decision can be made regarding disclosure of the information.

No public comments should be made regarding any previously undisclosed operating results or other developments unless authorised by the Company.