



## AUTOMOTIVE HOLDINGS GROUP

# Corporate Governance Policy – Securities Trading – Executives

### 1. Introduction

- 1.1 This policy imposes constraints on senior executives of the Company dealing in securities of the Company and listed securities that the Company may be considering transacting with ('Target Company'). It also imposes disclosure requirements on directors.
- 1.2 This policy has been adopted by the board of directors of the Company (**Board**). The schedule to this agreement lists the titles of the senior executives who are subject to this policy on the date that it is issued. Other executives of equivalent seniority are also subject to this policy. If any executive is in doubt as to whether he or she is subject to this policy, he or she should consult the Chairman.

### 2. Application

- 2.1 This policy applies only to senior executives of the Company. Directors of the Company are subject to a separate policy in relation to trading in securities.

### 3. Dealing in securities – legal and other considerations

- 3.1 Sections 1042B to 1043O of the *Corporations Act 2001* prohibit persons who are in possession of price sensitive information that is not generally available to the public in relation to particular securities from:
  - (1) dealing in the securities; or
  - (2) communicating the information to others who might deal in the securities.
- 3.2 The central test of what constitutes price sensitive information is contained in section 1042A. Section 1042A provides that insider trading and continuous disclosure rules apply to inside information that is not generally available to the public and which a reasonable person would expect to have a material effect on the price or value of securities in the Company or Target Company (**price sensitive information**). Such price sensitive information extends to include matters of supposition and matters relating to the intentions or likely intentions of a person.
- 3.3 Senior executives of the Company will from time to time be in a situation where they are in possession of price sensitive information that is not generally available to the public. Examples are the period prior to release of annual or

half-yearly results to the Australian Stock Exchange (**ASX**) and the period during which a major transaction is being negotiated.

3.4 The risk of contravention of insider trading laws in relation to information concerning public companies was substantially reduced in 1994 with the introduction of the continuous disclosure regime. Under that regime, public companies are required to disclose all price sensitive information immediately to the ASX, except in limited circumstances. The tests for what constitutes price sensitive information under the insider trading laws and under the continuous disclosure requirements are effectively identical. As a consequence, at least in theory, there is no risk of senior executives contravening insider trading laws as all relevant information will already have been disclosed.

3.5 There are a number of limitations and qualifications to the above, including:

- (1) where the ASX Listing Rules and the *Corporations Act 2001* permit companies to refrain from disclosing certain information, for example in the situation where an acquisition is being negotiated and remains confidential;
- (2) where information may be known to a particular senior executive but not yet by the Company as a whole (ie the Board);
- (3) where the Company may have not yet complied with its continuous disclosure obligations in relation to a particular event or circumstance – there will always be some element of delay in doing so; and
- (4) where senior executives will generally have a better feel for the performance of the Company than the public.

In these situations there is still a potential for contravention. There is also a potential for the appearance of a contravention even if there has been no actual contravention. This appearance of contravention could reflect badly on the Company as well as on the senior executive concerned.

3.6 Another circumstance that must be guarded against is where one or more senior executives become aware of an event or circumstance while the remaining senior executives or Company Directors remain unaware. In such a circumstance it is important that no senior executive or Company director deals in securities because:

- (1) there is a risk that the senior executive or Company director will be found guilty of insider trading even if they had no intention of committing a contravention; and
- (2) of the potential for such circumstances to reflect badly on the Company.

3.7 For these reasons, the advice of the Chairman should be sought prior to any dealings taking place, and steps should be taken to ensure that the Chairman is appraised of all relevant considerations by the Disclosure Officer appointed by the Company under the Continuous Disclosure Policy and in accordance with ASX Listing Rule 1.1, condition 12.

#### 4. Policy – dealing in securities

4.1 Senior executives must not deal in securities of the Company unless:

- (1) they have satisfied themselves that they are not in possession of any price sensitive information that is not generally available to the public;
- (2) they have advised the Chairman of their intention to do so; and
- (3) the Chairman has indicated that there is no impediment to them doing so.

4.2 The Chairman will generally allow senior executives to deal in securities of the Company as a matter of course in the following periods (unless there is in existence price sensitive information that has not been disclosed because of an ASX Listing Rule exception):

- (1) within the period of 1 month **after** the release of annual or half-yearly results; and
- (2) within the period of 1 month **after** the issue of a prospectus;

but only after waiting for sufficient time after the relevant release so that the market has had time to absorb the information.

4.3 The periods mentioned in paragraph 4.2 are not the only times in which senior executives may deal in securities of the Company, and the approval of the Chairman must be sought to deal in securities outside those times. It would be unusual for the Chairperson to grant approval in the period of 1 month **prior** to the release of such results or the issue of a prospectus. In periods outside those mentioned in paragraph 4.2 the Chairperson will only give his or her approval after making appropriate enquiries.

4.4 A senior executive must not at any time engage in short-term trading in securities of the Company.

4.5 A senior executive must not communicate price sensitive information to a person who may deal in securities of the Company.

4.6 In addition, a senior executive should not recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or directors of a family company) the buying or selling of securities in the Company.

4.7 Senior executives must ensure that external advisers who may receive price sensitive information are bound by confidentiality agreements or other enforceable confidentiality obligations.

4.8 The above principles also apply to the following:

- (1) trading in financial products issued or created over the Company's securities and associated products; and
- (2) entering into transactions in associated products which operate to limit the economic risk of security holdings in the Company.

- 4.9 Senior executives will not be given approval to deal in Target Company securities in any circumstances until any such transaction entered into with the Target Company is finalised or is no longer being considered. Approval will then only be given if the director no longer holds sensitive information.
- 4.10 If a senior executive already has an interest in Target Company and becomes aware that the Company is considering a transaction with it, the senior executive must immediately disclose the interest to the Company Secretary.

## 5. Policy – notification of dealing in securities

- 5.1 Senior executives must notify the Company Secretary immediately on acquiring or disposing of a relevant interest in any securities in the Company. The Company Secretary will record the notice and will in turn notify the Chairman and the CEO.
- 5.2 If the senior executive discloses an interest in the Target Company under clause 4.10 the Company Secretary will record the disclosure and will in turn notify the Chairman and the CEO.

## 6. Consultation

- 6.1 If a senior executive has any query about the application of this policy, he or she should consult the Chairman or the Company Secretary.

## 7. Penalties

- 7.1 A trade in any securities by a person who is in possession of price sensitive information not publicly available could contravene the *Corporations Act 2001* and expose the person to civil and criminal penalties.

## 8. Explanation of terms

- 8.1 For the purposes of this policy:
- (1) **deal in securities** means buy or sell shares, options or other securities in the Company or the Target Company (as the case may be), or enter into transactions in relation to shares, options or other securities in the Company or Target Company. It includes procuring another person to do any of these things; and
  - (2) **price sensitive information** has the meaning given in paragraph 3.2.

# The schedule

## Executives to whom this policy applies

### AHG Corporate

1. Chief Operating Officer
2. Company Secretary
3. GM Business & Development
4. AHG Corporate Management Team (attendees at the weekly management meeting)

### AHG Automotive and Logistics Divisions

1. All Dealer Principals
2. All General Managers



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