



ENERGY ACTION LIMITED
ABN: 90 137 363 636

TRADING POLICY

POLICY

DOCUMENT MANAGEMENT

Managed by: Val Duncan	Responsible position: CEO	Version: 1
Contact person: Danielle Aquilina	Board Approval Status: Approved	File number: 2.9
Contact position: Executive Assistant	Date approved: 25/8/11	Status: Current
Contact number: 02 9891 6911 ext 100	Last Revised: 25/8/11	Security classification: Internal

Contents

1.	Introduction	3
2.	What Is Insider Trading Under The Corporations Act?.....	3
2.1	Prohibition	3
2.2	Penalties	4
2.3	Examples of Price Sensitive Information	4
2.4	Procuring and inducing	4
2.5	Information however obtained	4
3.	First Prohibition: Insider Trading Laws	5
3.1	General rule	5
3.2	Exceptions	5
4.	Second Prohibition: Closed Periods	5
4.1	No “safe” windows	5
4.2	Closed Periods	5
4.3	Restricted Persons	6
4.4	Dealings by Connected Persons	6
4.5	Extended meaning of “securities”	6
4.6	Exceptions	6
5.	Third Prohibition: No Short Term Trading	7
5.1	No short-term trading	7
5.2	Exceptions	7
6.	Other prohibitions and recommendations	7
6.1	Caution regarding margin lending	7
7.	Exceptions	7
7.1	Employee share schemes	7
7.2	Financial hardship or exceptional circumstances	7
7.3	Clearance	8
7.4	Takeovers and Schemes	8
7.5	No material influence	8
7.6	Dividend Reinvestment Plan	8
7.7	Employee Plans	9
7.8	Prospectus offer	9
8.	Administration	9
8.1	Directors	9
8.2	Restricted Persons	9
9.	Consequences of Breach	9
10.	Questions	9

1. Introduction

This document sets out the policy of Energy Action Limited (ACN 137 363 636) (the **Company**) on the disposal and acquisition (called **Trading**) of Securities by Directors and employees (collectively called **Employees**) of the Company and of its subsidiaries and managed entities (the **Group**).

It is important that care is taken in the timing of any Trading in Securities.
The purpose of this Policy is:

- a) to require Employees to avoid conduct known as “insider trading” in relation to the Company or any other entity (see Section 3.1 below);
- b) avoid any appearance of insider trading and unfair dealing by key management Employees (called **Restricted Persons**) (see Section 4.2 below); and
- c) encourage all Employees to be long-term holders of the Company’s shares (see Section 5 below).

Section (a) above refers to the insider trading prohibitions (**Insider Trading Laws**) set out in Division 3 of Part 7.10 of the *Corporations Act 2001* (Cth) (the **Corporations Act**). This Policy provides a basic explanation of what constitutes insider trading. However, this is not an exhaustive statement of the law on insider trading.

The Company’s Policy in paragraphs (b) and (c) above goes beyond insider trading prohibition imposed by that Act.

In order to maintain transparency, this Policy is to be disclosed in the Annual Report and on the Company’s intranet and website.

2. What Is Insider Trading Under The Corporations Act?

2.1 Prohibition

In broad terms, a person will be guilty of insider trading if:

- a) that person possesses Price Sensitive Information (see below); and
- b) that person:
 - i. acquires or disposes of Securities (which includes shares and options);
 - ii. procures someone else to acquire or dispose of Securities; or
 - iii. passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to acquire or dispose of the Securities or procure someone else to acquire or dispose of the Securities.

Price Sensitive Information means any information which is not generally available to the market and, if it were generally available to the market, a reasonable person would expect it to have a material effect on the price or value of **any** of the Company’s Securities. Please note, the material effect is NOT restricted to the Company’s shares only, but also extends to the Securities of other listed companies (e.g. if the information has the potential to move another company’s share price).

Information is **generally available** where the information is:

- readily observable; or
- made known in a manner that would, or would be likely to, bring it to the attention of people who commonly invest in securities or securities of a kind similar, and a reasonable period has elapsed to allow the information to be disseminated; or
- able to be deduced, concluded or inferred from those types of information.

Securities can be more than just shares. They can also include options or even interests in shares. They can include bonds and other financial products.

2.2 Penalties

Insider trading is a criminal offence.

The criminal penalties for a breach of the insider trading prohibition include:

- for an individual – a fine of up to the larger of:
 - \$495,000; or
 - 3 times the total value of the benefits obtained, whichever is higher) or a jail term of up to 10 years; and
- for a corporation – a fine of up to the larger of:
 - \$4,950,000;
 - 3 times the total value of the benefits obtained; or
 - If the court cannot determine the total value of the benefits, 10% of the body corporate's annual turnover during the 12 months ending on the month in which the offence was committed.

In addition, the insider trader, and any other persons involved in the contravention, may also be liable to compensate third parties for any resulting loss.

2.3 Examples of Price Sensitive Information

To illustrate the prohibition described above, the following are possible examples of Price Sensitive Information which, if it has not already been disclosed to the market and if it were made available to the market, may be likely to materially affect the price of the Company's Securities:

- the Company considering a major acquisition or disposal of assets;
- the threat of major litigation against the Company;
- the Company's financial results materially exceeding (or falling short of) the market's expectations;
- a significant new development proposal;
- the likely granting (or loss) of a major contract, tenement or government approval;
- a proposed dividend or change in dividend policy;
- a proposed new share issue;
- a significant change in senior management.

2.4 Procuring and inducing

A person can still be guilty of insider trading even though they are not the actual person who acquired or disposed of the Securities.

The prohibition extends to:

- trading through nominees, agents or other associates, such as family members, family trusts and family companies; and
- procuring third parties to Trade, which includes inducing or encouraging those third parties to Trade.

2.5 Information however obtained

It does not matter how or where the person obtains the information – it does not have to be obtained from the Company to constitute inside information.

3. First Prohibition: Insider Trading Laws

3.1 General rule

Employees must not Trade in Securities of the Company or another company or entity in breach of the Insider Trading Laws.

3.2 Exceptions

The Insider Trading Laws provide certain limited exceptions and defences. One relevant exception is set out in Section 7.1 below. In all circumstances it is the Employee's responsibility to avoid insider trading, even where an exception applies in Section 7 in relation to other prohibitions under this Policy.

4. Second Prohibition: Closed Periods

4.1 No “safe” windows

In the past, the view has been that it is safe to trade in a company's Securities during “window” periods immediately following the release of information to the public; for instance, in the period following the Annual General Meeting or the release of the annual or half-yearly results. But insider trading can occur even during such a period (e.g. if new information emerges).

With the introduction of the continuous disclosure regime, public listed companies and other disclosing entities are now required by statute to disclose Price Sensitive Information on an on-going basis (subject to limited exceptions) so other times in the year after such a disclosure, the market can be fully informed and trading can be lawful.

As a result the Company has decided not to specify window (or safe) periods but rather to designate periods when Trading by certain Employees should **not** occur.

4.2 Closed Periods

In addition to the general prohibition in Section 3.1 above, to avoid any adverse inference being drawn of unfair dealing, Restricted Persons as defined in Section 4.3:

- should not Trade in the Company Securities (or procure another person to Trade);
- must take all reasonable steps to prevent any Trading by or on behalf of a Connected Person of his or hers as defined in Section 4.4

during the following periods (called **Closed Periods**):

- a) between two weeks before the semi-annual reporting dates and the date that preliminary results are released to the ASX. The two relevant semi-annual reporting dates are 30 June and 31 December each year. Generally, preliminary results are released to the ASX approximately 6 weeks after the semi-annual reporting dates. If you are unsure about whether preliminary results have been released to the ASX you can check the ASX website, the Company's website or contact the Company Secretary; and
- b) Any period notified by the Company (called an **Ad Hoc Closed Period**) e.g. this may occur in advance of any significant announcement that a reasonable person would expect to have a material impact on the Company's share price.

EVENT	REPORTING DATE	CLOSED PERIOD
Full Year Results	30 June	15 June until release of Full Year Results
Half Year Results	31 December	15 December until release of Half Year Results
Ad Hoc Closed Period	N/A	As notified

4.3 Restricted Persons

In this Policy a Restricted Person is any of the following:

- a) the Directors of the Company;
- b) the Company Secretary of the Company;
- c) members of the Senior Management Team who report directly to the CEO; and
- d) employees who because of their office or employment in a particular transaction or business situation, have access to Price Sensitive Information that is not generally available to the market (e.g., personal or executive assistants to the CEO or members of the Senior Management Team).

The Company Secretary will maintain a list of people who are Restricted Persons for the purposes of paragraph d) and those persons will be informed accordingly.

4.4 Dealings by Connected Persons

The following persons (called **Connected Persons**) are persons connected to a Restricted Person:

- a) spouse or domestic partner;
- b) immediate family members such as a parent, child, sibling, in-law or other relative living in the Restricted Person's home;
- c) subject to Section 7.5, a company or trust over whom the Restricted Person has influence or control (regardless of who is the beneficiary); and
- d) any other person over whom the Restricted Person has investment control or influence.

4.5 Extended meaning of “securities”

For the purpose of the Closed Periods and Section 4.2, Securities has an extended meaning to include not only shares in the Company but also derivatives and financial products, structured financial products, swaps, futures contracts, contracts for differences, spread bets, options, warrants, bonds, depository receipts, or other derivatives over or related to the acquisition or the performance of the Company shares.

4.6 Exceptions

Exceptions are set out in Section 7 below.

5. Third Prohibition: No Short Term Trading

5.1 No short-term trading

Employees must not engage in short-term trading of the Company Securities. Short term Trading occurs if less than 90 days elapses between acquiring the Securities and disposing of them.

5.2 Exceptions

The disposal of shares acquired under employee share plans, including shares from the exercise of employee options or performance shares is excluded from this prohibition against short-term trading, but such disposal remains subject to Sections 3.1 (Insider Trading Laws) and 4.2 (Closed Period).

6. Other prohibitions and recommendations

6.1 Caution regarding margin lending

The Company does not prohibit the use of borrowed funds to acquire the Company Securities but the Company does recommend caution as borrowing special particular risks and in particular under so called "margin lending" arrangements the decision to sell your Securities can be taken in certain circumstances such as where you do not pay a margin call.

If such a disposal were to occur at a time when you possess inside information an issue may arise as to whether you could be considered in breach of the Insider Trading Laws.

7. Exceptions

7.1 Employee share schemes

Sections 3.1 (Insider Trading Laws) and 4.2 (Closed Periods) do not apply to applications for and acquisitions under those applications of, the Company Securities by Employees made under any employee share and/or option schemes (**Employee Share Scheme**).

However, this Policy **will** apply to any subsequent disposal by Employees of Securities in the Company acquired under those Employee Share Schemes, in particular see Section 5.2 above.

7.2 Financial hardship or exceptional circumstances

Clearance for Trading by a Restricted Person or Connected Persons may be given during Closed Periods where the person is not in possession of inside information and either financial hardship or exceptional circumstances exist.

Clearance may be granted where the Company is satisfied that the market is trading on an informed basis. Clearance may be given for such a person to sell or dispose (but not acquire) the Company Securities. Clearance may only be given by the following persons (**Designated Persons**):

- the Chair, in the case of Directors;
- the CEO, in the case of the Chair; and
- the Company Secretary, in the case of all other Restricted Persons.

It is not possible to specify, in advance, all circumstances that may constitute financial hardship or exceptional circumstances and whether they exist will be a matter for the Designated Persons to decide, but will generally only apply in limited circumstances such as:

- cases of financial or personal hardship or necessity;

- transfers to related entities (e.g. to a superannuation fund or family trust); and
- legal duties and obligations (e.g. court orders or the administration of a deceased estate).

7.3 Clearance

A request for prior written clearance must be:

- a) in writing and given by hand or email to the Designated Person prior to the proposed disposal of Securities;
- b) set out the number of Securities and the manner in which the proposed transaction is intended to occur (whether by an on-market or off-market transaction);
- c) shall include sufficient information to demonstrate the financial hardship or exceptional circumstances and the proposed sale is the only reasonable course of action available; and
- d) a declaration that the applicant does not believe they are in possession of inside information.

The Designated Person may (in their absolute discretion) decide to grant the clearance with or without any conditions and will deliver the written clearance in writing by hand or email. The clearance will be effective for up to 10 business days from the date on which it is delivered to the applicant and the sale or disposal must be commenced within that period.

7.4 Takeovers and Schemes

Sections 4.2 (Closed Periods) and 5.1 (short term trading) do not apply to prevent a person from accepting a takeover bid or from disposing of Securities under a scheme of arrangement in respect of the Company.

7.5 No material influence

Sections 4.2 (Closed Periods) and 5.1 (short term trading) do not apply to prevent Trading where no Employee has a material influence on the Trading and does not recommend or procure the Trading such as where:

- a) the Trading is decided by a controller of a managed Securities portfolio or by an investment manager where no Employee is in a position to influence the Trading;
- b) the Employee is acting as trustee or director of a trustee company and is not a beneficiary of the trust and the decision to Trade is taken by the other trustees or directors or by investment managers on behalf of the trustees independently of the Employee;
- c) the decision to Trade is taken by a lender or holder of a security interest over relevant Securities.

7.6 Dividend Reinvestment Plan

Section 4.2 (Closed Periods) does not apply in respect of an acquisition of the Company Securities under the Company's Dividend Reinvestment Plan.

However, this Policy **will** apply to any subsequent disposal by Employees of Securities in the Company acquired under the Dividend Reinvestment Plan.

7.7 Employee Plans

Section 4.2 (Closed Periods) does not apply in respect of an acquisition of the Company Securities under the Company's Employee Plans.

However, this Policy **will** apply to any subsequent disposal by Employees of Securities in the Company acquired under the Employee Plan.

7.8 Prospectus offer

Section 4.2 (Closed Periods) does not apply in respect of an acquisition of the Company Securities under an offer by way of prospectus.

However, this Policy **will** apply to any subsequent disposal by Employees of Securities in the Company acquired under such a prospectus.

8. Administration

8.1 Directors

A Director is required to notify the ASX of Trading in the Company Securities within 5 business days of such Trading taking place. Directors have agreed with the Company to provide notice of such Trading to the Company Secretary as soon as possible after such dealing to enable the Company, acting as agent, to comply with his or her obligations under the Corporations Act. A notice given by the Company to the ASX under the ASX Listing Rules satisfies the Director's obligation to notify the ASX under the Corporations Act. Any Director requiring assistance in this regard should contact the Company Secretary.

8.2 Restricted Persons

Each Restricted Person is required to notify the Company Secretary within 48 hours of trading in the Company's Securities. The Company Secretary will maintain a record or register of trading in the Company Securities by Restricted Persons.

9. Consequences of Breach

- a) Breaches of this Policy by any person will be treated seriously by the Company.
- b) You can expect the Company to involve the authorities if it believes insider trading or any other serious breach of law has been committed.
- c) Other breaches of this Policy may result in disciplinary action, including termination of employment or appointment.

10. Questions

When in doubt, or if you have any queries as to how this Policy is to be applied, you should first check with the Company Secretary.

