



ASX ANNOUNCEMENT | COVATA LIMITED

Revised Securities Trading Policy

February 17, 2015

Covata Limited (ASX: CVT) advises that, in the course of reviewing and updating its corporate governance policies, it has adopted a revised Securities Trading Policy – a copy of which follows this announcement.

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About Covata

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SECURITIES TRADING POLICY

COVATA LIMITED
[ACN 120 658 497]
("the Company")

1. BACKGROUND AND PURPOSE

- 1.1. The Company is admitted to the official list of the Australian Securities Exchange ("ASX"). Shares of the Company are quoted and traded on ASX. Other classes of securities of the Company may from time to time be quoted and traded on ASX.
- 1.2. This Securities Trading Policy ("this Policy") is a corporate governance policy of the Company adopted by the Board with the express intention and purpose of seeking to implement good corporate governance practices and to achieve good governance outcomes.
- 1.3. This Policy regulates the sale and purchase of securities in the Company by its directors, officers and employees.
- 1.4. This Policy extends to all forms of securities of the Company. Securities can include shares, options, warrants, debentures, other forms of securities of or issued by the Company, units in shares and other securities and legal or equitable rights or interest in shares or other securities.
- 1.5. This Policy aims to reduce the risk of insider trading and ensure that the Company's directors, officers and employees are aware of the legal restrictions on trading securities in the Company whilst in possession of Inside Information concerning the Company.
- 1.6. In addition, this Policy sets out when trading in the Company's securities by directors, officers and employees is not permitted. Restrictions on trading are imposed by the Company to reduce the risk of insider trading and to minimise the chance that misunderstandings or suspicions arise that the Company's directors, officers, or employees are trading while in possession of Inside Information.
- 1.7. Definitions and meanings of abbreviated terms are set out in a glossary at the end of this document.

2. BREACHES OF THIS POLICY

- 2.1. A breach of this Policy is serious and may lead to disciplinary action. Disciplinary action may include dismissal where the breach is committed by an employee.
- 2.2. A breach of this Policy may also be a breach of the law carrying serious penalties.

3. WHAT IS SECURITIES TRADING?

For the purposes of this Policy, trading or dealing includes not only trading directly by the Company's Directors, other officers, senior management or employees, but also by any entity which they control within the meaning of s50AA of the *Corporations Act 2001* (Cth).

4. INSIDE INFORMATION AND INSIDER TRADING

4.1. The insider trading provisions are contained in Part 7.10 Division 3 of the *Corporations Act*. The *Corporations Act* prohibits any person who possesses Inside Information and who knows or ought reasonably to know, that the information qualifies as Inside Information from:

- (a) dealing in the Company's securities; or
- (b) procuring another person to deal in the Company's securities; or
- (c) directly or indirectly communicating the Inside Information, or causing the inside information to be communicated, to any person who they know, or ought reasonably to know, would be likely to deal in the Company's securities or procure another person to do so.

5. POLICY

5.1. Consistent with the insider trading provisions of the *Corporations Act*, all of the Company's directors, other officers, senior management and employees are prohibited from trading in the Company's securities while in possession of Inside Information concerning the Company.

5.2. Directors, other officers, senior management and employees should never communicate any Inside Information to any other person, including family members and associates. In addition, directors, other officers, senior management and employees are prohibited from trading in the Company's securities during:

- (a) each period of 30 days immediately prior to the intended date for the Company's release of its annual financial statements to ASX until 24 hours immediately after the date of release;
- (b) each period of 30 days immediately prior to the intended date upon for the Company's release of its half year financial statements to ASX until 24 hours immediately after the date of release; and
- (c) each period of 24 hours immediately after the date upon which the Company issues a price-sensitive ASX announcement.

- 5.3. No director, officer or employee may deal in the Company's securities at any time for short-term gain, including by buying and selling the Company's securities in a 3 month period, without the written approval of the Chairman or, in the case of the Chairman, the Chief Executive Officer.
- 5.4. In order to ensure compliance with this Policy, all directors, other officers, senior management and employees must discuss any proposed dealing with (and obtain written approval from) the Secretary or a director prior to trading the Company's securities at any time.
- 5.5. Directors, other officers, senior management and employees who are not in possession of Inside Information may be given clearance by the Chairman (in the case of the Chairman, by at least two other members of the Board) to sell or otherwise dispose of the Company's securities during a prohibited trading period in the following circumstances:
 - (a) where the person faces financial hardship, to be approved and determined by the Board;
 - (b) where the person is required to sell their securities by court order, court enforceable undertaking or other requirement by law; or
 - (c) where such other exceptional circumstances exist as approved and determined by the Chairman (or in the case of the Chairman, by at least two other members of the Board).

To obtain clearance for trading in any of the above circumstances, directors, other officers, senior management and employees must submit an application in writing to the Chairman (or in the case of the Chairman, an application in writing at least two other members of the Board, copied to the Secretary), setting out reasons for requesting the approval and including supporting documentation. Any exemption, if granted, will be in writing and is to contain a specified time period during which the trading of the securities can be made. A copy of the exemption must be given to the Secretary.

- 5.6. A director and any Secretary must discuss any proposed dealing by them with (and obtain written approval from) the Chairman prior to trading the Company's securities at any time.
- 5.7. The Chairman must discuss any proposed dealing with (and obtain written approval from) the CEO prior to trading the Company's securities at any time.
- 5.8. Any trading activity by the Company's directors, other officers, senior management and employees that is not specifically restricted by this Policy shall not be subject to this Policy or any of the restrictions and obligations imposed by this Policy.

6. DISCLOSURE OF DIRECTORS' INTERESTS

When advising the ASX of any change to a notifiable interest of a director of the Company, the Company must ensure that the ASX be advised whether this occurred during a closed period where prior written clearance was required for the trading, and if so, whether and when prior written clearance was provided.

7. TRADING EXCLUDED FROM THE RESTRICTIONS OF THIS POLICY

7.1. Subject to clause 7.2, trading by the Company's directors, other officers, senior management and employees in the following circumstances is excluded from the restrictions in this Policy:

- (a) where ordinary shares in the Company are acquired by conversion of securities giving a right of conversion to ordinary shares;
- (b) where securities are acquired under a bonus issue made to all holders of securities in the same class;
- (c) where the trading of securities results in no change to the beneficial ownership interest in the securities;
- (d) transfers of securities already held into a superannuation fund or other saving scheme in which the person is a beneficiary;
- (e) where securities are acquired under a dividend reinvestment plan that is available to all holders of securities in the same class;
- (f) where securities are acquired or exercised under the Company's ESOP;
- (g) where securities are traded or acquired under an on-market buy back or any rights offer or share purchase plan;
- (h) accepting into a takeover offer;
- (i) a disposal of securities in the Company that is the result of secured lender exercising their rights;
- (j) trading under a non-discretionary trading plan for which prior written clearance has been provided where the trading plan was not entered into or amended during a closed period and where the trading plan does not permit officers to exercise any influence or discretion over how when or whether to trade; or
- (k) where a restricted person is a trustee, trade in the securities of the Company 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.

- 7.2. Nothing in clause 7.1 permits trading by a person in possession of Inside Information if to do so would be contrary to or breach the *Corporations Act* or any other law.

8. LISTING RULES

- 8.1. The Board shall do all acts, matters and things as may be necessary in order to ensure that the Company, its directors, other officers, senior management and employees comply with the requirements of the ASX Listing Rules (as amended from time to time) in so far as they relate to this Policy.
- 8.2. In the event that the Company makes a material change to the Policy, the Board shall ensure that the amended Policy is given to the company announcements offices for release to the market as required by ASX Listing Rule 12.10.

9. POLICY REVIEW

Any changes to this Policy require approval of the Board. The Board will review the effectiveness of this Policy as required.

10. ASX CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS

In the compilation of this Policy, the Company has applied the requirements of the ASX Listing Rules and where possible followed the recommendations of the ASX *Corporate Governance Principles and Recommendations (Third edition) (2014)* ("the Principles and Recommendations"). If the Company has not followed a particular recommendation it has sought to explain why it has not.

11. INTERPRETATION AND APPLICATION

- 11.1. This Policy is to be interpreted, applied and given effect in a manner which advances the spirit and intention of this Policy, with particular regard to recognising the requirements of the *Corporations Act* and the law generally, and the objectives of the Principles and Recommendations. If the Principles and Recommendations are amended, the Board shall take into account the amendments when interpreting, applying and giving effect to this Policy.
- 11.2. This Policy will apply, with such modifications as the context requires and permits, to the boards, directors, other officers and the senior management of subsidiaries of the Company.

12. GLOSSARY

In this Policy:

Board means the Board of the Company;

Chairperson means the chairperson of the Board;

Director means a director of the Company for the time being;

Inside Information means information that is not disclosed or generally available and, if it were disclosed or generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities (see section 1042 of the *Corporations Act*).

Policy means this Securities Trading Policy as amended from time to time;

Secretary means the, or each, person appointed as a secretary of the Company for the time being; and

Senior Management means employees or consultants of the Company who manage the Company pursuant to the directions and delegations of the Board.