



**Austal Limited**

## **Share Trading Policy**

February 2019

The Board has adopted the following Policy in relation to the buying and selling of Securities by all Restricted Persons. All capitalised terms are defined at the end of this Policy.

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### **1. Certain Dealings prohibited at all times**

#### **a. Insider trading**

- i. Notwithstanding any other provision of this Policy, if a Restricted Person possesses Inside Information, that Restricted Person must not Deal, or get others to do so on their behalf or in their own capacity, or pass on the Inside Information to others. This prohibition applies regardless of how the Restricted Person becomes aware of the Inside Information or whether a Closed Period is in place.
- ii. The prohibition on insider trading in paragraph 1ai is not restricted to information concerning the Company's Securities. If a Restricted Person has Inside Information in relation to Securities of another company, that Restricted Person must not deal in those Securities.

#### **b. Other Dealings prohibited at all times**

In addition to the prohibitions on insider trading in paragraph 1a, a Restricted Person must not Deal in the Company's Securities:

- i. where the Dealing is of a short-term nature;
- ii. where the Dealing by its timing, size or regularity will have the effect or likely effect of bringing the Company into disrepute amongst shareholders or potential investors;
- iii. where the Dealing is or is part of a short selling arrangement; or

iv. where it is unlawful to do so.

## **2. Restricted Persons**

Restricted Persons are:

- a. All Directors and their spouses and any Related Party;
- b. The Chief Executive Officer and Chief Financial Officers of Group Companies;
- c. All Key Management Personnel (**KMP**) not otherwise mentioned above; and
- d. any other employee who is either:
  - i. in possession of Inside Information; or
  - ii. determined by the Chief Executive Officer to be a Restricted Person from time to time, subject to receiving notification of same (which may not necessarily be in writing) from the Chief Executive Officer.

## **3. Restrictions on Dealing by Restricted Person**

### **a. No Dealing during Closed Periods**

Subject to the exceptions in paragraphs 4 and 5, a Restricted Person must not deal in the Company's Securities:

- i. during periods outside the period of four months following the release by the Company of half-yearly results and preliminary final results to the ASX; and
- ii. the period of 24 hours following any announcement by the Company to the ASX (**Closed Periods**).

### **b. Dealing during other periods**

- i. At times other than the Closed Periods, a Restricted Person must advise the Chairman and the Company Secretary in writing, prior to entering into any Dealing in Securities, and comply with the relevant requirements before Dealing as set out in paragraph 3c.
- ii. Generally, there is no objection to a Dealing in Securities outside a Closed Period that is notified in accordance with this procedure if the following factors are satisfied:

1. the Company is currently in compliance with its continuous disclosure obligations under ASX Listing Rule 3.1;
2. the Company is not withholding any material information from disclosure by reason of the exceptions to ASX Listing Rule 3.1 (namely under ASX Listing Rule 3.1A); and
3. the Restricted Person does not possess any Inside Information in relation to the Company's Securities.

**c. Requirements before Dealing by Restricted Person**

- i. **Chairman** - before Dealing, or giving instructions for Dealing or causing anyone else to Deal, in the Company's Securities, the Chairman must:
  1. notify the Chief Executive Officer and the Company Secretary of the Chairman's intention to Deal (or cause someone else to Deal) in the Company's Securities;
  2. confirm that the he/she does not hold any Inside Information; and
  3. have been advised by the Chief Executive Officer that there is no known reason to preclude the Chairman from Dealing in the Company's Securities as notified.
- ii. **Director (other than the Chairman)** - before Dealing or giving instructions for Dealing or causing anyone else to Deal, in the Company's Securities, a Director (other than the Chairman) must:
  1. notify the Chairman and Company Secretary of the Director's intention to Deal (or cause someone else to Deal) in the Company's Securities;
  2. confirm that the Director does not hold any Inside Information; and
  3. have been advised by the Chairman that there is no known reason to preclude him/her from Dealing in the Company's Securities as notified.
- iii. **Restricted Persons (other than the Chairman or Directors)** - before Dealing, or giving instructions for Dealing or causing anyone else to Deal, in the Company's Securities, Restricted Persons (other than the Chairman or Directors) must:

1. notify the Chief Executive Officer and Company Secretary of their intention to Deal (or cause someone else to Deal) in the Company's Securities;
  2. confirm that they do not hold any Inside Information; and
  3. have been advised by the Company Secretary that there is no known reason to preclude them from Dealing in the Company's Securities as notified.
- iv. The Chairman, Chief Executive Officer or Company Secretary may seek appropriate legal advice to ensure the proper provision, or otherwise, of a clearance under this paragraph 3c, and the cost of such advice shall be borne by the Company.

**d. Notification of Dealing by Restricted Person**

- i. A Restricted Person must notify the Company Secretary (or the Chairman where that Restricted Person is the Company Secretary) of any Dealing in the Company's Securities by the Restricted Person within two Business Days of such Dealing having taken place.
- ii. The above notification should include:
  1. the name of the Restricted Person;
  2. whether the interest in the Company's Securities held by the Restricted Person was direct or indirect (and if it was indirect, the circumstances giving rise to the interest);
  3. the date of the Dealing, and the number of Securities bought or sold and whether it was done on market or off market;
  4. the amount paid or received for the Securities; and
  5. the number of Securities held by the Restricted Person, directly and indirectly, before and after the trading in Securities.

**e. Company may impose additional restrictions**

In addition to the Closed Periods described in paragraph 3a, the Chief Executive Officer may, with the prior consent of the Chairman, impose additional restrictions on trading as he or she sees fit. The Chief Executive Officer will advise Restricted Persons in the event of such additional restrictions being effected, including the likely duration of any such additional restrictions.

#### 4. Excluded Dealings during a Closed Period

- a. During a Closed Period, a Restricted Person who is not in possession of Inside Information in relation to the Company may undertake an Excluded Dealing (provided that it is not a Dealing prohibited by paragraph 1.b) provide a notice in writing of the proposed Excluded Dealing (**Excluded Dealing Notice**) to the Chairman and Company Secretary (or the Chief Executive Officer and Company Secretary where that Restricted Person is the Chairman) (the **Designated Officer**) at the registered address of the Company at least 7 Business Days prior to the date of the proposed Excluded Dealing, setting out details of:
  - i. the name of the Restricted Person;
  - ii. whether the interest in the Company's Securities held by the Restricted Person is direct or indirect (and if it is indirect, the circumstances giving rise to the interest);
  - iii. the reasons the proposed Dealing is considered to be an Excluded Dealing;
  - iv. a description of the proposed Excluded Dealing;
  - v. the proposed date of the Excluded Dealing;
  - vi. the number of Securities to be bought or sold under the Excluded Dealing;
  - vii. the amount to be paid or received for the Securities; and
  - viii. the number of Securities held by the Restricted Person, directly and indirectly, before and after the Excluded Dealing.
- b. The Designated Officer will notify the relevant Restricted Person in writing within 5 Business Days of receipt of the Excluded Dealing Notice that either:
  - i. the proposed Excluded Dealing may proceed; or
  - ii. the proposed Excluded Dealing must not proceed (without giving any reasons) and if so notified, the relevant Restricted Person must not proceed with the proposed Excluded Dealing.
- c. any clearance to proceed with an Excluded Dealing under this clause 4 may be revoked by the Chairman (or the Chief Executive Officer, if the Excluded Dealing is being carried out by the Chairman) at any time by notice of same being provided.

- d. For the purpose of notifying the relevant Restricted Person in accordance with paragraph 4b, the Designated Officer must provide written notification, which may include notification by email to an email address specified by the relevant Restricted Person in his or her Excluded Dealing Notice.
- e. Any clearance to proceed with an Excluded Dealing is not an endorsement by the Company of the proposed Dealing. All Restricted Persons (and other employees) remain individually responsible for their investment decisions and compliance with laws, including but not limited to the laws regulating insider trading.

## 5. Exceptional Circumstances during a Closed Period

- a. A Restricted Person who is not in possession of Inside Information in relation to the Company may be given prior written clearance by the Designated Officer (**Prior Written Clearance**) to sell or otherwise dispose of the Company's Securities during a Closed Period where the Restricted Person is:
  - i. in severe financial hardship, as described in paragraph 6; or
  - ii. there are other exceptional circumstances, as described in paragraph 7.
- b. To apply for Prior Written Clearance under paragraph 5a, a Restricted Person (the **Applicant**) must apply to the Designated Officer by sending an application in writing to the registered address of the Company (**Application**) at least 21 days prior to the date of the proposed Dealing, setting out details of:
  - i. the name of the Applicant;
  - ii. whether the interest in the Company's Securities held by the Applicant is direct or indirect (and if it is indirect, the circumstances giving rise to the interest);
  - iii. a description of the Dealing;
  - iv. the proposed date of the Dealing;
  - v. the number of Securities to be sold or disposed of under the Dealing;
  - vi. the amount to be received for the Securities; and
  - vii. the number of Securities held by the Applicant, directly and indirectly, before and after the Dealing.
- c. The Designated Officer will consider the Application and respond in writing to the Applicant within 14 days of receipt of the Application, either:

- i. approving the Application (which may or may not be subject to conditions in the Designated Officer's absolute discretion); or
- ii. rejecting the Application (without giving any reasons) and if so notified, the relevant Restricted Person must not proceed with the proposed Dealing.

For the purpose of responding to the Applicant in accordance with this paragraph, the Designated Officer must provide a written response, which may include a response by email to an email address specified by the Applicant in his or her Application.

- d. Any Prior Written Clearance will specify the duration of that clearance to Deal in the Company's Securities during a Closed Period and the number of Securities that may be sold or disposed of under the Dealing (which will only be of sufficient number to address the exceptional circumstances pursuant to paragraphs 6 and 7 of this Policy.

## **6. What constitutes Severe Financial Hardship**

- a. For the purposes of paragraph 5.a, the Designated Officer may consider a Restricted Person to be in severe financial hardship if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling or disposing of the relevant Securities of the Company.
- b. A tax liability relating to Securities received under an employee incentive scheme, or such similar scheme or plan, will not normally constitute severe financial hardship or otherwise be considered an exceptional circumstance under paragraph 7 for the purpose of obtaining Prior Written Clearance to sell or otherwise dispose of Securities during a Closed Period.

## **7. What constitutes Exceptional Circumstances**

- a. For the purposes of paragraph 5.a, the Designated Officer may consider the proposed Dealing of the Company's Securities by a Restricted Person in accordance with:
  - i. a court order;
  - ii. a court enforceable undertaking;
  - iii. some other overriding legal or regulatory requirement for the Restricted Person to do so; or
  - iv. other matters in his or her discretion, so long as they are supported by appropriate evidence,

to be exceptional circumstances.

- b. The Designated Officer may consider other circumstances to be exceptional circumstances for the purposes of paragraph 5.a, if the Designated Officer is satisfied that the proposed Dealing is the only reasonable course of action available to the Restricted Person.

## **8. Breach of Policy**

- a. In the event of a breach of this policy by a Restricted Person, a written warning shall be issued by the Chairman to the Restricted Person specifying the breach. A warning will be recorded against the Restricted Person unless the Restricted Person convinces the majority of the Board (excluding any Director being the subject of the breach) that a warning should not be given. For the avoidance of doubt, a breach of this Policy by a spouse or a Related Party of a Director, Employee or Contractor who is a Restricted Person will be treated as a breach of this Policy by that Restricted Person for the purposes of this paragraph 8.
- b. In the event of a Restricted Person receiving a second notice of breach, after a recorded warning, then, unless the Restricted Person convinces the majority of the Board (excluding any Director being the subject of the breach) that a second breach should not be recorded, then:
  - i. if the Restricted Person is a Director then, to the extent permitted by law, the Director's directorship may be terminated by the Board with immediate effect;
  - or
  - ii. if the Restricted Person is an Employee then, to the extent permitted by law, the Employee's employment may be terminated by the Chairman with immediate effect;

without any claim by the relevant Director or Employee, other than for unpaid but due fees or salary (as applicable) and other accrued entitlements up to the date of termination, including any documented out of pocket expenses.

Neither the Company nor the Restricted Person will publicly comment on the reasons for the resignation or termination under this paragraph 8, except as required by law.

## **9. Granting interests in Securities to Lenders**

Without limiting any other provision of this policy, a Restricted Person must not enter into any Dealing or arrangement that provides lenders with rights over their interests in the Company's Securities without first obtaining the prior written consent of the Designated Officer.

## **10. Definitions**

In this Policy:

**Applicant** is defined in paragraph 5.b.



**Application** is defined in paragraph 5.b.

**ASX** means ASX Limited ABN 98 008 624 691, and where the context requires, the Australian Securities Exchange operated by ASX Limited.

**ASX Listing Rules** means the Official Listing Rules of ASX.

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

**Business Day** means a day that is not a Saturday, Sunday or gazetted public holiday in Perth, Western Australia.

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

**Closed Period** is defined in paragraph 3.a.

**Company** means Austal Limited ACN 009 250 266 and its Controlled Entities.

**Company Secretary** means the company secretary of the Company.

**Contractors** mean all contractors of the Company, and all contractors of any joint venture companies, operations or arrangements to which the Company is a party.

**Controlled Entities** has the meaning as defined in the Corporations Act.

**Corporations Act** means the Corporations Act 2001 (*Cth*)

**Deal** or **Dealing** means buying or selling a Security holding in the Company or entering into a margin loan, scrip lending or hedging arrangement which involves a Security holding in the Company. For the purposes of notification under this policy, a Dealing occurs at the date of trade, not the date of settlement of the trade.

**Designated Officer** is defined in paragraph 4.a.

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

**Employees** mean all employees of the Company, and all employees of any joint venture companies, operations or arrangements to which the Company is a party.

**Excluded Dealing** means any dealing which falls within the following circumstances for the purposes of paragraph 4:

- a. transfers of the Company's Securities by the Restricted Person to a person closely related to that Restricted Person (such as a spouse, minor child, family company or family trust) or into a superannuation fund or other saving scheme in which the Restricted Person is a beneficiary;
- b. an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Company's Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;

- c. where a Restricted Person is a trustee, trading in the Company's Securities by that trust provided the Restricted Person is not a beneficiary of the trust and any decision to trade during a Closed Period is taken by the other trustees or by the investment managers independently of the Restricted Person;
- d. undertakings to accept, or the acceptance of, a takeover offer for the Company;
- e. accepting an offer or invitation made by the Company to all or most of its 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, including 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;
- f. a disposal of the Company's Securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement (note the rules applicable to Restricted Persons entering into arrangements that provide lenders with rights over their interests in the Company's Securities in paragraph 9 of this policy);
- g. the exercise (but not the sale of the Company's Securities following exercise) of an option or a right under an employee incentive scheme, or such similar scheme or plan, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Closed Period and the Company has been in an exceptionally long Closed Period or the Company has had a number of consecutive Closed Periods and the Restricted Person could not reasonably have been expected to exercise it at a time when free to do so;
- h. trading under a non-discretionary trading plan for which Prior Written Clearance has been provided in accordance with paragraph 5 and where:
  - i. the Restricted Person did not enter into the plan or amend the plan during a Closed Period;
  - ii. the trading plan does not permit the Restricted Person to exercise any influence or discretion over how, when, or whether to trade; and
  - iii. the Restricted Person may not cancel the trading plan or cancel or otherwise vary the terms of his or her participation in the trading plan during a Closed Period other than in exceptional circumstances; and
- i. a Dealing which results in no change in the beneficial interest in the Company's Securities.

**Excluded Dealing Notice** is defined in paragraph 4.a.

**Group Companies** means Austal Limited and its related bodies corporate as defined in the Corporations Act.

**Inside Information** means information that is not generally available to the market but which, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's Securities.

**KMP** or **Key Management Personnel** has the meaning set out in Accounting Standard AASB124 – *Related Party Disclosure* – that is: those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly including any director of the Company.

**Policy** means this Share Trading Policy.

**Prior Written Clearance** is defined in paragraph 5.a.

**Related Party** has the meaning in the ASX Listing Rules.

**Security** has the meaning in the ASX Listing Rules.