



ONE MISSION : ONE ENERGY : NEWENERGY

Corporate Governance Policy – Securities Trading – Directors and Executives

Mission NewEnergy Limited
ACN 117 065 719

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Corporate Governance Policy – Securities Trading – Directors and Executives

1. Introduction

- 1.1 This policy imposes constraints on Directors and Executives of the Company dealing in securities of the Company.
- 1.2 This policy has been adopted by the Board of the Company.

2. Application

- 2.1 This policy applies to all Directors and Executives of the Company as set out in the Schedule.

3. Objectives

- 3.1 The objectives of this policy are to:
 - (1) minimise the risk of Directors and Executives of the Company contravening the laws against insider trading;
 - (2) ensure the Company is able to meet its reporting obligations under the ASX Listing Rules; and
 - (3) increase transparency with respect to trading in securities of the Company by Directors and Executives.
- 3.2 To achieve these objectives Directors and Executives should treat this policy to be binding on them in the absence of specific exemption by the Board.

4. Dealing in securities – legal and other considerations

- 4.1 Sections 1042B to 1043O of the *Corporations Act 2001* prohibit persons who are in possession of price sensitive information in relation to particular securities that is not generally available to the public from:
 - (1) dealing in the securities; or
 - (2) communicating the information to others who might deal in the securities.

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- 4.2 The central test of what constitutes price sensitive information is found in section 1042A. It provides that the insider trading and continuous disclosure rules apply to information concerning a company that a reasonable person would expect to have a material affect on the price of securities in the company (**price sensitive information**).
- 4.3 Directors and 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 Australian Stock Exchange Limited (**ASX**) and the period during which a major transaction is being negotiated.
- 4.4 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 ASX, except in limited circumstances. The tests of what constitute 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 Directors and Executives contravening insider trading laws as all relevant information will already have been disclosed.
- 4.5 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 not disclose 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 Director or Executive but not yet by the Company as a whole (ie the Board);
 - (3) where the Company may not have 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 Directors and Executives will generally have a better feel for the performance of the Company than the public.

In these situations, there is still potential for contravention. There is also the potential for an appearance of contravention even if there has not been actual contravention. This could reflect badly on the Company as well as on the Director or Executive concerned.

- 4.6 Another circumstance that must be guarded against is where one or more Directors or Executives are aware of an event or circumstance and the remaining Directors and Executives are not yet aware. In such a circumstance, it is important that no Director or Executive deals in securities because:
- (1) there is a risk that they will be found to have been 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.

4.7 For these reasons, the advice of the Chairperson and Managing Director should be sought prior to any dealings taking place, and steps should be taken to ensure that the Chairperson and Managing Director are apprised of all relevant considerations by the Disclosure Officer (Company Secretary) appointed under ASX Listing Rule 1.1, condition 12.

5. Policy – dealing in securities

5.1 Directors and Executives should 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 contacted the Chairperson and Managing Director or in their absence, the Company Secretary and notified them of their intention to do so and the Chairperson and Managing Director provide written clearance that there is no impediment to them doing so; and
- (3) where the Chairperson wishes to deal in securities, he or she has contacted the Managing Director or, in his absence, the Company Secretary, and notified them of their intention to do so and the Company Secretary provides written clearance that there is no impediment to them doing so.

5.2 The Chairperson and Managing Director will not allow Directors or Executives to deal in securities of the Company as a matter of course in the following “closed periods”:

- (1) from balance date to the release of annual or half yearly results;
- (2) within the period of 1 month prior to the issue of a prospectus; and
- (3) where there is in existence price sensitive information that has not been disclosed because of an ASX Listing Rule exception.

Directors and Executives should wait at least 2 hours after the relevant release before dealing in securities so that the market has had time to absorb the information.

5.3 In specific circumstances where it is the only reasonable course of action available, such as severe financial hardship or there are other exceptional circumstances, the Chairperson and Managing Director may waive the requirement of a Director or Executive to dispose (but not acquire) securities outside the above periods on the condition that the Director or Executive can demonstrate to the Chairperson that they are not in possession of any price sensitive information that is not generally available to the public. The determination of whether circumstances are exceptional for this purpose will be made by the Chairman and the Company Secretary. Clearance in writing should be sought from the Chairman in the case of the Directors and from the Company Secretary in the case of the executives.

5.4 Directors and Executives must not at any time engage in short-term trading in securities of the Company.

5.5 Directors and Executives must not communicate price sensitive information to a person who may deal in securities of the Company. In addition, a Director or 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.

5.6 Directors and Executives must ensure that external advisers who may receive price sensitive information are bound by confidentiality agreements or other enforceable confidentiality obligations.

5.7 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.

6. Notification of dealing in securities

6.1 Directors and Executives must notify the Chairperson and Managing Director (who will notify the Company Secretary) in writing immediately on acquiring or disposing of a relevant interest in any securities in the Company.

6.2 Directors have entered into an agreement with the Company under which they are obliged to notify changes in interests in shares and other relevant matters.

7. Notification of dealings in securities – Directors – legal and other considerations

7.1 ASX Listing Rules 3.19A and 3.19B require the Company to notify dealing in securities by Directors within 5 business days. Three appendices are included in the Listing Rules for the purpose of this notification, being 3X Initial Director's Interest Notice, 3Y Change of Director's Interest Notice and 3Z Final Director's Interest Notice.

7.2 Section 205G of the *Corporations Act 2001* requires a Director of a listed company to notify ASX within 14 days of acquiring or disposing of a relevant interest in any securities of the Company. This is an obligation of the Director, not the Company. There is no prescribed form for such notifications. ASIC has granted relief from the requirements of section 205G where notifications are made by the Company under Listing Rules 3.19A and 3.19B.

7.3 Executives are required to notify the Chairperson and Managing Director (who will notify the Company Secretary) of any dealing in securities within 3 business days to allow the Company to comply with ASX Listing Rules 3.19A and 3.19B.

8. Penalties

8.1 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.

8.2 A contravention of this policy by an Executive may result in summary dismissal.

9. Dealings Not Subject to the Provisions of this Code

For the avoidance of doubt, the following dealings are not subject to the provisions of this policy:

- (i) undertakings or elections to take up entitlements under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);
- (ii) the take up of entitlements under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);
- (iii) allowing entitlements to lapse under a rights issue or other offer (including an offer of shares in lieu of a cash dividend);
- (iv) the sale of sufficient entitlements nil-paid to allow take up of the balance of the entitlements under a rights issue;
- (v) undertakings to accept, or the acceptance of, a takeover offer;
- (vi) the cancellation or surrender of an option under an employees' share scheme;
- (vii) the purchase of securities or the communication of information pursuant to a requirement imposed by law;
- (viii) transfers of securities by an independent trustee of an employees' share scheme to a beneficiary who is not a Director or Executive; and
- (ix) Transfers between entities of the same beneficial holder of the securities.
- (x) Trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in the trading policy and where:
 - i. the restricted person did not enter into the plan or amend the plan during a prohibited 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 entity's trading policy does not allow the restricted person to cancel the trading plan or cancel or otherwise vary the terms of his or her participation in the trading plan during a prohibited period other than in exceptional circumstances.
- (xi) The award of securities, the grant of options and the grant of rights (or other interests) to acquire securities by directors and/or relevant employees is permitted in a restricted period if:
 - (a) the award or grant is made under the terms of an employees' share scheme;
 - (b) the terms of such employees' share scheme set out:
 - (i) the timing of the award or grant, and such terms have either:

- previously been approved by shareholders or summarised or described in a document sent to shareholders, or
 - are in accordance with the timing of previous awards of grants under the scheme; and
- (ii) the amount or value of the award or grant or the basis on which the amount or value of the award or grant is calculated; and
- (c) the failure to make the award or grant would be likely to indicate that the relevant company is in a prohibited period.
- (xii) The Company Secretary may allow the exercise of an option or right under an employees' share scheme, or the conversion of a convertible security, where the final date for the exercise of such option or right, or conversion of such security, falls during any restricted period and the Specified Person could not reasonably have been expected to exercise it at an earlier time when he was free to deal

10. Definitions

10.1 For the purposes of this policy:

- (1) **deal in securities** means buy or sell ordinary shares, preference shares, options or other securities in the Company, or enter into transactions in relation to shares, options or other securities in the Company. It includes procuring another person to do any of these things; and
- (2) **price sensitive information** means information concerning the company that a reasonable person would expect to have a material affect on the price or value of securities in the Company.
- (3) **An Executive** is defined as a person who makes or participates in making decisions that affect the whole or significant part of, the business of the company.
- (4) Written clearance is acceptable in the form of a letter, facsimile or email

10.2 For the purposes of paragraph 4, directors "dealing" includes associates of Directors and Executives dealing in securities, and it is incumbent on each Director to ensure that an associate does not deal in circumstances where the dealing could be attributed to the Director concerned. Associate has the meaning given to it Division 2 of Part 1.2 of the *Corporations Act 2001* (Australia).

Schedule 1

Directors to whom this policy applies:

- Swaminathan Mahalingham
- Tan Sri Anwar
- Datuk Zain Yusuf
- Guy Burnett
- Arun Bhatnagar
- Dario Amara
- Peter Torre
- All members of the board of subsidiaries of the Company
- Any other director appointed to the Board of the Company or a board of a subsidiary of the Company

Executives to whom this policy applies:

- Company Secretary
- All executives as determined by the board from time to time