



Securities Trading Policy

Version 4

ERM Power Limited
ABN 28 122 259 223

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1. Introduction

This Policy is a policy of ERM Power and all of its subsidiaries (the Company).

This Policy applies to all the Company's "Securities", whether on ASX or another stock exchange, and whether or not such Securities are created by the Company or issued or created by third parties.

The Policy may also apply where the Company's Securities are proposed to be used as security (i.e. margin loans) for or are directly associated with a proposed transaction. Where this is the case, the proposed transaction should be discussed with the Company Secretary in advance, to determine whether it is covered by this Policy.

The Board of the Company considers it essential that the Company and its employees comply with both the law and high ethical standards. It considers "insider trading" to be both illegal and unethical.

Furthermore, a perception of insider trading in the Company's Securities could undermine the integrity of the market for them and prejudice the reputations of the persons concerned and those associated with them, including the Company itself.

This Securities Trading Policy (Policy) has been adopted by the Board to:

- Provide guidance to:
 - the directors of the Company (Directors);
 - those employees who report directly to the Chief Executive Officer and/or Managing Director and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly (the ERM Executive Team); and
 - other employees of the Company and its subsidiaries if they are contemplating dealing in the Company's Securities; and
- Minimise the possibility of misperceptions arising in relation to the Directors, the ERM Executive Team and other employees dealing in the Company's Securities.

This Policy is directed at:

- dealing in the Company's Securities by the Directors, the ERM Executive Team and other employees,
- dealings through entities or trusts controlled by the relevant person, or in which they have an interest; and
- encouraging family or friends to so deal.

Any non-compliance with this Policy will be regarded as serious misconduct.

2. Definitions and Interpretation

In this document, each term identified below in the left column has the meaning set out opposite in the right column:

Term	Definition
Black-out Period	<p>means each of the following periods inclusive:</p> <ul style="list-style-type: none"> • 1 January and the day of release of the Appendix 4D Half Year Report to ASX; • 1 July and the day of release of the Appendix 4E Full Year Report to ASX; • 14 days immediately before and the day of the Annual General Meeting of the Company; and <p>any other period the Board decides to restrict <i>dealing in</i> Company <i>Securities</i> by all or particular employees by notice to them.</p>
What is “dealing in” Shares?	<p>“Dealing in” <i>Securities</i> is a very broad concept including:</p> <ul style="list-style-type: none"> • acquiring or disposing of <i>Securities</i> or options to acquire <i>Securities</i> (e.g. by buying or selling them or exercising an option); • applying for <i>Securities</i> (e.g. pursuant to a rights issue or employee share plan); • amending any election under a Dividend Reinvestment Plan; or • entering into an agreement to do any of the above.
When is information “generally available”	<p>Information is “<i>generally available</i>” if:</p> <ul style="list-style-type: none"> • it consists of readily observable matter; or • where the information has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in <i>Securities</i>, a reasonable period for it to be disseminated among such persons has elapsed. For example, it has been released or published in an annual report or prospectus; or • it may be deduced, inferred or concluded from information referred to above.
Inside Information	<p>is information that is not <i>generally available</i> and, if it were <i>generally available</i>, a reasonable person would expect it to have a <i>material effect</i> on either the price or the value of Company <i>Securities</i>.</p>
What is a “material effect”?	<p>“<i>Material effect</i>”, in relation to <i>Inside Information</i>, is where that information would, or would be likely to, influence persons who commonly acquire <i>Securities</i> in deciding whether or not to acquire or dispose of <i>Securities</i>.</p> <p>Examples of information that may have a <i>material effect</i> on the price or value of Company <i>Securities</i> when it becomes <i>generally available</i>, include:</p> <ul style="list-style-type: none"> • revenue; • profit forecasts; • items of major capital expenditure; • borrowings; • liquidity and cash flow information; • significant changes in operations; • management restructuring; • litigation; • impending mergers and acquisitions, reconstructions or takeovers; • major asset purchases or sales; and • new technology.

Securities	includes shares of any class, notes, options, bonds, derivatives, managed investments and superannuation products and any other financial product able to be traded on a financial market.
Trading Window	means any period which is not a Black-out Period.

3. Legal Restrictions On Dealing In Company Securities

3.1 Prohibitions

Under the Corporations Act, if:

- A person possesses Inside Information; and
- The person knows or ought reasonably to know, that the information qualifies as Inside Information, the person must not (whether as principal or agent):
- deal in the Company's Securities; or
- procure another person to deal in the Company's Securities; or
- directly or indirectly communicate the Inside Information, or cause the Inside Information to be communicated, to any other 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.

This would include dealing in the Company's Securities through an entity or trust controlled by the relevant person, or in which they have an interest, or encouraging family or friends to so deal.

3.2 Penalties

Maximum penalties under the Corporations Act for a breach of "insider trading" provisions are:

- 4,500 penalty units (\$810,000*) or imprisonment of 10 years or both in the case of a natural person;
- 45,000 penalty units (\$8,100,000*) in the case of a company; and
- unlimited civil liability.

*As at January 2016, section 4AA of the Crimes Act 1914 provided that a "penalty unit" means the amount of \$180 (subject to indexation).

4. Policy

4.1 Person to Whom This Policy Applies

This Policy applies to:

- All Directors;
- The Chief Executive Officer and/or Managing Director and the other members of the ERM Executive Team; and
- All other employees of the Company.

- This Policy also extends to some “associates”, such as family members or entities controlled by those listed above and their associates.

The definition of “associate” specifically includes:

1. your spouse or de facto partner;
2. dependent children or those of your partner or de facto partner;
3. a company, partnership or trust which: you control or have significant influence over; you and any of the persons is (a) or (b) control or have significant influence over; or any person referred to in (a) or (b) control or have significant influence over;
4. any other person, including a nominee, with whom you act or propose to act in concert regarding dealing in Securities.

This Policy will extend to all of your associates, unless that person is over the age of 18 and acts, or makes decisions in respect of dealings in Securities, completely independently of you, without any influence from or control by you.

If you are unsure about whether this Policy applies to you, another person connected to you or to any particular instrument you wish to deal in, you should seek assistance from the Company Secretary before you deal in the instrument.

4.2 Absolute Prohibition

Unless expressly exempted in accordance with section 4 of this Policy, no Director, member of the ERM Executive Team or other employee of the Company may deal in Company Securities at any time (including during a Trading Window see below), if that person is in possession of Inside Information.

Where a Director, member of the ERM Executive Team or other employee is unsure as to whether they are in possession of Inside Information they should discuss the matter with the relevant contact person listed in Section 6 below.

4.3 Dealing by Employees Other Than Directors and The ERM Executive Team

Unless they have the prior approval of the Company Secretary (which may be granted in exceptional circumstances), employees, other than Directors and members of the ERM Executive Team, must not deal in Company Shares during a Black-out Period.

The Company may also restrict dealing in Company Securities during Trading Windows by all or particular employees by notice to them.

If employees wish to trade during a Black-out Period they must obtain prior approval from the Company Secretary. To obtain approval, employees must send an email to the Company Secretary setting out the details of the potential dealing and the exceptional circumstances that justify the dealing. If there are exceptional circumstances, the Company Secretary will send the request for approval to the Chairman for consideration. The Company Secretary will notify the employee whether the request has been granted by return email. If granted, an approval will last for 7 days.

Details of all such dealings must be advised in writing to the Company Secretary, making reference to the prior discussion, as soon as they have taken place.

4.4 Dealing by Directors and The ERM Executive Team

Directors or members of the ERM Executive Team must not deal in any Company Securities at any time, including during Trading Windows, unless they provide prior notification to:

- the Chairman, in the case of Directors and the ERM Executive Team; or
- in the case of the Chairman, a Director chosen by the Board for that purpose (Chosen Director) or a Non-Executive Director if there is no Chosen Director.

Approval will only be granted for dealings proposed to be made during a Trading Window or in exceptional circumstances. A liability to pay tax would not normally constitute severe financial difficulty nor exceptional circumstances. A circumstance will be considered exceptional, for example, if there is a requirement by a court order to transfer or sell the Company's Securities or there is some other overriding legal requirement for them to do so (eg a family law settlement). Granting of relief under this section of the Policy is not expected to occur easily.

To obtain approval, Directors and members of the ERM Executive Team must send an email to the Chairman (or, in the case of an approval sought by the Chairman, the Chosen Director or Chief Executive Officer, as relevant) setting out the details of the potential dealing and whether it will occur during a Trading Window or whether exceptional circumstances justify the dealing. The Chairman (or, in the case of an approval sought by the Chairman, the Chosen Director or Chief Executive Officer, as relevant) will notify the Director or member of the ERM Executive Team whether the request has been granted by return email.

If granted, the approval will last:

- for an approval to deal in shares during a Trading Window, until the end of the Trading Window; or
- for an approval to deal in shares due to exceptional circumstances, for 7 days from the day the approval was granted.

The Company may also restrict dealing in Company Securities during the Trading Windows by all or particular Directors or members of the ERM Executive Team by notice to them.

Details of all such dealings must be advised in writing to the Company Secretary, making reference to the prior approvals, as soon as they have taken place.

4.5 Short Term and Other Dealings

No Director, member of the ERM Executive Team or other employee may deal in Company Securities at any time for short term gain, including buying and selling Company Securities in a 3 month period or using forward contracts, without the approval of the Chairman or in the case of the Chairman a Director chosen by the Board for that purpose (which may be granted in unusual circumstances).

In addition, employees (including members of the ERM Executive Team) and Directors must not enter into any scheme, arrangement or agreement under which the employee or Director may alter the economic benefit derived by the employee or Director, in relation to an equity-based incentive award or grant made by the Company to the employee or Director, irrespective of the outcome under that incentive award or grant, other than as permitted in any approved share or option plan, or as authorized by the Board.

Any trade undertaken by a lender exercising rights over Company Securities (such may arise with a margin loan) is covered by this Policy. You should also recognise that a sale of your Securities by a third party outside your control (such as a margin lender) outside of a Trading Window or when you are otherwise prohibited by this Policy is a serious breach of this Policy by you and will be treated as such.

To comply with this Policy, transfer of control over Company Securities to a third party (such as under a margin loan) is not permitted.

4.6 Exemption

Subject to the General Prohibition, and with the prior consent of both the Company Secretary and the Chairman, you may deal in Company Securities at any time where:

- the beneficial interest in the Securities does not change;
- the transaction is between an individual and their spouse, civil partner, child, step-child or other dependent;
- the trade occurs via instruments in a scheme or other arrangement where the investment decisions are exercised by a third party;
- where the individual is a trustee, trading in the Company's Securities by that trust where the individual is not a beneficiary of the trust and any decision to trade during a Black-out Period is taken by the other trustees or by the investment managers independently of the individual;
- you have no control or influence with respect to trading decisions;
- the Securities vest, or are cancelled as a result of failure to vest, as part of an individual's remuneration; or
- the trade occurs under an offer to all or most of the Company's shareholders.
- Examples of this may include, but are not limited to, the following:
- transfers of Securities already held into a superannuation fund or other saving scheme in which you are the sole beneficiary;
- acquisition of Securities through a dividend reinvestment plan, share purchase plan, rights issue or under a disclosure document;
- disposal of Securities through the acceptance of a takeover offer or scheme or arrangement; or
- the exercise (but not any other dealing of Securities following exercise) of options or a right under an employee equity incentive scheme.

The Board may exempt employees of the Company (including the ERM Executive Team) from the requirement to obtain approval under this Policy, in respect of a specified class of dealings under employee share or option plans designated by the Board, where such dealing is otherwise permitted by law.

Note: a person who possesses Inside Information will be prohibited from trading even where the trading falls within an exception specified above. Regulation 9.12.01 of the Corporations Regulations 2001 (Cth) provides for certain exemptions to the insider trading provisions.

5. Broader Application of The Law

5.1 Application to Other Persons

The restrictions on insider trading in the Corporations Act apply, not just to employees, but to any person possessing Inside Information, including contractors to the Company or any of its subsidiaries, employees of or contractors to any joint venture entities in which the Company has an interest and advisers to the Company.

5.2 Shares of Other Companies

Directors, the ERM Executive Team and other employees are also prohibited from dealing in the Securities of outside companies, about which they may gain inside information by virtue of their position as a Director,

the ERM Executive Team member or other employee of the Company. For example, if a Company employee was aware that the Company was about to undertake a major transaction with another company, they could not deal in Securities of either company.

5.3 Other Countries

In respect of countries other than Australia in which Securities or other securities of the Company may be listed or sold, officers and employees may also be subject to the Dealing laws (including insider trading laws) of those countries and the applicable states. This policy applies to all dealings in Company Securities.

6. Company Contacts

If you have any questions in relation to this Policy or should you wish to discuss a proposed dealing in Company Securities, you should contact the Company Secretary, (currently) Philip Davis. He can be contacted either by phone (07 3020 5158) or by email (cosec@ermpower.com.au).

7. Review of This Policy

This Policy is subject to regular review by the Board and will be amended (as appropriate).

7.1 Access to This Policy

This Policy will be available for viewing by any employee of the Company and by any other person on the Company's website. The Policy must also be circulated by the Company Secretary to Directors, the ERM Executive Team and all employees as soon as possible after its review each year.

8. Policy Information

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Endorsement Body	Group General Counsel and Company Secretary
Related Policies	N/A
Policy Maintained by:	Group General Counsel & Company Secretary cosec@ermpower.com.au



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