



# **Policy for Dealing in Securities**

**Authorised by:**

**Bisalloy Steel Group Board**

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## 1. Introduction

The purpose of this policy is to:

- a. explain the type of conduct in relation to dealings in securities that is prohibited under the Corporations Act, which is applicable to all employees of and contractors to Bisalloy Steel Group Limited (Bisalloy) and its subsidiaries and to all employees of any joint venture companies, operations or arrangements to which Bisalloy or a subsidiary is party; and
- b. establish a best practice procedure relating to buying and selling securities that provides protection to both Bisalloy and employees against the misuse of unpublished information which could materially affect the value of securities.

Bisalloy aims to achieve the highest possible standards of corporate conduct and governance. Accordingly, the Board of directors considers that compliance with this policy is essential to ensure that the highest standards of conduct are being met by all employees of Bisalloy. Bisalloy also wishes to ensure that any perception of executives or employees dealing in shares when they should not do so is avoided. Any non-compliance with this policy will be regarded as serious misconduct.

## 2. Policy for dealing in securities

### 2.1 Persons to whom this policy applies

This policy applies to:

- a. all directors of Bisalloy;
- b. all employees of and contractors to Bisalloy and its subsidiaries;
- c. all employees of any joint venture companies, operations or arrangements to which Bisalloy or a subsidiary is party, and their associates

(collectively Employees).

### 2.2 The Policy

#### a. Window Period

Employees may buy or sell Bisalloy's shares on the ASX in the period of 1 month commencing 1 day after:

1. the announcement of half-yearly results;
2. the announcement of annual results; or
3. the holding of the Annual General Meeting,

**EXCEPT** where the Employee is in possession of price sensitive information. Bisalloy may during the "window" set out above, notify you that you may not buy or sell shares during all or part of any such period.

If you are not sure whether you should buy or sell Bisalloy shares during this time please consult with the relevant person listed in paragraph (b) below.

#### **b. During Other periods**

Outside of the “window” period, all Employees must receive prior written clearance for any proposed dealing in Bisalloy’s shares:

1. a **director** of Bisalloy (including the Managing Director) must inform and receive written acknowledgment from the Chairman prior to undertaking a transaction outside the trading window;
2. the **Chairman** must obtain approval from the Board or the next most senior director, prior to undertaking a transaction outside the trading window;
3. **executives and senior management** and their **direct reports** must inform and receive written acknowledgment from the Company Secretary prior to undertaking a transaction outside the trading window; and
4. all other **employees, contractors and JV employees** must inform and receive written acknowledgment from the Company Secretary or a director of Bisalloy prior to undertaking a transaction outside the trading window.

Clearance will only be granted in exceptional circumstances and provided the Employee is not in possession of price sensitive information. Exceptional circumstances may include, but are not limited to, severe financial hardship or court enforceable undertakings that require the transfer or sale of the securities. It is at the absolute discretion of the authorising party as set out above as to whether the circumstances meet the criteria of exceptional. Reference will be made to ASX Guidance Note 27 in assessing whether the circumstances are exceptional. It is intended that your request will be answered within 48 hours.

#### **c. Short Term Dealing**

Employees may not deal in Bisalloy securities on a “short-swing” basis without permission from the Managing Director. That is, Employees may not buy and sell securities within a three month period without permission from the Managing Director. In addition, Employees may not enter into any other short term dealings (for example, forward contracts) without permission from the Managing Director.

#### **d. Exercise of Performance Rights**

Vested Performance Rights held pursuant to the Bisalloy Steel Group Limited Performance Rights Plan (**Plan**) may be exercised at any time in accordance with the rules of the Plan.

In addition, any sale of Bisalloy’s shares acquired upon exercise of Performance Rights must only occur:

1. during a window period as set out in paragraph 2.2(a), provided the Employee is not in possession of any price sensitive information; or
2. with clearance obtained under paragraph 2.2(b).

### e. Excluded Trading

The Policy limiting the dealing in Bisalloy securities does not apply in the following circumstances:

1. transfers of securities already held into or between a superannuation fund or other saving scheme in which the Employee is a beneficiary;
2. An investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of Bisalloy) where the assets of the fund or other scheme are invested at the discretion of a third party;
3. Where the Employee is a trustee, trading in the securities of Bisalloy by that trust provided the Employee is not a beneficiary of the trust and any decision to trade outside of the “window” is taken by other trustees or by investment managers independently of the Employee;
4. Undertakings to accept, or the acceptance of, a takeover offer;
5. Trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, the dividend reinvestment plan and an equal access buy-back, where the plan determines the timing and structure of the offer has been approved by the board. This includes 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;

If in doubt as to whether the proposed trading is excluded from the Policy, seek guidance from the Company Secretary.

## 3. Dealing in securities

### 3.1 Summary of Prohibited conduct

The *Corporations Act* prohibits “insider trading”. Under the *Corporations Act*, a person is prohibited from dealing in *securities*

where:

- a. the person possesses information which is not generally available; and
- b. that information may have a **material effect** on the share price of the relevant entity; and
- c. the person knows or ought reasonably to know that the information is not generally available and if it were it might have a material effect on the share price.

In addition, a person with inside information must not **procure** another person to deal in Bisalloy’s securities nor communicate the information (directly or indirectly) to another person who the person believes may deal (or procure someone else to deal) in Bisalloy’s securities.

The key concepts are discussed in more detail in paragraph 3.2 below.

### **3.2 Relevant Terms**

#### **a. Securities**

The definition of securities in the Corporations Act is very broad.

Securities include:

- ordinary shares;
- preference shares;
- options;
- debentures; and
- convertible notes.

It also extends to things relating to securities issued by Bisalloy (for example, warrants and other derivative products).

#### **b. Dealing in Securities**

Dealing in securities is a broad concept and covers more than simply buying or selling shares. It extends to exercising options over shares and entering agreements to buy or sell securities. That is, under this policy and the law, the prohibition on dealing means that you are not permitted to:

- buy or sell;
- subscribe for new shares (eg in a float), or
- enter into an agreement to subscribe for, buy or sell, securities, where you or Bisalloy possess information that is not generally available and which a reasonable person would expect to have a material effect on the price or value of those securities. If you possess price sensitive information that is not generally available, you are also prohibited from:
- procuring any other person to deal in those securities; or
- from directly or indirectly communicating the information to another person who you believe is likely to deal in, or procure another to deal in, those securities.

Procuring means enticing, encouraging, persuading, causing or securing another person to do something. For the purposes of these provisions procuring includes inciting, inducing or encouraging an act or omission. For example you cannot ask or encourage family members to deal in securities when you possess price sensitive information and you should not communicate price sensitive information.

**c. Information that is generally available**

Information is “inside” if it is not generally available but which, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of a security. Information is considered to be “generally available” if:

1. it consists of readily observable matter; or
2. it has been made known in a manner likely to bring it to the attention of investors in securities of corporations of that kind and a reasonable period for dissemination of that information has elapsed. That is it has been released to the ASX, published in an Annual Report or prospectus or otherwise been made generally available to the investing public and a reasonable period of time has elapsed after the information has been disseminated in one of these ways; or
3. it may be deduced, inferred or concluded from the above.

**d. Material effect of the price of securities**

Information is considered by the Corporations Act to be likely to have a material effect on the price or value of securities of a company if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities. It is not possible to list all of information that may be material; however, the following type of information would be likely to be considered to have a material effect on Bisalloy’s share price:

- information regarding a material increase or decrease in Bisalloy’s financial performance from previous results;
- a proposed material business or asset acquisition or sale;
- the damage or destruction of a material operation of the Group;
- proposed material legal proceedings to be initiated by or against Bisalloy;
- regulatory action or investigations undertaken by a Government authority;
- the launch of a new business or material new product;
- a proposal to undertake a new issue of shares or major change in financing.

**e. Information**

For the purposes of the insider trading provisions of the Corporations Act, information is defined broadly and includes matters of supposition and other matters which are insufficiently definite to warrant being made known to the public. It also includes matters relating to the intentions of a person.

### 3.3 Relationship to the continuous disclosure regime

The Corporations Act and ASX Listing Rules require Bisalloy to immediately release to the ASX any information concerning Bisalloy which may reasonably be expected to have a material effect on the price or value of Bisalloy's securities, subject to limited exceptions. As a result of the operation of the continuous disclosure regime, usually all material price sensitive information will be generally available. However, there are limited circumstances in which disclosure is not required. In these situations there may be people with "inside information" who would breach the insider trading prohibition if they dealt in securities at that time. Specifically, the Listing Rules do not require disclosure where:

- a. a reasonable person would not expect the information to be disclosed; **and**
- b. the information is confidential and the ASX has not formed the view that the information has ceased to be confidential; **and**
- c. one or more of the following applies:
  - it would be a breach of law to disclose the information;
  - the information concerns an incomplete proposal or negotiation (eg. Bisalloy has not yet executed a Heads of Agreement);
  - the information comprises matters of supposition or is insufficiently definite to warrant disclosure (eg. the effect of an event on Bisalloy has not yet been quantified);
  - the information is generated for internal management purposes of the entity (eg. internal management accounts or an internal management report); or
  - the information is a trade secret.

Although information does not need to be disclosed under the Listing Rules, Employees may possess "inside information". If a person deals in Bisalloy's securities at a time when that person is aware of information which, but for a carve-out to the Listing Rules, would need to be disclosed to the market, that person will be in breach of the insider trading provisions.

## 4. Securities in other companies

The prohibited conduct under the Corporations Act includes dealings in securities of Bisalloy as well as of other companies with which Bisalloy may be dealing (this would include dealings relating to Bisalloy's customers or joint venture partners) where an Employee possesses "inside information" in relation to that other company. For example, where you are aware that Bisalloy is about to sign a major agreement with another company, you should not buy shares in either Bisalloy or the other company.

## **5. Penalties**

A person who commits a breach of the insider trading provisions could be subject to criminal liability or civil liability. In addition, a person who contravenes or is involved in a contravention of these provisions may be liable to compensate any person who suffers loss or damage because of the conduct.

## **6. Defences**

The Corporations Act sets out several defences to conduct which would otherwise breach the insider trading prohibition. These defences are complex and, in general, will not apply to you. On this basis, you should not deal in Bisalloy securities until you have received the required approval from the relevant person in paragraph 2 above.

Breaches of the insider trading laws have serious consequences for both the employee concerned and Bisalloy. It may also give rise to adverse public scrutiny and media comment. It is therefore important that Employees adhere to these guidelines at all times.

## **7. Who to contact**

If you are in any doubt regarding your proposed dealing in securities you should contact the Company Secretary.