

## Share Trading Policy

### Introduction

*The Corporations Act 2001 (Cth) (Corporations Act)* provides for severe penalties for insider trading, and as Directors, Officers and Staff Members of SKILLED Group Limited (SKILLED), it is we who are most likely to be aware of inside information in relation to SKILLED. It is therefore incumbent upon us to ensure that we do not inadvertently break the rules. A detailed explanation of the insider trading rules and how they apply is set out in *Attachment 1* to this policy.

### Objectives

The purpose of this Policy is to:

- Explain the types of conduct in dealing in securities that are prohibited under the *Corporations Act*. Such prohibitions apply to all Directors and Staff Members of SKILLED and its subsidiaries (collectively the Group); and
- Establish a best practice procedure for buying and selling securities that protects SKILLED and its Directors and Staff Members against the misuse of unpublished information which could materially affect the value of securities.

### Persons to Whom this Policy Applies

The section of this Policy under the heading *No Trading where in Possession of Inside Information* applies to all Directors and Staff Members of SKILLED.

All other sections of this Policy apply only to:

- All Directors and the Company Secretary of SKILLED;
- The Chief Executive Officer (CEO) and all direct reports to the CEO (Senior Executives);
- Staff Members of the Office of the CEO;
- The Senior Finance Officer in each of the business units of the Group;
- The Manager Group Accounting and all direct reports to the Manager Group Accounting (save for the Group Procurement Manager);
- All Staff Members of SKILLED in the Corporate Finance Department; and
- To any person with roles equivalent to the roles identified above.

In this Policy, the persons listed in bullet points above will collectively be referred to as Relevant Persons.

### Consequences of Non-Compliance with this Policy

SKILLED aims to achieve the highest possible standards of corporate conduct and governance. 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 Directors and Staff Members.

Any non compliance with this Policy will be regarded as serious misconduct which may entitle SKILLED to take corrective disciplinary action.

Under the *Corporations Act*, maximum penalties for an individual who breaches the insider trading laws are \$220,000 or five (5) years imprisonment, or both, or \$1.1 million for a company. A person who contravenes or is involved in a contravention of these provisions may also be liable to compensate any person who suffers loss or damage resulting from the conduct. The Listing Rules of the Australian Stock Exchange (ASX) require that SKILLED immediately inform the market (by announcement to the ASX) of any information which a reasonable person would believe would have a material effect on the share price. The purpose of this is to ensure that the investment market is fully informed – it creates a “level

playing field". The Board has issued the *Continuous Disclosures Policy and Procedures* to address this requirement

The other de facto penalty, which is imposed by the market on SKILLED (and therefore on all other shareholders), is that the reputation of SKILLED is adversely affected. Fewer investors are likely to invest because they perceive that any potential gain will be pre-empted by further insider trading. They no longer believe they are investing on a "level playing field", and are likely to hold the view that the company's corporate governance procedures and compliance are weak and will therefore invest their money elsewhere. This will be to the long term detriment of SKILLED and all its shareholders.

The Board recognises that it is the individual responsibility of each Relevant Person to ensure that they comply with the spirit and the letter of the law.

## Restrictions on Dealing in Securities

### No Trading Where in Possession of Inside Information

Each Director and Staff Member of SKILLED is prohibited from buying, selling or otherwise trading in SKILLED's securities if:

- They possess price sensitive or inside information about SKILLED which is not yet public; or
- SKILLED is in possession of price sensitive or inside information and has notified that Director or Staff Member that they must not deal in SKILLED's securities (either for a specified period, or until SKILLED gives further notice).

### Other Prohibited Dealings – All Relevant Persons

#### **No Short Term Dealing – Buying and Selling Within 3 Month Period**

Relevant Persons must not deal in SKILLED's securities on a short term trading basis. Short term trading includes buying and selling securities within a 3 month period, and entering into other short term dealings (for example, forward contracts).

#### **No Dealings During Blackout Periods**

Relevant Persons must not deal in SKILLED's securities during the following periods:

- The period from the close of trading on 30 June each year until 10:00am on the next trading day after the announcement to ASX of the preliminary final statement or full year results;
- The period from the close of trading on 31 December each year until 10:00am on the next trading day after the announcement to ASX of half-yearly results.

#### **Exceptional Circumstances**

In exceptional circumstances, the Board (in the case of Directors and the Company Secretary) or the Company Secretary (in the case of other Relevant Persons) may waive compliance with the provisions noted under *No Short Term Dealing – Buying and Selling within 3 Month Period* or *No Dealings During Blackout Periods*, by giving notice in writing to affected Relevant Persons.

Relevant Persons seeking a waiver under this clause must apply in writing to the Board or Company Secretary (as relevant) setting out the circumstances of the proposed dealing and the reason the waiver is requested.

Exceptional circumstances for these purposes include financial hardship or compulsion by court order.

Unless otherwise specified in the notice, any dealing permitted under *Exceptional Circumstances* must comply with the other sections of this Policy (to the extent applicable).

## Permitted Dealings

Where paragraphs *No Trading Where in Possession of Inside Information or Other Prohibited Dealings – All Relevant Persons* do not apply, Relevant Persons may deal in SKILLED's securities subject to the notification and approval requirements set out below.

### **Post-trade Notification Required During Trading Windows**

Relevant Persons must, within two business days after any dealing in SKILLED's securities during any of the following periods:

- The 6 week period commencing at 10.00am on the next trading day after the announcement to ASX of half yearly results;
- The 6 week period commencing at 10.00am on the next trading day after the announcement to ASX of the preliminary final statement or full year results;
- The 6 week period commencing at 10.00am on the next trading day after the holding of the Annual General Meeting; or
- The period that SKILLED has a current prospectus or other form of disclosure document on issue under which persons may subscribe for securities,

notify of any such dealing as follows:

- The Chair of the Board must notify the Board or the most Senior Director other than him or herself;
- Any other Director of SKILLED, the CEO, the Chief Financial Officer (CFO) and the Company Secretary must notify the Chair of the Board;
- Other Relevant Persons must notify the Company Secretary.

While not required under the terms of this Policy, it is nevertheless recommended that, where practical in the circumstances, Relevant Persons provide the notification during the above periods prior to trading so that, in circumstances where a specific matter or event has arisen that constitutes materially price-sensitive information that the Relevant Person is not aware of, SKILLED has the ability to prevent potential trades in these circumstances if there is considered to be a risk of adverse public perception when the price-sensitive information becomes public.

### **Approval Required at All Other Times**

During any other period Relevant Persons must, in advance of any proposed dealing in SKILLED's securities, receive approval for any proposed dealing in SKILLED's securities as follows:

- The Chair of the Board must inform and obtain approval from the Board or the most Senior Director other than him or herself;
- Any other director of SKILLED, the CEO and the CFO must inform and receive approval from the Chair of the Board; and
- Other Relevant Persons must inform and receive approval from the Company Secretary.

No approval is required in connection with participation in any dividend reinvestment plan operated by SKILLED and other corporate actions open to all Shareholders in the relevant class, although the insider trading prohibition will under *No Trading Where in Possession of Inside Information* still apply (see also *Attachment 1*).

### **Confirmation to be Provided for all Dealings**

Upon provision of notification or receipt of approval, a Relevant Person may undertake the proposed dealing. The Relevant Person must confirm any such dealings with the appropriate person (as listed above) within 2 business days of the dealing.

## Register of Requests for Trading

The Company Secretary shall maintain a Register of Requests for approval for trading by Relevant Persons.

## Margin Lending Arrangements

Directors and Senior Executives must obtain clearance for any proposed dealing in SKILLED's securities in connection with a Margin Lending Arrangement by completing the [Margin Loan Form](#) and returning it to the Company Secretary. This requirement applies notwithstanding anything outlined under *Permitted Dealings* within this Policy. SKILLED may, at its discretion, make any clearance granted conditional upon such terms and conditions as SKILLED sees fit (for example, in regards to the circumstances in which SKILLED's securities may be sold to satisfy a margin call).

SKILLED may, in its absolute discretion disclose to ASX the key terms of any approved margin lending arrangement.

## Executive and Employee Share Plans

Relevant Persons are not required to seek consent or provide notification in connection with participating in an employee share plan operated by SKILLED (e.g. applying for an allocation of securities under an employee share offer, exercising vested rights or options under an employee share plan). However, such dealings are still subject to the prohibitions set out under *No Trading where in Possession of Inside Information* contained within this Policy where applicable.

Where securities in SKILLED granted under an employee share plan cease to be held under the terms of that plan, any dealings in those securities must only occur in accordance with this Policy (including those outlined under *Permitted Dealings*).

## Hedging of SKILLED Securities

Hedging includes entering into transactions in financial products that operate to limit the economic risk associated with holding SKILLED securities.

Hedging of SKILLED securities by a Relevant Person is subject to the following overriding prohibitions:

- The hedge transaction must not be entered into, renewed, altered or closed out when the Relevant Person is in possession of inside information;
- SKILLED securities must never be hedged prior to the vesting of those company securities; and
- SKILLED securities must never be hedged while they are subject to a holding lock or restriction on dealing under the terms of an employee share plan operated by SKILLED.

Subject to the above overriding prohibitions noted under *Hedging of SKILLED Securities*, Relevant Persons are permitted to hedge their SKILLED securities on the following conditions:

- The hedge transaction is treated as a dealing in SKILLED securities for the purposes of this policy, and the relevant approvals and notifications are made on this basis; and
- The relevant requirements under *Permitted Dealings* of this Policy have been satisfied.
- Where a Relevant Person enters into a hedging arrangement in respect of SKILLED securities, SKILLED may, where appropriate, disclose the fact and nature of the hedge (e.g. in the annual report or to ASX).

## Exclusions

The requirements set out under the sections headed *Other Prohibited Dealings – All Relevant Persons* and *Permitted Dealings* of this policy do not apply to certain passive trades (including dividend reinvestment plans, share purchase plans, rights issues and the acceptance of takeover offers), pre-approved non-discretionary trading plans and margin calls.

## Securities in Other Companies

While in general, Directors and Staff Members are free to deal in securities in other listed companies, the prohibited conduct under the *Corporations Act* includes dealings not only in SKILLED's securities but also in those of other listed companies with which SKILLED may be dealing (including the Group's

customers, contractors or business partners) where a Director or Staff Member possesses 'inside information' in relation to that other company.

If a Relevant Person is aware of information that is not generally available but which, if it were generally available, a reasonable person would expect to have a material effect on the price or value of a security, the Relevant Person should not deal in the securities of the companies that it affects.

Relevant Persons may come into possession of 'inside information' where they are directly involved in client relationship management or negotiating contracts. For example, where the Relevant Person is aware that the Group is about to sign a major agreement with another company, the Relevant Person should not buy securities in either SKILLED or the other company.

## **Who to Contact**

Any Director or Staff Member who has queries about this Policy should contact the Company Secretary.

**Authorised: Board of Directors**

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## How the Insider Trading Rules Apply

### Summary of Prohibited Conduct

*The Corporations Act* prohibits 'insider trading'.

Under the *Corporations Act*, a person is prohibited from dealing in securities where:

- the person possesses information which is not generally available to the public;
- a reasonable person would expect that information to have a material effect on the price of securities of the relevant entity; and
- the person knows or ought reasonably to know that the information is not generally available and, if it were, it would be expected to have a material effect on the price of securities.

In addition, a person with inside information must not procure another person to deal in the company's securities or communicate the information (directly or indirectly) to another person whom the person believes may deal (or procure someone else to deal) in the company's securities.

The key concepts are discussed in more detail under *Relevant Terms* of this *Attachment 1*.

### Relevant Terms

#### **Securities**

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

Securities include:

- Ordinary shares
- Preference shares
- Options
- Debentures
- Convertible notes

It also extends to financial products relating to securities issued by the company (for example, warrants and other derivative products), whether or not the financial products are created by the company or by third parties.

#### **Dealing in Securities**

Dealing in securities is a broad concept and covers more than simply buying or selling securities. It extends to exercising options over securities and entering agreements to buy or sell securities.

Under this Policy and the law, the prohibition on dealing means that Directors and Staff Members of SKILLED are not permitted to:

- buy or sell; or
- enter into an agreement to subscribe for, buy or sell securities,

where Relevant Persons 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 a person possesses price sensitive information that is not generally available, the person is also prohibited from:

- Procuring any other person to deal in those securities; or

- Directly or indirectly communicating the information to another person whom the first person believes is likely to deal in, or procure another person to deal in, those securities.

Procuring means enticing, encouraging, persuading, causing or securing another person to do or not to do something. Procuring also includes inciting, inducing or encouraging an act or omission.

For example, a person cannot ask or encourage anyone, including family members, friends, associates or others, to deal in securities when the person possesses price sensitive information, and nor should that person communicate price sensitive information. If a person accidentally gives somebody 'inside information' when he or she should not have, he or she must immediately tell that person that it is 'inside information' and warn them against trading in the company's securities, getting others to trade in the company's securities, or communicating the information to others.

### **Price Sensitive or 'Inside' Information**

Information is 'inside' or 'price sensitive' if it is not generally available, but which, if it were generally available, a reasonable person would expect to have a material effect (upwards or downwards) on the price or value of a security.

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.

### **Information that is Generally Available**

Information is 'generally available' if it:

- Consists of readily observable matter;
- 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 any of the classes of securities issued by the Company and since it was made known, a reasonable period for it to be disseminated among those persons has elapsed. That is, information will be 'generally available' if it has been released to ASX or published in an annual report or prospectus or similar document and a reasonable period of time has elapsed after the information has been disseminated in one of these ways; or
- Consists of deductions, conclusions or inferences made or drawn from information referred to within either or both points under Information that is generally available.

### **Material Effect on the Price of Securities**

Under the *Corporations Act*, information is 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 information that may be material. However, the following types of information would be likely to be considered to have a material effect on the price of the Company's securities:

- Sales figures
- Profit forecasts
- Unpublished announcements or knowledge of possible regulatory investigation
- Liquidity and cash flow
- Proposed changes in the Company's capital structure, including issues of securities, rights issues and buy backs
- Borrowings
- Major asset purchases and sales
- Impending mergers, acquisitions, reconstructions, takeovers, etc
- Significant litigation
- Significant changes in operations

- Significant changes in industry
- New products/services and technology
- Proposed dividends
- Management restructuring or Board changes
- New contracts or customers

## **Consequences of Breach**

Breaches of the insider trading laws have serious consequences for both the individual concerned and the Company.

A person who commits a breach of the insider trading provisions could be subject to criminal liability (substantial fines or imprisonment or both may be imposed) or civil liability (substantial fines may be imposed) under Australian law. A person who contravenes or is involved in a contravention of these provisions may also be liable to compensate any person who suffers loss or damage resulting from the conduct. In addition, an actual or suspected breach of the insider trading laws may also give rise to adverse public scrutiny and media comment.

It is therefore important that Directors and Staff Members of SKILLED adhere to this Policy at all times.