

# INSIDER TRADING POLICY

## PURPOSE

The purpose of this Policy is to communicate the requirements of the *Corporations Act 2001* (Cth) (“the Act”) in respect to insider trading.

## SCOPE

This Policy applies to all directors, officers and employees of Port of Townsville Limited (“POTL”).

## POLICY STATEMENT

This Policy sets out the standards required by POTL of its directors, officers and employees in relation to trading in Financial Products and the use of Inside information.

## DEFINITIONS

**Inside Information** means information that is not generally available, and if was made available, would have a material effect on the price or value of Financial Products in that it would or would likely influence persons who commonly trade in Financial Products in deciding whether or not to acquire or dispose of the first-mentioned Financial Products.

Directors, officers and employees may come into possession of inside information as a result of working on a particular project or assisting on a particular business matter (e.g. a proposed acquisition or alliance of a port customer). The following types of information may be considered to be inside information:

- financial performance results of a port customer;
- company projections, profit forecasts and strategic plans;
- unpublished announcements;
- potential mergers, acquisitions, reconstructions, takeovers or the sale of company assets;
- share splits, public or private securities/debt offerings and other proposed changes in the capital structure or borrowings, or changes in company dividend policies or amounts;
- significant changes in senior management or on the board of a port customer or other entity; and
- actual or threatened major litigation, or the resolution of such litigation.

**Financial Product** includes financial securities, derivatives, interests in a managed investment scheme, debentures, stocks or bonds issued or proposed to be issued by a government, superannuation products and any other financial products that are able to be traded on a financial market.

**Another Person** includes an associate, family member, trust or company over which a director, officer or employee has influence and control.

## INSIDER TRADING

### 1. General

Directors, officers and employees must not provide inside information to any other person working within POTL except in accordance with management direction or business unit requirements.

Directors, officers and employees are required to maintain the confidentiality of all commercially sensitive information of POTL and information obtained from customers or other third parties during the course of POTL’s business.

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## 2. Prohibited Conduct

The Act prohibits three types of conduct relating to inside information:

- (a) the direct or indirect acquisition or disposal of Financial Products using inside information;
- (b) the procurement of another person to acquire or dispose of Financial Products using Inside Information; and
- (c) the communication of inside information to another person for the purpose of the other person acquiring or disposing of Financial Products.

Accordingly, it is illegal for a director, officer or employee who knows, or ought reasonably to know, that they possess Inside Information, to:

- a) apply for, acquire, or dispose of Financial Products, or enter into an agreement to apply for, acquire, or dispose of Financial Products or procure Another Person to do the same; or
- b) directly or indirectly, communicate the information, or cause the information to be communicated, to another person if the insider knows, or ought reasonably to know, that the other person would be likely to apply for, acquire, or dispose of Financial Products, or enter into an agreement to do so or procure Another Person to do the same.

Directors, officers and employees must not use Inside Information, directly or indirectly, to gain a personal benefit or cause detriment to someone else before the information is made available to the public.

## 3. Breach

Under the Act, any person who contravenes the prohibition against insider trading may be found civilly and criminally liable. The criminal penalty in Australia is based on pecuniary penalties or prison (or both), for an individual and a substantial monetary fine for a corporation.

Unlimited civil penalties may be payable in the form of compensation to the other parties to the transaction equivalent to the damages caused. Compensation could include any profits made from the particular inside trade.

Any person who breaches this Policy also breaches POTL's *Code of Conduct* and will face appropriate disciplinary procedures, which may include termination of employment.

## 4. Directors' Duties

In addition to the legal obligations set out in this Policy, directors have a statutory duty to act in good faith, with due care and diligence, and not to improperly use their position or information gained in their position to gain an advantage or to cause detriment to POTL.

Directors are required to refer to POTL's *Disclosure of Interests Policy* and *Directors and Officers Duties Manual* for further information on legal and ethical obligations.

## REPORTING

Actual or suspected breaches of this Policy should be reported immediately to the Chief Executive Officer or the Chairman of the Board, as appropriate.

In accordance with the *Corporate Governance Guidelines for Government Owned Corporations*, POTL's shareholding Ministers must receive timely and complete advice of potential and actual breaches of this Policy by Directors, Chief Executive Officer, Senior Executives and, where material, employees.

## COMPLIANCE AND COMPETENCE

<b>Guidelines</b>
<i>Corporate Governance Guidelines for Government Owned Corporations (February 2009)</i>
<b>Legislation</b>
<i>Corporations Act 2001 (Cth)</i>

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