

# **Corporate governance policy – securities trading – directors and executives**

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(Company)

## **Corporate governance policy – securities trading – directors and executives**

### **1. Introduction**

- 1.1 This policy imposes constraints on directors (**Directors**) and executives (**Executives**) of the Company dealing in the Company's shares or options, warrants, futures or other derivative financial products issued over the Company's shares or options (**Securities**).
- 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 and their associates (as that term is defined in paragraph 10.2). Parties covered by this policy should not procure others to deal during prohibited periods.
- 2.2 It is noted that the insider trading prohibitions set out in the *Corporations Act 2001* (summarised in paragraph 4 below) apply to all persons and their associates, whether or not they are Directors or Executives of the Company.

### **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.
- 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 the Australian Securities Exchange (**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 constitutes price sensitive information under the insider trading laws and under the continuous disclosure requirements are effectively identical. As a consequence, at least in theory and subject to the qualification below, there is little 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) the knowledge of one Director or Executive may, in certain circumstances, be imputed to all Directors or Executives and therefore 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 Chairman and/or Managing Director should be sought prior to any dealings taking place, and steps should be taken to ensure that the Chairman and/or Managing Director are appraised 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 Chairman or Managing Director or, in their absence, the Company Secretary, and notified them of their intention to do so and the Chairman or Managing Director, or, in their absence the Company Secretary, indicate that there is no impediment to them doing so; and
  - (3) where the Chairman wishes to deal in Securities, he or she has contacted the Managing Director or, in his absence, the Chair of the Audit and Risk Management Committee, and notified them of his or her intention to do so and the Managing Director or, in their absence the Chair of the Audit and Risk Management Committee, indicates that there is no impediment to him or her doing so.
- 5.2 The Chairman will generally not allow Directors or Executives to deal in Securities of the Company as a matter of course in the following 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 a full trading day after the relevant release before dealing in Securities so that the market has had time to absorb the information.

- 5.3 In specific circumstances however, such as financial hardship, the Chairman may waive the requirement of a Director or Executive to deal in Securities outside the

above periods on the condition that the Director or Executive can demonstrate to the Chairman that they are not in possession of any price sensitive information that is not generally available to the public.

- 5.4 Directors and Executives must not at any time engage in short-term trading in Securities of the Company. Short-term trading is considered to be trading where the acquisition and disposal of Securities occurs within 6 months of each other. The Chairman may, at their discretion, permit a Director or Executive to trade in Securities in circumstances that would contravene this paragraph 5.4 if that Director or Executive establishes hardship.
- 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 Company Secretary 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 ASX 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 class order relief from the requirements of section 205G where notifications are made by the Company under Listing Rules 3.19A and 3.19B.

## 8. Confirmation of dealing

- 8.1 If a person covered by this policy undertakes dealing then within 2 days of the dealing taking place, they should provide the details of the dealing to the Company Secretary.

## 9. Penalties

- 9.1 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.
- 9.2 A contravention of this policy by an Executive may result in summary dismissal.

## 10. Definitions

- 10.1 For the purposes of this policy:
- (1) **deal in Securities** means buy or sell Securities in the Company, or enter into transactions in relation to Securities in the Company. It includes procuring another person to do any of these things; and
  - (2) **price sensitive information** has the meaning given to that term in paragraph 4.2.
- 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 and Executive to ensure that an associate does not deal in circumstances where the dealing could be attributed to the Director or Executive concerned. Associate has the meaning given to it Division 2 of Part 1.2 of the *Corporations Act 2001*.

## 11. Public availability of materials

- 11.1 This policy or a summary of its main provisions shall be made publicly available on the Company's website in a clearly marked corporate governance section.

**Approved by the Board on 23 August 2010.**

## Schedule 1

Directors to whom this policy applies:

- All directors of the Company
- All members of the boards 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:

- The managing director of the Company
- All other Executives who directly report to the managing director
- Other Executives as determined by the board from time to time