

# **SECURITIES TRADING POLICY**

## **1 Introduction**

The Securities Trading Policy sets out Advanced Braking Technology Ltd's policy for employees and directors dealing in Securities of Advanced Braking Technology Ltd and its subsidiaries ("Advanced Braking" or "Company"). The policy provides an overview of the law relating to insider trading and sets trading windows when employees and directors may be entitled to trade.

For the purposes of this policy "Securities" means shares and other instruments considered to be a security for the purposes of the Corporations Act. The definition of a Security is complex and includes not only ordinary shares but also derivative instruments such as exchange traded options and warrants.

The Policy applies to all Directors, Senior Executives, employees, contractors and consultants (collectively, "Personnel") of Advanced Braking Technology.

## **2 Prohibited Trading**

If you have price sensitive information relating to Advanced Braking (including any company within the Advanced Braking Group) which has not been published or which is not otherwise generally available, it is illegal for you to:

- Buy, sell or otherwise deal in Advanced Braking Securities;
- Advise, procure or encourage another person (including, but without limitation, a relative, friend, family company or trust) to deal in Advanced Braking Securities; or
- Pass on information to any other person if you know or reasonably ought to know that the person may use the information to deal (or procure another person to deal) in Advanced Braking Securities.

It is the responsibility of each employee and director (*not the company*) to ensure that they do not do any of the things prohibited by insider trading laws. The consequences for breach of this law can include both civil and criminal penalties.

## **3 What Information is Price Sensitive?**

Information is likely to be price-sensitive information in relation to Advanced Braking or any company in the Advanced Braking Group that would, if the information were publicly known, be likely to:

- (a) Have a material effect on the price or value of Advanced Braking Securities; or
- (b) Influence persons who commonly invest in Securities in deciding whether or not to buy or sell Advanced Braking Securities.

Examples of possible price-sensitive information include, but are not limited to:

- i. The financial performance of Advanced Braking against its budget;
- ii. Entry into or termination of a material contract;
- iii. A material acquisition or sale of assets by Advanced Braking;
- iv. An actual or proposed takeover or merger;
- v. An actual or proposed change to the Advanced Braking's capital structure;
- vi. A proposed dividend or a change in dividend policy; or
- vii. A material claim against Advanced Braking or other unexpected liability.

#### **4 When is the Information “Generally Available”?**

Information is generally available if:

- a) It consists of readily observable matter;
- b) It has been made known in a manner likely to bring the information to the attention of people who commonly invest in Securities of a kind whose price or value might be affected by the information, and, since it was made known, a reasonable period for it to be disseminated among such persons has elapsed;
- c) It is derived from information which has been made public; or
- d) It consists of observations, deductions, conclusions or inferences made or drawn from other generally available information.

#### **5 Consequences for Breach of the Insider Trading Prohibition**

The penalties for breach of the provisions of the Corporations Act may be either criminal, civil or both. Breach of insider trading law or this Policy will also be regarded by the Company as serious misconduct which may lead to disciplinary action and/or dismissal.

This Policy is only a summary of complex legal provisions, and should therefore only be used as a guideline, not as legal advice.

#### **6 Black Out Periods – Requirements Applicable to all Personnel**

Personnel are routinely in possession of Price Sensitive Information which is not generally available. Where Personnel possess information of this nature they are subject to “Black Out Period” requirements. During this time they (or any family member or associate over whom they have influence) are prohibited from dealing in Advanced Braking Securities for a 24 hour period before and after the release of Price Sensitive Information to the ASX.

A Black Out period is to be extended where it overlaps a weekend or other day where trading is not possible. In addition, the Board may at any time extend any Black Out Period, or may impose another Black Out Period, where it is considered that certain information is generally known within the Company but is not known to the market. Notification of any extension will be communicated by the Company Secretary to all impacted Personnel.

Black Out Periods only apply to Personnel who possess Price Sensitive Information which is not generally available. Black Out Periods do not apply to Personnel who are not privy to Price Sensitive Information.

#### **7 “Trading Windows” - Permitted Periods for Buying & Selling Securities**

Restricted Persons (i.e. Directors and key management personnel) can only trade the Company's securities during specific trading windows. All periods outside the specific trading windows are closed periods where Restricted Persons are prohibited from trading in the Company's securities unless in special circumstances (see below).

Trading windows (when trading is allowed) are the 30 days from the first trading day after each of the following:

- the day quarterly results are announced;
- the day half year results are announced;
- the day full year results are announced;
- the day on which an investor presentation is released;
- the day on which a market update, including the words “market update” in the title, is released; and
- the day after the Annual General Meeting or any other General Meeting of Shareholders

The Trading Windows remain subject to the Insider Trading and Black Out prohibitions. A Director or Senior Executive cannot trade during a Trading Window if the individual has Price Sensitive Information not disclosed to the market or the period coincides with a Black Out Period.

## 8 Written Clearance Requirement in Exceptional Circumstances

In Exceptional Circumstances trading may be permitted in a Prohibited Trading Period with prior written clearance. Prior written clearance must be obtained from the Chairman of the Board or if being sought by the Chairman of the Board, written clearance must be obtained from the Chairperson of the Company's Audit Committee. The request for written clearance must also be provided to the Company Secretary of the Company to ensure they are aware of the request and able to communicate the request to the Board.

Examples of Exceptional Circumstances include severe financial hardship and a court order to dispose of securities. Whether the circumstances of an application constitutes an Exceptional Circumstance will be determined on a case by case basis by a Company Officer designated the Board.

## 9 Steps to Take When Dealing in Advanced Braking Shares or Securities

Directors and key management personnel wishing to deal in Advanced Braking's Securities must advise the Company Secretary of their intention to do so before dealing in the Securities. This notification obligation operates at all times. Directors and employees must not deal in Advanced Braking's Securities until this notification has taken place.

## 10 ASX Notification by Directors

Directors are required to notify the Chairman and the Australian Securities Exchange (ASX) of any change to their holding of relevant interests in financial products of Advanced Braking. **Advanced Braking is required under the Listing Rules to notify these changes to the ASX within five business days of the change.** To enable Advanced Braking to comply with this, Directors must furnish the relevant information within 3 business days to the Company Secretary who will facilitate the transmission of these notifications to the ASX. Notifications will also be tabled before the Board.

## 11 Employee Option Plans

Insider trading does not apply to applications for or exercise of options under employee or executive share plans. However, insider trading rules and this policy do apply in relation to the subsequent disposal of any Securities acquired under an option. Where an employee or executive director exercises options while in the possession of price sensitive information, he/she will have to fund the exercise of the options without the financial assistance of a simultaneous sale of some or all shares just acquired. If the options expire outside a trading window described above in this policy, then an employee or executive director may simultaneously exercise and sell any Securities subject always to compliance with insider trading laws.

## 12 Trading Excluded From This Policy

Examples of trading excluded from this policy include:

- transfers of Advanced Braking Securities held in a superannuation fund or other saving scheme in which a Director or Senior Executive is a beneficiary;
- an investment in, or trading units of, a fund or other scheme (other than a scheme only investing in Advanced Braking Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- where a Director or Senior Executive is a trustee, trading in Advanced Braking Securities by that trust provided the Director or Senior Executive is not a beneficiary of the trust and any decision to trade during the Closed Period is taken by the other trustees or by the investment managers independently of the Director or Senior Executive;
- undertaking to accept, or the acceptance of, a takeover offer;
- trading under an offer or invitation made to all or most of Advanced Braking's security holders, such as a security purchase plan, dividend or distribution reinvestment plan or a rights issue where the plan determines the timing and structure of the offer and this has been approved by the Board; and

- trading under a non-discretionary trading plan for which prior written clearance has been provided and where:
  - a) the Director or Senior Executive did not enter into the plan or amend the plan during a Closed Period;
  - b) the trading plan does not permit the Director or Senior Executive to exercise any influence or discretion over how, when or whether to trade; and
  - c) there is no cancellation of the trading plan during a Closed Period other than in Exceptional Circumstances.

It is recommended that Personnel if unsure of the application of this Policy consult the Company Secretary, to clarify specific circumstances, before trading is undertaken.

### **13 Dealing in Shares of Other Companies**

If you have “price sensitive information” relating to a company other than Advanced Braking which is not “generally available” the same insider trading rules outlined above apply to buying and selling Securities in that company. In the course of performing your duties as an employee of Advanced Braking, you may obtain price sensitive information relating to another company in a variety of circumstances. Examples include, but are not limited to the following:

- a) Another company may provide price sensitive information about itself to Advanced Braking in the course of a proposed transaction;
- b) Another company with whom Advanced Braking is dealing may provide price sensitive information about a third company; or
- c) Information concerning Advanced Braking or actions which may be taken by Advanced Braking (ie a planned transaction or strategic change) could reasonably have an effect on a third party company.

Apart from the application of the insider trading rules to Securities in other companies, employees are also bound by a duty of confidentiality in relation to information obtained in the course of their duties in respect of third parties.

### **14 Prohibition on Hedging**

Directors and employees must not engage in hedging arrangements (including, for example, the use of put and call options or other derivative instruments) over unvested Securities issued pursuant to any employee or director option or share plan. In addition, any hedging over vested Securities must comply with this Policy.

### **15 Additional Information**

If you have any questions relating to Advanced Braking’s share trading policy, contact the Company Secretary at Company’s registered office.

### **16 Review of This Policy**

This Policy will be reviewed regularly by the Company’s Directors having regard to the changing circumstances of the Company and any changes to this Policy will be notified to affected persons in writing.