
CORPORATE POLICY – SECURITIES TRADING

PURPOSE OF THE POLICY

SECOS Group Limited (ACN 064 755 237) (the “Company” or “SECOS”) aims to achieve the highest possible standards of corporate conduct and governance. Accordingly, the Board of SECOS has updated its Securities Trading Policy (“STP”) to establish a best practice procedure relating to dealing in Company Securities by its Directors and employees.

Directors and employees are encouraged to be long term holders of the Company's securities. However, it is important that care is taken in timing of any acquisition or sale of such securities. The purpose of this STP is to assist Directors and employees to avoid trading when it is not permitted, conduct known as “insider trading” and to avoid any adverse inference being drawn of unfair dealings by Directors and employees.

This document:

- provides an outline of the insider trading and other relevant provisions of the Corporations Act 2001 (C'th) (“Corporation Act”);
- sets out the rules relating to dealings by Directors and employees in securities issued by the Company; and
- sets out the rules relating to dealings by Directors and employees in financial products issued over the Company's securities by third parties such as warrants, options and futures.

SCOPE OF THE POLICY

This STP applies to all Directors, employees (full time, part time, casual contractors, consultants and advisors (collectively “SECOS Personnel”) of the Company, its subsidiaries and joint venture companies.

A reference in this STP to “Company Securities” includes:

- any shares in the Company;
- any other securities issued by the Company such as options or debentures; and
- derivatives and other financial products issued by third parties in relation to the Company's shares, options and debentures.

A reference in this STP to “deal” or “trade” in Company's Securities includes:

- subscribing for, purchasing or selling Company Securities or entering into an agreement to do any of those things;
- advising, procuring or encouraging another person (including a family member, friend, associate, colleague, family company or family trust) to trade in Company Securities; and
- entering into agreements or transactions which operate to limit the economic risk of a person's holdings in Company Securities.

In some respects, this STP extends beyond the strict requirements of the Corporations Act.

INSIDER TRADING PROHIBITION

The Nature of the Prohibition

Section 1043A (of Part 7.10, Division 3) of the Corporations Act makes it an offence for a person in possession of information that is not generally available but which, if generally available, might materially impact the price or value of the relevant securities to

- apply for, acquire or dispose of those securities, enter into an agreement to do any of these things (“Trade”);
- procure, encourage, incite or induce any other person to trade in those securities (“Procure a Trade”).

It is also an offence to “tip” the information to another person with the knowledge that the person would likely to Trade or Procure a Trade in those securities. Accordingly, the effect of this section cannot be avoided by simply getting another person to deal on your behalf.

How You Become Aware of the Information is Irrelevant

- It is irrelevant how or in what capacity the person came into possession of the information;
- This means that s. 1034A will apply to any employee or director who acquires “inside information” in relation to the relevant securities, no matter in which capacity.

Information Which Might Affect Price Value

Information refers to unpublished information which, if generally available, might materially impact the price or value of the relevant securities.

What Does Information Include?

“Information” includes matters of supposition or speculation and matters relating to the intentions or likely intentions of a person.

What Information Might Materially Affect Price or Value?

This means information that a reasonable person would expect to have a material effect on the price or value of the relevant securities. A reasonable person would be taken to expect information to have a material effect on price or value if the information would be likely to influence persons who commonly invest in securities whether or not to do so.

Examples of this type of information which might affect the price or value of the relevant securities are:

- prospective financial information and the Company's financial performance;
- an actual or proposed capital raising or change to the Company's capital structure;
- impending mergers, acquisitions, reconstructions, takeovers;
- proposed transactions including material purchases or sales of assets;
- the threat of significant litigation, disputes, or other unexpected liability;
- significant changes in operations or proposed changes in the general character or nature of the business of the Company or its subsidiaries;
- the Company entering into or terminating a major contract;
- a proposed dividend or change in dividend policy;
- changes to the Board;
- notification to the Company of a substantial shareholding; and
- any information required to be announced to the market pursuant to Listing Rule 3.1.

What Does “Unpublished Information” Mean?

“Unpublished” for this purpose means that the information is not generally available. Information is “generally available” if:

- it consists of readily observable matter; or
- it has been disseminated in a manner likely to bring it to the attention of investors and a reasonable period has elapsed since it was brought to the attention of investors; or
- it is derived from information that has been made public; or

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- it consists of observations, deductions, conclusions or inferences made or drawn from other generally available information.

OTHER RELEVANT CORPORATIONS ACT PROVISIONS

Officers¹ and employees of the Company are subject to the duties set out in sections 182, 183 and 184 of the Corporations Act. Officers of the Company are subject to additional duties outlined in sections 180 and 181 of the Corporations Act.

No Improper Use of Inside Information (s.183 and s.184)

An officer or employee, or former officer or employee must not make improper use of information acquired by virtue of his or her position as such an officer or employee to gain, directly or indirectly, an advantage for himself or herself or for any other person, or to cause detriment to the Company.

No Gain by Improper Use of Position (s.182 and s.184)

An officer or employee must not make improper use of his or her position as such an officer or employee, to gain, directly or indirectly, an advantage for himself or herself or for any other person, or to cause detriment to the Company.

Care and Diligence (s.180)

An Officer must exercise their powers and discharge their duties with the degree of care and diligence a reasonable person would exercise in the same circumstances.

Good Faith (s.181 and s.184)

An officer must exercise their powers and discharge their duties in good faith in the best interests of the Company and for a proper purpose. An officer commits an offence if they are reckless or are intentionally dishonest and fail to exercise their powers and discharge their duties in good faith in the best interests of the Company and for a proper purpose.

¹ Includes a director, secretary or executive officer of SECOS. An executive officer is a person concerned in, or taking part in, the management of SECOS.

GUIDELINES FOR DEALING IN THE COMPANY'S SECURITIES

General Rule

Despite anything else in this policy, SECOS personnel must not deal in the Company's securities when they are in possession of price sensitive information which is not generally available to the market.

No Short Term Trading in the Company's Securities

SECOS personnel should never engage in short-term trading of the Company's Securities (i.e. buy and sell within a 6 month period). However, the sale of shares immediately after they have acquired through the exercise of options will not be regarded as short term trading.

Safest Times to Deal in the Company's Securities (Trading Windows)

There is no particular time during which it is safe to deal in the Company's Securities. However, as a matter of practice, the most appropriate times for SECOS personnel to deal in securities of the Company is during the four week period following:

- the release of the Company's quarterly cash flow and activities reports;
- the release of the Company's annual financial statements and results;
- the release of the Company's half yearly financial statements and results;
- the Company's Annual General Meeting ; and
- the release of a prospectus or other disclosure document offering securities in the Company.

provided that the person is not at the time of dealing in possession of price sensitive information which is not generally available to the market.

Blackout Periods (Closed Periods)

The Company recognises that SECOS personnel may be in possession of information that from time to time may be considered price sensitive and has therefore determined that in certain periods of the year (called " Blackout Periods" or "Closed Periods"), trading is prohibited.

This prohibition is in addition to the general rule that SECOS personnel must not deal in the Company's Securities during the Blackout Periods (Or "Closed Periods") unless approval has been obtained (refer to "Special Approval to Deal during the Blackout Period").

The following periods are designated as Blackout Periods:

- 14 days immediately before the release of the Company's half yearly and annual results;
- 14 days immediately before the release of each of the Company's quarterly cash flow and activities report (which are usually released during January, April, July and October)
- Any other period determined by the Board from time to time to be a Blackout period.

Securities in Other Companies

SECOS personnel must not deal in securities of other companies with which the Company may be dealing where he or she possesses information which is not generally available to the market and is "price sensitive".

Examples include, but are not limited to the following:

- another entity may provide price sensitive information about itself in the course of a proposed transaction;
- another entity with whom the Company is dealing may provide price sensitive information about a third entity; or
- information concerning the Company or actions which may be taken by the Company (i.e. a planned transaction or strategic change) could reasonably have an effect on a third entity.

Prohibition on Hedging

SECOS personnel must not engage in hedging arrangements over unvested or vested securities issued pursuant to any of the Company's share scheme, Performance Rights Plan or Option Plan.

Prohibition on Other Financial Arrangements (Including Margin Loans)

Without the prior approval from the Board, SECOS personnel must not enter into financial arrangements such as margin loans, stock lending or any other arrangements involving the Company's securities where the lender or other third party is granted a right to sell or compel the sale of all or part of the relevant person's Company securities. This prohibition is only applicable where the number of Company securities subject to such arrangement exceeds 1% of the total number of shares in the Company on issue at the time.

Permissible Trading

Subject to the insider trading provisions of the Corporations Act, SECOS personnel may at any time:

- acquire ordinary shares in the Company by conversion of securities giving a right of conversion to ordinary share;
- acquire Company securities under a bonus issue made to all holders of securities of the same class;
- acquire Company securities under a dividend reinvestment, or top-up that is available to all holders or securities of the same class;
- acquire, or agree to acquire or exercise options under a Company Share Option plan;
- withdraw ordinary shares in the Company held on behalf of the employee in an employee share plan where the withdrawal is permitted by the rules of that plan;
- acquire ordinary shares in the Company as a result of the exercise of options held under an employee option scheme;
- transfer securities of the Company already held into a superannuation fund or other saving scheme in which the SECOS personnel is a beneficiary;
- make an investment in, or trade in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- where a SECOS personnel is a trustee, trade in the securities of the Company by that trust provided the SECOS personnel is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the SECOS personnel undertake to accept, or accept, a takeover offer;
- trade under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that 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;
- dispose of securities of the Company resulting from a secured lender exercising their rights, for example, under a margin lending arrangement.

APPROVAL AND NOTIFICATION REQUIREMENTS

Approval & Notification Requirements - Key Management Personnel

Any Key Management Personnel wishing to deal in Company Securities during any time other than prohibited periods (including during the Trading Windows) must obtain the prior approval of the Board.

If the Chairman wishes to deal in Company Securities, he/she should obtain prior approval from the rest of the Board.

For the purpose of this policy, Key Management Personnel means a Director, executive or senior manager of the Company, or such other person who is “Key Management Personnel” within the meaning of Australian Accounting Standard-AASB 124.

Any Key Management personnel wishing to deal in Company Securities must notify the Company Secretary in writing the details of the transaction at least five (5) business days before the date of the transaction occurring to seek prior approval of the Board.

The details should include the number of securities currently held, the number to be acquired or disposed of, the nature of the proposed transaction, the intended price range (e.g. prevailing market price, agreed price, no consideration etc) and disclosure of any other relevant commercial information relating to the proposed transactions.

Key Management Personnel must not proceed to deal in Company Securities until approval has been granted by the Board.

Such approval or restriction on dealing in the Company’s securities will be notified by the Company Secretary to the Key Management personnel seeking approval in a timely manner, outlining the reasons and enquiries made to either approve, or restrict, the proposed dealing in the Company’s securities and the time frame and terms of such approval, or restriction on dealing in the Company’s securities.

Once the transaction occurs based on the approval of the Board, Key Management Personnel must provide the confirmation of trading to the Company Secretary.

Generally, dealing in Company securities by Key Management Personnel should be limited to the recommended times referred to in “Safest Times to Deal in the Company’s Securities (Trading Windows)”. In any event, Key Management Personnel must not deal in the Company’s securities when they are in possession of price sensitive information which is not generally available to the market even though approval has been given.

Approval & Notification Requirements - SECOS Personnel other than Key Management Personnel

SECOS personnel who are not the Key Management Personnel may deal in Company Securities at any time other than prohibited periods provided he/she notifies the Company Secretary at least five (5) business days before commencing the transaction and after the transaction has occurred, provides the confirmation of trading.

SECOS personnel are strongly advised to limit dealing in Company Securities to the recommended times. In any event, SECOS personnel must not deal in the Company's securities when they are in possession of price sensitive information which is not generally available to the market.

Special Approval to Deal during the Blackout Period

If any SECOS Personnel wishes to deal in Company securities during a blackout period, prior approval needs to be sought from the Chairman.
Any request to seek such approval must be in writing.

Generally, no consent or approval will be provided to apply for or acquire the Company securities during the blackout periods unless the Chairman is satisfied that such approval will be in the best interest of the Company or person seeking the approval satisfies the Chairman that he is under such circumstances where acquisition of the Company's securities is the last course of action available.

The Chairman will provide prior written approval to sell or otherwise dispose of Company securities during a blackout period where the person making the request is in "severe financial hardship" or there are "exceptional circumstances".

"Severe financial hardship" will include circumstances where the person making the request satisfies the Chairman that the person has a pressing financial commitment that cannot be satisfied otherwise by selling Company securities.

"Exceptional circumstances" will include:

- circumstances where a person is compelled by law or a regulatory requirement to dispose of Company securities (e.g court order, court enforceable undertakings);
- such other circumstances which the person satisfies the Chairman that sale or disposal of Company securities is the only reasonable course of action available.

It should be noted a tax liability relating to Company securities received under an employee incentive scheme would not normally constitute "severe financial hardship" or be considered an "exceptional circumstance".

Any approval to deal in Company Securities given to SECOS Personnel will be in writing. That approval will specify the period during which the dealing can occur, which generally will not be more than five business days after the designated date for dealing specified in the request for the approval.

ASX NOTIFICATION FOR DIRECTORS

The ASX Listing Rules require the Company to notify the ASX within 5 business days after any dealing in securities of the Company (either personally or through an Associate) which results in a change in the relevant interests of a Director in the securities of the Company.

In accordance with the Agreement between the Directors and the Company, directors are required to provide details of all changes to their relevant interest in Company securities to the Company Secretary as soon as reasonably possible after the change but no later than three days after the change to allow for compliance with the listing rule obligations.

RESPONSIBILITIES

The Chairman and Company Secretary are responsible for maintaining this STP, a register of notifications to trade, approvals, restrictions and compliance with such notifications and approvals.

To promote understanding of the insider trading prohibition, related Corporations Act provisions, ASX policy and the Company policy, a copy of this document will distribute to all SECOS personnel. The Company's induction process for new employees and directors requires a copy of this document to be provided to each new employee and director.

COMPLIANCE WITH THIS POLICY

Compliance with the Policy set out in this document is mandatory. Any SECOS personnel who does not comply with this Securities Trading Policy will be considered to have engaged in serious misconduct which may result in disciplinary actions including dismissal.

In addition to the above, Infringement of the insider trading provisions can attract a substantial monetary penalty, imprisonment or both under the provisions of the Corporations Act.

Compliance with Guidelines set out in this document for dealing in the Company's securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in the Company's securities.