

# Share Trading and Conflicts of Interest Policy

## 1 Definitions

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For the purposes of this policy:

**ASX** means the Australian Securities Exchange.

**Board** means Heron's Board of Directors.

**Individuals** means individuals who have dealings with Heron, including employees, executive and non-executive Directors (including the Chairman of the Board), consultants, contractors and key management personnel (as defined in Accounting Standard AASB 124 Related Party Disclosure).

**Policy** means this Share Trading and Conflicts of Interest Policy.

**Securities** means any 'Division 3 financial product' of Heron (as defined by section 1042A of the *Corporations Act 2001* or any such provision which may replace it) including shares, options and other securities.

**Trade in Securities** means apply for, acquire or dispose of any Securities or enter into an agreement to apply for, acquire or dispose of any Securities.

## 2 Overview

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This policy sets out when Securities may be traded. It is designed to:

- protect Individuals from insider trading allegations and the serious civil and criminal penalties applicable to insider trading; and
- protect Heron's interests, to ensure that lawful non-disclosure of information to the ASX continues to remain lawful.

In certain circumstances, where certain information is no longer confidential, perhaps as a result of breach of this Policy, Heron would be forced to disclose certain information to ASX, the premature disclosure of which could seriously compromise Heron's interests. The Policy therefore promotes the best interests of Heron and Individuals.

This policy also sets out the circumstances in which a person may contravene the *Corporations Act 2001* by being involved in a conflict of interest.

## 3 Application

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The share trading provisions of this policy apply to all Individuals.

The conflict of interest provisions of this policy apply to Heron directors, secretary, officers and employees.



## 4 What is Inside Information?

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**Inside Information** is information which is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of Securities. Inside Information can include matters relating to the intentions or likely intentions of a person. It does not matter how Inside Information is obtained. It can still be Inside Information whether obtained at work, in a social setting or in any other way.

For the purposes this definition, information is "generally available" if:

- (a) it consists of readily observable matter; or
- (b) or both of the following apply:
  - (1) it 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 Securities of a kind whose price might be affected by the information; and
  - (2) since it was made known, a reasonable period for it to be disseminated among such persons has elapsed; or
- (c) it consists of deductions, conclusions or inferences made or drawn from either or both of the following:
  - (1) information referred to in paragraph (a);
  - (2) information made known as mentioned in paragraph (b)(1).

## 5 What is Insider Trading?

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**Insider Trading** occurs where an Individual possesses Inside Information and:

- Trades in Securities;
- procures another party to Trade in Securities; or
- directly or indirectly communicates to any party any Inside Information, where the Individual knows, or ought reasonably to know, that the other party is likely to:
  - Trade in Securities; or
  - procure another party to Trade in Securities.

## 6 Prohibition on Insider Trading

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An Individual must not engage in Insider Trading.

## 7 Dealing through third parties

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An Individual can still be guilty of insider trading even if he or she is not the person who Trades in Securities. The prohibition in clause 6 extends to:

- any Trade in Securities by Individuals where they use nominees, agents or other persons such as family members, family trusts and family companies; and



- Individuals procuring third parties to Trade in Securities.

## 8 Obtaining a Clearance

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An Individual must not Trade in Securities unless the Individual receives prior written clearance from Heron's Managing Director. In the absence of Heron's Managing Director, an Individual may seek prior written clearance from the Chairman of the Board.

Prior written clearance will not be given if the proposed Trade in Securities is to occur within the four (4) week period prior to:

- the public release to the ASX of Heron's annual, half yearly or quarterly reports or accounts; or
- Heron's annual general meeting.

Prior written clearance will not be given where in the opinion of the Managing Director or the Chairman (as appropriate) the Individual is involved in short term trading or "Day Trading" of Heron shares. Individuals are encouraged to invest in Heron, however short term speculative trading in Heron's securities is discouraged.

Prior written clearance will not be given where Heron is considering matters which are subject to ASX Listing Rule 3.1A.

Notwithstanding the above, an Individual may be given prior written clearance to Trade in Securities if the Individual proves, to the satisfaction of the Managing Director (or in the absence of the Managing Director, the Chairman of the Board) that the Individual does not possess Inside Information and:

- is suffering severe financial hardship such that Trading in Securities is the only reasonable course of action available (for example, when selling the Securities is the only way to satisfy a financial commitment); or
- other exceptional circumstances exist. As an example, this may include (without limitation) circumstances which compel the Individual to Trade in Securities such as a court order, a bona fide court enforceable undertaking or other legal or regulatory requirement.

In order to obtain prior written clearance under this policy, an Individual must apply in writing to Heron's Managing Director or Chairman (as appropriate). The Managing Director or Chairman may consult with the Board regarding a written request under this policy as they consider necessary. The Individual's written request, as well as any written clearance given under this policy, may be by means of electronic transmission, including email.

## 9 Clearance and Insider Trading

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Even if an Individual has received clearance to Trade in Securities under clause 8, the Individual will still be engaging in insider trading if he or she acts contrary to the prohibition in clause 6 above.

Clearance does not provide any guarantee that the proposed Trade in Securities does not constitute Insider Trading. Individuals must be aware at all times of their obligations not to Trade in Securities while they possess Inside Information. A Trade in Securities in the period immediately following:



- the public release to the ASX of Heron's annual, half yearly or quarterly reports or accounts; or
- Heron's annual general meeting,

will still amount to Insider Trading if the Individual who is partaking in the Trade in Securities possesses Inside Information.

## 10 Notification of Trading

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After receiving a written clearance in accordance with clause 8, an Individual must notify Heron's Company Secretary within two (2) business days of any sale or purchase of Securities, for the maintenance of accurate registers of share and option holders.

Heron's Company Secretary will inform the Managing Director and the Chairman of Heron's Board. In addition, Heron's Company Secretary will ensure compliance with ASX disclosure requirements that apply to Directors' interests in Heron.

## 11 Other Companies' Financial Products

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Although the Policy is principally concerned with Insider Trading in relation to Heron's Securities, Individuals should also be aware that the *Corporations Act 2001* prohibits any person who possesses Inside Information in relation to any company from applying for, acquiring or disposing of any financial product of that company or entering into an agreement or procuring another person to do so (see section 1043A of the *Corporations Act 2001* or any such provision which replaces it).

Serious civil and criminal penalties apply to any person who engages in Insider Trading.

Individuals who wish to trade in a financial product of any company should ensure that they do not possess any relevant Inside Information at the time of the proposed trade.

In particular, Individuals should consider whether they possess any relevant Inside Information of any related body corporate of Heron or any company with which Heron has a relationship, whether by way of a joint venture or some other arrangement, before trading in a financial product of Heron or that other company.

## 12 Conflicts of interest

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The *Corporations Act 2001* also provides that a director, secretary or other officer or employee of a corporation must not improperly use their position to gain an advantage for themselves.

If you are concerned that a situation may give rise to a conflict between your personal interests and Heron's interests, you should disclose the circumstances immediately to your manager. You should not proceed any further with your proposed course of action until written permission has been granted by the managing director.



## 13    Contravention of this policy

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A contravention of this policy would be unlawful and could lead to significant penalties being imposed against you under the *Corporations Act 2001*.

Contravention may also lead to disciplinary action including termination or your employment or engagement with Heron.