

# Share Trading Policy

## 1. INTRODUCTION

The Board of Directors of Clough Limited (**Clough**) encourage the ownership of shares in the Company by Directors and staff. The Board must also ensure public confidence is maintained in dealing in Clough's securities by having in place clear policy governing the trading in these securities. Care must be taken in the timing of any acquisition or disposal of securities of the Company.

This policy reflects the obligations imposed on Directors and staff by the *Corporations Act 2001 (Cth)* (Corporations Act), in particular prohibiting a person from dealing in securities where that person possesses inside information that could be expected to have a material effect on the price of those securities.

The policy also recognises that some staff, because of the nature of their roles will frequently be in possession of inside information. Additional restrictions apply to these "designated persons" including a general prohibition from trading, either directly or indirectly during closed periods.

The purpose of this Share Trading Policy is to:

- a) explain the type of conduct in relation to dealing in securities that is prohibited under the Corporations Act; and
- b) set out the additional restrictions imposed by Clough on dealings in its securities by Designated Persons, which includes directors and senior managers of Clough.

The Board of Directors of Clough (**Board**) considers that compliance with this Policy is essential, to ensure that the required standards of conduct are being met by all Directors and employees.

If you do not understand any part of this Policy, the summary of the law or how it applies to you, you should raise the matter with the Company Secretary before dealing with any securities covered by the Share Trading Policy.

Queries, including requests for approval must be in writing and every effort will be made to respond to written requests within 48 hours of being received. Communications for the purpose of this Policy may be by email or facsimile.

## 2. SUMMARY OF THE INSIDER TRADING PROHIBITION

### 2.1 Who is subject to the prohibition?

Under the Corporations Act, a person is prohibited from dealing in securities where:

- a) the person possesses information which is not generally available and, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of particular securities (inside information); and

# Share Trading Policy

- b) the person knows, or ought reasonably to know, that the information 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 those securities.

This prohibition applies regardless of how the person learns the inside information.

## 2.2 What are the prohibitions?

A person with inside information is prohibited from doing any of the following (either as principal or agent):

- a) applying for, buying or selling securities;
- b) entering into an agreement to apply for, buy or sell securities;
- c) procuring any other person to do any of the above;
- d) directly or indirectly communicating the inside information to another person who the person knows, or ought reasonably to know, would or would be likely to deal in, or procure another to deal in, those securities.

Procuring is a broad concept and includes inciting, inducing or encouraging another person to do something. For example, you cannot ask or encourage family members or friends to deal in securities when you possess inside information and you should not communicate inside information to any such people.

## 2.3 Information that is generally available

For the purposes of the insider trading provisions of the Corporations Act, information is defined broadly and includes matters of supposition and other matters which are insufficiently definite to warrant being made known to the public. It also includes matters relating to the intentions of a person.

Information is considered to be “generally available” if:

- a) it consists of a readily observable matter;
- b) it has been made known in a manner likely to bring it to the attention of investors in securities of corporations of the relevant kind, and a reasonable period for dissemination of that information has elapsed; or
- c) it may be deduced, inferred or concluded from either or both of the above.

Generally speaking, information will be “generally available” if it has been released to the ASX, published in an Annual Report or prospectus or otherwise been made generally available to the investing public and a reasonable period of time has elapsed after the information has been disseminated in one of these ways.

# Share Trading Policy

## 2.4 Material effect on the price of securities

Information has a material effect on the price or value of securities if, and only if, a reasonable person would expect that information to, or to be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities.

## 2.5 Examples of inside information

The following list is illustrative only. Inside information could include the following:

- a) a material increase or decrease in Clough's financial performance from previous results or forecasts;
- b) a proposed material business or asset acquisition or sale by Clough;
- c) a successful tender for a material contract;
- d) the damage or destruction of a material operation of Clough;
- e) the launch of a material new business by Clough;
- f) proposed material legal proceedings to be initiated by or against Clough;
- g) regulatory action or investigations undertaken by a government authority;
- h) a possible change in Clough's capital structure, including a proposal to undertake a new issue of shares;
- i) any new financing or a material change to the terms of existing financing;
- j) a proposed dividend;
- k) senior management changes; and
- l) information that is being withheld in accordance with the exception to the continuous disclosure requirements in ASX Listing Rule 3.1A.

## 2.6 Dealings in other companies

Dealings in securities of other entities associated with or connected with Clough (such as Clough's customers or joint venture partners) where a person possesses inside information in relation to that other company may also be caught by the insider trading prohibitions. For example, where you are aware that Clough is about to sign a major agreement with another company, you should not buy or sell securities in either Clough or the other company.

# Share Trading Policy

## 2.7 Consequences of insider trading

A person who commits a breach of the insider trading provisions could be subject to criminal liability (substantial fines and/or imprisonment may be imposed) or civil liability (substantial pecuniary penalties can be imposed). In addition, a person who contravenes or is involved in a contravention of these provisions may be liable to compensate any person who suffers loss or damage because of the conduct.

Such conduct would also prompt disciplinary action by Clough, which may include termination of employment.

## 3. ADDITIONAL TRADING RESTRICTIONS

This Policy imposes trading restrictions on Designated Persons **in addition to** the insider trading prohibitions imposed by the Corporations Act. At all times, these insider trading prohibitions continue to apply to Designated Persons; compliance with these additional trading restrictions in this paragraph 3 does not necessarily constitute compliance with the insider trading prohibitions.

### 3.1 Reasons for additional restrictions

It is assumed that Designated Persons come into possession of inside information on a regular basis. As a result, any trading by Designated Persons has the potential to erode the markets confidence in dealing in the Company's securities. This Policy is designed to avoid this possibility.

### 3.2 Dealings by Designated Persons

- a) At all times, Designated Persons must receive prior approval for any proposed dealing in Clough's securities from the following persons (the Relevant Approver):
  - i. in relation to a proposed dealing by a Director (other than the Chairman) or the Company Secretary - from the Chairman;
  - ii. in relation to a proposed dealing by the Chairman - from the Deputy Chair.
  - iii. in relation to a proposed dealing by all other Designated Persons - from the Company Secretary.
- b) Designated Persons must receive prior written approval for any proposed dealing in Clough's securities by:
  - i. advising in writing the Relevant Approver of their intention to deal in Clough securities;
  - ii. confirming that they are not in possession of price sensitive inside information; and

# Share Trading Policy

- iii. receiving written approval from the Relevant Approver prior to undertaking the proposed dealing.
- c) If approval is given, the Designated Person must ordinarily deal within five business days after receiving approval (unless otherwise approved by the Relevant Approver). Further notification and approval will be required if the proposed dealing does not occur within the relevant approval period.
- d) Where a Designated Person has been granted approval to deal in Clough securities, they must notify the Company Secretary within five business days of the outcome of the dealing.

## 3.3 Closed Periods for Designated Persons

- a) The following periods are Closed Periods for the purposes of this Policy:
  - i. the period from 1 July until one trading day after the announcement of Clough's preliminary annual results; and
  - ii. the period from 1 January until one trading day after the announcement of Clough's half-yearly results;
  - iii. any additional periods determined by the Board in circumstances where Clough is considering matters which are subject to the exception in ASX Listing Rule 3.1A,
- b) Unless approval is provided under paragraph 3.4, Designated Persons will not be given approval to deal in Clough securities during a Closed Period.

## 3.4 Approvals during Closed Periods

- a) The Relevant Approver may give a Designated Person approval to deal in Clough securities during a Closed Period, but only where:
  - i. the Designated Person:
    - A. advises the Relevant Approver in writing of their request to deal in Clough securities and the reasons for needing to do so during a Closed Period; and
    - B. confirms in writing that they are not in possession of price sensitive inside information; and
  - ii. the Relevant Approver is satisfied that the Designated Person is in severe financial hardship or exceptional circumstances exist, and provides written approval to the Designated Person.

# Share Trading Policy

- b) A Designated Person would be in severe financial hardship if they had a pressing financial commitment that cannot be satisfied by other means.
- c) A tax liability would not normally constitute severe financial hardship unless the person had no other means of satisfying the liability. A person's need to satisfy a tax liability arising from equity incentives connected with Clough would not normally be considered an exceptional circumstance.
- d) Exceptional circumstances would exist if:
  - i. a Designated Person was required by a court order, or there were court enforceable undertakings (e.g. in a bona fide family settlement) or some other overriding legal or regulatory requirement, to deal in Clough securities; or
  - ii. the Board, in its discretion, deems such circumstances to be exceptional.
- e) If approval is given to deal during a Closed Period, the Designated Person must ordinarily deal within five business days after receiving approval (unless otherwise approved by the Relevant Approver). Further notification and approval will be required if the proposed dealing does not occur within the relevant approval period.
- f) Where a Designated Person has been granted approval to deal in Clough securities during a Closed Period, they must notify the Company Secretary within five business days of the outcome of the dealing.

## 3.5 Restrictions on margin loans

Margin lending poses special risks to the compliance of Designated Persons with this Policy, particularly where the terms of the margin lending arrangements may place the Designated Person in a position of conflict with their obligations under the Policy and/or with the insider trading laws (for example, if a call is made under the arrangements, which results in Clough securities being sold while the Designated Person possesses inside information).

Without prior approval in the manner set out in paragraph 3.2 or 3.4 (as the case may be), Designated Persons must not enter into agreements that provide lenders with rights over their interests in Clough securities (e.g. for the disposal of Clough shares or options that is the result of a secured lender exercising their rights under a margin lending arrangement).

## 3.6 Short term dealings

In addition to the trading restrictions set out in this Policy, Designated Persons must not:

- a) enter into any other short term dealings (for example, forward contracts) or for speculative trading gain; and
- b) deal in financial products issued or created over or in respect of Clough securities (e.g. hedges or derivatives) which have the effect of reducing or eliminating the risk

# Share Trading Policy

associated with any equity incentives that Clough may offer from time to time (for example, a person may be granted an equity incentive award that vests at a time in the future subject to achieving certain performance goals; certain financial institutions offer products which act as an insurance policy if the performance goals are not met, thereby reducing the "at-risk" element of the person's incentive arrangements).

## 3.7 Restrictions applicable to Connected Persons

Designated Persons must take steps to ensure that their Connected Persons (including immediate family members of the Designated Person and any trusts, companies and other entities that the Designated Person controls) understand and will act in accordance with the terms of the Policy in relation to Clough securities.

This means that each Designated Person must:

- a) request their Connected Persons to observe the notification and approval procedure outlined in paragraph 3.2 or 3.4 by giving the Designated Person the information necessary for the Designated Person to lodge notices and requests in respect of the Connected Person's dealings in Clough securities;
- b) take reasonable steps to ensure that their Connected Persons do not engage in short-term dealings with Clough securities; and
- c) take reasonable steps to ensure that their Connected Persons do not deal in Clough securities during an applicable Closed Period or at any other time when the Designated Person would not themselves be permitted to deal in Clough securities under this Policy.

## 4. EXEMPTIONS FROM TRADING RESTRICTIONS

The trading restrictions imposed on Designated Persons under the Policy (aside from the insider trading restrictions) do not apply in the following circumstances:

- a) trading results in no change in beneficial interest in the securities (such as transfers of securities of Clough already held into a superannuation fund or other saving scheme in which the Designated Person is a beneficiary);
- b) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of Clough) where the assets of the fund or other scheme are invested at the discretion of a third party;
- c) where the Designated Person is a trustee, trading in the securities of Clough by that trust provided the Designated Person is not a beneficiary of the trust and any decision to trade during a Closed Period is taken by the other trustees or by the investment managers independently of the Designated Person;

# Share Trading Policy

- d) undertakings to accept, or the acceptance of, a takeover offer;
- e) trading under an offer or invitation made to all or most of the Clough 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;
- f) a disposal of Clough securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement, subject to the Designated Person having received prior written clearance for the original financing arrangement as set out in paragraph 3.5;
- g) the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Closed Period and Clough has been in a long Closed Period or Clough has had a number of consecutive Closed Periods and the Designated Person could not reasonably have been expected to exercise it at a time when free to do so; and
- h) trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with the procedures set out in this Policy and where:
  - i. the Designated Person did not enter into the plan or amend the plan during a Closed Period;
  - ii. the trading plan does not permit the Designated Person to exercise any influence or discretion over how, when or whether to trade.

A Designation Person must not cancel a trading plan unless clearance has first been given in accordance with paragraph 3.2 for its cancellation. If cancellation is to occur during a Closed Period, approval must be obtained under paragraph 3.4.

## 5. DISCLOSURE TO ASX

The ASX Listing Rules require the Share Trading Policy to be disclosed to ASX. Where Clough makes a material change to the Policy, the amended Policy must be provided to ASX within five business days of the material changes taking effect.

In addition, if a change to a notifiable interest of a Clough director occurs during a Closed Period, Clough must advise ASX in its Appendix 3Y Notice whether prior written clearance for the relevant dealing was provided and if so the date of such clearance.

# Share Trading Policy

## 6. DEFINITIONS

For the purposes of the Policy:

**Deal** or **dealing** includes, in relation to securities:

- a) an acquisition or disposal of the securities;
- b) the entry into a derivative in relation to the securities;
- c) the grant, acceptance, acquisition, disposal or exercise of an option to acquire or dispose of the securities;
- d) the use of the securities as security or the grant of any encumbrance over the securities;
- e) the engagement in any other transaction involving a beneficial interest or a change in beneficial ownership of the securities; or
- f) the entry into any agreement to do any of the above things.

**Connected Person** means, in relation to a Designated Person:

- a) a family member of that Designated Person who may be expected to influence, or be influenced by, that Designated Person in his or her dealings with Clough securities (this may include that Designated Person's partner and children (under the age of 18 years) or dependants of that Designated Person);
- b) a business partner of that Designated Person;
- c) a trustee where the beneficiaries of the trust include that Designated Person or a family member (referred to in sub-paragraph (a) above); and
- d) any other entity in respect of which that Designated Person has an ability to control.]

**Designated Persons** means:

- a) the directors of Clough, and those other persons having authority and responsibility for planning, directing and controlling the activities of Clough, directly or indirectly, including those key management personnel included in Schedule A – Designated Persons
- b) any person who is notified in writing by the Board or the Company Secretary to be a Designated Person for the purposes of the Policy from time to time (e.g. persons involved in a special price sensitive project).

**Securities** means:

- a) ordinary shares;

# Share Trading Policy

- b) preference shares;
- c) options;
- d) debentures or debt securities;
- e) convertible notes; and
- f) financial products relating to securities issued by Clough (for example, warrant contracts and other derivative products relating to the securities).

## 7. BREACHES OF THIS POLICY

Strict compliance with this Policy is a condition of employment. Breaches of the Policy will be subject to disciplinary action, which may include termination of employment.

## 8. WHO TO CONTACT

If you are in any doubt regarding your proposed dealing in Clough securities, or would like further information or have a question with respect to this Policy, you should contact the Company Secretary.

**Keith Spence**  
**Chairman**  
December 2010

# Share Trading Policy

## Schedule A

Designated Persons include all Directors and those in the following Senior Management positions:-

Title
Chief Operating Officer
Company Secretary
Executive Vice President Engineering
Executive Vice President Business Acquisition
General Counsel
General Manager Clough AMEC
General Manager Project Services
General Manger Business Acquisition
General Manger Commercial
General Manger Information
General Manger Operations
General Manger Queensland & PNG
Manager Business Improvement and Assurance
Manager HSE&S
Manager Human Resources
Project Director Gorgon
Regional Business Development manager
Vice President Fabrication
Vice President Marine Construction

All personal information obtained by Clough during the implementation of this policy will be controlled in accordance with the Clough Policy for Privacy and the Privacy Amendment (Private Sector) Act 2000.

