

Share trading policy

1. Introduction

- 1.1 The shares of PolyNovo Limited (Company) are listed on the Australian Securities Exchange Limited (ASX).
- 1.2 This policy outlines:
- when directors, senior management and other employees may deal in Company Securities;
 - when directors, senior management and other employees may deal in listed securities of another entity (because they may obtain inside information relevant to another entity's securities while performing their duties for the Company); and
 - procedures to reduce the risk of insider trading.

2. Defined terms

In this policy:

Approving Officers means:

- the Chief Executive Officer and Chairman of the Board; or
- in their absence, any two Directors.

Company Securities means shares, options or performance rights over those shares and other securities convertible into shares, and any financial products of the Company traded on ASX.

Family in relation to a person means that person's spouse or defacto partner and any dependant children of that person.

Specified person means:

- all directors and officers of the Company;
- all employees of the Company;
- all directors, officers and employees of PolyNovo Biomaterials;
- in relation to any person under (a), (b) or (c) above:
 - any member of their Family;
 - their nominee, including an investment manager;

- a trust and or superannuation fund of which they, any member of their Family, or any Family controlled company, are the trustee, member or beneficiary;
 - a person in partnership or acting in concert with them or any of their connected persons mentioned in (i) to (iii) above (acting in his or her capacity as such);
 - a company which they or their Family control; and
 - any person or entity over which the persons mentioned in (a), (b) or (c) above has control.
- (e) any other person who is notified to be a Specified Person by the Chief Executive Officer.

3. Insider trading

- 3.1 If a person has information about listed securities and the person knows, or ought reasonably to know, that the information is inside information, it is likely to be illegal for the person to:
- deal in the securities;
 - procure another person to deal in the securities; or
 - give the information to another person who the person knows, or ought reasonably to know, is likely to:
 - deal in the securities; or
 - procure someone else to deal in the securities.
- 3.2 Insider trading is a criminal offence. It is punishable by substantial fines or imprisonment or both. A company may also be liable if an employee or director engages in insider trading.
- 3.3 Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties for insider trading and order payment of compensation to persons who suffer loss or damage because of insider trading.

4. What is inside information?

- 4.1 Inside information is information that:
- is not generally available; and
 - if it were generally available, would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the relevant securities.
- 4.2 Information is generally available if it:
- is readily observable;
 - has been made known in a manner likely to bring it to the attention of persons who commonly invest in securities of the relevant type, and a reasonable period for that information to be disseminated has elapsed since it was made known; or
 - consists of deductions, conclusions or inferences made or drawn from information falling under paragraphs 4.2(a) or 4.2(b).
- ## 5. What is dealing in securities?
- 5.1 Dealing in securities includes:
- applying for, acquiring or disposing of, securities;
 - entering into an agreement to apply for, acquire or dispose of, securities; and
 - granting, accepting, acquiring, disposing, exercising or discharging an option or other right or obligation to acquire or dispose of securities.

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5.2 This policy will not restrict a grant by the Company to an employee of an option, performance right or other convertible security, or their exercise, at a time when the only inside information known to the employee is also known by the Company.

6. When a Specified Person may deal

6.1 Subject to paragraph 5.2, a Specified Person may only deal in Company Securities if both of the following are satisfied:

- (a) they do not have information that they know, or ought reasonably to know is inside information in relation to Company Securities; and
- (b) he or she has obtained clearance in accordance with paragraph 7.

6.2 Dealing in Company Securities cannot occur during the following blackout periods:

- (a) From the period 30 June, until one (1) day after the release of the Company's Annual Financial Results; and
- (b) From the period 31 December, until one (1) day after the release of the Company's Interim Financial Results;

6.3 Regardless of when a dealing occurs, a Specified Person may only deal in Company Securities if he or she has first obtained clearance in accordance with paragraph 7.

7. Clearance to deal

7.1 A Specified Person must make a request in writing to the Company Secretary before dealing in Company Securities.

7.2 The Company Secretary must request clearance from the Approving Officers.

7.3 The Approving Officers must not give clearance if:

- (a) there is a matter about which there is inside information in relation to Company Securities which the Specified Person is aware of when the Specified Person requests clearance or proposes to deal in Company Securities; or
- (b) the Approving Officers have any other reason to believe that the proposed dealing breaches this policy.

7.4 If clearance is given, the Specified Person must:

- (a) advise the Company Secretary of the dealing, including the number of securities bought or sold on specific dates; and
- (b) should material information become aware to the person then any unfilled order be cancelled.

7.5 The Company Secretary must keep a record of:

- (a) any information received from a Specified Person in connection with this policy;
- (b) any clearance given under this policy; and
- (c) the outcome of any cleared deal.

8. Communicating inside information

8.1 If a Specified Person has information that he or she knows, or ought reasonably to know, is inside information in relation to Company Securities, the Specified Person must not directly or indirectly communicate that information to another person if he or she knows, or ought reasonably to know, that the other person would or would be likely to:

- (a) deal in Company Securities; or
- (b) procure another person to deal in Company Securities or the securities of the other entity.

8.2 An employee must not inform colleagues (except the Approving Officer or the Company Secretary) about inside information or its details, unless in the proper course of the Company's business.

9. Speculative dealing

A Specified Person may not deal in Company Securities on considerations of a short term or speculative nature.

10. Exceptions to the policy

This policy does not apply in the following circumstances:

- (a) trading in a managed securities portfolio where a Specified Person is not in a position to influence a choice of the portfolio;
- (b) trading under a dividend reinvestment plan established by the Company where a Specified Person has given instructions to reinvest dividends;
- (c) transfers of securities of the entity already held into a superannuation fund or other saving scheme in which the Specified Person is a beneficiary;
- (d) undertaking to accept, or the acceptance of a takeover offer;
- (e) trading under an offer or invitation made to all or most security holders, such as a rights issue, security purchase plan or an equal access buyback, where the plan that determines the timing and structure of the offer has been approved by the board;
- (f) disposal of securities of the Company due to a secured lender exercising their rights. The board must be made aware of any agreement or rights placed over a Specified Person's Company Securities prior to the person entering into the agreement; and

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- (g) the exercise (but not the sale of securities following exercise) of an option or right under an employee incentive scheme where the final date for exercise falls during a blackout period, and where the person could not have reasonably been expected to exercise their right at a time where they were free to do so.

11. Exceptional Circumstances

Exceptional circumstances may apply to the disposal of Company Securities by a Specified Person during a blackout period as follows:

- (a) the Specified Person is experiencing severe financial hardship, and has no other financial means to satisfy the liability;
- (b) a requirement by court order, a court enforceable undertaking such as a bona fide family settlement, to transfer or sell the Company Securities, or if there is some other overriding legal or regulatory requirement to do so.

Any application for an exemption allowing the disposal of Company Securities during a blackout period must be made in writing or electronically by email and be accompanied by a relevant court order or supporting legal, accounting, bank or other independent documentation supporting the Specified Persons claim. Any claim must be approved by the approving officers as stated in clause 2.

12. No Hedging

Employees may not enter into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of:

- (i) shares in the Company which are subject to a restriction on disposal under an employee share or incentive plan; or
- (ii) options or performance rights (or shares in the Company underlying them) granted under an employee share or incentive plan.

13. Breach of policy

A breach of this policy by a Specified Person is serious and may lead to disciplinary action, including dismissal. It may also be a breach of the law.

14. Distribution of policy

This policy must be distributed to all directors, officers and employees of the Company.

15. Assistance and additional information

A Specified Person who is unsure about any information they may have in their possession, and whether they can use that information for dealing in securities, should contact the Company Secretary.

16. Change to policy

The board may vary this policy at any time in its absolute discretion.

17. Approved and adopted

This policy was approved and adopted by the board on 23 December 2010.

Date

Signed

Chairperson of the board of directors of PolyNovo Limited