

# Securities Trading Policy

## Hydrix Limited

ACN 060 369 048

(the Company)

Adopted by the Board on 12 September 2017

Amended by the Board on 27 June 2022

# **Securities Trading Policy**

## **Hydrix Limited (the Company)**

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### **1. Introduction and Purpose**

#### **1.1 Background**

The Company is committed to complying with the Corporations Act and the ASX Listing Rules to create a transparent market in the trading of its securities on the ASX.

ASX Listing Rule 12.9 requires the Company, as a listed entity, to have a trading policy that restricts its key management personnel from trading in its securities during certain closed periods.

This Securities Trading Policy (**Policy**) regulates Trading by Directors and employees of the Company and its subsidiaries (the **Group**), and their Closely Connected Persons, in Company Securities or Securities of other companies.

Directors and Employees must comply with the insider trading prohibitions of the Corporations Act. Any person who possesses inside information in relation to a company must not Trade in Securities of that company, regardless of the terms of this Policy or any written clearance given under this Policy in respect of Company Securities.

In addition to setting out general principles in relation to Trading in Securities applicable to all Directors and Employees and their Closely Connected Persons, this Policy recognises that there are specific periods when Restricted Persons should not Trade in Company Securities. This Policy also sets out procedures which apply to Trading in Company Securities by Restricted Persons.

#### **1.2 Purpose**

The purpose of this Policy is to assist Directors and Employees and other Restricted Persons, to comply with their obligations under the insider trading prohibitions of the Corporations Act and to protect the reputation of the Company, its Directors and Employees, by establishing best practice procedure for Dealing in Company Securities.

All Directors, Employees, and other Restricted Persons, should read this Policy carefully and familiarise themselves with the requirements and procedures detailed in it.

If you have any questions about this Policy please contact the Company Secretary.

#### **1.3 Definitions**

Capitalised terms used in this Policy are defined in the Schedule.

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### **2. Key principles of insider trading prohibition**

#### **2.1 Conduct prohibited by law**

Under the Corporations Act, if a person possesses "inside information" in relation to Securities of the Company or any other company, the person must not:

- (a) Deal in those Securities; or
- (b) Procure another person to Deal in those Securities; or
- (c) directly or indirectly communicate the information, or cause the information to be

communicated, to another person if the person knows, or ought reasonably to know, that the other person would, or would be likely to, Deal in those Securities in any way or Procure a third person to Deal in those Securities.

Importantly, given the broad definition of "Procure", a person who Deals in Securities through a trust or company while in possession of inside information may contravene the insider trading prohibitions and this Policy.

## **2.2 When a person possesses inside information**

A person possesses inside information in relation to Securities of the Company or another company where:

- (a) the person possesses information that 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 the Securities; and
- (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 the Securities.

Restricted Persons must assume that information is generally available only if it has been announced to ASX.

A reasonable person would be taken to expect information to have a material effect on the price or value of Securities if the information would, or would be likely to, influence persons who commonly acquire Securities in deciding whether or not to acquire or dispose of the Securities.

## **2.3 A person does not need to be an "insider"**

A person can possess inside information in respect of a company, even if they are not associated in any way with that company. It is irrelevant how the inside information was obtained.

## **2.4 Penalties**

A person who Trades in Securities while they possess inside information or communicates that information in the circumstances described in paragraph 2.1(c) above may be liable for both significant civil and criminal penalties.

In addition, a breach of this Policy may lead to disciplinary action by the Company or Group, including termination of employment with the Group.

## **2.5 Examples of inside information**

The following items are examples of information which may be inside information in relation to the Company:

- (a) a change in financial forecasts or expectations;
- (b) a proposed dividend;
- (c) changes in the Board of Directors or senior executives;
- (d) pending ASX announcements;
- (e) proposed changes in capital structure, including issues of securities, rights issues, the redemption of securities and capital reconstructions;

- (f) giving or receiving a notice of intention to make a takeover offer;
- (g) debt facilities and borrowings;
- (h) mergers, demergers, acquisitions and divestments;
- (i) significant changes in operations, strategy or proposed changes in the general character or nature of the business of the Company or its subsidiaries;
- (j) liquidity and cash flow information;
- (k) sales figures;
- (l) major or material purchases or sales of assets;
- (m) significant new contracts or customers;
- (n) an entity proposing to buy, or a securityholder proposing to sell, a substantial number of Company Securities;
- (o) industry issues that may have a material impact on the Company;
- (p) significant litigation involving the Company;
- (q) allegations of any breach of the law or other regulatory requirements by the Company; and
- (r) decisions on significant issues affecting the Company by regulatory bodies in Australia or other relevant jurisdictions (such as the Australian Securities and Investments Commission or the Australian Competition and Consumer Commission).

This is not an exhaustive list.

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### **3. Restrictions on trading**

#### **3.1 General principles**

Restricted Persons must comply with the following general principles in relation to Trading in Securities:

- (a) Restricted Persons must comply with the insider trading provisions of the Corporations Act at all times and must not Trade in Securities whilst in possession of inside information in respect of those Securities; and
- (b) Restricted Persons must not derive personal advantage from information which is not generally available and which has been obtained by reason of their connection with the Group.

#### **3.2 Short term Trading**

Restricted Persons must not engage in short term Trading of Company Securities. In general, the acquisition of Securities with a view to resale within a 12 month period and the sale of Securities with a view to repurchase within a 12 month period would be considered to be transactions of a short term nature.

#### **3.3 Securities of other companies**

- (a) Restricted Persons must not Trade in Securities of another company whilst in

possession of inside information in respect of that company.

- (b) Without limiting clause 3.3(a), Restricted Persons must seek prior written approval from the CEO (or in the case of the CEO, the Chairman of the Nomination and Remuneration Committee) before undertaking any Trading in Securities of any of the following entities (each a **Restricted Entity**):
  - (i) an entity in which the Company or Group member holds Securities;
  - (ii) an entity in respect of which the Company or Group member is, as far as the Restricted Person is reasonably aware, evaluating an investment opportunity; or
  - (iii) an entity identified by the Company as a 'Restricted Entity' for the purposes of clause 3.3(b), and notified by the Company to Restricted Persons from time to time.

### **3.4 No Trading in Company Securities during Prohibited Periods**

Restricted Persons must not Trade in Company Securities during the following Prohibited Periods:

- (a) from the Company's year end until the business day after the release of the full year results;
- (b) from the Company's half year end until the business day after the release of the half yearly results;
- (c) from the end of each calendar quarter until the business day after the release of any required quarterly report in respect of the preceding calendar quarter; and
- (d) any additional periods imposed by the Board from time to time (for example when the company is considering matters which are subject to Listing Rule 3.1A).

However, even if a Prohibited Period is not operating, Restricted Persons must not Trade in Company Securities at that time if they are in possession of inside information.

### **3.5 Prior written clearance for Trading**

Restricted Persons must seek prior written clearance before undertaking **any** Trading in Company Securities.

This requirement applies to all Trading outside of a Prohibited Period and any Trading during a Prohibited Period which is subject to an exception in clause 3.11 of this Policy. (The procedures for seeking prior written clearance to Trade during a Prohibited Period as a consequence of Exceptional Circumstances are set out in clause 3.10.)

In order to seek clearance to Trade, Restricted Persons must submit a written request, which may include an email communication, to the Designated Officer and copied to the Company Secretary. Such written request must include confirmation that the Restricted Person seeking approval does not have inside information relevant to the Securities or proposed Trade, and they are not aware of any reason why approval should not be provided.

The Designated Officer may request such other information as considered appropriate in the circumstances. The Designated Officer's discretion will be exercised with caution having regard to the importance of minimising both the risk, and the appearance, of insider trading. Restricted Persons should be aware that the Designated Officer may not provide the clearance to Trade, without giving any reasons.

Restricted Persons may only engage in the proposed Trading if prior written clearance is given by the Designated Officer. Any clearance for the Trading will be valid for 7 days from the date it is given.

Clearance to Trade can be withdrawn if new information comes to light or if there is a change in circumstances.

The Company's decision to refuse clearance is final and binding on the person seeking the clearance and if clearance to Trade is refused, the person seeking the clearance must keep that information confidential and not disclose it to anyone.

### **3.6 Subsequent notification of all Trading**

Restricted Persons must provide the Company Secretary with subsequent written notification of all Trading in Company Securities within two business days, regardless of whether prior written clearance has been given for that Trading.

Directors must provide sufficient details of all Trading to enable the Company to file a notice in accordance with the ASX Listing Rules within 5 business days of the Trade. The Company will also be obliged to notify ASX whether the Trading by a Director occurred during a Closed Period where prior written clearance was required and, if so, whether prior written clearance was provided.

### **3.7 Margin loans and other security interests**

No Restricted Person may enter into a margin loan or similar funding arrangement to acquire any Company Securities, (which includes transferring Securities into an existing margin loan account, or selling Securities to satisfy a call pursuant to a margin loan) or grant lenders any rights over their Company Securities without first obtaining prior written approval.

In order to obtain approval to enter into a margin loan or similar funding arrangement, Restricted Persons must submit a written request to the Designated Officer and where the Designated Officer is not the Company Secretary, copied to the Company Secretary. Such written request must include information that the Restricted Person seeking approval does not have inside information relevant to the Securities or proposed Trade, and they are not aware of any reason why approval should not be provided. The Designated Officer may request such information as considered appropriate in the circumstances. The Designated Officer's discretion will be exercised with caution and having regard to the importance of minimising both the risk, and appearance of, insider trading. Restricted Persons should be aware that the Designated Officer is not obliged to provide the approval to enter into the relevant arrangement.

The Company Secretary will inform the Board at its next meeting of the details for all margin loan or similar funding arrangements entered into with approval.

The Restricted Persons must inform the Company Secretary of any material change in their margin loan or similar funding arrangements e.g., movements in the LVR occasioned by drawdowns or price movements, and at least annually, of the amount drawn and Securities covered.

Restricted Persons are reminded they must seek prior written clearance in accordance with clause 3.5 of this Policy before undertaking any Trading in Company Securities.

Approval to enter into a margin loan or similar funding arrangement can be withdrawn if new information comes to light or there is a change in circumstances.

The Company's decision to refuse approval is final and binding on the person seeking the approval and if approval to enter into a margin loan or similar funding arrangement is refused, the person seeking the approval must keep that information confidential and not disclose it to anyone.

### 3.8 Hedging and Derivatives

Restricted Persons must not use, or allow to be used, any Derivatives or other products which operate to limit the economic risk of unvested Company Securities or Company Securities subject to a holding lock.

### 3.9 Trading may be permitted in Exceptional Circumstances

A Restricted Person who is not in possession of inside information in relation to the Company may Trade in Company Securities during a Prohibited Period if:

- (a) the Designated Officer determines that an Exceptional Circumstance applies to the Restricted Person; and
- (b) prior written clearance is granted by the Designated Officer in accordance with this Policy to permit the Restricted Person to Trade in Company Securities during the Prohibited Period.

A Restricted Person seeking clearance to Trade during a Prohibited Period must satisfy the Designated Officer that Exceptional Circumstances exist and that the proposal to Trade in Company Securities during a Prohibited Period is the only reasonable course of action available. Restricted Persons must apply for clearance in accordance with clause 3.10 below.

However, even if prior written clearance is given, Restricted Persons must not Trade in Company Securities if the person is in possession of any inside information.

### 3.10 Prior written clearance

In order to seek prior written clearance to Trade during a Prohibited Period due to Exceptional Circumstances, Restricted Persons must submit a written request to the Designated Officer. The Designated Officer may request such information as considered appropriate in the circumstances.

The Designated Officer's discretion will be exercised with caution. Restricted Persons should be aware that the Designated Officer may not provide the clearance to Trade, even if Exceptional Circumstances exist.

Restricted Persons may only engage in the proposed Trading if written clearance is given. Any prior written clearance given for Exceptional Circumstances trading will be valid for 7 days from the date it is given.

Clearance to Trade can be withdrawn if new information comes to light or there is a change in circumstances.

The Company's decision to refuse clearance is final and binding on the person seeking the clearance and if clearance to Trade is refused, the person seeking the clearance must keep that information confidential and not disclose it to anyone.

### 3.11 Dealings which may occur during a Prohibited Period

During a Prohibited Period, Restricted Persons may Trade in Company Securities in the circumstances described below, provided that the Restricted Person is not in possession of any inside information. (Please note that the Policy requirements with respect to prior written clearance and subsequent notification continue to apply to Trading under one of these exceptions. See clauses 3.5 and 3.6).

- (a) **(No change in beneficial ownership)** Trades in Company Securities where the Trading does not result in a change of beneficial interest in the Securities.



- (b) **(Transfers into a superannuation fund)** Transfers of Company Securities already held into a superannuation fund or other saving scheme in which the Restricted Person is a beneficiary.
- (c) **(Investment in fund etc.)** An investment in, or Trading in units of, a fund or other scheme (other than a scheme only investing in Company Securities) where the assets of the fund or other scheme are invested at the discretion of a third party.
- (d) **(Restricted Person acting as trustee)** Where the Restricted Person is a trustee or a director of a corporate trustee, Trading in Company Securities by that trust provided the Restricted Person is not a beneficiary of the trust and any decision to Trade during a Prohibited Period is taken by the other trustees or directors or by the investment managers independently of the Restricted Person.
- (e) **(Accepting a takeover offer)** Undertakings to accept, or the acceptance of, a takeover offer, or participation in a scheme of arrangement.
- (f) **(Rights issue, security purchase plan, distribution reinvestment plan etc.)** Trading under an offer or invitation made to all or most of the Company's 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 extends to 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).
- (g) **(Exercise of options or rights under an employee incentive scheme)** The exercise or conversion (but not the sale of Securities following exercise or conversion) of an option or a right under an employee incentive scheme.
- (h) **(Exercise of options or rights, or conversion of convertible security)** The exercise of an option or a right, or the conversion of a convertible security (but not the sale of underlying Securities following exercise or conversion), where the final date for the exercise of the option or right, or the conversion of the convertible security, falls during a Prohibited Period.
- (i) **(Involuntary disposals caused by margin lender)** An involuntary disposal of Securities that results from a margin lender or similar financier exercising its rights under a margin loan or similar funding arrangement, entered into with prior approval under this Policy.

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## 4. Other matters

### 4.1 Cautions to consider

Under insider trading laws, a person who possesses inside information about an entity's securities is generally prohibited from trading in those securities and that this applies even where:

- (a) the trading occurs at a time that would otherwise be outside a Prohibited Period specified in this Policy;
- (b) the trading falls within an exclusion in this Policy; or
- (c) the person has been given approval under the Policy to Trade (whether in exceptional circumstances or otherwise).

Approval to Trade under this Policy is not an endorsement of the proposed Trade. The person doing the trading is individually responsible for their investment decisions and their compliance with insider trading laws.



Before a Restricted Person Trades in Securities, they should consider carefully whether they are in possession of any inside information that might preclude them from trading at that time and, if they have any doubt on that score, they should not Trade.

If a Restricted Person comes into possession of inside information after receiving approval to Trade, they must not Trade despite having received the approval.

#### **4.2 Closely Connected Persons**

Restricted Persons must take reasonable steps to advise their Closely Connected Persons of this Policy and procure that they comply with this Policy as if they were a Restricted Person.

#### **4.3 Sales of Significant Volume of Securities**

Restricted Persons need to be mindful of the market perception associated with any sale of the Company's securities and possibly the ability of the market to absorb the volume of shares being sold. With this in mind, the management of the sale of any significant volume of the Company's securities (i.e., a volume that would represent a volume in excess of 10% of the total securities held by the seller prior to the sale, or a volume to be sold that would be in excess of 10% of the average daily traded volume of the shares of the Company on the ASX for the preceding 20 trading days) by a Restricted Person must be discussed with the Board prior to the execution of any sale.

#### **4.4 Changes to Policy**

If any material changes are made to this Policy, the Company will give the amended Policy to ASX for release to the market within 5 business days of the material change taking effect.

Amendments to the Policy which are likely to constitute a material change include:

- (a) changes to the Closed Periods;
- (b) changes with respect to Trading in Company Securities which is not subject to a Prohibited Period (as set out in clause 3.11 of this Policy); and
- (c) changes with respect to the Exceptional Circumstances in which Restricted Persons may be permitted to Trade during a Prohibited Period (as set out in clauses 3.9 and 3.10 of this Policy).

#### **4.5 Adoption of Policy and annual Board review**

The Board will review this Policy periodically. The Company Secretary will communicate any amendments to employees as appropriate.

#### **4.6 Record keeping**

The Board will ensure that records are made capturing the details of all applications by Restricted Persons for approval under this Policy and the decisions made in relation to those applications.

## Schedule 1 Definitions

For the purposes of this Policy:

**ASX Listing Rules** means the listing rules of ASX Limited;

**Board** means the board of directors of the Company;

**CEO** means the Chief Executive Officer (or equivalent) of the Company;

**Chairman** means the chairman of the Board from time to time;

**Closed Period** means the periods set out in paragraphs 3.4(a) and 3.4(b);

**Closely Connected Persons** means:

- (a) any spouse, de facto partner of, or any children residing with, a Restricted Person; and
- (b) companies, trusts, self-managed or other super funds and entities which are controlled by a Restricted Person or individual referred to in paragraph (a) above;

**Company Securities** means Securities issued by the Company;

**Corporations Act** means the Corporations Act 2001 (Cth);

to **Deal** in Securities means to apply for, acquire or dispose of Securities, or enter into an agreement to do any of those things, and **Dealing** has a corresponding meaning;

**Derivative** has the meaning in section 761D of the Corporations Act and includes options, forward contracts, futures, warrants, swaps, caps and collars;

**Designated Officer** means:

- (a) in respect of a Director, the Chairman;
- (b) in respect of the Chairman, the Chairman of the Nomination and Remuneration Committee;
- (c) in respect of any other Restricted Person, the Company Secretary; and
- (d) in respect of the Company Secretary, the CEO,

or such other person appointed by the Board as a Designated Officer for the purposes of this Policy;

**Directors** means directors of any company in the Group;

**Employees** means all employees of the Company or another member of the Group;

**Exceptional Circumstances** means, in relation to a Restricted Person:

- (a) **(Severe financial hardship)**: a pressing financial commitment that can only be satisfied by selling the relevant Company Securities;
- (b) **(Tax liability)**: a tax liability of such a person would not normally constitute severe financial hardship unless the person has no other means of satisfying the liability. A tax liability relating to Securities received under an employee incentive scheme would also not normally constitute severe financial hardship or otherwise be considered an exceptional circumstance for the purpose of obtaining proper written clearance to sell or otherwise dispose of Securities during a Prohibited Period;
- (c) **(Court order)**: a requirement to Trade in Company Securities as a result of:

- (i) a court order;
  - (ii) court enforceable undertakings (e.g. as part of a bona fide family settlement); or
  - (iii) some other overriding legal or regulatory requirement; or
- (d) **(Other circumstances)**: any other circumstances considered exceptional by the Designated Officer;

**Key Management Personnel** means Directors, the CEO, the Chief Financial Officer, the Company Secretary, and any employee (whether full-time, part-time or casual) having authority and responsibility for planning, directing, and controlling, directly or indirectly, the activities of the Company.

to **Procure** another person to Deal in Securities includes inciting, inducing or encouraging a person to Deal or not Deal in Securities;

**Prohibited Period** means the periods set out in paragraphs 3.4(a), 3.4(b) and 3.4(c);

**Restricted Persons** means:

- (a) Key Management Personnel;
- (b) all Employees; and
- (c) any persons nominated by the Board as Restricted Persons (and who are notified accordingly).

**Securities** includes shares, options, rights, debentures (including convertible notes), interests in a managed investment scheme, Derivatives and other financial products covered by s1042A of the Corporations Act; and

**Trade** means to Deal in Securities or Procure another person to Deal in Securities, and **Trading** has a corresponding meaning.