



# Trading Policy

Smartgroup Corporation Ltd (ACN 126 266 831) (“**Company**”)

**Amended by the Board in June 2018**

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# Trading Policy

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## 1 Purpose

### 1.1 Scope

This policy summarises the law relating to insider trading and sets out the Company's trading policy on buying and selling securities of the Company including shares and options and any other financial products of the Company that are able to be traded on a financial market ("**the Company's Securities**").

For the avoidance of doubt, the Company's Securities include any derivative products (such as warrants, exchange traded and over-the-counter options, and contracts for difference) issued over or in respect of shares and options of the Company.

### 1.2 Who does this policy apply to?

This policy applies as follows:

- part 2 (insider trading laws) and part 8 (confidentiality) apply to everyone (including all directors, officers, employees, contractors of the Company and its subsidiaries and Associates (as defined in paragraph 4.5 below));
- parts 3, 5 and 6 (trading policy) apply to all directors, officers, employees and contractors of the Company and its subsidiaries ("**Personnel**");
- part 4 (prior notification) and part 7 (further restrictions) apply to all directors, officers and other key management personnel of the Company (including the CEO and CFO), and any other persons designated by the board of directors of the Company ("**Board**") from time to time (each a "**Designated Person**") and in relation to which the company secretary of the Company ("**Company Secretary**") will maintain a list. For the avoidance of doubt, the Company will not treat (and the Board may not designate) as a Designated Person any holder of the Company's Securities who is a professional or institutional investor, including if an executive or representative of that investor (or an affiliate of that investor) is:
  - a director (or alternate director) or officer on the Board or any committee of the Board;
  - a director (or alternate director) or officer on the board of any subsidiary of the Company (or any committee of such board); or
  - otherwise engaged by the Company or any of its subsidiaries in an executive or professional advisory capacity; and
- paragraph 4.4 (associates) applies our trading policy to the Associates of Designated Persons as specified in that paragraph.

### 1.3 Further advice

If you do not understand any aspect of this trading policy, or are uncertain whether it applies to you or your Associates, please contact the Company Secretary. You may wish to obtain your own legal or financial advice before dealing in the Company's Securities.

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## 2 Insider trading prohibitions under the Corporations Act

### 2.1 What are the insider trading prohibitions?

Under the Corporations Act 2001 (Cwlth) (“**Corporations Act**”), if you have Inside Information (as defined in paragraph 2.2 below) relating to the Company it is illegal for you to:

- (a) deal in (that is, apply for, acquire or dispose of) the Company’s Securities or enter into an agreement to do so; or
- (b) procure another person to apply for, acquire or dispose of the Company’s Securities or enter into an agreement to do so; or
- (c) directly or indirectly communicate, or cause to be communicated, that Inside Information to any other person if you know, or ought reasonably to know, that the person would or would be likely to use that Inside Information to engage in the activities specified in paragraphs (a) or (b) above.

These prohibitions also apply to the application for, grant, exercise or transfer of an option over the Company’s Securities, and to the securities of other entities if you possess Inside Information about those entities.

It does not matter how or in what capacity you become aware of the Inside Information. It does not have to be obtained from the Company to constitute Inside Information.

You cannot avoid the insider trading prohibition by arranging or encouraging for a member of your family or a friend to deal in the Company’s Securities nor may you give “tips” concerning Inside Information relating to the Company to others.

**These prohibitions apply to everyone (not just Designated Persons) at all times.**

### 2.2 What is Inside Information?

“**Inside Information**” is information relating to the Company which is not generally available but, if the information were generally available, would be likely to have a material effect on the price or value of the Company’s Securities. Inside Information can include matters of speculation or supposition and matters relating to intentions or likely intentions of a person.

Information is regarded as being likely to have a material effect if it would, or would be likely to, influence persons who commonly invest in securities or other traded financial products in deciding whether or not to deal in the Company’s Securities.

Examples of Inside Information could be:

- (a) the financial performance of the Company against its budget or against forecasts;
- (b) changes in the Company’s actual or anticipated financial condition or business performance;
- (c) changes in the capital structure of the Company, including proposals to raise additional equity or borrowings;
- (d) proposed changes in the nature of the business of the Company;

- (e) changes to the Board or significant changes in key management personnel;
- (f) an undisclosed significant change in the Company's market share;
- (g) likely or actual entry into, or loss of, a material contract;
- (h) material acquisitions or sales of assets by the Company;
- (i) a proposed dividend or other distribution or a change in dividend policy;  
or
- (j) a material claim against the Company or other unexpected liability.

## **2.3 When is information generally available?**

Information is generally available if:

- (a) it consists of readily observable matter or deductions;
- (b) it has been brought to the attention of investors through an announcement to ASX Limited ("**ASX**") or otherwise similarly brought to the attention of investors who commonly invest in securities, and a reasonable period has elapsed since it was announced or brought to investors' attention; or
- (c) it consists of deductions, conclusions or inferences made or drawn from information referred to in paragraph (a) or (b) above.

Examples of possible readily observable matters are:

- (a) a change in legislation which will affect the Company's ability to make certain types of investments; or
- (b) a severe downturn in global securities markets.

## **2.4 Penalties**

Breach of the insider trading laws may subject you to:

- (a) criminal liability - penalties include heavy fines and imprisonment;
- (b) civil liability - you can be sued by another party or the Company for any loss suffered as a result of illegal trading activities;
- (c) civil penalty provisions - the Australian Securities and Investments Commission ("**ASIC**") may seek civil penalties against you and may even seek a court order that you be disqualified from managing a corporation.

Breach of the law, this policy, or both, will also be regarded by the Company as serious misconduct which may lead to disciplinary action or dismissal.

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# **3 No dealing in Prohibited Periods**

## **3.1 Trading windows and prohibited periods**

Subject to not being in possession of Inside Information and the requirements of this policy, all Personnel may only deal in the Company's Securities during the following trading windows:

- (a) the 30 day period beginning on the business day after the Company's half yearly results are announced to ASX;

- (b) the 30 day period beginning on the business day after the Company's annual results are announced to ASX;
- (c) the 30 day period beginning on the business day after the Company's annual general meeting;
- (d) at any time a prospectus or similar disclosure document issued or to be issued by the Company has been lodged with ASIC and is open for applications;
- (e) the 30 day period beginning when the Company gives to ASX a 'cleansing notice' under section 708A or 708AA of the Corporations Act in relation to an issue or offer of securities of the Company; and
- (f) at any other times as the Board permits.

All other periods are prohibited periods, when dealing in the Company's Securities is prohibited ("**Prohibited Periods**"), unless otherwise allowed by this policy

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## **4 Prior notification**

### **4.1 Written notice and confirmation**

If a Designated Person proposes to deal in the Company's Securities (including entering into an agreement to deal) at any time they must first provide:

- (a) written notice of their intention to the notification officer who is:
  - (i) the Chairman of the Board for all directors and alternate directors of the Company (other than the Chairman of the Board), the Chief Executive Officer, Chief Financial Officer and the Company Secretary;
  - (ii) the other Directors for the Chairman of the Board; and
  - (iii) the Company Secretary for all other Designated Persons,unless otherwise notified to the relevant Designated Person ("**Notification Officer**"); and
- (b) written confirmation that they are not in possession of Inside Information, in the form attached as Appendix A.

The relevant Notification Officer may appoint a delegate to act on his or her behalf in the case of temporary absence.

If the relevant Notification Officer objects to the proposed dealing, they must immediately notify the Designated Person that the trade must not proceed, and advise the Directors of the Company (who may overrule that decision if they think appropriate).

### **4.2 Notification of dealing**

In addition to providing prior notification under paragraph 4.1, Directors and Designated Persons must confirm in writing to the Company Secretary, as soon as reasonably practicable and in any event within three business days from when the dealing in the Company's Securities has occurred, the number of the Company's Securities affected and the relevant parties to the dealing.

A register of Designated Persons' interests in the Company's Securities is to be kept by the Company Secretary.

#### **4.3 Securities of other entities**

The Board may extend this policy by specifying that Designated Persons are also restricted from dealing in the securities of other specified entities with which the Company may have a close relationship.

#### **4.4 Associates**

This policy also applies to Associates of Designated Persons. A Designated Person must communicate on behalf of their Associate with the Notification Officer for the purposes of the requirements set out therein.

"Associates" of Designated Persons includes their family members, trusts, companies, self-managed super funds, nominees and other persons over whom Designated Persons have, or may be expected to have, investment control or influence or have an interest in. If you are in doubt as to whether a person is an Associate, you should contact the Company Secretary who will make a determination on the issue.

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## **5 Exceptional circumstances**

Personnel may request, and the Notification Officer may give, prior confirmation for the Personnel to:

- (a) deal in the Company's Securities during a Prohibited Period; or
- (b) dispose of the Company's Securities even if otherwise prohibited under part 7,

if there are exceptional circumstances (except if this would breach the insider trading prohibitions - see part 2 above).

Exceptional circumstances may include:

- (a) severe financial hardship, for example, a pressing and not personally induced financial commitment that cannot be satisfied otherwise than by selling the relevant the Company's Securities;
- (b) requirements under a court order or court enforceable undertakings or other legal or regulatory requirements; or
- (c) other exceptional circumstances as determined by the Chairman (or Chief Executive Officer where the Chairman is involved).

The Notification Officer for Personnel who are not Designated Persons is the Company Secretary, unless notified otherwise by the Company Secretary.

If the Notification Officer has any doubt in making a determination of exceptional circumstances, they should consult with the Chairman (or Chief Executive Officer where the Chairman is involved) before exercising the discretion.

The requirements of paragraphs 4.1 to 4.2 must be complied with regarding prior notification and notification of dealing once completed.

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## 6 Permitted dealings

The following types of dealing are excluded from the operation of part 3 of this policy and may be undertaken at any time without requiring prior notification, subject to the insider trading prohibitions:

- (a) **(superannuation)** transfers of the Company's Securities which are already held in a superannuation fund or other saving scheme in which the Personnel is a beneficiary (except for a self-managed superannuation fund under the control of the Personnel);
- (b) **(third parties)** an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Company's Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) **(other trustees)** where the Personnel is a trustee, trading in the Company's Securities by the respective trust provided the 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 Personnel ;
- (d) **(takeover)** undertakings to accept, or the acceptance of, a takeover offer, scheme of arrangement or equal access buy back;
- (e) **(pro rata issue)** a disposal of rights acquired, or an acquisition of the Company's Securities, under a pro rata issue;
- (f) **(SPPs and DRPs)** trading 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;
- (g) **(lender disposal)** a disposal of the Company's Securities that is the result of a secured lender exercising their rights, however, this does not extend to disposal under a margin lending agreement, where such agreements are prohibited by this policy;
- (h) **(incentive scheme)** the exercise (but not the sale of the Company's Securities following exercise) of an option or 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 Prohibited Period and the Company has been in an exceptionally long Prohibited Period or the Company has had a number of consecutive Prohibited Periods and/or the Designated Person may have been precluded from trading by virtue of holding inside information and the Designated Person could not reasonably have been expected to exercise it at a time when free to do so; and
- (i) **(trading plan)** trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this policy and where:
  - (i) the Personnel did not enter into the plan or amend the plan during a Prohibited Period; and

- (ii) the trading plan does not permit the Personnel to exercise any influence or discretion over how, when, or whether to trade.

However, this policy does not allow the Personnel to cancel the trading plan or cancel or otherwise vary the terms of their participation in the trading plan during a prohibited period other than in exceptional circumstances;

- (j) **(bonus issue)** acquiring the Company's Securities under a bonus issue made to all holders of the Company's Securities of the same class;
- (k) **(beneficial interest)** trading the Company's Securities where the trading results in no change in beneficial interest in the Company's Securities. However, the requirements of paragraphs 4.1 to 4.2 must be complied with; and
- (l) **(subscription under disclosure document)** subscribing for the Company's Securities under a disclosure document or an offer document issued in respect of a pro rata issue.

Under the insider trading laws, a person who possesses Inside Information may be prohibited from trading even where the trading falls within an exception specified above.

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## **7 Further restrictions**

### **7.1 No Margin lending**

Designated Persons are not permitted to enter into margin lending arrangements in relation to the Company's Securities. This is on the grounds that the terms may require the Company's Securities to be sold during a Prohibited Period or when the Designated Person possesses Inside Information.

This restriction does not extend to other funding arrangements where the Company's Securities may be included as security in an ordinary lending scenario. Designated Persons should consult the Company Secretary if they are uncertain as to whether an arrangement should be classified as a margin lending arrangement.

### **7.2 No short term or speculative trading**

The Company encourages Designated Persons to be long term investors in the Company.

Designated Persons must not engage in short term or speculative trading in the Company's Securities or in financial products associated with the Company's Securities. Short term means in less than a 12 month period.

Designated Persons are not permitted to engage in short selling of the Company's Securities.

### **7.3 No hedging**

Subject to the law, Designated Persons must not:

- (a) enter into transactions or arrangements with anyone which could have the effect of limiting their exposure to risk relating to an element of their remuneration that:
- has not vested; or
  - has vested but remains subject to a holding lock; or

- (b) deal at any time in financial products associated with the Company's Securities, except for the type of dealing permitted by law or under this policy.

#### **7.4 Meaning of financial products**

Financial products includes derivatives, options, warrants, futures, forward contracts, swaps and contracts for difference issued or created over or associated with the Company's Securities by third parties.

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### **8 Confidential Information**

You must treat all sensitive, non-public information ("**Confidential Information**") about the Company and the Group as confidential and belonging to the Group. You must not disclose Confidential Information to others (including Associates, relatives, business or social acquaintances) except as authorised or legally required. You must avoid inadvertent or indirect disclosure of Confidential Information. Even within the Group, Confidential Information should be distributed to or discussed with others only on a need-to-know basis, and those people must be told that the information is confidential. Be careful that your conversations are not overheard in elevators, aeroplanes or other public places. Do not leave Confidential Information on conference tables, desks or otherwise unguarded or observable. Take whatever steps are reasonably necessary to keep Confidential Information from being disclosed, except as authorised or legally required. If you are required by law to provide confidential information which has not been otherwise authorised, you must promptly notify the Company Secretary.

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### **9 Responsibility for implementation and review of this policy**

This policy has been approved and adopted by the Board. The Company Secretary and the CEO have overall responsibility for implementation, monitoring and periodic review of this policy to ensure it remains consistent with all legislative requirements and the changing nature of the Company. Changes to this policy may be made by resolution of the Board.

This policy is available on the Company's website.

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# Appendix A

## Notification to deal in the Company's Securities

**Instructions:** This form is to be used in conjunction with the Company's trading policy ("**Trading Policy**") which is available on the website. Terms defined in the Trading Policy have the same meaning in this form. If you have any questions, please contact the Company Secretary. Your Notification Officer is set out in the Trading Policy. If under the Trading Policy you are required to notify the Company of a proposed transaction, please complete this form and send it to the Notification Officer. If required, you must send a notification of dealing and details of your trade to the Notification Officer in the time required.

<b>Name of Designated Person</b>	<b>("Designated Person")</b>
<b>Description of the Company's Securities (ie number and class of Securities)</b>	
<b>Nature of proposed agreement/dealing (sale/purchase/subscription)</b>	
<b>Proposed date of transaction (ie completion date)</b>	

I confirm that:

- (a) I am not in possession of any unpublished information which, if generally available, might materially affect the price or value of the Company's Securities; and
- (b) the transaction in the Company's Securities described above does not contravene the Trading Policy.

Signed:.....

Dated: .....