

# Trading policy

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Phoslock Environmental Technologies Limited ACN 099 555 290  
(Company)

**Adopted by the Board – 30/3/2021**

# 1 Purpose and scope

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## 1.1 Which trading?

### **Company securities**

This policy summarises the law prohibiting insider trading and sets out the Company's trading policy on buying and selling Company securities.

### **Securities of other entities**

The prohibition on insider trading also applies to the securities of other entities if you possess Inside Information about those entities.

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

Terms used in this policy are defined in the glossary in schedule 1.

## 1.2 Who does this policy apply to?

This policy applies to:

Who?	Which sections?
<b>Everyone</b> - including all employees, contractors, family and associates	section 2 (Insider trading prohibition) and section 7 (Confidential Information)
<b>Designated Persons</b> i.e. all directors, officers, and other key management personnel ( <b>KMP</b> ) of the Company and any other person designated by the Company Secretary	The whole Trading Policy
<b>Associates of Designated Persons</b> (i.e. family and closely connected persons and entities) - see the glossary for more information	See section 1.3

## 1.3 Associates

This policy also applies to Associates of Designated Persons, except that sections 5.1 to 5.3 regarding prior notification, confirmation and notification of dealing apply as appropriate to the circumstances. If relevant, a Designated Person must:

- (a) inform their Associates about this policy; and
- (b) communicate on behalf of their Associates with the Notification Officer for the purposes of this policy.

If you are in doubt as to whether a person is an Associate and the application of this policy to them, you should contact the Company Secretary who will make a determination on the issue.

## 2 Insider Trading Prohibition – Corporations Act

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### 2.1 What is the Insider Trading Prohibition?

Under the Corporations Act, if you have Inside Information (as defined in section 2.2 below) relating to the Company it is illegal for you to:

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

#### ***Options are included***

It is also illegal to apply for, grant, exercise or transfer an option over Company securities if you have Inside Information relating to the Company.

#### ***Other organisations' securities***

It is also illegal to trade in the securities of other entities if you have Inside Information about those entities. This includes suppliers, contractors and customers.

#### ***Any capacity***

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.

#### ***No giving "tips"***

You cannot avoid the Insider Trading Prohibition by arranging for a family member or friend to deal in Company securities, nor may you give "tips" concerning Inside Information relating to the Company to others.

**WARNING: The Insider Trading Prohibition applies to everyone (not just Designated Persons) and applies at all times.**

### 2.2 What is insider trading

**"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 Company 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 Company securities.

Examples of Inside Information could be:

- (a) the financial performance of the Company;
- (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 increase debt;
- (d) proposed changes in the nature of the business of the Company;
- (e) an event which could have a material impact (either positively or negatively) on profits;
- (f) changes to the Board of Directors or significant changes in Key Management Personnel;

- (g) an undisclosed significant change in the Company's market share;
- (h) likely or actual entry into, or loss of, a material contract;
- (i) material acquisitions or sales of assets by the Company;
- (j) a proposed dividend or other distribution or a change in dividend policy; or
- (k) 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 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 paragraphs (a) or (b) above.

Examples of possible readily observable matters are:

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

### 2.4 Penalties

As well as reputational damage for both you and the Company, if you break the insider trading laws, you may be subjected to serious legal consequences including:

- (a) criminal penalties for a conviction include heavy fines and imprisonment;
- (b) civil liability - you can be sued by another party or the Company for loss they suffer as a result of your illegal trading;
- (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; and
- (d) disciplinary action including dismissal - if you breach the law, this policy, or both, we will regard it as serious misconduct which may lead to disciplinary action including dismissal.

## 3 No dealing in Prohibited Periods

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### 3.1 Trading windows and Prohibited Periods

Subject to the Insider Trading Prohibition and the requirements of this policy, Designated Persons must not deal in Company securities during the following periods:

- (a) the period starting on 31 December in the relevant year until the day following the announcement to ASX of the full-year results;
- (b) the period starting on 1 July in the relevant year until the day following the announcement to ASX of the half-year results;
- (c) the period of 14 days prior to and including the date of the annual general meeting of the Company; and
- (d) at any other times the Board of Directors designates as a Prohibited Period.

## 4 Further restrictions

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### 4.1 No margin lending

Designated Persons are not permitted to enter into margin lending arrangements in relation to Company securities. The grounds for this include that the terms may require Company 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 Company securities may be included as security. Designated Persons should consult the Company Secretary if they are uncertain as to whether an arrangement should be classified as a margin lending arrangement.

### 4.2 No short term or speculative trading or short selling

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 Company securities or in derivative or other financial products issued over or in respect of Company securities.

Designated Persons must not engage in short selling of Company securities.

### 4.3 No hedging

Subject to the law, Designated Persons and their closely related parties (as defined in the Corporations Act) must not:

- (a) enter into transactions or arrangements with anyone which could have the effect of limiting the exposure of the member to risk relating to an element of the member's remuneration that:
  - (i) has not vested in the member; or
  - (ii) has vested in the member but remains subject to a holding lock; or
- (b) deal at any time in financial products over or in respect of Company securities, except for the type of dealing permitted by law or under this policy.

Examples of prohibited arrangements include:

- (a) a put option on incentive remuneration;
- (b) a short position on shares that forms part of the incentive remuneration. A short position is a position in relation to shares in a listed company where the quantity of the shares that a person has is less than the quantity of the shares that the person has an obligation to deliver; and
- (c) an income protection insurance contract in which the insurable risk event affects the financial value of remuneration or equity or an equity-related instrument for the key management personnel.

Examples of arrangements that are not prohibited:

- (a) an income protection insurance contract in which the insurable risk event is death, incapacity or illness of any of the Key Management Personnel; and
- (b) a foreign currency risk arrangement.

## 5 Clearance procedures

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### 5.1 Prior notification

If a Designated Person proposes to deal in Company securities (including entering into an agreement to deal) during a Prohibited Period, they must first provide (using the appropriate Company form) both:

- (a) written notice of their intention to the Company Secretary and the notification officer listed below (unless otherwise notified to the relevant Designated Person); and

Designated Persons & other employees	Notification Officer
Chairman of the Board	Chairman of the Audit and Risk Committee
Other Directors (including the CEO and alternate Directors)	Chairman of the Board
Key Management Personnel	Company Secretary
Other Company Employees	Company Secretary

- (b) confirmation that they are not in possession of Inside Information.

The relevant Notification Officer may appoint a delegate to act on his or her behalf if temporarily unavailable.

### 5.2 Confirmation

Before dealing in Company securities, the Designated Person must receive a confirmation from the Notification Officer.

A confirmation expires 5 days from its date, unless it specifies a different expiry date.

A confirmation confirms that the proposed dealing by the Designated Person is within the terms of the Trading Policy but does not otherwise constitute approval or endorsement by the Company or the Notification Officer for the proposed dealing.

Even if confirmation is granted, a Designated Person remains personally responsible for their own investment decisions and assessing whether the Insider Trading Prohibition applies to them.

### 5.3 Notice of dealing

In addition to providing advance notice under section 5.1, Directors must confirm in writing to the relevant Notification Officer, within 2 business days from when the dealing in Company securities has occurred, the number of Company securities affected and the relevant parties to the dealing.

## 6 Exceptions

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### 6.1 Permitted dealings

Certain types of dealing are excluded from the operation of section 3 of this policy and may be undertaken at any time (subject to the Insider Trading Prohibition). They are listed in schedule 2 and are permitted primarily on the basis that the trading is passive, restrictive, outside of the individual's control or there is no underlying change in beneficial owner.

## 6.2 Exceptional circumstances

If there are exceptional circumstances of the kind listed in schedule 3, a Designated Person may request, and the Notification Officer may give, prior confirmation for the Designated Person to:

- (a) deal in Company securities during a Prohibited Period; or
- (b) dispose of Company securities even if otherwise prohibited under section 4, except if this would breach the Insider Trading Prohibition - see section 2.

## 7 Confidential Information

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You must treat all sensitive, non-public information (**Confidential Information**) about the Company as confidential and belonging to the Company. Take whatever steps are reasonably necessary to keep Confidential Information from being disclosed (except as authorised or legally required). This means:

- (a) you must avoid inadvertent or indirect disclosure of Confidential Information;
- (b) you must be careful that your conversations are not overheard in elevators, aeroplanes or other public places;
- (c) even within the Company, 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;
- (d) you must not disclose Confidential Information to others (including family members, relatives, business or social acquaintances) except as authorised or legally required; and
- (e) you must not leave Confidential Information on conference tables, desks or otherwise unguarded.

## 8 Notifying interests and updating registers

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The Company, its Directors and Company Secretary will comply with requirements regarding notifying Directors' interests and updating Company registers including:

- (a) disclosure obligations under the ASX Listing Rules (such as under ASX Listing Rules 3.1 and 3.19A);
- (b) notifying ASIC of a substantial shareholding or change to that holding (under section 671B the Corporations Act);
- (c) for notifications, requests and clearances under this policy; and
- (d) for Directors' material personal interests and standing notices (under Chapter 2D Div 2 of the Corporations Act).

## 9 Awareness and training

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The Company Secretary will instigate induction and on-going training, and set up appropriate processes, to promote compliance with this policy.

## **10 Obtaining further advice**

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

## **11 Review and publication of this policy**

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The Board will review this policy from time to time so that it remains relevant to the needs of the Company. This policy may be amended by resolution of the Board.

This policy is available on the Company's website.



## Schedule 1 – Glossary

Unless the contrary intention appears, these meanings apply in the Trading Policy:

<b>Term</b>	<b>Definition</b>
<b>ASIC</b>	Australian Securities and Investments Commission
<b>Associate</b>	Associates of a Designated Person include their closely connected persons and entities, i.e. their family members, trusts, companies, nominees and other persons over whom a Designated Person has, or may be expected to have, investment control or influence. See section 1.4.
<b>ASX</b>	ASX Limited or Australian Securities Exchange, as the context requires
<b>Clearance Procedures</b>	means the process referred to in section 5
<b>Company</b>	Concentrated Leaders Fund Limited
<b>Confidential Information</b>	has the meaning given in section 7
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>“deal” or “trade”</b>	includes to take part in any transaction associated with buying, selling, acquiring, disposing of, converting or agreeing to do any of these things
<b>Designated Person</b>	has the meaning given in section 1.3
<b>Inside Information</b>	has the meaning given in Corporations Act 1042A as summarised in section 2.2
<b>Insider Trading Prohibition</b>	means the prohibitions in Corporations Act 1043A on trading or dealing with Inside Information as summarised in section 2
<b>Key Management Personnel</b>	means persons having authority and responsibility for planning, directing and controlling the activities of an entity, directly or indirectly, including all executive and non-executive directors (see Accounting Standard AASB 124)
<b>Notification Officer</b>	the relevant person specified in section 5.1 to whom notice should be given
<b>Prohibited period</b>	has the meaning given in section 3

## Schedule 2 – Permitted dealings

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In accordance with section 6.1, the following types of dealing are excluded from the operation of section 3 of this policy and may be undertaken at any time (except if this would breach the Insider Trading Prohibition - see section 2):

- (a) **(superannuation)** transfers of securities which are already held in a superannuation fund or other saving scheme in which the Designated Person is a beneficiary;
- (b) **(third parties)** 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;
- (c) **(other trustees)** where a Designated Person is a trustee, trading in Company securities by the respective trust provided the Designated Person 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 Designated Person;
- (d) **(takeover)** undertakings to accept, or the acceptance of, a takeover offer;
- (e) **(rights offers, SPPs and DRPs and buy-backs)** 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 Company's 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) **(lender disposal)** a disposal of Company securities that is the result of a secured lender exercising their rights;
- (g) **(incentive scheme)** the exercise (but not the sale of 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 the Designated Person could not reasonably have been expected to exercise it at a time when free to do so; and
- (h) **(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 Designated Person did not enter into the plan or amend the plan during a Prohibited Period; and
  - (ii) the trading plan does not permit the Designated Person to exercise any influence or discretion over how, when, or whether to trade.

However, this policy does not allow the Designated Person 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.

## Schedule 3 – Exceptional circumstances

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### **Request**

In accordance with section 6.2 and using the relevant Company form, a Designated Person may request, and the Notification Officer may give, prior confirmation for the Designated Person to:

- (a) deal in Company securities during a Prohibited Period; or
- (b) dispose of Company securities even if otherwise prohibited under section 4,

if there are exceptional circumstances (except if this would breach the Insider Trading Prohibition - see section 2).

### **Examples of exceptional circumstances are:**

- (a) severe financial hardship, eg a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Company securities;
- (b) requirements under a court order or court enforceable undertakings or other legal or regulatory requirements (eg a family law settlement); or
- (c) other exceptional circumstances as determined by the Chairman (or Chief Executive Officer where the Chairman is involved).

A liability to pay tax does not normally constitute severe financial difficulty.

If the Notification Officer has any doubt in making a determination of exceptional circumstances, they should exercise the discretion with caution.

The requirements of sections 5.1 to 5.3 must be complied with regarding prior notification, confirmation and notification of dealing.