



# ADELAIDE BRIGHTON LIMITED

('COMPANY')

ACN 007 596 018

## SHARE TRADING POLICY

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### 1 Introduction and purpose

The Corporations Act prohibits any person, who possesses inside information, from using that information to deal in shares, debentures, options, warrants, derivatives or other securities, either for personal gain or for the gain of any other person.

Inside information is information that a reasonable person would expect to have a material effect on either the price or value of the securities.

The Board of Adelaide Brighton Ltd has adopted this Policy to provide guidance to all group personnel and their associates, if they are contemplating buying or selling Adelaide Brighton Ltd securities. Serious penalties apply for non-compliance, as set out in section 4 below.

A summary of the "insider trading" provisions of the Corporations Act is set out in section 6 below.

The insider trading provisions of the Corporations Act also apply to securities of entities other than Adelaide Brighton Ltd where group personnel, and their associates, use inside information gained from their association with Adelaide Brighton Ltd to deal in those securities, either for personal gain or for the gain of any other person.

This Policy places additional restrictions on personnel who are more likely than others to come into possession of inside information as part of their role (referred to as "Designated Persons"). In addition, associates of Designated Persons should only deal in circumstances where the Designated Person of whom they are an associate would be permitted to deal under this Policy. Designated Persons must take appropriate steps to ensure that their associates only deal in accordance with this Policy, for example, by obtaining clearance in accordance with section 3 in respect of any dealing by their associate.

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### 2 Front page test

It is important that public confidence in the Company is maintained. It would be damaging to the Company's reputation if the market or the general public perceived that group personnel might be taking advantage of their position in the Company to make financial gains (by dealing in securities on the basis of confidential information).

As a guiding principle, before seeking approval to deal, all group personnel should apply the following ‘front page test’:

*If the market was aware of all the current circumstances, could the proposed dealing be perceived as inappropriate for someone in my position? How would it look if the dealing was reported on the front page of the newspaper?*

Where any approval is required for a dealing under this Policy, approval will not be granted where the approver does not consider that the dealing would satisfy the front page test.

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### 3 Policy

- Directors are required to notify the Company Secretary in writing prior to dealing in the Company’s securities and the Company Secretary will seek pre-approval from the Chairman (or, in the case of the Chairman, pre-approval will be sought from the Chairman of the Audit, Risk and Compliance Committee). If approved, details of any subsequent trade should be advised immediately in writing to the Company Secretary in order to facilitate appropriate notification to the Australian Securities Exchange (**ASX**).
- Other Designated Persons are required to notify the Company Secretary in writing prior to dealing in the Company’s securities and the Company Secretary may provide pre-approval (after consultation where appropriate) or seek pre-approval from the Chief Executive Officer. If approved, details of any subsequent trade should be advised immediately in writing to the Company Secretary.
- Designated Persons are only likely to be granted approval (unless there are exceptional circumstances) to deal in the Company’s securities during the following periods (“Trading Windows”):
  - (i) in the period up to one month commencing on the first trading day after the lodgement of the Company’s half year and annual profit announcements with the ASX;
  - (ii) in the period up to one month commencing on the first trading day after the holding of the Company’s Annual General Meeting (if this Trading Window overlaps with the start of a Blackout Period, the Trading Window will close from the start of the Blackout Period); and
  - (iii) any period that the Company has a current prospectus or other form of disclosure document on issue under which persons may subscribe for securities, andin all cases, where the Designated Person is not in possession of price sensitive information in relation to the Company which is not known to the market.
- Designated Persons are prohibited from dealing in the following situations:
  - (i) in the two month period preceding the first trading day after the lodgement of the Company’s half year and annual profit announcements with the ASX (“Blackout Periods”);
  - (ii) any other period that the Board specifies from time to time;
  - (iii) where the Designated Person would be dealing for a short-term gain (including buying and selling securities within a 3 month period or using forward contracts).

- At all other times (ie. outside of the Trading Windows and Blackout Periods), the normal approval process set out above applies. Clearance to deal other than during the Trading Windows is entirely discretionary and may only be considered in exceptional circumstances (such as financial hardship). In all cases, Designated Persons are prohibited from trading when in possession of price sensitive information.
- In all cases when approval is sought under this Policy, Designated Persons must provide any details about the dealing that the approver asks for. Further, the approver has discretion to:
  - (i) impose conditions on their approval;
  - (ii) revoke their approval;
  - (iii) refuse to grant approval,

and the approver is not obliged to provide reasons. If approval is granted to trade in the Company's securities, the Designated Person will be notified in writing. Unless otherwise specified in the written notification, the approval will have effect for 5 business days, and fresh approval must be sought for any dealing outside of the approval period. If approval is refused, that fact must be kept confidential.

- No group personnel may enter into a margin loan or similar funding arrangement to acquire Company securities.
- Hedging of Company securities by group personnel is subject to the following rules:
  - (i) Company securities acquired under an incentive plan must never be hedged prior to vesting;
  - (ii) Company securities must never be hedged while they are subject to a holding lock or similar dealing restriction under the terms of any incentive plan; and
  - (iii) hedge transactions (including entering into, renewing, altering or closing out a hedge) that are not prohibited under (i) and (ii) above are dealings in Company securities for the purposes of this Policy and are subject to the same requirements as any other dealing.
- Group personnel are also prohibited from dealing in the securities of other companies about which they may gain price sensitive information that is not publicly available, by virtue of their position.
- Group personnel must not directly or indirectly communicate price sensitive information or cause that information to be communicated to another person, if they know or should know that that other person would be likely to buy or sell securities in the Company.
- Group personnel should obtain their own legal advice if they are unsure of their legal obligations.

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## 4 Penalties

- Strict compliance with this Policy is a condition of employment or engagement. Breaches of this Policy will be subject to disciplinary action, which may include termination in serious cases.

- If a person is convicted of insider trading, the penalties can be serious and may include:
  - (i) criminal liability including substantial fines and/or significant periods of imprisonment;
  - (ii) civil liability including significant pecuniary penalties and liability to pay damages resulting from the breach; and
  - (iii) termination of employment or engagement with the Company.

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## 5 Definitions

The definitions below are minimum guidelines. The Company will take a substance over form approach and will have regard to the intent and spirit of this Policy when applying and enforcing it.

- “Associates” include nominee companies, spouses, dependent children, family trusts etc.
- “Securities” includes ordinary and preference shares, debentures, rights, options, interests in managed investment schemes, Australian Securities Exchange traded options, warrants and derivatives, and other financial products able to be traded on a financial market.
- “Deal” is a broad concept and includes any transaction associated with the buying, selling, or converting of a security. It also extends to entering into a forward contract or hedging arrangement which has the purpose of securing economic value or transferring any risk or benefit in the value of securities.
- “Designated Persons” are:
  - (i) all Directors and other key management personnel of Adelaide Brighton Ltd;
  - (ii) all direct reports to the Chief Executive Officer of Adelaide Brighton Ltd; and
  - (iii) other personnel who have been advised by the Company Secretary that they are Designated Persons.
- “Group personnel” includes all directors, officers and employees of Adelaide Brighton Ltd (or any other group company), including Designated Persons, and any contractor or other person who is required to comply with Adelaide Brighton Ltd’s policies.
- “Inside information” is information that if it was known to the market would be reasonably expected to have a material effect (positive or negative) on the price or value of the applicable security, and may include:
  - (i) sales figures;
  - (ii) profit forecasts;
  - (iii) items of capital expenditure;
  - (iv) borrowings;
  - (v) liquidity and cash flow information;

- (vi) significant changes in operations;
- (vii) management restructuring;
- (viii) litigation;
- (ix) impending mergers and acquisitions, reconstructions, take-overs;
- (x) major asset purchases or sales; and
- (xi) new products and technology.

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## **6 Legal prohibition**

The main provisions of the Corporations Act dealing with “insider trading” are contained in Part 7.10.

Essentially, the Corporations Act provisions provide that a person is prohibited from dealing in securities where:

- the person possesses information which is not generally available to the public;
- that information may have a material effect on the price of securities of the relevant entity; and
- the person knows or ought reasonably to know that the information is not generally available and, if it were, it might have a material effect on the price of securities.

The prohibition also extends to:

- advising, procuring or encouraging another person to deal, or enter into an agreement to deal, in the company’s securities; and
- directly or indirectly communicating the information to another person who the person believes is likely to deal in, or procure another person to deal in, those securities.