

# Securities Trading Policy

Sovereign Cloud Holdings Limited  
(ACN 622 728 189)



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## 1. Application

### Who does this Policy apply to?

- 1.1 This Securities Trading Policy (**Policy**) sets out the Company's policy on Trading in Shares or related Securities of the Company. Certain capitalised terms used in this Policy are defined in section 2.

### Reasons for this Policy

- 1.2 The Company has adopted this Policy to regulate Trading by Employees in the Company's Securities.
- 1.3 All Employees are required to conduct their personal investment activity in a manner that is lawful and avoids conflicts of interest between the Employee's personal interests and those of the Group. The Company is also keen to promote shareholder and general market confidence in the Group.
- 1.4 This Policy is specifically designed to:
- (a) raise awareness and minimise any potential for breach (or the appearance of any breach) of the prohibitions on insider trading contained in Part 7.10 of the Corporations Act – see section 4 for further details; and
  - (b) meet the Company's obligations under the ASX Listing Rules to maintain a Securities Trading Policy.

### Who does this Policy apply to?

- 1.5 This Policy applies to all Employees of the Company and the Group.

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## 2. Definitions and interpretation

### Definitions

- 2.1 In this Policy, unless the context otherwise requires:

**ASX** means ASX Limited (ACN 008 624 691) or the financial market conducted by it, as the context requires.

**ASX Listing Rules** means the listing rules of ASX applicable to the Company from time to time.

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

**Company** means Sovereign Cloud Holdings Limited (ACN 622 728 189).

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

**Director** means a director of the Company.

**Employee** means a person who is an employee, officer or director of the Company or the Group and includes the Senior Executives.

**Exceptional Circumstances** means circumstances which the Chair (or the Chair of the Audit and Risk Committee in the case of proposed Trading by the Chair) decides are so exceptional that the proposed Trading in Securities is the only reasonable

course of action available, which may include the circumstances set out in section 7.1.

**Group** means the Company and its subsidiaries.

**Inside information** has the meaning given in the Corporations Act, as summarised in sections 4.6 to 4.8 below.

**Prohibited Period** means any time other than during a Trading Window and, to avoid doubt, includes any time when the Company has declared a Trading Window closed under section 3.7.

**Shares** means ordinary shares of the Company.

**Securities** includes Shares, debentures, options, performance rights and other securities issued by the Company which are convertible into Shares, as well as financial products issued or created over Shares by third parties, including structured financial products, swaps, futures contracts, contracts for differences, spread bets, options, warrants, depositary receipts or other derivatives over or related to the performance of Shares.

**Senior Executives** means:

- (a) the Chief Executive Officer and Chief Financial Officer;
- (b) all direct reports to the Chief Executive Officer;
- (c) any other person who is one of the Group's key management personnel (as defined in AASB 124 *Related Party Disclosures*), including those persons identified as key management personnel in the Company's most recent Annual Report; and
- (d) any other Employee who has been notified that the Board designates them as a Senior Executive for the purposes of this Policy.

**Trade or Trading** means:

- (a) buying or selling Securities;
- (b) entering into an agreement to buy or sell Securities; or
- (c) exercising options, rights or awards to acquire Securities.

**Trading Window** means a period determined by the Company in accordance with sections 3.6 to 3.8.

## Interpretation

- 2.2 In this Policy, a reference to writing includes writing delivered by email.

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## 3. Trading Windows

### Trading may occur only during Trading Windows

- 3.1 All Trading in Securities by Employees must comply with this Policy and generally will only be permitted during Trading Windows.
- 3.2 No Trading in Securities may occur outside of Trading Windows without the prior written permission of the Chair (or an officer of the Company designated by the

Chair), unless an exception in section 3.9 applies. Permission to sell (but not purchase) Securities outside of Trading Windows will ordinarily only be granted in Exceptional Circumstances and only in the event that the person involved is not in possession of inside information. Requests for permission should generally be made through the Company Secretary. Refer to section 7 for further details.

- 3.3 Employees must not commence, amend or withdraw from a dividend reinvestment plan of the Company during a Prohibited Period, other than in Exceptional Circumstances.

### **When is Trading during a Trading Window prohibited?**

- 3.4 Even if a Trading Window is open, the laws prohibiting insider trading continue to apply to Employees so that they must not Trade if they possess any inside information. Refer to section 4 for further details.

### **What other restrictions on Trading apply?**

- 3.5 Employees are prohibited from:
- (a) **(short term trading)** other than when an Employee exercises employee options or performance rights to acquire Shares at the specified exercise price, Trading in Securities on a short-term trading basis. Short-term trading includes buying and selling Securities within a three-month period, and entering into other short-term dealings (e.g. forward contracts). However, the sale of Shares that have been converted after exercising options or rights will not be regarded as short-term trading;
  - (b) **(hedging unvested or restricted Securities)** entering into transactions or arrangements, including by way of derivatives or similar financial products, which operate to limit the economic risk relating to Securities granted under an employee, executive or director incentive plan or as part of the Employee's remuneration, which either have not vested or have vested but remain subject to a holding lock or other restriction on dealing under the terms of the plan; or
  - (c) **(short positions)** Trading in Securities which enable an Employee to profit from or limit the economic risk of a decrease in the market price of Shares.

### **When are the Trading Windows?**

- 3.6 The Trading Windows during which Employees are permitted to Trade in Securities will generally be open at the following times:
- (a) for a period of four weeks commencing on the trading day following the public release by the Company of its preliminary annual and half-year results to ASX;
  - (b) for a period of four weeks commencing on the trading day following the holding of the Company's Annual General Meeting;
  - (c) during the offer period (for so long as it remains open) under any publicly available prospectus or other disclosure document issued by the Company offering Securities;
  - (d) for a period of four weeks commencing on the trading day following the public release of the Company's quarterly report to ASX; and
  - (e) at any other time as the Board may determine.

- 3.7 Notwithstanding the time periods described above, the Company may declare a Trading Window closed at any time at its absolute discretion and without prior notice. For example, this could occur if Directors believe that certain Employees may hold inside information relating to the Group.
- 3.8 Trading Windows will not automatically be opened at the times described above. Details of when a Trading Window is opened or closed will be notified by email to Employees.

### **Exceptions to the Prohibited Periods**

- 3.9 The following exceptions apply to the Trading restrictions during Prohibited Periods (but subject always to insider trading laws):
- (a) an exercise (but not the sale of Securities following exercise) of an option or other right to acquire Shares 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 for the conversion of the Security falls during a Prohibited Period;
  - (b) Trading under an offer or invitation made to all or most shareholders in the Company such as a rights or entitlement issue, a security purchase plan, or 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 entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
  - (c) Trading where the beneficial interest in the relevant Securities does not change. This includes:
    - (i) a dealing by which the relevant Securities are transferred by an Employee from their personal holdings to a superannuation or similar fund of which they are a beneficiary; or
    - (ii) the withdrawal of Securities from an employee incentive scheme and the transfer of those Securities to the participant's personal holdings or superannuation or similar fund of which they are a beneficiary;
  - (d) an acquisition of Securities under a dividend reinvestment plan, provided the election to participate in the dividend reinvestment plan was not made during a Prohibited Period or when the Employee was in possession of any inside information;
  - (e) an Employee accepting a takeover bid or transferring Securities under a scheme of arrangement in respect of the Company;
  - (f) an involuntary disposal of Securities that is the result of a secured lender or financier exercising their rights. However, this does not extend to disposal under a margin lending arrangement where such arrangement is prohibited by this Policy; and
  - (g) an acquisition of Securities under a bonus issue made to all holders of Securities of the same class.

- 3.10 However, under the insider trading laws, a person who possesses inside information is generally prohibited from Trading even where Trading falls within an exception specified above. See section 4 for further details.

### **Escrow**

- 3.11 Any Employee who holds Securities subject to binding restrictions on transfer (either as ASX restricted securities or through voluntary escrow arrangements) must comply with the terms of any applicable escrow arrangements and will be unable to Trade in the relevant Securities during that time. Once the escrow arrangements have ended, the Employee is not free to Trade unless permitted by this Policy.

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## **4. Insider trading laws**

### **What is insider trading?**

- 4.1 Under the Corporations Act, all Employees (and other persons) are prohibited in all circumstances from Trading in Securities at any time if they are in possession of "inside information" (see sections 4.6 to 4.8) whether or not a Trading Window is open.
- 4.2 Employees who possess inside information are also prohibited from procuring others to Trade.
- 4.3 In addition, Employees:
- (a) must not communicate inside information to someone who might then:
    - (i) Trade in Securities; or
    - (ii) procure another person to Trade in Securities, including to any family members, friends, and entities which the Employee controls; and
  - (b) should seek to ensure that third parties who come into possession of inside information preserve its confidentiality and do not Trade while in possession of that information. This will usually be achieved by means of a written confidentiality agreement.
- 4.4 It does not matter how or in what capacity an Employee becomes aware of inside information. It does not have to be obtained from the Group to constitute inside information.
- 4.5 Employees cannot avoid the insider trading prohibitions by arranging for a family member, friend or other person to Trade nor may an Employee give "tips" concerning inside information to others.

### **What is inside information?**

- 4.6 **Inside information** is information which is not generally available (which usually means that the information has not been released to ASX) 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.
- 4.7 Information is regarded as being likely to have a material effect on price or value 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. This can be a relatively low threshold, and if in doubt Employees should assume that non-public information could have this effect.

4.8 Examples of inside information could include:

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

**What are the consequences of insider trading?**

- 4.9 Insider trading is strictly prohibited by law, and it is important that all Employees do not breach that prohibition. Insider trading, or the perception of insider trading, by any Employee will not be tolerated. Breach of the law or this Policy will also be regarded by the Company as serious misconduct which may lead to disciplinary action or dismissal.
- 4.10 The existence of a personal financial emergency or hardship does not excuse non-compliance with this Policy. It is important not only that the Group and its Employees do not participate in any insider trading activities, but also that we avoid any appearance of insider trading.
- 4.11 Any allegation of insider trading would be likely to have a serious detrimental impact on the Group and its business and all Employees must be seen to be actively and diligently upholding the law and complying with this Policy.
- 4.12 Breach of the insider trading laws may subject the Company and Employees to:
- (a) criminal liability (penalties include heavy fines or imprisonment);
  - (b) civil liability (including orders to pay compensation for any loss suffered as a result of illegal trading activities);
  - (c) civil penalties (the Australian Securities and Investments Commission may seek court-ordered civil penalties against relevant persons); and
  - (d) automatic disqualification from managing corporations.



## **Primacy of insider trading laws**

- 4.13 Despite anything else in this Policy, any conduct by Employees in breach of insider trading laws is prohibited. Under those laws, a person who possesses inside information is generally prohibited from Trading even where:
- (a) a Trading Window is open;
  - (b) the Trading falls within an exception in this Policy; or
  - (c) the person has been given permission under this Policy to Trade (whether in Exceptional Circumstances or otherwise).
- 4.14 Any permission to Trade given under this Policy, or any failure to object to a pre-notified Trade, is not an endorsement of the proposed Trade. Employees are individually responsible for their investment decisions and their compliance with insider trading laws.
- 4.15 Before making any Trade, an Employee 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 in this regard, they should not Trade.
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## **5. Trading in securities of other companies**

- 5.1 While in general Employees are free to deal in securities of other listed companies, the insider trading laws prohibit dealings not only in the Company's Securities but also in the securities of other listed companies in respect of which an Employee possesses inside information.
- 5.2 If an Employee is aware of inside information in respect of another company, the Employee should not trade or deal in the securities of that company. For example, where the Employee is aware that the Group is about to sign a major agreement with another company, the Employee should not buy securities in either the Company or the other company.
- 5.3 The Board may extend this Policy by specifying that Employees are also restricted from dealing in securities of other specified companies with which the Group may have a close relationship.
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## **6. Pre-notification and reporting of Trades**

### **When and by whom must an intention to Trade be notified?**

- 6.1 When permitted to Trade in accordance with this Policy, all Directors and Senior Executives must give at least two trading days' (or such shorter period approved by the Chair) prior written notice of any proposed Trading in Securities and certify that they do not possess any inside information that might preclude them from Trading at that time:
- (a) in the case of Senior Executives, to the Company Secretary;
  - (b) in the case of a Director, to the Chair;
  - (c) in the case of the Chair, to the Chair of the Audit and Risk Committee,
- (each, a **Notification Officer**).



- 6.2 If the relevant Notification Officer objects to the proposed Trade, they must promptly notify the relevant Director or Senior Executive that the Trade must not proceed, and must advise the Board (which may overrule the decision if it thinks appropriate). The Notification Officer or the Board may object to the proposed Trade in their discretion, without giving any reasons, and the decision is final and binding on the relevant Director or Senior Executive, who must keep the decision confidential and not disclose it to anyone.
- 6.3 If there is no objection to a proposed Trade, the opportunity to make the Trade expires five trading days from the date of the notice under section 6.1. The Notification Officer or the Board may object to the Trade during that period if new information comes to light or there is a change in circumstances.
- 6.4 However, under the insider trading laws, a person who possesses inside information is generally prohibited from Trading even if the proposed Trade is notified and not objected to. The Director or Senior Executive must not Trade if they come into possession of inside information after giving notice of the proposed Trade. See section 4 for further details.

### **What Trading does not need to be pre-notified?**

- 6.5 The only Trades that do not need to be pre-notified are those that are permitted under a specific exception in section 3.9 (Exceptions to the Prohibited Periods).

### **Notification of Trades**

- 6.6 In addition to prior notification under section 6.1, once a Trade has been made by or for a Director or Senior Executive, details of the Trade, including the number and price of Securities involved, must be notified by email to the Company Secretary.
- 6.7 Further, Directors must immediately notify the Company Secretary of all acquisitions or disposals or other Trading of Securities, including date, price and volume, without exception so that the Company can comply with its ASX reporting obligations. Each disclosure notice given to ASX will need to state whether the relevant trade occurred outside of a Trading Window and, if so, whether prior written clearance was provided.

### **Notification of an intention to Trade on behalf of associates**

- 6.8 Directors and Senior Executives must give prior written notice of any proposed Trading in Securities in accordance with section 6.1 on behalf of any of their associates. For this purpose, "associates" of a Director or Senior Executive includes their spouse, children and other family members, and any trusts, companies, nominees and other persons over whom the Director or Senior Executive has, or may be expected to have, investment control or influence.

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## **7. Exceptional circumstances**

- 7.1 Employees may request permission to Trade outside of Trading Windows only in Exceptional Circumstances (except if this would breach the insider trading laws). Exceptional Circumstances may include:
- (a) severe financial hardship, where the Employee has pressing financial commitments that cannot be satisfied otherwise than by selling Securities; or
  - (b) requirements under a court order or court enforceable undertakings or other legal or regulatory requirements.

- 7.2 A request for permission to Trade due to Exceptional Circumstances should be made by written notice to the Company Secretary including:
- (a) the name of the Employee;
  - (b) details of the claimed Exceptional Circumstances and the reasons for requesting permission to Trade;
  - (c) the type of proposed transaction (purchase, sale, etc.);
  - (d) the number and type of Securities involved; and
  - (e) a statement certifying that the Employee does not possess any inside information that might preclude them from Trading at that time.
- 7.3 The Company Secretary will consult with the Chair (or the Chair of the Audit and Risk Committee in the case of proposed Trading by the Chair) in relation to any proposed Trading due to Exceptional Circumstances. Permission to Trade is entirely discretionary, and Employees should not Trade in the expectation that permission will later be given.
- 7.4 If permission to Trade is refused, no reasons need to be given and the decision is final and binding on the Employee, who must keep the decision confidential and not disclose it to anyone.
- 7.5 If permission to Trade is granted, it will be given in writing and the Employee may only Trade the Securities during the period specified in the permission. A permission expires five trading days from its date, unless it specifies a different date, and may be withdrawn if new information comes to light or there is a change in circumstances.
- 7.6 However, under the insider trading laws, a person who possesses inside information is generally prohibited from Trading even where permission has been given under this Policy to Trade (in Exceptional Circumstances or otherwise). An Employee must not Trade if they come into possession of inside information after receiving permission to Trade. See section 4 for further details.
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## **8. Margin lending arrangements**

- 8.1 Directors and Senior Executives may not include their Securities in a margin loan portfolio or otherwise Trade in Securities pursuant to a margin lending arrangement.
- 8.2 Arrangements prohibited by section 8.1 include:
- (a) entering into a margin lending arrangement in respect of Securities;
  - (b) transferring Securities into an existing margin loan account; or
  - (c) selling Securities to satisfy a call under a margin loan except where the holder of the Securities has no control over the sale.
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## **9. Review of Policy and compliance with Policy**

- 9.1 The Board will regularly review this Policy having regard to the changing circumstances of the Company. This Policy may be amended by resolution of the Board and any changes to this Policy will be notified to ASX.

- 9.2 If Employees have any comments or views concerning the operation or effectiveness of this Policy, they should contact the Company Secretary.
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## **10. Breaches**

- 10.1 Breaches of this Policy will be viewed seriously and may lead to disciplinary action being taken against the relevant Employee. In serious cases, disciplinary action may include dismissal. Any Employee who becomes aware of a violation of this Policy should immediately report the violation to the Company Secretary.
- 10.2 It should be noted that, in some circumstances, the Company may be obliged to notify regulatory and/or criminal authorities of a breach of this Policy.
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## **11. Questions**

- 11.1 For questions about the operation of this Policy or its application in any particular situation, please contact the Company Secretary.