

Group Security Trading Policy

OVERVIEW OF THE POLICY

Stokes Limited (SKS) is listed on the Australian Security Exchange (ASX). Directors, officers and employees of SKS are encouraged to be shareholders, however they must exercise care when dealing in SKS Securities as they may possess confidential or Inside Information which could give them an advantage as compared with other investors in forming a judgement about the performance of SKS Securities.

Trading of SKS Securities is governed by, amongst other things, the Corporations Act 2001 (**'Corporations Act'**) and the ASX Listing Rules. The provisions regulating the trading of securities on the ASX prohibit people in possession of "Inside Information" (non-public price sensitive information) from using the information to trade in the relevant shares or to communicate that information to others.

This policy contains some general restrictions that apply to all Directors, officers and employees of the SKS Group. It also includes some additional restrictions which apply to dealings in SKS Securities by Designated Persons. This policy applies at all times including when a person is on leave (whether paid or unpaid) or on other absences from work.

Directors, officers and employees not only need to comply with this policy but also with applicable law, particularly insider trading laws. Irrespective of whether trading occurs in a Trading Window or outside a Trading Window, no trading can occur if it involves the use of Inside Information.

It is the responsibility of the individual Director, officer or employee to determine if they are in possession of "Inside Information" and whether they are in compliance with applicable law. When required under this policy, "Trading Clearance" is given on the basis that the individual making the request has already satisfied themselves they are not in possession of any "Inside Information" and are otherwise in compliance with applicable law.

OBJECTIVES AND PURPOSES

The purpose of this policy is:

- (a) to assist Directors, officers and employees and certain of their associates to comply with their personal obligations to avoid conduct known as "insider trading";
- (b) to protect the Company against potentially damaging adverse inferences being drawn that any of its Directors, officers or employees and certain of their associates may have engaged in unlawful activity, or acted for their personal benefit using information not available to the public;
- (c) to enable the Company to comply with its obligations under applicable securities legislation and ASX Listing Rules.

POLICY EXEMPTIONS

This policy does not apply in the following circumstances:

- (a) dealing in a managed securities portfolio where the Designated Person is not in a position to influence a choice of the portfolio;
- (b) dealing under a dividend reinvestment plan where the Designated Person has given a standing instruction to reinvest dividends;
- (c) conversion of options to shares on exercise of options granted under any Employee Share Option Plan.

Employees who have an unreasonable financial impost or who are in other exceptional circumstances may apply in writing to the Company Secretary, who will refer the matter to the Board, to be exempted from the prohibition on trading during a Blackout Period. The application must include all relevant information and confirmation that the person is not in possession of any Inside Information and that to the best of their knowledge and belief they are in compliance with this policy and the law. The Board will consider the applications on a case by case basis having regard to all applicable circumstances. An exception will not be granted if the Employee is in possession of Inside Information under any circumstances.

DEFINITIONS

Refer to Appendix A for definitions of terms used in this policy.

MINIMUM REQUIREMENTS

A – All Employees

Employees (including Designated Persons) must not:

- (i) deal in SKS Securities at any time if they possess confidential or Inside Information;
- (ii) give Inside Information to any other SKS employee unless there is a legitimate business reason to do so; or
- (iii) give Inside Information to any other person who is likely to use it:
 - (a) for deciding whether to trade in those securities; or
 - (b) to pass the information onto others for this purpose.

B - Designated Persons

Designated Persons:

- (i) must not deal in SKS Securities when they are in possession of price sensitive information relating to the Company which has not been made public.
- (ii) will not be given clearance to deal in SKS Securities under this policy where price sensitive, non-public information exists in relation to a matter, even though they may not be aware of it.
- (iii) must not engage in 'Tipping' (see below) others with respect to the Company's securities at any time.

TRADING RULES

In addition to the above Minimum Requirements, all Employees and Designated Persons are not permitted to deal in SKS Securities during the following "Trading Blackout Periods":

- (a) during the period from 1 July until one trading day after the market release of the preliminary announcement of the Company's annual financial results;
- (b) during the period from 1 January until one trading day after the preliminary announcement of the Company's half-year financial results;

- (c) during other periods as advised by the Company Secretary, for example, when the Company is embarking on a significant transaction or a significant development that has not yet been announced to the market.

Regularly scheduled meetings of the Board will review anticipated upcoming events and determine the requirement if any, for a Trading Blackout Period to be imposed leading up to upcoming events and the appropriate time to institute the Trading Blackout Period.

Employees (other than Designated Persons) are otherwise permitted under this policy to trade in SKS Securities other than during a Trading Blackout Period, provided they are not in possession of Inside Information relating to the SKS Group which has not been made public and are in compliance with this policy and the law.

Share trading policy applicable to Designated Persons

Designated Persons are permitted to trade in SKS Securities under this policy other than during a Trading Blackout Period, provided they are not in possession of Inside Information relating to the SKS Group which has not been made public, and they are in compliance with this policy and the law, and they have sought and obtained prior written clearance from the Chief Executive Officer (see Trading Approvals below).

TRADING APPROVALS

Before any Designated Person deals in SKS Securities (at any time), they must first obtain approval from the Company Secretary in writing (including email). This obligation operates at all times.

The Company Secretary must obtain the following additional clearance in the case of:

- a request from the Chief Executive Officer must be approved by the Board;
- a request from a non executive director must be approved by the Board;
- a request from a direct report to the Chief Executive Officer must be approved by the Chief Executive Officer.

Designated Persons must not deal in SKS Securities (including shares issued as a consequence of the exercise of options) until approval has been given by the Company Secretary, evidenced in writing. The request for approval must be in writing and include a statement that the Designated Person is not in possession of any material non-public information. If approval is given, the Designated Person may ordinarily trade within five business days after receiving the approval.

The Designated Person will be notified if the clearance position changes within those five business days. A further application will need to be made if no dealing takes place within the five business days and the Designated Person still wishes to deal.

Designated Persons who have been told that they cannot deal must not communicate this fact to others.

OTHER REQUIREMENTS

Directors' Interests Notification

Each of the Directors is required to notify the Company Secretary within two business days after any change in their interests in securities of the Company, or the interests of any of their Associates.

This enables the Company to notify the ASX of the change in the Director's or Associates interests, which must occur by the end of the business day following the receipt of the notification.

Confidentiality Agreements with External Advisers

It is possible that, as a result of acting for or advising the Company, external advisers to the Company may have access to price sensitive information affecting the securities of the Company.

Whilst these external advisers are not covered by this policy, it is the Company's policy to require such external advisers to enter into confidentiality agreements covering such price sensitive information.

Tipping

Directors or employees with inside information must not at any time, directly or indirectly, communicate any insider information or cause the information to be communicated if the Director or employee knows or ought to reasonably to know that the other person would be likely to apply for, acquire or dispose or enter into an agreement to acquire or dispose of the relevant shares or procure another person to acquire or dispose of the shares ('Tipping').

INSIDER INFORMATION RELATING TO OTHER COMPANIES

If Directors, officers or employees have price sensitive information relating to a company other than SKS, which has been obtained as a result of their involvement with the Company, the same principles apply in relation to the trading of shares in that company. Apart from the application of the insider trading restrictions, Directors, officers and employees are also bound by obligations of confidentiality in relation to information obtained in the course of their duties in respect of third parties.

COMPLIANCE WITH SHARE TRADING POLICY

Directors, officers and employees should be aware that they might be charged with criminal offences under the rules and regulations associated with the prevention of insider trading. Civil liability also attaches to breaches of the relevant provisions. Accordingly, it is the responsibility of each director and employee to ensure that they abide by the law.

Failure to comply with this policy is considered grounds for termination of employment.

Any Director, officer or employee who is unsure whether they can deal in the SKS Securities should contact the Company Secretary before dealing in any Securities.

MAINTENANCE OF POLICY

The Company's Board of Directors approved this policy on 29 November 2017.

The Board will review this Policy as often as the Board determines appropriate and make any changes it determines necessary or desirable.

Appendix A – Definitions

Associate: a person over whom a director, officer or employee has or is deemed to have investment control or influence or with whom they are acting in concert. Examples include:

- (i) their spouse;
- (ii) any of their children (including step-children) less than 18 years old;
- (iii) their nominee, including an investment manager managing funds on their behalf;
- (iv) a trust of which they, any member of their family, or any family controlled company, are the trustee or beneficiary;
- (v) a person in partnership with them or any of their Connected Persons mentioned above (acting in his or her capacity as such); and
- (vi) a company which they or their family control.

Board: the Board of Stokes Limited.

Communication of inside information: occurs when a person who possesses Inside Information directly or indirectly communicates that information to another person if the first person knows, or ought reasonably to know, that the other person would or would be likely to trade in SKS Securities or procure a third person to trade in SKS Securities.

Designated Persons: means the following persons who because of their position may come into possession of Inside Information:

- (a) Directors and Company Secretary;
- (b) direct reports to the Chief Operating Officer and Chief Executive Officer;
- (c) any other person who is notified that they are a Designated Person by the Stokes Chief Executive Officer or the Company Secretary.
- (d) persons connected with Designated Persons.

Director: a non executive or executive director of the Stokes Limited Board.

Employee: all full-time, part-time and casual employees of the Stokes Group and any contractors on fixed term employment contracts.

Exceptional Circumstances: include:

- Severe financial hardship;
- Compulsion by court order or court enforceable undertaking (for example, a bona fide family settlement);
- Some other overriding legal or regulatory requirement to transfer or accept transfer of Securities, or
- Such other circumstance determined by the Board.

SKS: Stokes Limited

SKS Group: Stokes and its subsidiaries.

SKS Securities: a Security issued by or created in Stokes or its subsidiaries.

Inside Information: Inside information is regarded as being information:

- (a) that a person possesses which is not generally available and which the person knows or reasonably ought to know is not generally available; and
- (b) if generally available, a reasonable person would expect that the information might have a material effect on the price or value of the shares.

Inside information could relate to actions of the Company or external parties.

Examples of internal matters that may constitute Inside Information include, but are not limited to:

- (a) proposed mergers, acquisitions, sales or reconstructions;
- (b) significant disputes or litigation;
- (c) liquidity and cash flow information;
- (d) potential changes in the asset values or valuations;
- (e) profit and yield forecasts;
- (f) proposed buy back of the Company's shares;
- (g) proposed capital raisings/share issues;
- (h) proposed dividend announcements;
- (i) recruitment or resignation of key personnel;
- (j) anticipated or actual earnings results;
- (k) significant agreements with other companies; and or
- (l) significant new developments, including but not limited to new products and or new technology.

Examples of matters by parties external to the Company that may constitute Inside Information include:

- (m) proposed acquisitions or disposals of the Company's securities;
- (n) changes to the competitive environment in which the Company operates;
- (o) takeover or merger activity.

Insider trading: The Corporations Act contains three distinct, but related, offences of insider trading. In summary terms, the offences prevent a person in possession of 'inside information' from the following actions:

- (a) to trade in the relevant securities of the Company;
- (b) procuring another person to trade in the relevant securities of the Company; or
- (c) directly or indirectly communicating the inside information to another person who is likely to trade (or procure someone else to trade) in the securities of the Company.

Securities: ordinary shares, preference shares, convertible notes and other financial products (such as options or performance rights).

Trade in Stokes Securities: means apply for, acquire or dispose of Stokes Securities or enter into an agreement to do so.