



# **SECURITIES TRADING POLICY**

**Version 3.0**

**AUGUST 2020**

## 1. Introduction

The Securities Trading Policy of Electro Optic Systems Holdings Limited (EOSH) regulates the sale and purchase of securities (ordinary shares, options and derivative products) in EOSH by Directors, employees (including full time, part time and casual employees) and associated persons including contractors and consultants.

The purpose of this Securities Trading Policy is to reinforce this position and to assist Directors, employees and associates to avoid conduct known as "insider trading". The Securities Trading Policy was updated to comply with ASX Listing Rules on Trading Policies which comes into effect on 1 January 2011.

## 2. What is insider trading?

### 2.1 Prohibition

Insider trading is a criminal offence. A person will be guilty of insider trading if:

- a) that person possesses information in relation to a company which is not generally available to the market, and if it were generally available to the market, would be likely to affect the price or value of that company's securities (ie. information that is "price sensitive"); and
- b) that person:
  - (i) buys or sells securities in the company;
  - (ii) procures someone else to buy or sell securities in the company; or
  - (iii) passes on that information to a third party where that person knows, or ought reasonably to know, that the third party would be likely to deal in the securities or procure someone else to deal in the securities of the company.

### 2.2 When is information "generally available"?

Information is considered to be generally available if it:

- a) is readily observable; (for example, published in the press, or in marketing communications); or
- b) has been made known in a manner likely to bring it to the attention of persons who commonly invest in securities of a kind whose price or value might be affected by the information (e.g. by way of an ASX announcement) and, since the information was made known, a reasonable period has elapsed.

Examples of inside information:

- o Sales figures;
- o Profit forecasts;

- Unpublished announcements, or knowledge of possible regulatory investigation;
- Liquidity and cash flow;
- Proposed changes in EOSH’s capital structure, including issues of securities, right and buy-backs;
- Borrowings;
- Major asset purchase or sales;
- Impending mergers, acquisitions, reconstructions, takeovers, etc;
- Significant litigation;
- Significant changes in operations;
- Significant changes in industry;
- New products/services in technology;
- Proposed dividends;
- Management restructuring or Board changes, and
- New contracts or customers.

### **2.3 Dealing through third parties**

A person does not need to be a Director or employee of EOSH to be guilty of insider trading in relation to securities in our Company. The prohibition extends to dealings by Directors and employees through nominees, agents or other associates, such as family members, family trusts and family companies.

### **2.4 Employee share and option schemes**

The prohibition will not apply to the initial acquisition of shares or options under EOSH’s Employee Share Ownership Plan or under any Prospectus issued by the Company. However, it will apply when shares are disposed of, or options are exercised, if the employee at that time is in possession of price sensitive information that is not generally available to the market.

## **3. Guidelines for trading in EOSH Securities**

### **3.1 General rule**

Directors, employees and associated persons of EOSH should not buy or sell securities in EOSH, when EOSH is in possession of price sensitive or confidential information that is not generally available to the market.

### **3.2 Safest times to deal in EOSH securities**

There is no particular time during which it is “safe” or “unsafe” to deal in EOSH securities. The SOLE TEST is whether, at the particular time, a Director or employee or associated person is in possession of price sensitive information that is not generally available in the market.

### 3.3 Closed periods and Blackout periods

Subject to the insider trading provisions of the Corporations Act and the notification requirements of the Company set out in the " Trading Policy", the trading windows (in order to minimise suggestions of insider trading) for any Directors or employees to deal in Securities is during the four week period commencing on the second business day after:

- a) EOSH's annual general meeting;
- b) The release of EOSH's half-yearly announcement to the ASX;
- c) The release of EOSH's preliminary final statement or full year announcement to ASX (whichever is earlier);
- d) The release of a disclosure document (e.g. a prospectus) by EOSH; and
- e) The release of the quarterly commitments test report known as Appendix 4C.

In accordance with ASX Listing Rule 12.12.2 Directors and employees are prohibited from trading in the Company's securities except during the above "trading windows" (in which case, the closed period is the whole of the year apart from the defined trading windows).

The Chairman of the Board, or the Chairman's delegate, (e.g. the Company Secretary) may also notify Directors and employees of EOSH in writing of other ad hoc closed periods determined by the Board.

There are additional Blackout periods for all Directors and Key Management Personnel during the periods of preparation of the annual and half-year results. These Blackout periods will run from 20 June each year to the date one trading day following of the announcement of the half-yearly result to 30 June normally in August each year and in respect of the full-year results from 20 December each year to the date one trading day following of the announcement of the full-year results to 31 December normally in February each year.

### 3.4 Excluded trading

For the purposes of ASX Listing Rule 12.12.3 the following examples of trading in the Company's securities are excluded from the operation of the Trading Policy:

- o Transfers of securities of the Company already held by Directors or employees into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;
- o Transfers of securities of the Company already held by Directors or Employees to or from private companies or trusts controlled by the restricted person;
- o An investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the entity) where the assets of the fund or other scheme are invested at the discretion of a third party;
- o Where a restricted person is a trustee, trading in the securities of the Company by that trust provided the restricted person is not a beneficiary of the trust and any decision to trade during the prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;

- Undertakings to accept, or the acceptance of, a takeover offer;
- 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 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 rate issue;
- A disposal of securities of the Company that is the result of a secured lender exercising their rights under a margin lending arrangement. Any agreements by Directors or employees that provide lenders with rights over their interest in the Company's securities must be approved in writing beforehand by the Board;
- The exercise (but not the sale of securities following exercise) of an option or a 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 within the 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 restricted person could not reasonably have been expected to exercise it at a time when free to do so.

### **3.5 Trading during a prohibited period with prior written clearance**

In accordance with ASX Listing Rule 12.12.4, a restricted person, who is not in possession of inside information in relation to the Company, may be given prior written clearance by the Chairman of the Board or the Chairman's delegate (e.g. the Company Secretary) to sell or otherwise dispose of the securities of the Company during a prohibited period under the Trading Policy where the restricted person is in severe financial hardship or there are other exceptional circumstances approved by the Board.

### **3.6 Procedures for clearance**

In accordance with ASX Listing Rule 12.12.5 any request for clearance to trade during a prohibited period due to exceptional circumstances must be in writing to the Chairman of the Board prior to the trade setting out the reasons for the request and the approval of the Chairman of the Board must be in writing (electronic clearance by email or facsimile is acceptable) and is only valid for five (5) business days after the approval is given.

## **4. Disclosure policy**

Any Director, employee or associated person proposing to buy or sell in excess of 20,000 EOSH securities MUST advise the Chairman (in the case of Directors) or the Company Secretary (in the case of employees) in writing (on any approved form) of their intention to do so BEFORE buying or selling the securities. This notification obligation operates at all times. Directors, employees and associated persons must not buy or sell EOSH in excess of 20,000 EOSH securities until approval has been given by the Board, Chairman or Company Secretary. The Board, Chairman or Company Secretary should

not reasonably withhold approval and if a response is not received within 48 hours of the advice, approval will be deemed to have been given.

## 5. Australian Stock Exchange limited notification by Directors

The Australian Stock Exchange Listing Rules oblige any Director dealing in EOSH securities to notify EOSH (through EOSH's Company Secretary) within 3 days after any dealing providing full details of the dealing in accordance with the prescribed (Appendix 3Y) form.

## 6. Document Attributes

### Document Information

Document Owner	Company Secretary
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### Stakeholder Approval

Version	Date	Approved by Board / Executive / Other
1.0	23/12/2010	Approved by Board
3	18/8/20	Approved by Board

### Document Modification

Version	Date	Modification	Name
v1.0	23/12/2010	Updated Security Trading Policy	Ian Dennis
v2.0	23/03/2020	Updated Security Trading Policy Format	Jason Henry
V3/0	7/8/2020	Updated Security Trading Policy Format	Ian Dennis