



SECURITIES TRADING POLICY

Corporate Governance
Policy

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The Citadel Group Limited
ACN 127 151 026



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SECURITIES TRADING POLICY

1 INTRODUCTION

This is the securities trading policy for The Citadel Group Limited ACN 127 151 026 (**Citadel**) and its Subsidiaries (collectively referred to as the **Citadel Group**). The Board has approved this policy which outlines the procedures and guidelines in relation to the trading of, and Dealing in, Citadel Securities. The Board has adopted this policy to:

- a set out the restrictions on Dealing in Citadel Securities by people who work for or are associated with the Citadel Group;
- b provide a brief and high level summary of the law on insider trading; and
- c assist in maintaining market confidence in all Dealings of Citadel Securities.

Dealing is defined in the Glossary set out at the end of this policy.

This is an important document. If you do not understand any aspect of this policy, it is strongly recommended that you contact the Compliance Officer.

It is the personal responsibility of each individual to comply with this policy.

2 BACKGROUND

In order to preserve the reputation and integrity of the Citadel Group, it is vital that when people associated with the Citadel Group Deal in Citadel Securities those Dealings are both fair and perceived to be fair. When Employees (including Directors) Deal in Citadel Securities they must be sure that it does not reflect badly on them or the Citadel Group. This policy is designed to avoid the possibility that misconceptions, misunderstandings or suspicions might arise.

The general scheme established by this policy regarding permissible Dealings in Citadel Securities by Employees is that those persons should:

- a not Deal in Citadel Securities while in possession of 'Inside Information';
- b never engage in short term trading of Citadel Securities;
- c not Deal in Citadel Securities during Closed Periods (as defined under section 6.2a); and
- d otherwise obtain prior written approval to Deal in Citadel Securities in accordance with section 6.2b.

The law relating to insider trading generally restricts the circumstances in which directors, key management personnel and employees of a listed entity (such the Citadel) can buy, sell, trade or otherwise Deal in the Securities that have been issued by the company that they are employed by. In performing their duties owed to the company they must act in good faith and in the best interests of the company and must not utilise their position for their own gain or for the gain of any person other than the company.

The Act imposes severe penalties (both criminal and civil) on persons who conduct or are involved with insider trading activities. Any perception of improper conduct by an Employee of the Citadel Group has the potential to substantially damage the Citadel Group's reputation.

3 OVERVIEW OF THE INSIDER TRADING PROVISIONS IN THE CORPORATIONS ACT

It is illegal for a person to Deal in any Securities of a body corporate (including in Citadel Securities), when in possession of information that the person knows, or ought reasonably to know:

- a is not generally available (including information that the Citadel Group has not disclosed to the market in accordance with the Citadel Group's Continuous Disclosure and Communications Policy); and
- b might have a material effect on the price or value of those Securities if it was generally available (**Inside Information**).

This prohibition extends to procuring another person to Deal in the Securities of a listed corporation and to communicating the Inside Information to another person, if the person knows, or ought reasonably to know, that the other person would, or would be likely to, Deal in the Securities in question or to procure another person to do so.

4 CONFIDENTIALITY AND INSIDE INFORMATION

A person in possession of Inside Information about the Citadel Group has a duty to keep that information confidential and must not in any way disclose or communicate that information to any person who is not an Employee other than in accordance with this policy and the Citadel's Continuous Disclosure and Communications Policy. Confidentiality is also stressed in relation to communicating with external advisers. Where possible Employees should seek to avoid disclosing Inside Information to external advisers.

5 COMMUNICATIONS WITH OUTSIDERS

You may be required to speak or otherwise communicate with persons outside the Citadel Group such as securities analysts, institutional investors or journalists. It is important that you are aware that selective disclosure of non-public information may result in a breach of the insider trading laws as well as the Citadel Group's continuous disclosure obligations. Thus, if a report containing material non-public information concerning the Citadel Group was communicated only to local or trade journals and if full public disclosure of the information was not made at the same time in accordance with the Continuous Disclosure and Communications Policy, it is possible that this may give rise to breach of the Act and the ASX Listing Rules.

It is important to stress that it is the mere fact of communication of the material non-public information that gives rise to liability, not the manner in which it is communicated. For example, the confirmation of an analyst's educated guess about a situation not known to the general public may be just as much a violation as the direct communication of information to an analyst. This is clearly the case even if the analyst's case is based upon his or her independent and creative analysis of publicly available information.

Example:

At a luncheon attended at Johnson & Co's offices security analysts from Sharp Dealing discussed generally with management the company's declining earnings. At one point Mr Cautious reveals that a preliminary earning statement would be released shortly, from which the analysts could deduce that earnings would be lower than expected. A week after the lunch on the basis of a follow up phone call from the securities analysts, Mr Cautious confirmed that there was a good possibility that earnings would be down, and added that this information was confidential. In these circumstances, the first tip is likely to be considered immaterial, however, the second tip is, in all probability, material and a breach of this policy and the Act.

You may be deemed to communicate information in breach of this policy and the Act by expressing subjective attitudes about the Citadel Group's performance or by calling attention to seemingly unrelated pieces of information which, although publicly available, have not previously been communicated as a whole to the general public. It is essential to avoid the indirect communication of information by any means whatsoever.

If during the course of a discussion with an analyst, journalist or other third party, material non-public information concerning the Citadel Group is disclosed, inadvertently or otherwise, the recipient of the information should be informed of its non-public nature and cautioned against its use unless and until the Citadel Group has made full public disclosure of that information. The Compliance Officer should be notified of the situation immediately so that a decision can be made regarding disclosure of the information.

In view of the pitfalls inherent in responding to analyst's projections and questions regarding previously undisclosed operating results or other developments, no comment at all should be made on these matters except to correct serious factual errors in situations in which the facts are in the public domain.

6 RESTRICTIONS ON EMPLOYEES DEALING IN CITADEL SECURITIES

6.1 PROHIBITED DEALINGS IN CITADEL SECURITIES

a Insider trading prohibited at all times

All Employees are prohibited from Dealing in Citadel Securities if they are in possession of Inside Information.

b Total prohibition on short-term trading

- i Subject to section 6.1bii, to prevent the unfair use of information, Employees are prohibited from short-term trading at all times. Short-term trading is a purchase and sale of the same Securities within a six month period.
- ii This restriction on short term trading may be waived in very limited circumstances for example, capital reductions, redemption of Securities or certain option exercises.

c Prohibition on hedging unvested entitlements

Employees participating in an equity based incentive plan are prohibited from entering into any transaction which would have the effect of hedging or otherwise transferring to any other person the risk of any fluctuation in the value of any unvested entitlement in Citadel Securities.

d Board's discretion

The Board has an absolute discretion to prohibit or otherwise restrict any or all Employees from Dealing in Citadel Securities at any time.

6.2 DEALING IN CITADEL SECURITIES BY EMPLOYEES

a Closed Periods

Employees must not Deal in Citadel Securities during any of the following periods:

- i the period between the Citadel's financial half year end and the announcement of half-yearly results; and
- ii the period between the Citadel's financial year end and the announcement of annual results,

each referred to as a **Closed Period**.



b Dealing outside of the Closed Periods

Outside of the Closed Periods and subject to section 6.1, Employees may Deal in Citadel Securities, provided that they have received prior written approval in accordance with the following procedures:

- i Employees other than Directors or members of Key Management Personnel of the Citadel Group must inform and receive written approval from the Compliance Officer;
- ii Directors and members of Key Management Personnel of the Citadel Group other than the Chairman must inform and receive written approval from the Chairman; and
- iii the Chairman must obtain written approval from the majority of Directors on the Board.

It is intended any such request will be answered within 48 hours.

If written approval is given, the Dealing that has been approved must occur within five business days of the date on which such approval was granted in writing (unless otherwise approved by the Compliance Officer, Chairman or the Board, as applicable). Further notification and written approval will be required if the proposed Dealing does not occur within the relevant approval period.

c Exceptional circumstances

In exceptional circumstances an Employee may seek and be granted approval, from the person(s) responsible for approving a Dealing by them in Citadel Securities under section 6.2b, to sell Citadel Securities during a Closed Period that they or their Associated Parties hold.

An Employee who is not in possession of Inside Information, may be given approval to sell (but not to buy) Citadel Securities where otherwise restricted by this policy if:

- i they are in severe financial difficulty;
- ii the disposal is required under a court order or there are court enforceable undertakings, for example in a bona fide family settlement, to transfer or sell the Securities or there is some other overriding legal or regulatory requirement to do so; or
- iii there are other exceptional circumstances.

A person is in severe financial difficulty if they have a pressing financial commitment that cannot be satisfied other than by selling Citadel Securities. Severe financial difficulty would not normally include a liability to pay tax unless the person has no other means of satisfying the liability.

d Granting encumbrances over Citadel Securities

Employees should not enter into an agreement, without receiving prior written approval from person(s) responsible for approving a Dealing by them in Citadel Securities under section 6.2b, that provides a lender with rights over their interests in Citadel Securities (such as the disposal of some or all of those Citadel Securities). Before entering into any such arrangement, Employees must receive approval in writing as if they were Dealing in Citadel Securities.

e Notification of Dealing(s)

Any Dealing in Citadel Securities by an Employee must be reported to the Compliance Officer within two business days of the Dealing. In the case of a Dealing by a Director, the Compliance Officer must procure that the Dealing is reported to ASX within five business days of the Dealing.

6.3 DIRECTORS TO NOTIFY ASX OF SHAREHOLDING

Each of the Directors must complete ASX Appendices 3X, 3Y or 3Z (as applicable) and provide it to the Compliance Officer to be filed with ASX in respect of their shareholding in Citadel for the purposes of section 205G of the Corporations Act and Listing Rule 3.19A.

6.4 EXERCISE OF OPTIONS, PARTICIPATION IN EMPLOYEE SHARE OPTION PLANS ETC

Notwithstanding the provisions of this section 6 but subject to the insider trading provisions of the Act, Employees may at any time:

- a acquire Citadel Securities under a bonus issue made to all holders of Securities of the same class;
- b acquire Citadel Securities under a dividend reinvestment, or top-up plan that is available to all holders of Securities of the same class;
- c acquire, or agree to acquire, Citadel Securities which are convertible into ordinary shares in Citadel under an employee share option plan; and
- d acquire, or exercise a right to acquire, ordinary shares in Citadel under an employee share option plan (but not sell any shares received upon exercise of convertible Securities other than in accordance with this policy).

6.5 DEALING THAT IS EXCLUDED FROM THIS POLICY

Notwithstanding the provisions of this section 6 but subject to the insider trading provisions of the Corporations Act, the following Dealings by Employees are excluded from the operation of this policy:

- a where the trading results in no change in the beneficial interest in Citadel Securities, for example, transfer of securities already held into a superannuation fund;
- b where trading occurs via investments in a fund or other scheme;
- c where a disposal of Citadel Securities occurs as a result of a secured lender exercising their rights, for example under a margin lending arrangement (note prior approval must be obtained, in accordance with clause 6.2d, before entering into an agreement which provides a lender with rights over an Employee's interests in Citadel Securities);
- d undertakings or election to take up entitlements under a rights issue or other pre-emptive offer;
- e the exercise of entitlements or underwriting of a rights issue or other pre-emptive offer (including an offer of shares in lieu of a cash dividend);
- f allowing entitlements to lapse under a rights issue or other pre-emptive offer (including an offer of shares in lieu of a cash dividend);
- g the sale of sufficient entitlements nil-paid to allow take up of the balance of the entitlements under a rights issue; and
- h agreeing to accept, or the acceptance of, a takeover offer (whether by takeover offer or scheme of arrangement).

7 ASSOCIATED PARTIES

Each Employee has a personal responsibility to ensure that his or her Associated Parties comply with the restrictions set out in this policy in respect of Dealings in Citadel Securities as though that Associated Party was an Employee.

For the purposes of this policy, each of the following persons shall be regarded as **Associated Parties** of an Employee:

- a the spouse, children and parents of an Employee;
- b any entity controlled by an Employee;
- c any entity controlled by a related party referred to in paragraphs a or b.

8 SECURITIES ISSUED BY OTHER COMPANIES

While Employees are generally free to deal in Securities in other listed companies, the prohibited conduct under the Act includes Dealings in the Securities of other listed companies with which the Citadel Group may be dealing (such as the Citadel Group's customers or joint venture partners) where an Employee possesses Inside Information in relation to the other company. For example, where an Employee is aware the Citadel Group is about to sign a major agreement with another company (and that information has not yet been publicly disclosed), the Employee should not Deal in either Citadel Securities or the Securities of the other company.

If you are not sure whether you should Deal in another company's Securities, please consult with the Compliance Officer (email communication is acceptable). It is intended that a request will be answered within 48 hours.

9 DISCLOSURE

In order to maintain transparency, this policy is to be disclosed in accordance with the ASX Corporate Governance Principles and Recommendations and to the ASX in accordance with the ASX Listing Rules. The policy is also to be made publicly available consistent with the disclosure policy.

10 BREACHES OF POLICY

Any breaches of this policy will be severely dealt with and may lead to summary termination.

11 REVIEW

The Disclosure Committee will conduct an annual review of this policy to confirm that the Citadel Group is aware of and understands this policy and that the Citadel Group is compliant with it. Board approval must be sought for any amendments to this policy.

12 CONTACT

If you do not understand any aspect of this policy, it is strongly recommended that you contact the Compliance Officer.

13 GLOSSARY

In this policy:

Act means the *Corporations Act 2001* (Cth)

Associated Parties has the meaning given to that term under section 7;

ASX means ASX Limited or, depending on the context, the financial market it operates;

ASX Corporate Governance Principles and Recommendations means the Third edition of the Corporate Governance Principles and Recommendations published by ASX;

Board means the board of Directors of the Citadel;

Citadel Securities means Securities issued by Citadel;

Closed Period has the meaning given to that term under section 6.2a;

Compliance Officer means the person appointed by the Board as the compliance officer under this policy, which was the Company Secretary on the date this policy was adopted;

Corporations Act means the Corporations Act 2001 (Cth);

Dealing includes any transaction associated with subscribing, buying, acquiring, selling, transferring, charging, encumbering, pledging, disposing or converting or agreeing to do so, or procuring, inciting, inducing another person or entity to do any of the aforementioned;

Director means a director of Citadel;

Disclosure Committee means the committee of directors formed pursuant to Citadel's Continuous Disclosure and Communications Policy;

Employees means all:

- a Directors, officers and Key Management Personnel of the Citadel Group; and
- b employees of, and contractors to, any company forming part of the Citadel Group;

Inside Information has the meaning given to that term under section 3;

Key Management Personnel has the same meaning given to that term in the Accounting Standards AASB 124 which is "those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity"; and

Securities includes ordinary shares, preference shares, options rights to subscribe for securities, debentures, convertible notes, derivatives and other financial products that can be traded on a financial market including financial products issued or created over securities by third parties and products which operate to limit economic risk in securities holdings in a company.

14 POLICY ADOPTION

This Policy was adopted by the Board on 15 May 2019, effective 1 July 2019.

This policy is available on the Company's website.

The Policy may be amended by resolution of the Board. The Audit, Risk & Compliance Committee will review the Policy at least annually and, if considered appropriate, will make recommendations to the Board in relation to amendments.



The Citadel Group Limited

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