



SECURITIES POLICY

Hills Limited

ABN 35 007 573 417

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Policy Manager	Company Secretary
Policy Department	Corporate Services
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1 Overview

1.1 Purpose and objectives

This document (**Policy**) sets out the policy of Hills Limited (**Hills**) regarding:

- (a) buying and selling shares (**Securities**); and
- (b) complying with the law on insider trading.

1.2 Application

1.2.1 This Policy applies to all directors, officers, employees and contractors of any entity within the Hills Group (**Hills Employees**). Although this Policy only applies to Hills Employees, the insider trading provisions of the Corporations Act 2001 (Cwlth) (**Corporations Act**), apply to all persons including immediate family members of Hills Employees, and to companies, trusts and entities controlled by them.

Specific restrictions apply to “designated persons”. For the purpose of this Policy a designated person is:

- a member of the Board;
- a Key Management Personnel (**KMP**);
- all direct reports of the Chief Financial Officer;
- the Legal team; and
- Executive Assistant to the Chief Executive Officer,

(**Hills Designated Person**).

1.2.2 KMP includes a member of the Board and senior executives as determined from time to time by the Board but includes the CEO and CFO.

1.3 Responsibility and Accountability

Every Hills Employee has an individual responsibility to ensure that they comply with the law relating to insider trading and this Policy.

A breach of the law relating to insider trading can have serious consequences, including individual criminal and civil liability. A breach of this Policy will be treated by Hills as serious misconduct, and may lead to disciplinary action, including termination of employment with Hills.

2 Dealing in Hills Securities

2.1 Prohibition against Insider Trading

A Hills Employee who possesses Insider Information in relation to Hills Securities or any other entity (including non-Hills Group entities) must not do any of the following things:

- (a) apply for, acquire (other than for the purpose of participation in the Hills Employee Share Plan, Hills Dividend Investment Plan, Hills Share Investment Plan and any other offer made to all Hills shareholders to acquire Hills Securities, as set out in section 2.6) or dispose of Hills Securities or enter into an agreement to do so;
- (b) procure any other person to apply for, acquire or dispose of Hills Securities or enter into an agreement to do so; or
- (c) directly or indirectly communicate the Insider Information, or cause the Insider Information to be communicated to any other person who would be likely to use the Insider Information to engage in the activities specified in paragraphs (a) and (b).

It does not matter how or in what capacity the Hills Employee becomes aware of the Insider Information. It does not have to be obtained from Hills to constitute Inside Information.

2.2 What is Insider Information?

Inside Information is information relating to Hills that is:

- (a) not generally available; and
- (b) if it were generally available, a reasonable person would expect it to have a material effect on the price or value of the Hills Securities.

Information is generally available if:

- (a) it consists of readily observable matter; or
- (b) it has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in securities of a kind whose price might be affected by the information; and since it was made known, a reasonable period for it to be disseminated among such persons has elapsed; or
- (c) it consists of deductions, conclusions or inferences made or drawn from other generally available information.

Information is likely to have a material effect on the price or value of the securities if the information would, or would be likely to, influence persons who commonly acquire securities in deciding whether or not to acquire or dispose of securities.

Examples of information that might have a material effect on price or value include information relating to:

- (a) the financial performance of Hills (including the reaching or failure to reach consensus or stated forecast earnings targets);
- (b) a major acquisition or sale of assets by Hills;
- (c) an actual or proposed takeover or merger by Hills;
- (d) an actual or proposed change to Hills' capital structure;
- (e) the entering into or terminating a material contract; or
- (f) a material claim against/by any entity within the Hills Group or other unexpected liability.

2.3 Notification of Trading Restrictions

- (a) The Company Secretary will advise from time to time designated persons that a trading blackout is in place.
- (b) Personnel other than designated persons will be specifically advised if they are prohibited from purchasing shares at any time when they are considered to be in possession of price sensitive information.
- (c) The Company Secretary will retain a register recording personnel who have been advised that they are subject to a trading restriction. The register is in **Appendix 2**.

2.4 Black-out Periods

There are certain times during the year which the designated persons must not trade in Hills Securities, irrespective of whether or not they are in possession of Inside Information.

These periods, called Black-out Periods commence at:

- (a) midnight (AEST) on 31 December and continue until midnight (Adelaide local time) on the next ASX trading day after the day on which the Hills' half-year results are released to the ASX;
- (b) midnight (AEST) on 30 June and continue until midnight (Adelaide local time) on the next ASX trading day after the day on which the Hills' full year results are released to the ASX;
- (c) the date that is four weeks before any Annual General Meeting (AGM) and ending on the close of business on the day after the AGM; and
- (d) on such other dates and shall continue for such periods as the Board from time to time shall determine.

The Chief Executive Officer or the Company Secretary is to notify all Hills Designated Persons of the existence of any Black-out Period.

2.5 Short-term dealing not permitted

Hills Employees may not deal in Hills Securities on a short-term basis. Speculating in short-term fluctuations in Hills Securities does not promote shareholder and market confidence in the integrity of Hills or Hills Employees.

Subject to the trading restrictions set out in this Policy and the law, any acquisition of Hills Securities, other than the vesting of Performance Rights and the sale of the underlying Hills Shares, triggers a 30 day period where that type of Hills Security cannot be sold.

2.6 Participation in Share Plans

The Black-out Periods do not restrict Hills Employees participating in the Hills Employee Share Plan, Hills Dividend Investment Plan, Hills Share Investment Plan and any other offer made to all Hills shareholders to acquire Hills Securities, but do apply in respect of any

subsequent trading of Hills Securities to which Hills Employees become entitled under those plans.

2.7 Notification of Intended Dealing

Before any Hills Designated Person trades in Hills Securities they must, in order to deal, first:

- notify the Company Secretary (or in the case of the Company Secretary to the Chairman and the Chief Executive Officer); or
- notify the Board at the monthly Board meeting in the case of a Director.

Any trade must occur within 28 days of the Notification of Intended Dealing form being submitted.

Before any trade takes place:

- the Chairman, the Chief Executive Officer and the Company Secretary (or in the case of the Company Secretary the Chairman and the Chief Executive Officer); or
- the Chairman in the case of the Directors,

Must confirm to the purchaser that there are no matters requiring continuous disclosure that would preclude them from entering into the purchase of Hills Shares.

2.8 Hedging and Margin Loans not Permitted

Any employee who is a direct report to the Chief Executive Officer must not engage in hedging instruments, deal in derivatives or enter into arrangements which limit the economic risk related to Hills Securities (including, for example, the use of put and call options, contracts for difference and other contracts intended to secure a profit or avoid a loss based on fluctuations in the price of Hills Securities).

This prohibition includes, without exception, engaging in hedging or other arrangements which limit the economic risk or taking out margin loans in connection with unvested Securities issued pursuant to any Hills Employee Share Plan or rights arising from any Hills Long Term Incentive Plan.

3 Director Share Ownership

- (a) Effective from 1 July 2018, the Board has adopted a practice requiring each Director to acquire (directly or indirectly) Hills Securities over a reasonable period having regard to fluctuations in share price to an approximate value equivalent to one year's director's fees (post tax). For newly appointed directors, this period will commence from the date of appointment.
- (b) Directors must comply with this Policy when acquiring shares pursuant to section 3(a) above.

4 Dealing in Securities in Listed Companies

- 4.1 A Hills employee has inside information where they are aware the Hills Board has been provided with a briefing paper regarding a proposed target, or that Hills is undertaking due diligence or purchasing shares in a listed company.
- 4.2 In these circumstances Hills employees are prohibited from trading shares in the potential target or in Hills shares.
- 4.3 All Hills Employees who are privy to this information are required to complete the Insider Trading Protocol contained in the attachment, Appendix 1.
- 4.4 At the end of each Board meeting, the Board will resolve whether Directors and Management should be restricted in the sale or purchase of the shares of Hills or any other publicly listed company pursuant to this Policy.

5 Exemption Process

In exceptional circumstances (such as severe financial hardship), and subject always to compliance with the law, the Chairman of the Board of Directors (or, in the case of the Chairman, the Chair of the Audit and Compliance Committee) may grant a written exemption for a Hills Designated Person to trade Hills Securities during a Black-out Period. Any trade must occur within 7 days of such written exemption being granted.

Any approval or exemption obtained under this Policy is subject to the Hills Designated Person requirement to comply with the law.

6 Breach of Policy

Hills will take any breach of this Policy seriously. Matters raised will be investigated and Hills will take appropriate action in respect of any breach of this Policy. This may result in disciplinary action and, in some cases, termination of employment or legal action.

7 Who to contact

If a Hills Employee is in any doubt regarding a proposed dealing in Hills Securities, the Hills Employee should contact the Company Secretary.

8 Published

A copy of this Policy is available at www.hills.com.au and on the Hills Portal.

Appendix 1

SECURITIES TRADING INSIDER TRADING PROTOCOL

You are, or may become, an insider

Your involvement as a director or employee of Hills, or any other person, who possess “inside information” in connection with the proposed acquisition of the company by Hills Limited (**Hills**) means you are, or may become, an insider.

As an insider, you must not:

- (a) Buy, sell or otherwise deal in the company’s shares or Hills Securities;
- (b) Advise, procure or encourage another person to buy, sell or otherwise deal in the company’s shares or Hills Securities or securities convertible into the company’s shares or Hills Securities (**procure a dealing**); or
- (c) Pass on information to another person they know, or ought reasonably to know, may use the information to deal or procure a dealing (**tipping**).

If you obtain “inside information” in relation to the Project, as defined in the Schedule, you may be restricted from dealing, procuring a dealing, or tipping until the information ceases to be “inside information”. This may not occur until the Project has successfully completed, or a suitable announcement has been made to the market. Please contact the Company Secretary of Hills if you have any questions or concerns in relation to any information you possess in relation to the Project.

What is “inside information”?

“inside information” means information that:

- (a) is not generally available; and
- (b) if it were generally available, a reasonable person would expect to have a material effect on the price or value of securities (that is, the information is “price sensitive”). Information will be regarded as being price sensitive if it would, or would be likely to, influence a reasonable person who commonly invests in securities or other traded financial products in deciding whether or not to deal in the securities.

In the context of the Project, “inside information” is likely to include (to the extent not generally available):

- (a) Information regarding any proposal made, or proposed to be made, to the company, including the nature of proposal, timing, price, terms and conditions etc;
- (b) Information regarding any transaction which is or may be announced to the market (including any control transaction by way of scheme of arrangement or takeover bid), for example, information regarding:
 - i. Any proposed changes to the consideration offered (or to be offered);
 - ii. The status and/or waiver of any bid conditions;

- iii. The intentions of the bidder regarding the company; and/or
 - iv. Any other information that would be material to an assessment of the takeover bid and whether to accept it, including in relation to the value attributed to the company shares;
- (c) Information regarding the current financial performance or financial condition of the company, or its prospects;
 - (d) Information regarding the combination of Hills and the company and any synergies of the transaction;
 - (e) Information regarding the operations or affairs of the company. For example, confidential information about the terms of a material contract, potential material claims involving the company or other undisclosed liabilities of the company.

Your involvement in the Project may result in you holding “inside information” and becoming an insider.

Recommended steps to minimise risks

To minimise the potential for insider trading to occur in connection with the Project, Hills will maintain a list of all directors and employees and other persons who have access to, or may have received, “inside information” in connection with the Project (**Insider List**) with details of the date they are likely to have become an insider.

You should be aware that:

- (a) ASIC or the ASX may request a copy of this Insider List at any time and, in fact, ASIC routinely request such a list upon announcement of any transaction;
- (b) Communications between employees and third parties (including the company and its advisers) likely to possess “inside information” may be monitored by Hills to ensure compliance with the insider trading rules in connection with the Project;
- (c) All insiders are prohibited from dealing, or attempting to procure dealing, in the company shares, or Hills Securities unless prior written approval from the Company Secretary of Hills is received; and
- (d) Any queries regarding the insider trading rules and its application in any particular situation are referred to the Company Secretary of Hills.

If you are an employee of Hills your non-compliance with these insider trading rules may result in summary termination of your employment.

SCHEDULE

1.	Acquisition Target:	(“the Company”)
2.	Project Name:	(“the Project”)

TO THE COMPANY SECRETARY

Employee Name:.....

I agree to be bound by the Securities Trading / Insider Trading Protocol attached.

Employee signature

Witness signature

Date

Witness name

Appendix 2

SECURITIES TRADING REGISTER

DATE	NAME	POSITION	WHY	FROM	TO