

Transacting in Company Securities

Purpose

The purpose of this policy is to outline the parameters for trading in PaperlinX Limited “Company” securities by directors and employees.

Policy

This policy applies to all employees of PaperlinX Limited and its related bodies corporate worldwide (“PaperlinX”).

Trading in securities whilst in possession of market sensitive information that is not public knowledge may result in a breach of the insider trading provisions of the Australian Corporations Act.

Employees who have market sensitive information that is not in the public domain are prohibited from trading in the Company’s securities or communicating the information to an associate who would be likely to buy, sell or trade or deal in the Company’s securities. A breach of the Corporations Act insider trading provision could result in civil or criminal penalties.

The Company can, at any time, amend all or part of this policy.

Definitions

Company securities

Include but are not limited to:

- shares of the Company that are traded on the ASX
- PaperlinX Step-Up Securities that are traded on the ASX
- options, whether vested or not, over the Company’s shares
- performance rights, whether vested or not, in relation to the Company’s shares
- convertible notes
- debentures
- warrants, futures or other financial products issued or created over the Company’s securities by third parties or associated products

Eligible Executives

Specifically includes directors and senior executives but also includes certain designated staff who may have knowledge of market sensitive information, (for example those involved in preparing the group financial accounts or major transactions).

Senior executive means all PaperlinX executives who participate in the PaperlinX Group long term incentive plans (LTIP) (and would include anyone employed at or above the level of Managing Director / General Manager & Chief Financial Officer / Finance Director /Manager of an OpCo and at or above the level of General Manager at PaperlinX Corporate.

Also includes persons acting for or who can readily be identified with the Eligible Executive, such as spouse, de facto, partner, children,

dependent, family trusts and family companies (often referred to as associated persons/entities or associates).

Market sensitive information

Information about the Company's financial affairs, its business or strategic initiatives or any planned or proposed developments not yet available to the public that will or may have a material effect upon the market price of the Company's securities.

The information will cease to be market sensitive information only if it has been announced to the Australian Securities Exchange (ASX).

Transacting in Company securities

All activities which have the effect of transferring that person's right, title, interest and/or ownership of the Company security to a third party, and includes but is not limited to:

- buying or selling a Company security
- hedging an option or performance right
- transfer or assignment of a Company security
- creating a security interest for the benefit of a third party over a Company security

This Policy does not apply to the following:-

- trading which does not result in a change in the underlying interest or beneficial ownership (eg. transferring a holding into a personal superannuation fund or pension plan or other saving scheme)
- Acquisition of shares in relation to an employee share plan, non-executive director share plan, dividend reinvestment plan by a trustee, person or entity other than the Eligible Executive
- A bonus issue or rights issue of shares or other corporate actions that is open to the broad base of PaperlinX security holders.
- An investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Company's securities) where the assets of the fund or other scheme are invested at the discretion of a third party

Rules

General trading restriction

Employees who have market sensitive information that is not in the public domain are prohibited from trading in the Company's securities at any time. This prohibition extends to their associates (refer *Definitions, Eligible Executives*).

Employees are prohibited from engaging in short-term (ie. less than 60 days) or speculative trading of the Company's securities at any time.

Specified Trading Restriction (“Blackout Periods”)

During certain times of the year (called “blackout period”), Eligible Executives of the PaperlinX Group are not permitted to buy, sell or otherwise trade or deal in the Company's securities (including to exercise vested performance rights or vested performance options).

The following periods are designated as blackout periods:-

- 1 June until the day following the announcement of the full year results;
- 1 month prior to announcement of the half yearly results; and
- Any other periods advised by the Board.

Approval to trade

Eligible Executives who wish to trade in the Company's securities must obtain prior written approval from the Managing Director and the Company Secretary.

Directors (including the Managing Director and Chief Financial Officer) who wish to trade in the Company's securities must obtain prior written approval from the Chairman.

Trading in Company securities by the Chairman must be approved in advance by the Chairman of Audit Committee.

If an Eligible Executive wishes to deal in Company securities during blackout periods, prior permission must be gained from the Chief Executive Officer (“CEO”) (or in the case of the CEO or director, the Chairman). Permission will not generally be given unless exceptional circumstances exist (such as financial hardship that cannot be satisfied otherwise than selling the Company's securities, required by a court order) and it is clear that the Eligible Executive has no market sensitive information.

Information to be provided when seeking approval to trade:

The following information must be provided in writing (or email) when seeking approval to trade:

- name , class (if any) and number of securities to be traded;
- whether the securities are to be bought or sold;
- when the trade is proposed to occur;
- who will make the trade ie. the employee or an associate; and
- confirmation that the person does not possess market sensitive information.

Confirmation of trade

Once written approval is provided, trading in Company securities must occur within 48 hours from the approval date or within a reasonable time frame as determined by the CEO (or in the case of the CEO or director, the Chairman). Such approval may be provided by email.

Confirmation of any trade irrespective of when must be provided to the Company Secretary within three business days after the trade has occurred. This is to enable the relevant security holding registers to be updated and where applicable, ASX be notified of the trade.

Restriction on transfer

Other than by exercising vested performance options or vested performance rights, Eligible Executives are not permitted to sell, transfer, assign, hedge, dispose of, or otherwise deal with, any right, title or interest in performance options or performance rights, or create any security interest in or over performance options or performance rights.

If an Eligible Executive attempts to sell, transfer, assign, dispose of or otherwise deal in any vested performance options or vested performance rights (other than by exercise), those vested performance options or vested performance rights will automatically lapse.

Related party transactions

Eligible Executives should be mindful of the foregoing provisions when considering dealing in securities of other companies with which PaperlinX has existing, or may have future potential, relationships.

Margin loans

Margin loans (or other like arrangements) used to fund the purchase of securities may give the lender the right to require the sale of those securities at a time not of the borrower's choosing. This may include during the blackout period or where the borrower has knowledge of market sensitive information not yet in the public domain. Such a sale may amount to insider trading in contravention of the Corporations Act. This is an exposure to penalties and damage to reputation for both the individual and the Company.

Given this exposure, Eligible Executives are advised not to enter into arrangements where a third party can require them to sell securities in the Company.

Directors are prohibited from holding securities in the Company subject to margin loans.

If securities in the Company are subject to a margin loan, Eligible Executives are required to provide a summary of the key terms of those arrangements to the Chairman including, trigger points and extent of holding.

The Chairman may determine that the margin loan arrangements are inappropriate in all the circumstances, and that such arrangements are to be terminated.

If an Eligible Executive has a material holding in the Company which is subject to a margin loan, the Company will determine if this is required to be disclosed to the market.

Responsibilities

The Company Secretary is responsible for establishing and reviewing this Policy to ensure continued compliance with the relevant regulatory and legal requirement in Australia.

Contact

Any queries regarding this policy should be directed to the Company Secretary.

References

Related Policies

- *Continuous Disclosure*
- *Prevention & Reporting of Fraud*
- *Reporting Improper Conduct*
- *Human Resources Policy - Conflict of Interest*

Legislation

- *Corporations Act (Australia)*
- *Australian Securities Exchange (ASX) Listing Rules*
- *ASX Guidance Note 27*