Bubs Australia Ltd
ACN 060 094 742

SECURITIES TRADING POLICY

1. Background

This Securities Trading Policy (Policy) regulates Trading by Directors and employees of Bubs Australia Limited in Securities or securities of other companies or trusts.

Directors and all employees must comply with the insider trading prohibitions of the Corporations Act 2001 (Cth) (Corporations Act). Any person who possesses inside information in relation to a company or trust must not Trade in securities of that company or trust, regardless of the terms of this Policy or any written approval given under this Policy in respect of Securities.

In addition to setting out general principles in relation to Trading in Securities applicable to all Directors and employees of Bubs, this Policy recognises that there are specific periods when Directors and Employees should not Trade in Securities.

This Policy also sets out procedures which apply to Trading in Securities by Directors and Employees.

2. Purpose

2.1 The key objective of this Policy is to set out the minimum expectations, rules and procedures to:

(a) help Bubs' Directors and Employees to minimise their risk of breaching the 'insider trading' provisions of the *Corporations Act 2001* (Cth); and

(b) promote investor confidence in the integrity of the market for Bubs Australia Limited's securities, and protect Bubs' reputation from the damage it could suffer if that confidence were to be undermined by any insider trading, or perception of insider trading.

2.2 The key terms at paragraph 11 of this policy contains definitions of the capitalised terms used in this Policy.

2.3 It is essential that all Bubs' Directors and Employees read, understand and comply with this policy.

3. Scope

This policy covers all Bubs' Directors, and Employees (whether full-time, part-time or casual).

4. Policy Statement

4.1 This document sets out the Bubs' policy regarding the sale and purchase of Bubs Australia Limited's securities by Bubs' Directors and Employees.

4.2 Directors and Employees are encouraged to be long-term holders of Bubs' securities. However, it is important that care is taken in the timing of any purchase or sale of such securities.

4.3 The purpose of this policy is to assist Directors and Employees to avoid conduct known as 'insider trading'. In some respects, Bubs' policy extends beyond the strict requirements of the *Corporations Act 2001* (Cth).

5. What types of transaction are covered by this policy

This policy applies to both the sale and purchase of any securities of Bubs on issue from time to time.

6. What is insider trading

Prohibition

6.1 Insider trading is a criminal offence carrying a maximum jail sentence of 15 years. It may also result in civil liability (e.g. fines). In broad terms, a person will be guilty of insider trading if:

(a) that person possesses information, which is not generally available to the market and, if it were generally available, would be likely to have a material effect on the price or value of a company's shares ('**Inside Information**')[1]; and

(b) that person:

(i) buys or sells the shares; or

(ii) asks someone else to buy or sell the shares; 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 buy or sell the shares or procure someone else to buy or sell the shares.

Examples

6.2 To illustrate the prohibition described above, the following are possible examples of information which, if made available to the market, may be likely to materially affect the price of Bubs' shares:

(a) Bubs' revenue or profit or loss results materially exceeding (or falling short of) the market's expectations;

(b) Bubs considering a major acquisition;

(c) the threat of major litigation against Bubs;

(d) a material change in Bubs' debt, liquidity or cash flow;

(e) a significant new development proposal (e.g. new product or technology);

(f) the grant or loss of a major contract;

(g) a management or business restructuring proposal; or

(h) a share issue proposal.

[1] Note, the same rule applies to derivatives, debentures and other financial products

Dealing through third parties

6.3 The insider trading prohibition extends to dealings by individuals through agents or other associates, such as family members, family trusts and family companies (referred to as

"**Associates**" in this policy).

Information however obtained

6.4 It does not matter how or where the person obtains the information – it does not have to be obtained from Bubs to constitute 'Inside Information'.

Employee Share Schemes

6.5 The prohibition does not apply to acquisitions of shares or options by employees made under an Employee Incentive Scheme, nor does it apply to the acquisition of shares as a result of the exercise of options under an Employee Incentive Scheme.

6.6 The prohibition **does** apply to:

(a) the sale of shares acquired under an Employee Incentive scheme; and

(b) the sale of shares acquired following the exercise of an option granted under an Employee Incentive Scheme.

7. Guidelines for trading in Bubs' securities

General rule

7.1 No Director or Employee of Bubs may buy, sell or deal in Bubs' securities if that person is in possession of Inside Information.

Closed periods

7.2 Directors and Employees must not, except in exceptional circumstances, deal in securities of Bubs during the following periods:

(a) from 30 June each year until 48 hours after the release of Bubs' annual report;

(b) from 31 December each year until 48 hours after the release of the Bubs' half year report; and

(c) any other period that the Board specifies from time to time. (together the **Closed Periods**).

7.3 Bubs may at its discretion vary this rule in relation to a particular Closed Period by general announcement to all Directors and Employees either before or during the Closed Periods.

No short-term trading in Bubs' securities

7.4 Directors and Employees should never engage in short-term trading of Bubs' securities except for the exercise of options where the shares will be sold shortly thereafter.

Securities in other companies

7.5 Buying and selling securities of other companies with which Bubs may be dealing with is prohibited where an individual possesses information which is not generally available to

the market and is 'price sensitive'. For example, where an individual is aware that Bubs is about to sign a major agreement with another company, they should not buy securities in either Bubs or the other company.

Insider lists

7.6 Although it is the responsibility of Directors and Employees to determine whether they are possession of Inside Information, Bubs' legal team may maintain a list of Directors and/or Employees (**Insider List**) who are known to be in possession of Insider Information (for example when a specific market sensitive transaction or project is being undertaken). Bubs will notify people recorded on any Insider List – those people will be considered to have Inside Information and, accordingly, the prohibition set out at paragraph 6.1 above will apply.

Exceptions

7.7 Despite the above prohibitions, Directors and Employees may at any time:

(a) acquire ordinary shares in Bubs by conversion of securities giving a right of conversion to ordinary shares (e.g. options);

(b) acquire Bubs' securities under a bonus issue made to all holders of securities of the same class;

(c) acquire Bubs' securities under a dividend reinvestment, or top-up plan that is available to all holders or securities of the same class;

(d) acquire, or agree to acquire or exercise options under an Employee Incentive Scheme;

(e) acquire ordinary shares in Bubs as a result of the exercise of options held under an Employee Incentive Scheme;

(f) transfer securities of Bubs already held into a superannuation fund or other saving scheme in which the restricted person is a beneficiary;

(g) make an investment in, or trade in units of, a fund or other scheme (other than a scheme only investing in the securities of Bubs) where the assets of the fund or other scheme are invested at the discretion of a third party;

(h) where a restricted person is a trustee, trade in the securities of Bubs by that trust, provided the restricted person is not a beneficiary of the trust and any decision to trade during a prohibited period is taken by the other trustees or by the investment managers independently of the restricted person;

(i) undertake to accept, or accept, a takeover offer;

(j) trade 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 or distribution 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 rata issue;

(k) dispose of securities of Bubs resulting from a secured lender exercising their rights, for example, under a margin lending arrangement;

(l) exercise (but not sell securities following exercise) an option or a right under an Employee

Incentive Scheme, or convert a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a prohibited period; or

(m) trade under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this policy.

8. Approval and notification requirements

Approval requirements

8.1 Any Employee (other than Key Management Personnel) wishing to buy, sell or exercise rights in relation to Bubs' securities must obtain the prior written approval of the Company Secretary before doing so.

8.2 Any Director or Key Management Personnel (other than the Chairman of the Board) wishing to buy, sell or exercise rights in relation to Bubs' securities must obtain the prior written approval of the Chairman of the Board or the Board before doing so.

8.3 If the Chairman of the Board wishes to buy, sell or exercise rights in relation to Bubs' securities, the Chairman of the Board must obtain the prior approval of the Board before doing so.

Approvals to buy or sell securities

8.4 All requests to buy or sell securities as referred to in paragraphs 8.1, 8 or 8.3 must include the intended volume of securities to be purchased or sold and an estimated time frame for the sale or purchase.

8.5 Copies of written approvals must be forwarded to Bubs' Company Secretary prior to the approved purchase or sale transaction.

Notification

8.6 Following any approval obtained in accordance with paragraphs 8, 8.2 or 8.3, any Director or Key Management Personnel (or through their Associates) who buys, sells, or exercises rights in relation to Company securities must notify Bubs' Company Secretary in writing of the details of the transaction within two business days of the transaction occurring. This notification obligation operates at all times and includes applications for acquisitions of shares or options by Employees made under Employee Incentive Schemes and also applies to the acquisition of shares as a result of the exercise of options under an Employee Incentive Scheme.

Exemption from Closed Periods restrictions due to exceptional circumstance

8.7 Directors and Employees who are not in possession of inside information in relation to Bubs, may be given prior written clearance by the Managing Director (or in the case of the Managing Director, by all other members of the Board) to sell or otherwise dispose of Company securities in a Closed Period where the person is in severe financial hardship or where there are exceptional circumstances as set out in this policy.

Severe financial hardship or exceptional circumstances

8.8 The determination of whether a Director or Employee is in severe financial hardship or exceptional circumstances will be made by the Managing Director (or in the case of the Managing Director, by all other members of the Board).

8.9 A financial hardship or exceptional circumstances determination can only be made by examining all of the facts and if necessary obtaining independent verification of the facts from banks, accountants or other like institutions.

Financial hardship

8.10 Directors or Employees may be in severe financial hardship if they have a pressing financial commitment that cannot be satisfied other than by selling the securities of Bubs.

8.11 In the interests of an expedient and informed determination by the Managing Director (or all other members of the Board as the context requires), any application for an exemption allowing the sale of Bubs' securities in a Closed Period based on financial hardship must be made in writing stating all of the facts and be accompanied by copies of relevant supporting documentation, including contact details of the person's accountant, bank and other such independent institutions (where applicable).

8.12 Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

Exceptional circumstances

8.13 Exceptional circumstances may apply to the disposal of Bubs' securities by Directors or Employees if the person is required by a court order or a court enforceable undertaking (for example in a bona fide family settlement), to transfer or sell securities of Bubs, or there is some other overriding legal or regulatory requirement to do so.

8.14 Any application for an exemption allowing the sale of Bubs' securities in a Closed Period based on exceptional circumstances must be made in writing and be accompanied by relevant court and/or supporting legal documentation (where applicable).

8.15 Any exemption, if issued, will be in writing and shall contain a specified time period during which the sale of securities can be made.

9. ASX Notifications for Directors

The ASX listing rules require Bubs to notify the ASX within 5 business days after any dealing in securities of Bubs (either personally or through an Associate) which results in a change in the relevant interests of a Director in the securities of Bubs. Bubs has made arrangements with each Director to ensure that the Director promptly discloses to Bubs' Company Secretary all the information required by the ASX.

10. Effect of Compliance with this Policy

Compliance with these guidelines for trading in Bubs' securities does not absolve that individual from complying with the law, which must be the overriding consideration when trading in Bubs' securities.

11. Key Terms

11.1 In this policy:

(a) **Associate** has the meaning given to that term in paragraph 6.3.

(b) **ASX** means the Australian Securities Exchange.

(c) **Bubs** means Bubs Australia Limited or its subsidiaries.

(d) **Company Secretary** means the person holding the statutory role of Bubs' company secretary, or that person's approved delegate.

(e) **Directors** means persons appointed as statutory directors of Bubs.

(f) **Employee Incentive Scheme** has the meaning given that term in the ASX Listing Rules which, broadly speaking, defines the term as meaning a scheme for the issue or acquisition of equity securities in the entity by, or for the benefit of, participating employees or directors of the entity.

(g) **Employees** means all full-time, part-time and casual employees of Bubs.

(h) **Inside Information** has the meaning given to that term in paragraph 6.

(i) **Key Management Personnel** means any person who, because of the nature of their seniority or position, is likely to become involved in with key financial, operational or strategic information about Bubs that will, or likely to have, a material affect on the price of Bubs' securities, including:

(i) Members of the leadership team; and

(ii) any other person nominated by Bubs' Managing Director or Company Secretary.