

Policy Name: Insider Trading	Policy Number: 515
Issued By: Legal Services Group	Date Last Reviewed: April 2020

**SUMMARY:**

You may not buy or sell Grace common stock or other Grace securities while you are in possession of material non-public information. The rules against insider trading prohibit (1) direct and indirect trading, (2) disclosing material non-public information to anyone outside the company (tipping), and (3) recommending securities trades to anyone based on material non-public information.

Information is considered “material” if a reasonable investor would consider that information important in making a decision to buy, hold or sell securities.

Information is considered “non-public” if it has not been widely disseminated to the investing public, with sufficient time to absorb and react to the information.

More detail about these terms is provided in Appendix 1 and information about the reach of this policy is provided below.

While you are personally responsible for your review of, and compliance with, this entire policy, you are encouraged to contact the Legal Services Group with any related questions that you may have well in advance of committing to trading or disclosing information.

**PURPOSE:**

To advise Grace’s directors, officers and employees and other “Grace Insiders” (as described below) of Grace’s policy prohibiting trading in Grace securities or in the securities of Grace’s suppliers, customers or other business partners, while in possession of material non-public information regarding Grace or such business partners.

**SCOPE:**

W. R. Grace & Co. and its subsidiary companies to the extent outlined in Policy No. 504 (Relationship of W. R. Grace & Co. to Subsidiary Companies).

**BACKGROUND AND PENALTIES:**

The securities laws of the United States and of several other countries impose significant penalties for violations of insider trading laws. In the U.S., insider trading is punishable by imprisonment for up to 20 years, criminal fines of up to \$5 million, and civil penalties of up to 3 times the profits gained or losses avoided. In addition, insider



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trading may result in substantial liability for damages in civil litigation. Trading that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure), or even small transactions, are not excluded from the application of the insider trading laws. The U.S. securities laws also impose potential liability on companies and directors, officers and other “controlling persons” if they fail to take reasonable steps to prevent insider trading by company personnel.

### **PERSONS SUBJECT TO POLICY:**

Except as otherwise indicated, this policy applies to “Grace Insiders,” who include:

- directors, officers and employees of Grace and of each domestic and foreign subsidiary, partnership, venture or other business association that is effectively controlled by Grace directly or indirectly;
- other persons who Grace determines should be subject to this policy, such as contractors or consultants who have access to material non-public information;
- “family and household members” (as described below) of any person covered by this policy; and
- entities influenced or controlled by any person covered by this policy.

Each director, officer and employee of the Grace group, and each other person designated above, is responsible for making sure that he or she, as well as any family member, household member or entity influenced or controlled by such individual, complies with the trading restrictions and other provisions of this policy, and should make those persons and entities aware of the need to confer with them before trading in Grace securities. For purposes of this policy and applicable securities laws, individuals should treat all trades in Grace securities by their family and household members or entities that they influence or control as if the trades were for the individual’s own account.

The responsibility for determining whether an individual is in possession of material non-public information rests with that individual, and any action on the part of Grace, its Corporate Secretary or any other director, officer or employee of the Grace group pursuant to this policy does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws.

### **GENERAL POLICY:**

Grace policy is to comply fully with all federal, state and international laws regarding insider trading.

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No Grace Insider may trade in Grace securities unless the Grace Insider is sure that he or she does not possess material non-public information. Subject to Grace Policy 407 (Public Disclosure of Material Information), no Grace Insider may disclose material non-public information to others who might use such information for trading or might pass it along to others who might trade. Grace Insiders should immediately report any disclosure of material non-public information, whether inadvertent or otherwise, to the Corporate Secretary.

Grace Insiders may not trade in securities of any other company (such as Grace's suppliers or customers) unless they are sure that they do not possess any material non-public information about such company which they obtained in the course of their employment or relationship with Grace.

## **BLACKOUT POLICY:**

### ***When is the Quarterly Blackout Period?***

Trading in Grace securities by certain persons (designated below) is prohibited for the period beginning on the earlier of the 15<sup>th</sup> calendar date of the last month of each fiscal quarter (March 15, June 15, September 15 and December 15) or such date as may be designated by the Corporate Secretary and ending two trading days after earnings for such fiscal quarter are released. For example, if Grace releases its earnings very early in the morning on a Tuesday during a normal work-week, trading may commence on the following Thursday (subject to the remainder of this policy, of course).

Grace Insiders not otherwise subject to the Quarterly Blackout Periods are encouraged to refrain from trading Grace securities during such periods to avoid the appearance of improper trading. Trading outside of the Quarterly Blackout Periods does not create a presumption that a Grace Insider is free to trade in Grace securities. Even outside of the Quarterly Blackout Periods you may be prohibited from trading Grace securities if you are otherwise in possession of material non-public information.

### ***Who is subject to the Quarterly Blackout Policy?***

- Grace directors and executive officers;
- All individuals reporting directly to the Chief Executive Officer, Chief Operating Officer or Chief Financial Officer;
- Members of the Grace Leadership Team;
- Members of the Grace Disclosure Committee and observers;
- Investor Relations professionals;
- Corporate Communications professionals;
- Employees or other persons designated by the Corporate Secretary or Chief Financial Officer;
- Recipients of the Grace Monthly Earnings, Sales and Cash Flash Reports; and

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- Family and household members of, and entities influenced or controlled by, anyone subject to the Quarterly Blackout Policy.

In addition, with respect to any quarter, all invitees and attendees at the Grace Quarterly Business Review (the “QBR”) who are not otherwise subject to the Quarterly Blackout Period shall be subject to the Quarterly Blackout Period from the earlier of (i) their receipt of the QBR materials or (ii) the date of the QBR, through the termination of the Quarterly Blackout Period for such quarter.

### ***Event-specific Blackout Period***

From time to time, an event may occur that constitutes material non-public information that is known to a group of Grace Insiders. In such event, the Corporate Secretary may designate such Grace Insiders as subject to an Event-specific Blackout Period, which will extend until the Corporate Secretary determines that such information no longer constitutes material non-public information. Such designated Grace Insiders are prohibited from trading Grace securities for the duration of the Event-specific Blackout Period. The existence of an Event-specific Blackout Period generally will not be announced to Grace as a whole, and should not be communicated to any other individual by the persons subject to the Event-specific Blackout Period.

### **SPECIAL SITUATIONS:**

***What can a Grace Insider do if he or she expects to trade Grace securities sometime in the future and would naturally not wish to be blacked out from trading at that time? (for example, a sale to obtain funds to make a scheduled tuition or tax payment)***

#### ***10b5-1 Plans***

Rule 10b5-1 provides a defense from insider trading liability under SEC Rule 10b-5. In order to be eligible to rely on this defense, a person may enter into a “10b5-1 Plan” for trading in Grace securities. If the plan meets the requirements of Rule 10b5-1 and has been reviewed and approved by the Corporate Secretary, Grace securities may be purchased or sold without regard to certain insider trading restrictions or, to the extent determined by the Corporate Secretary, the other provisions of this policy. A 10b5-1 Plan may be arranged through a stockbroker or other investment professional.

In general, a 10b5-1 Plan must be entered into at a time when there is no material non-public information. Once the plan is adopted, the Grace Insider must not exercise any influence over the amount of Grace securities to be traded, the price at which they are to be traded or the date of the trade. The plan must either specify the amount, pricing

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and timing of trades in advance or delegate discretion on these matters to an independent third party.

Grace directors and executive officers are encouraged to trade Grace securities pursuant to effective 10b5-1 Plans to avoid the appearance of improper trading.

***Can a director or officer hedge their economic exposure to Grace securities?***

Directors, executive officers, and other members of the Grace Leadership team are not permitted to hedge their economic exposure to Grace securities through put or call options, short sales, derivatives, or similar instruments or transactions, or pledge any Grace securities as collateral or to secure any loan or other liability or obligation.

***Can a Grace Insider make Short Sales?***

Short sales of Grace securities (a sale of securities which are not then owned), including a “sale against the box” (a sale with delayed delivery) are prohibited.

***Can a Grace Insider use Standing and / or Limit Orders?***

Standing orders (except standing orders under approved Rule 10b5-1 plans) should be used only for a very brief period of time. The problem with purchases or sales resulting from standing instructions to a broker is that there is no control over the timing of the trading. The broker could execute a trade when a Grace Insider is in possession of material non-public information. A 10b5-1 Plan should be used in lieu of a long-term standing order.

***Can a Grace Insider enter transactions for Publicly-traded Options?***

Given the relatively short term of publicly-traded options, transactions in options may create the appearance that a Grace Insider is trading based on material non-public information. In addition, publicly-traded options can focus an employee’s attention on short-term performance at the expense of Grace’s long-term objectives. Accordingly, transactions in put options, call options or other derivative securities, on an exchange or in any other organized market, are prohibited by this policy.

***Can a Grace Insider engage in Short-Term Trading?***

Short-term trading of Grace securities may be distracting to the Grace Insider and may unduly focus the Grace Insider on Grace’s short-term stock market performance instead of Grace’s long-term business objectives. For these reasons, Grace Insiders should avoid short term trading in Grace securities.

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### **PRE-CLEARANCE OF GRACE SECURITIES TRADES:**

Grace directors and executive officers are obligated to pre-clear transactions in Grace securities with the Corporate Secretary. These transactions include all trades in Grace securities, any stock option exercise or establishment of a 10b5-1 Plan. Pre-clearance advice generally is good for two days. Notwithstanding preclearance, the Grace director or executive officer remains responsible for ensuring that at the time he or she trades Grace securities he or she does not possess material non-public information.

### **SECTION 16 REPORTS:**

Grace directors, executive officers and other designated officers are obligated to file Section 16 reports when they engage in transactions in Grace securities. Although the Corporate Secretary will assist reporting persons in preparing and filing the required reports, the reporting persons retain responsibility for the reports.

### **FORM 144 REPORTS:**

Grace directors and executive officers are required to file Form 144 before making an open market sale of Grace securities. Form 144 notifies the Securities and Exchange Commission of the intent to sell Grace securities. This form is generally prepared and filed by the broker and is in addition to the Section 16 reports.

### **DEFINITIONS:**

***Family and Household Members***, with respect to a Grace Insider, are family members who reside with such individual (including a spouse, a child, a child away at college, stepchildren, grandchildren, parents, stepparents, grandparents, siblings and in-laws), anyone else who lives in such individual's household, and any family members who do not live in such individual's household but whose transactions in Grace securities are directed by such individual or are subject to such individual's influence or control, such as parents or children who consult with such individual before they trade in Grace securities.

***Securities*** include common stock and derivative securities such as put and call options and convertible debentures or certain preferred stock, as well as debt securities such as bonds and notes.

***Trading*** includes buying or selling, as well as writing options. It does not include the exercise of an employee stock option where no Grace securities are sold to fund the option exercise or related taxes. A subsequent sale of Grace securities would be considered trading.

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## **Appendix 1 to Policy Number 515** **What is Material Non-public Information?**

What is material information? Information is considered “material” if a reasonable investor would consider that information important in making a decision to buy, hold or sell securities. Any information that could be expected to affect Grace’s stock price, whether it is positive or negative, should be considered material. There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the relevant facts and circumstances and the total mix of information available, and is often evaluated by enforcement authorities with the benefit of hindsight. While it is not possible to define all categories of material information, some examples of information that ordinarily would be regarded as material are:

- Projections of future earnings or losses, or other earnings guidance;
- A pending or proposed merger, acquisition, joint venture or tender offer;
- A restructuring, exit of a business or major impairment;
- A change in our dividend policy, or stock splits or securities offerings;
- Bank borrowings or other financing transactions out of the ordinary course;
- Changes to Grace’s share repurchase program;
- Entry into, amendment or termination of a major agreement;
- A change in Grace’s product pricing or raw materials costs;
- Major marketing changes;
- A change in management or important agreements with management;
- A change in, or major disagreement with, auditors;
- Development of a significant new product, process, or service;
- Pending or threatened significant litigation, or the resolution of such litigation;
- Bankruptcy or the existence of severe liquidity problems;
- Significant cyberattacks against Grace, if successful;
- The gain or loss of a significant customer or supplier; and
- The imposition of a ban on trading in Grace’s securities.

When is Information Considered Public? Information that has not been disclosed to the public is generally considered to be non-public information. In order to establish that the information has been disclosed to the public, it may be necessary to demonstrate that the information has been “widely disseminated.” Information generally would be considered widely disseminated if it has been filed with the Securities and Exchange Commission or disclosed via a press release to the newswire services, or the like. By contrast, information would likely not be considered widely disseminated if it is available only to Grace directors, officers or employees, or if it is only available to a select group of analysts, brokers and institutional investors.

Once information is widely disseminated, it is still necessary to afford the investing public with sufficient time to absorb the information before a Grace Insider can trade.



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As a general rule, Grace requires two full trading days after release for information to be considered fully absorbed by the marketplace.