

# PACIFIC B BRANDS

1 July 2015

Manager Company Announcements  
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Dear Sir/Madam

## **GUIDELINES FOR DEALING IN SECURITIES**

In Accordance with Listing Rule 12.10, attached for release to the market is a copy of the Company's Revised Trading Policy, approved by the Board on 26 June 2015.

Yours faithfully  
Pacific Brands Limited



John Grover  
Company Secretary

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# **Guidelines for dealing in securities**

**Pacific Brands Group**

**(Approved by the Board 26 June 2015)**

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## 1 Introduction

The purpose of this policy is to:

- (a) ensure that public confidence is maintained in the reputation of Pacific Brands Limited and its related bodies corporate (**Pacific Brands**), directors and employees of Pacific Brands and in the trading of Pacific Brands securities;
- (b) explain the types of conduct in relation to dealings in securities that are prohibited under the *Corporations Act 2001* (Cth) (**Corporations Act**), which is applicable to all employees of Pacific Brands, and the New Zealand Financial Markets Act 1988 (NZ) (**New Zealand FMC Act**), which applies in New Zealand;
- (c) establish a best practice procedure for buying and selling securities that provides protection to both Pacific Brands and its employees against the misuse of unpublished information which could materially affect the value of securities; and
- (d) recognise that some types of dealing in securities are also prohibited by law.

Pacific Brands aims to achieve the highest possible standards of corporate conduct and governance. Pacific Brands also wishes to ensure that any perception of directors or employees dealing in Pacific Brands securities when they should not do so is avoided. Accordingly, the Board of directors considers that compliance with this policy is essential to ensure that the highest standards of conduct are being met by all directors and employees of Pacific Brands.

Any non-compliance with this policy will be regarded as serious misconduct which may entitle Pacific Brands to terminate the employment of any employee found to be in breach of this policy.

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## 2 Policies for dealing in securities

### 2.1 Persons to whom this policy applies

This policy applies to all directors and employees of Pacific Brands and their associates (**Employees**).

Certain parts of this policy apply only to Employees who are:

- directors of Pacific Brands or associates of directors (**Directors**);
- officers of Pacific Brands, members of the Executive Leadership Team or associates of such people (**Senior Executives**); and/or
- employees who have been advised by the Company Secretary that they have information that is or may become Inside Information or associates of such people (**Nominated Employees**).

Employees must take appropriate steps to ensure that their associates do not breach this policy. **Associates** are defined in the Corporations Act and

would commonly include companies and other entities which an Employee controls and people with whom the Employee is acting in concert.

## 2.2 The policy

### (a) No trading where in possession of inside information

Despite anything else in this policy, an Employee must not deal in Pacific Brands securities where:

- (1) he or she is in possession of price sensitive or Inside Information; or
- (2) Pacific Brands is in possession of price sensitive or Inside Information and has notified Employees that they must not deal in securities (either for a specified period, or until Pacific Brands gives further notice).

**Inside Information** is information that is not generally available to the market and, if it were generally available to the market, a reasonable person would expect to have a material effect (upwards or downwards) on the price or value of a security. Paragraph 3 sets out further guidance as to what constitutes price sensitive or Inside Information.

### (b) No trading where reputational risk

It is important that public confidence in Pacific Brands is maintained. It would be damaging to its reputation if the market or the general public perceived that Employees might be taking advantage of their position at Pacific Brands to make financial gains (by dealing in Pacific Brands securities on the basis of confidential information).

As a guiding principle, Employees should ask themselves:

*If the market was aware of all the current circumstances, could the proposed dealing be perceived as me (or my associate) taking advantage of my position in an inappropriate way? How would it look if the transaction were reported on the front page of the newspaper?*

If the Employee is unsure, he or she should consult the Company Secretary. Where any approval is required for a dealing under this policy, approval will not be granted where the dealing would not satisfy the test outlined above.

### (c) Blackout periods

- (1) Employees **must not** deal in Pacific Brands securities during any of the following periods:
  - (A) the period from close of business on 31 December each year until the day following the announcement of half-yearly results;
  - (B) the period from close of business on 30 June each year until the day following the announcement of annual results; and

- (C) any other period that the Board specifies from time to time.

In addition, during these periods Employees must not deal in financial products issued or created over or in respect of Pacific Brands securities.

- (2) For the purposes of paragraph 2.2(c)(1)(C), the Board may determine that the “blackout” period is limited to Directors, Senior Executives and/or other Nominated Employees.

**(d) Window period**

Employees may buy or sell Pacific Brands securities on the ASX or the NZX without the need for approval:

- (1) in the period of 31 days from the day following:
  - (A) the announcement of half-yearly results;
  - (B) the announcement of annual results; or
  - (C) the holding of the Annual General Meeting; or
- (2) during any other period that the Board specifies from time to time,

**EXCEPT** where an Employee is in possession of price sensitive or Inside information or where Pacific Brands is in possession of price sensitive or Inside Information and Pacific Brands has, during the “window” set out above, notified Employees that they must not buy or sell securities during all or part of any such period.

Employees may also buy or sell Pacific Brands securities during the period that the company has a current prospectus or other form of disclosure document on issue pursuant to which persons may subscribe for securities.

**(e) During other periods**

- (1) Outside of the “blackout” and “window” periods, all Employees must receive written approval for any proposed dealing in Pacific Brands securities on the ASX or the NZX as follows:
  - (A) **Directors** (including the Chief Executive Officer (**CEO**)) must inform and receive written approval from the Chairman;
  - (B) the **Chairman** must inform and receive written approval from the Board or the next most senior Director;
  - (C) **Senior Executives** and **Nominated Employees** must inform and receive written approval from **both** the CEO and the Company Secretary; and
  - (D) all other **Employees** must inform and receive written approval from the Company Secretary.

- (2) It is intended that requests for approval to deal in securities will be answered within 48 hours. In all cases, the approved dealing must occur within five business days following approval, otherwise the approval is no longer effective and fresh approval must be sought.

**(f) Notification of dealing by Directors and Senior Executives**

Any Director or Senior Executive who deals in Pacific Brands securities must notify the Company Secretary within three business days of the event (even where prior written approval has been sought and received in accordance with paragraph 2.2(e)). This is to assist Pacific Brands to comply with its disclosure obligations under the ASX Listing Rules and the NZX Listing Rules and to manage voting exclusions at its annual general meeting.

**(g) Exclusion of certain trades**

Paragraphs 2.2(c) and (e) of this policy do not apply to:

- (1) the following categories of passive trades:
- acquisition of Pacific Brands securities through a dividend reinvestment plan, share purchase plan or rights issue; and
  - the disposal of Pacific Brands securities through the acceptance of a takeover offer or scheme of arrangement; and
- (2) dealings that do not result in a change to the beneficial interest in the securities.

All trades under this paragraph remain subject to paragraph 2.2(a) and the insider trading prohibition in the Corporations Act and the New Zealand FMC Act.

**(h) Short term dealing**

Employees may not deal in Pacific Brands securities on a short-term trading basis, except in circumstances of special hardship, with the Chairman's written approval. Short-term trading includes buying and selling securities within a three month period and entering into other short-term dealings.

**(i) Employee, executive and director equity plans**

Employees are not required to seek consent or provide notification in connection with participating in an employee equity plan operated by Pacific Brands (eg. applying for an allocation of securities under an employee share offer). However, such dealings are still subject to paragraph 2.2(a) of this policy where applicable.

When securities in Pacific Brands granted under an employee equity plan cease to be held under the terms of that plan, any dealings in those securities must only occur in accordance with this policy.

**(j) Prohibition on hedging**

Where an Employee holds securities acquired pursuant to an employee equity plan operated by Pacific Brands, the Employee must not enter into a transaction to limit the economic risk of such securities, whether through a derivative, hedge or other similar arrangement.

**(k) Margin loan arrangements**

Employees are not permitted to deal in Pacific Brands securities pursuant to a margin lending arrangement. Such dealings include:

- (1) entering into a margin lending arrangement in respect of Pacific Brands securities;
- (2) transferring Pacific Brands securities into an existing margin loan account; and
- (3) selling Pacific Brands securities to satisfy a call pursuant to a margin loan.

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### **3 Dealing in securities**

#### **3.1 Summary of prohibited conduct**

The Corporations Act and the New Zealand FMC Act prohibit dealing in securities while in possession of Inside Information (“insider trading”).

Specifically, under the Corporations Act and the New Zealand FMC Act, a person is prohibited from dealing in **securities** where:

- (a) the person possesses information which is not generally available to the public;
- (b) that information may have a *material effect* on the price of securities of the relevant entity; and
- (c) the person knows or ought reasonably to know that the information is not generally available and if it were it might have a material effect on the price of securities.

In addition, a person with inside information must not **procure** another person to deal in Pacific Brands securities nor communicate the information (directly or indirectly) to another person who the person believes may deal (or procure someone else to deal) in Pacific Brands securities.

The key concepts are discussed in more detail in paragraph 3.2 below.

#### **3.2 Relevant terms**

**(a) Securities**

The definition of securities in the Corporations Act is very broad.

Securities include:

- ordinary shares;
- preference shares;

- options;
- debentures; and
- convertible notes.

It also extends to things relating to securities issued by Pacific Brands (for example, warrants and other derivative products). In the New Zealand FMC Act, the relevant definition of securities captures the securities listed above as well as quoted derivative products.

**(b) Dealing in securities**

Dealing in securities is a broad concept and covers more than simply buying or selling shares. It extends to exercising options over shares and entering agreements to buy or sell securities.

That is, under this policy and the law, the prohibition on dealing means that you are not permitted to:

- buy or sell;
- enter into an agreement to subscribe for, buy or sell, securities,

where you possess information that is not generally available and which a reasonable person would expect to have a material effect on the price or value of those securities.

If you possess price sensitive information that is not generally available, you are also prohibited from:

- procuring any other person to deal in those securities; or
- directly or indirectly communicating the information to another person who you believe is likely to deal in, or procure another to deal in, those securities.

Procuring under the Corporations Act means enticing, encouraging, persuading, causing or securing another person to do something. For the purposes of these provisions procuring includes inciting, inducing or encouraging an act or omission.

Under the New Zealand FMC Act, if you possess price sensitive information that is not generally available, you are also prohibited from encouraging, advising, inciting, counselling or procuring a person to hold (as well as trade) that security.

For example, you cannot ask or encourage family members to deal in securities when you possess price sensitive information and you should not communicate price sensitive information.

Employees will be free to deal in Pacific Brands securities during the window period, unless they possess Inside Information or are otherwise notified by Pacific Brands. Directors and Senior Executives and the Company Secretary will customarily be privy to price sensitive information that is not generally available and so, even during a “window”, as set out in paragraph 2.2(d) should be



especially vigilant to ensure that they do not deal in Pacific Brands securities when they or Pacific Brands possess Inside Information.

**(c) Information that is “generally available”**

Information is “inside” if it is not “generally available” but which, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of a security.

The definition of “generally available” differs slightly under each of the Corporations Act and the New Zealand FMC Act.

Under the Corporations Act, information is considered to be “generally available” if:

- (1) it consists of readily observable matter; or
- (2) it has been made known in a manner likely to bring it to the attention of investors in securities of corporations of that kind and a reasonable period for dissemination of that information has elapsed; or
- (3) it may be deduced, inferred or concluded from the above.

Under the New Zealand FMC Act, information is “generally available” if:

- (1) the information 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 relevant financial products and a reasonable period for dissemination of that information has expired; or
- (2) it is likely that persons who commonly invest in securities can readily obtain the information (whether by observation, use of expertise, purchase from other persons, or any other means); or
- (3) it can be deduced, inferred or concluded from either or both of the kinds of information in (1) and (2) above.

That is, information will be “generally available” if it has been released to the ASX or the NZX, published in an Annual Report or prospectus or otherwise been made generally available to the investing public and a reasonable period of time has elapsed after the information has been disseminated in one of these ways.

**(d) Material effect on the price of securities**

Information is considered by the Corporations Act and the New Zealand Securities Markets Act to be likely to have a material effect on the price or value of securities of a company if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities.

It is not possible to list all of the information that may be material, however, the following type of information would be likely to be considered to have a material effect on Pacific Brands’ share price:

- information regarding a material increase or decrease in Pacific Brands' financial performance from previous results or forecasts (including the "consensus" of analysts' forecasts);
- a proposed material business or asset acquisition or sale;
- the damage or destruction of a material operation of the company;
- proposed material legal proceedings to be initiated by or against Pacific Brands;
- regulatory action or investigations undertaken by a government authority;
- the launch of a material new business; or
- a proposal to undertake a new issue of shares or major change in financing.

**(e) Information**

For the purposes of the insider trading provisions of the Corporations Act, information is defined broadly and includes matters of supposition and other matters which are insufficiently definite to warrant being made known to the public. It also includes matters relating to the intentions of a person.

### **3.3 Relationship to the continuous disclosure regime**

The Corporations Act, the ASX Listing Rules and the NZX Listing Rules require Pacific Brands to immediately release to the ASX and the NZX any information concerning Pacific Brands which may reasonably be expected to have a material effect on the price or value of Pacific Brands securities, subject to limited exceptions.

As a result of the operation of the continuous disclosure regime, usually all material price sensitive information will be generally available. However, there are limited circumstances in which disclosure is not required. In these situations there may be people with Inside Information who would breach the insider trading prohibition if they dealt in securities at that time.

Specifically, the ASX Listing Rules do not require disclosure where:

- (1) a reasonable person would not expect the information to be disclosed; **and**
- (2) the information is confidential and the ASX has not formed the view that the information has ceased to be confidential; **and**
- (3) one or more of the following applies:
  - it would be a breach of law to disclose the information;
  - the information concerns an incomplete proposal or negotiation;
  - the information comprises matters of supposition or is insufficiently definite to warrant disclosure (eg. the effect of an event on Pacific Brands has not yet been quantified);

- the information is generated for internal management purposes of the entity (eg. internal management accounts or an internal management report); or
- the information is a trade secret.

The NZX Listing Rules contain a similar exclusion.

Although information does not need to be disclosed under the Listing Rules, Employees may possess Inside Information. If a person deals in Pacific Brands securities at a time when that person is aware of information which, but for a carve-out to the Listing Rules, would need to be disclosed to the market, that person will be in breach of the insider trading provisions.

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## **4 Securities in other companies**

While in general you are free to deal in shares in other listed companies, the prohibited conduct under the Corporations Act and the New Zealand FMC Act includes dealings in securities of Pacific Brands as well as of other listed companies with which Pacific Brands may be dealing (such as Pacific Brands' customers or joint venture partners) where an Employee possesses Inside Information in relation to that other company.

If you are aware of information that is not generally available but which, if it were generally available, a reasonable person would expect it to have a material effect on the price or value of a security, you should not deal in the securities of the companies that it affects. For example, where you are aware that Pacific Brands is about to sign a major agreement with another company, you should not buy shares in either Pacific Brands or the other company.

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## **5 Penalties**

A person who commits a breach of the insider trading provisions could be subject to significant criminal and civil penalties. In addition, a person who contravenes or is involved in a contravention of these provisions may be liable to compensate any person who suffers loss or damage because of the conduct.

In New Zealand, a person who commits a breach of the insider trading provisions could be subject to a pecuniary penalty of up to a maximum of the greater of the consideration for the securities three times the gain made or loss avoided by the insider trading in the securities, and NZ\$1 million in the case of an individual or NZ\$5 million in any other case. Criminal liability can also be imposed under the New Zealand FMC Act.

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## **6 Defences**

The Corporations Act and the New Zealand FMC Act sets out several defences to conduct which would otherwise breach the insider trading prohibition. These defences are complex and, in general, will not apply to

you. On this basis, you should not deal in Pacific Brands securities until you have received the required written approval from the relevant person in paragraph 2 above.

Breaches of the insider trading laws have serious consequences for both the Employee concerned and Pacific Brands. It may also give rise to adverse public scrutiny and media comment. It is therefore important that Employees adhere to these guidelines at all times.

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## **7 Who to contact**

If you are in any doubt regarding your proposed dealing in securities you should contact the Company Secretary.