

16 August 2017

Mr Andrew Kabega
Senior Advisor, Listings Compliance (Sydney)
Australian Securities Exchange
Level 6
20 Bridge Street
SYDNEY NSW 2000

Dear Mr Kabega

Securities Trading Policy – Updated 15 August 2017

The Board of Fairfax Media Limited (“the Company”) has approved amendments to the Company’s Securities Trading Policy which are effective from 15 August 2017.

Please find attached a copy of the amended Securities Trading Policy lodged with the ASX in accordance with ASX Listing Rule 12.10.

Yours sincerely



GAIL HAMBLY
Group General Counsel & Company Secretary



Securities Trading Policy

Fairfax Media Limited

(ACN 008 663 161)

Approved by the Board: 7 December 2006

Amended: 15 August, 2017 and lodged with ASX on 16 August, 2017 pursuant to Listing Rule 12.10

1. Introduction

The Company encourages Directors and employees to be long-term holders of Fairfax securities. However it is very important that the timing of any buying or selling of Fairfax Securities by Directors or employees is considered carefully to avoid allegations of “insider trading”.

Insider trading is a crime which can result in very serious consequences.

This document sets out the Fairfax policy on dealings in Fairfax Securities by “Designated People”. The purpose of this Policy is:

- (a) to assist people to avoid being accused of insider trading; and
- (b) to protect Fairfax against potentially damaging allegations that Directors or senior officers may have engaged in insider trading.

FAIRFAX TAKES COMPLIANCE WITH THIS POLICY SERIOUSLY. A BREACH OF THIS POLICY BY ANY EMPLOYEE MAY RESULT IN TERMINATION.

If you have any questions on this Policy, you should contact the Company Secretary:

Gail Hambly
Group General Counsel and Company Secretary
Sydney, Australia
Tel: +61 2 9282 1674
Email: ghambly@fairfaxmedia.com.au

Defined terms used in this Policy are explained in section 6.

2. Rules for trading in Fairfax Securities

2.1 Designated people

This Policy applies to the following Designated People:

- (a) the Directors (including the CEO) and the Company Secretary of Fairfax;
- (b) employees who report directly to the Chief Executive Officer (“ELT”); and
- (c) any other employee who is notified in writing by Fairfax that they are subject to this Policy.

2.2 Avoid Trading indirectly

A Designated Person should also ensure that nobody else trades on their behalf, e.g.:

- (a) a partner;
 - (b) any dependent children;
 - (c) a nominee, including an investment manager;
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- (d) a trust of which they, their immediate family, or any family controlled company, are the trustee or beneficiary; and
- (e) a company which they or their family control.

2.3 General prohibition

Designated People:

- (a) must not Trade in Fairfax Securities without approval as set out in this Policy or when they are in possession of price sensitive “inside information” relating to Fairfax which has not been made public;
- (b) will not be given clearance to Trade in Fairfax Securities under this Policy where price sensitive, non-public information exists in relation to Fairfax, even if the Designated Person may not be aware of that information; and
- (c) must not “Tip” anyone else with respect to Fairfax Securities at any time (see section 7.1(b)(iii)) below.

2.4 Front Page Test

It is important that public confidence in the Group is maintained. It would be damaging to the Group’s reputation if the market or the general public perceived that Designated People might be taking advantage of their position in the Group to make financial gains (by Trading in Securities on the basis of confidential information).

As a guiding principle, Designated People should ask themselves:

*If the market was aware of all the current circumstances, could the proposed dealing be perceived by the market as the person taking advantage of his or her position in an inappropriate way? How would it look if the transaction were reported on the front page of the newspaper? (The **Front Page Test**)*

If the Designated Person is unsure, he or she should consult the Company Secretary.

Where approval is required for a Trade under this Policy, approval will not be granted where the Trade would not satisfy the Front Page Test.

2.5 No short-term trading in the Fairfax Securities

Designated People must not engage in short-term or speculative trading in Fairfax Securities.

2.6 No short-selling Fairfax Securities

Designated People must not enter into any arrangements for short-selling Fairfax Securities.

“Short selling” refers to the practice of attempting to profit from an anticipated drop in the price of Fairfax Securities by borrowing securities and selling them in anticipation of later being able to buy the Securities at a lower price to close out their short position at a profit.

2.7 No Derivatives

Designated People must not trade in Fairfax Derivatives.

2.8 Unvested Securities Received by Executives as Part of Remuneration

Employees are not permitted to enter into any financial transaction (whether through a derivative, hedge or other arrangement) which would operate to limit the economic risk of an

employee's holding of unvested Company securities which have been allocated to the employee as part of his or her remuneration.

The Company treats compliance with this Policy as a serious issue and takes appropriate measures to monitor compliance. Any employee found to have not complied with the Policy risks disciplinary sanctions which could include termination of employment.

2.9 Restrictions on margin lending arrangements

Designated People must obtain approval in accordance with the procedure set out in section 3 for any proposed Trade in the Fairfax Securities in connection with a margin lending arrangement. Examples of such dealings include:

- (a) entering into a margin lending arrangement in respect of Fairfax Securities;
- (b) transferring Fairfax Securities into an existing margin loan account; and
- (c) selling Fairfax Securities to satisfy a call pursuant to a margin loan.

Fairfax may, at its discretion, make any approval granted in accordance with section 3 conditional upon such terms and conditions as Fairfax sees fit (for example, with regard to the circumstances in which the Fairfax Securities may be sold to satisfy a margin call).

2.10 When can Designated People Trade in Fairfax Securities?

The only appropriate time for a Designated Person to Trade in Fairfax Securities is when there is no price sensitive information which has not been made public and when the Designated Person has received approval to Trade in accordance with this Policy.

2.11 Black Out Periods

Designated People must not Trade in Fairfax Securities during the following "blackout periods":

- (a) from the close of trading on the ASX on 31 December each year (or if 31 December is not a trading day, the last trading day before 31 December) until the day after the announcement of the half-yearly results (which is usually around the end of February);
- (b) from the close of trading on the ASX on 30 June each year (or if 30 June is not a trading day, the last trading day before 30 June), until the day after the announcement of the annual results (which is usually around the end of August);
- (c) the four weeks immediately before the Annual General Meeting, when it is customary for the Chairman to update shareholders on the Company's trading performance and outlook, until the day after the Annual General Meeting;
- (d) during the four weeks immediately before the release of any other regular trading update until the day after the release or update; and
- (e) any other period that the Board specifies from time to time.

2.12 Exceptional circumstances

If a Designated Person needs to Trade Fairfax Securities during a blackout period due to exceptional circumstances and is not in possession of any inside information, then, the Designated Person may apply for a waiver, in writing, so that they can Trade in the Securities. The waiver will be considered by the relevant approver set out in sections 3.1 or 3.2.

Exceptional circumstances are likely to include severe financial hardship or compulsion by court order. Exceptional circumstances may also include the situation where during a

blackout period, Fairfax issues a prospectus, cleansing notice or other announcement, which ensures that the market is fully informed, and the relevant approver considers it appropriate to allow the Designated Person to Trade in Securities.

A waiver will only be granted if the Designated Person's application is accompanied by sufficient evidence (in the opinion of the person approving the waiver) that the Trading of the relevant Securities is the most reasonable course of action available in the circumstances.

If a waiver is granted, the Designated Person will be notified in writing and in each circumstance the duration of the waiver to Trade in Securities will be five business days.

Unless otherwise specified in the notice, any Trading permitted under this section 2.12 must comply with the other sections of this Policy (to the extent applicable).

2.13 **Is there a safe window to Trade?**

Fairfax does not have fixed windows when it is presumed safe to Trade in Fairfax securities. Individuals are never exempt from the Corporations Act and also must comply with this Policy at all times. Separately from this Policy any person considering Trading has an individual obligation to seriously consider whether they have any price sensitive information before Trading and whether the Trade would meet the Front Page Test.

However, generally, the presumption is that the market is most up to date on the operational performance of Fairfax in the period following the release of the Group's half and full year financial results and after the Annual General Meeting.

In the absence of market sensitive information this may be the preferable time for Designated People to consider Trading in Fairfax Securities.

3. Trading approvals

3.1 **Directors and the Company Secretary**

Directors must first obtain approval from the following, via the Company Secretary, before Trading in Fairfax Securities:

- (a) the Chairman of the Board (or the Chairman of the Audit & Risk Committee, where the Chairman is not available); or
- (b) Chairman of the Audit & Risk Committee, in the case of approvals for the Chairman.

3.2 **Other Designated People**

Other Designated People must first obtain approval from the Company Secretary before Trading in Fairfax Securities. Before granting approval the Company Secretary will consult the Chairman of the Board or the Chairman of the Audit & Risk Committee.

3.3 **Approval process**

Requests for approval by Designated People should be in writing to the Company Secretary who will seek approval from the approver specified above and respond in writing to the person seeking approval.

The relevant approver can determine that approval will or will not be given at their discretion, without giving any reasons for the decision.

The approver's decision to refuse to grant a waiver is final and binding on the Designated Person.

3.4 Wait for approval

Designated People must not Trade in Fairfax Securities until approval has been given. If approval is given, the Designated Person may Trade within five business days after receiving the approval.

The Designated Person will be notified if clearance to Trade has been withdrawn before they Trade is undertaken. This could occur if new information comes to light or there is a change in the circumstances which means that granting the approval is no longer appropriate

A further application will need to be made if no Trading takes place within the five business days and the Designated Person still wishes to Trade.

3.5 Confidentiality

A Designated Person who has been refused approval must not communicate this fact to others.

4. Notification of Trading by Directors

Each Director must notify the Company Secretary within **two** business days after any change in his or her interest in Fairfax Securities. This enables Fairfax to notify the ASX of the change in the Director's interests.

5. Excluded Trading

Sections 2.5, 2.6, 2.11 and 3 of this Policy do not apply to:

- (a) participation in an employee, executive or director equity plan operated by Fairfax. However, where Fairfax Securities granted under an employee, executive or director 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;
- (b) the following categories of Trades:
 - acquisition of Fairfax Securities through a dividend reinvestment plan;
 - acquisition of Fairfax Securities through a share purchase plan available to all retail shareholders;
 - acquisition of Fairfax Securities through a pro rata rights issue; and
 - the disposal of Fairfax Securities through the acceptance of a takeover offer, scheme of arrangement or equal access buy-back;
- (c) trades that result in no effective change to the beneficial interest in the securities (for example, transfers of Fairfax Securities already held into a superannuation fund or trust of which the Designated Person is a beneficiary); and
- (d) trading under a pre-approved non-discretionary Trading plan, where the Designated Person did not enter into the plan or amend the plan during a blackout period, the plan does not permit the Designated Person to exercise any influence or discretion in relation to trading under the plan and the plan cannot be cancelled during a blackout period, other than in exceptional circumstances.

However, given such Trades remain subject to the insider trading rules in the Corporations Act, Designated People should still consider any legal or reputational issues (and discuss any concerns they have with the Company Secretary) before proceeding with the Trade.

6. Trading in Securities of other companies

Designated People may come into possession of inside information about another company where they are directly involved in client relationship management or negotiating contracts. For example, where a person is aware that Fairfax or the Group is about to sign a major agreement with another company.

Designated People must not deal in Securities in another company if they are aware of inside information in relation to that company, no matter how they came into possession of the information.

7. What is insider trading?

7.1 A person may be guilty of insider trading if:

- (a) that person possesses price sensitive “inside information” – i.e., information in relation to Securities which has not been made public and which, if it were made public:
 - (i) would be likely to have a material effect on the price or value of the relevant Securities; or
 - (ii) would, or would be likely to, influence an investment decision by those who invest in the Securities, and
- (b) that person:
 - (i) Trades in the Securities;
 - (ii) encourages or procures someone else to Trade in the Securities; or
 - (iii) directly or indirectly communicates that information to another person where the communicator knows, or ought reasonably to know, that the recipient would be likely to Trade in the Securities or procure someone else to Trade in the Securities of the company (“Tipping”).

Generally for information to be public, it should have been announced to the Australian Securities Exchange, or be readily available or discernible from publicly accessible sources.

7.2 Examples of price sensitive information

The following are examples of some kinds of information which, if it were made public, might be regarded as price sensitive (this is not a comprehensive list):

- (a) a major acquisition or disposal of assets;
- (b) the threat of major litigation;
- (c) significant changes in Fairfax’s business performance;
- (d) a major new business development;
- (e) a proposed dividend or change in dividend policy; or
- (f) a proposed new share issue.

7.3 Information however obtained

It does not matter how or where the person obtains the information - it does not have to be obtained from Fairfax to constitute inside information.

8. Definitions

Board means the Board of Directors of Fairfax.

Company or **Fairfax** means Fairfax Media Limited.

Derivatives means financial products which provide a financial return based on price movements of Securities, including exchange traded options or options granted by third parties.

Designated People or **Designated Person** has the meaning given in section 2.1.

Trade or **Trading** means, in relation to Securities, acquiring, disposing of, subscribing for, or underwriting the relevant Securities (whether as principal or agent); or procuring another person directly or indirectly to acquire or dispose of the relevant Securities; or making or offering to make, or inducing or attempting to induce a person to make or offer to make, an agreement:

- (a) for or with respect to acquiring, disposing of, subscribing for, or underwriting the relevant Securities; or
- (b) the purpose or purported purpose of which is to secure a profit or gain to a person who acquires, disposes of, subscribes for or underwrites Securities, or to any parties to the agreement in relation to Securities.

Securities means:

- (a) shares;
 - (b) debentures or convertible notes;
 - (c) units of shares;
 - (d) derivatives; and
 - (e) options.
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