



EUMUNDI GROUP

**SECURITIES DEALING POLICY**

As approved by the board of directors on the 29<sup>th</sup> day of December 2010

### **1. Purpose**

The purpose of this policy is to prevent **Eumundi Group Limited (EBG)** and its employees from breaching legislative prohibitions on insider trading by dealing in the Securities of EBG or other companies while in possession of inside information.

The policy outlines where EBG Employees may deal in EBG Securities, or the Securities of other companies.

The definition of Securities includes shares in a company and instruments such as exchange traded options and warrants.

### **2. Application**

This Policy applies to:

- EBG's Directors;
- Employees of EBG and its related bodies corporate; and
- Contractors and Consultants engaged by EBG who, in the course of their engagement with EBG, come in possession of inside information about EBG or another company.

In this policy, all of these people are referred to as EBG Employees.

Additional responsibilities apply to EBG Directors, Executive Officers and others identified as Designated Officers.

Aspects of this Policy also extend to associates of EBG Employees, such as family members or companies and other entities controlled by EBG Employees and their associates.

If you are unsure about how this policy applies to you or to any instrument you wish to deal in, you should seek assistance from the Company Secretary before you deal in the instrument.

### **3. The Law against Insider Trading**

The Corporations Act prohibits a person from dealing, or procuring other persons to deal, in the Securities of a company if the person:

- possesses inside information about the company; and
- knows, or ought to reasonably know, that the information is inside information.

For EBG Employees, this prohibition applies to dealing in EBG Securities. It can also apply to dealing in Securities of another company where an EBG Employee is in possession of inside information about that other company in the course of their employment with EBG.

### 3.1 What is inside information?

Inside information is information about a company that is not generally available to the market and that, if it were to be made generally available to the market, would reasonably be expected to have a material effect on the price or value of Securities issued by the company (ie. information that is “price sensitive”).

Information is generally available if:

- it consists of readily observable matter; or
- it has been publicly disclosed by an announcement to the ASX and a reasonable period for its dissemination among investors has elapsed; or
- it consists of deductions, conclusions or inferences made or drawn from other generally available information.

EBG has legal obligations to immediately disclose to the market all information which would reasonably be expected to have a material effect on the price or value of its Securities. However, there are circumstances where information of this kind is not required to be disclosed, particularly if it relates to an incomplete proposal or to matters which are insufficiently definite to warrant disclosure.

Examples of information that might be inside information include information about:

- EBG’s financial performance, particularly in comparison with forecast results or market expectations;
- a substantial transaction under consideration;
- an actual or proposed change to capital structure, including a share issue or a debt refinancing;
- a material claim or unexpected liability.

### 3.2 What is dealing in Securities?

You deal in Securities if you acquire or dispose of any economic interest in those Securities. This includes:

- acquiring or disposing of the Securities
- entering into an agreement to acquire or dispose of the Securities; or

- granting, accepting, acquiring, disposing, exercising, or discharging an option or other right or obligation to acquire or dispose of the Securities.

### 3.3 Consequences of breaching prohibition against insider trading

Insider trading is a criminal offence and may attract substantial fines or imprisonment. Civil penalties may also apply, including the payment of compensation to any person who has suffered loss or damage because of insider trading.

EBG Employees who fail to adhere to the requirements of this Policy may face disciplinary action.

The Australian Securities Exchange (ASX), the Australian Securities and Investments Commission (ASIC), and external governance advisers all monitor EBG's compliance with this Policy. Breaches of the Policy by EBG Employees can have material adverse consequences for EBG's reputation with the ASX and ASIC, and with the investment community at large.

## **4. EBG's Policy Positions**

### 4.1 Prohibited Dealing in EBG Securities

EBG Employees must not deal in EBG Securities at any time if they are in possession of inside information about EBG.

EBG Employees also must not deal in EBG Securities during any of the following blackout periods:

- the period between 1 July and the close of business on the second day after EBG announces its Preliminary Final Results (Appendix 4E);
- the period between 1 January and the close of business on the second day after EBG announces its Half Year Results (Appendix 4D);
- the period ending at the close of the third day after EBG announces price sensitive information.

### 4.2 Permitted Dealing in EBG Securities

Subject to additional requirements set out below, EBG Employees may deal in EBG Securities at any other time. These additional requirements relate mainly to EBG Employees who are Designated Officers.

#### 4.3 Dealing in Securities of other companies

From time to time, EBG will be engaged in activities which might result in inside information about another company becoming available to some EBG Employees because of their role or position with EBG. For example:

- another company may provide information about itself, or about a third company, to EBG in the course of a proposed transaction;
- EBG may be considering a transaction which, if implemented, may have an effect on another company and the value of that company's Securities;
- EBG may receive information about the financial or operating performance of a company that EBG has a joint venture with or an investment in.

EBG employees must not deal in Securities of another company if they are in possession of inside information about that other company.

#### 4.4 Short-term or speculative dealing

EBG encourages EBG Employees to be long-term investors in EBG Securities and to act in a way that promotes growth in long-term returns for all holders of EBG Securities. Speculation in short-term fluctuations in the value of EBG Securities does not promote market confidence in the integrity of EBG or EBG Employees.

EBG Employees must not deal in EBG Securities as a short-term trader or on a speculative basis. EBG Employees who acquire EBG Securities must not dispose of those Securities, or enter into arrangements (such as margin loans) which could result in those Securities being disposed of, with 6 months of acquisition.

This prohibition does not apply to Securities acquired as a result of the exercise of an option or similar right where the option or right has been held for at least 6 months. This prohibition also does not apply to EBG shares acquired by EBG Employees under EBG's Employee Share Option Plan.

#### 4.5 Derivatives

EBG may grant EBG shares, options or performance rights to EBG Employees as part of their remuneration entitlements. These grants will usually be subject to the satisfaction of performance hurdles before they vest in the EBG Employee.

The use of Derivatives over unvested EBG Securities has the potential to allow EBG Employees to realise value from those Securities even if the performance hurdles have not been satisfied. This would undermine the intended alignment between the performance of EBG Employees and the interests of EBG shareholders.

EBG Employees are not permitted to use Derivatives in relation to any unvested EBG Securities. For this purpose, a Derivative includes any option, forward contract, swap, futures contract or warrant, or any other arrangement, which itself or in combination with one or more other Derivatives would have the effect of providing an EBG Employee with greater benefit than would otherwise have been realised in respect of the unvested EBG Securities.

EBG Employees may use Derivatives in relation to EBG Securities which have vested, provided they have the prior written approval of the Board, and any dealing in those Derivatives complies with the other requirements of this Policy.

## **5. Specific Rules for Designated Officers**

### 5.1 Who is a Designated Officer?

Additional safeguards are necessary to avoid the potential for adverse public perceptions of EBG as a result of dealings in EBG Securities by EBG Employees in senior roles. For the purposes of this Policy, these EBG Employees are Designated Officers.

A Designated Officer is an EBG Employee who is:

- an EBG Director
- a member of EBG's Executive Team; or

Other EBG Employees may also occupy a position, or perform a role, which may attract public scrutiny of dealings by those EBG Employees in EBG Securities. The Managing Director may, from time to time, designate any EBG Employee to be a Designated Officer for the purpose of this Policy.

### 5.2 Dealings in EBG Securities by Designated Officers

Any Designated Officer who proposes dealing in EBG Securities must, before the dealing occurs, notify the Company Secretary of the proposed dealing in writing (or by email) setting out the full details of the proposed dealing including:

- Name of security holder;
- Proposed date of dealing;
- Type of proposed transaction (purchase, sale, etc); and
- Number of securities involved.

The Designated Officer must not undertake the proposed dealing until it has been approved in writing (or by email) in accordance with the following protocol:

Dealing to be undertaken by:

A non-executive Director or  
 Company Secretary  
 Chairman of the Board  
 Managing Director  
 Chief Financial Officer  
 Member of Executive Team  
 All other Designated Officers

Dealing to be approved by:

Chairman of the Board  
 Chairman of the Audit Committee  
 Chairman of the Board  
 Chairman of the Board  
 Managing Director  
 Managing Director

An approval to undertake the proposed dealing will be valid for two (2) weeks (but completion of the proposed dealing must not occur during a blackout period and must otherwise comply with the requirements of this Policy.

The requirements for Designated Officers to seek approval before dealing in EBG Securities do not apply to:

- the acquisition of Securities under EBG's Employees under EBG's Employee Share Option Plan;
- the acquisition of shares under a Dividend Reinvestment Plan;
- participation in an offer or invitation made to all or most of the security holders, eg. Rights issues and Share Purchase Plans.

### 5.3 Restrictions applicable to associates of Designated Officers

This Policy extends to associates of Designated Officers in relation to dealing in EBG Securities. A Designated Officer's associates include family members or companies and other entities controlled by the Designated Officer. This means that a Designated Officer must take all steps reasonably necessary for the Designated Officer's associates to:

- avoid dealing in EBG Securities during a blackout period;
- avoid dealing in EBG Securities as a short-term trader or on a speculative basis;
- notify the Company Secretary of, and seek approval for, proposed dealings in EBG Securities.

### 5.4 Margin Loans

Margin loans to support an investment in Securities have the potential to compromise an EBG Employee's ability to comply with this Policy or with the legal prohibition against insider trading. This is because the terms of a margin loan may require the sale of Securities during a blackout period (in relation to EBG Securities) or at a time when the

EBG Employee is in possession of inside information about EBG or another company in which the EBG Employee holds Securities.

EBG Employees are prohibited from entering into margin loan arrangements to fund the acquisition of EBG Securities or in relation to which EBG Securities may be used as a security against repayment of the loan.

The following requirements will apply to margin loans proposed to be obtained by a Designated Officer to acquire Securities of any other company in relation to which it is reasonably foreseeable that the Designated Officer could come into possession of inside information as a consequence of being an EBG Employee.

- The Designated Officer must provide notice of, and obtain approval for, the proposed margin lending arrangements following the process outlined in paragraph 5.2 above. Approval must be obtained before the margin lending arrangements are entered into.
- Similarly, the Designated Officer must ensure that the terms of the margin lending arrangements do not require, or allow for, Securities of any company to be disposed of at a time when the Designated Officer is in possession of inside information in relation to that company.
- The Designated Officer must promptly inform the Company Secretary in writing (or by email) of any margin call that is made under the margin lending arrangements, and of the terms of that margin call.

#### 5.5 Notification by Directors of Dealing in EBG Securities

EBG is required to notify the ASX within 5 business days of any dealings by EBG Directors in EBG Securities. To allow EBG to meet its ASX obligations, EBG Directors must notify the Company Secretary as soon as practicable (and, in any case, no later than 2 business days) after the dealing occurs.

The Company Secretary will notify the ASX of the Director's dealing in EBG Securities using Appendix 3Y as required by the ASX Listing Rules. The Company Secretary will promptly provide all Directors with a copy of each Appendix 3Y sent to the ASX.

### **6. Exceptional Circumstances**

#### 6.1 Exemption to allow dealings during blackout periods

The Company Secretary has the discretion to give approval to an EBG Employee to dispose of EBG Securities during a blackout period if both of the following conditions are satisfied:



- the EBG Employee is experiencing genuine financial hardship or there are other exceptional circumstances; and
- the EBG Employee is not actually in possession of inside information about EBG.

AN EBG Employee seeking approval to dispose of EBG Securities during a blackout period should do so in accordance with procedures set out in 5.2 of this Policy. Full details of why the EBG Employee considers that exceptional circumstances exist should be included.

The Company Secretary must maintain a record of all approvals given to sell EBG Securities during a blackout period.

The Company Secretary must promptly inform the Board of all instances where approval has been given to an EBG employee to sell EBG Securities during a blackout period.

## 7. Other Matters

### 7.1 Date of effect

This Policy has been approved by EBG's Board and has effect from 29 December 2010.

### 7.2 Further Information about this Policy

If you have any questions about the application of this Policy to you, please contact the Company Secretary.

## 8. Glossary

Terms used in this Policy have the meaning set out below:

**EBG** means Eumundi Group Limited (ACN 010 947 476)

**EBG Board** means the board of directors of EBG

**EBG Employees** means each director, officer and employee of EBG or its related bodies corporate (within the meaning of section 50 of the Corporations Act), and each contractor and consultant to EBG or its related bodies corporate who are contractually bound to comply with this policy.

**EBG Executive Team** means EBG Employees who hold a senior management role and who are direct reports to EBG Managing Director.

**associate** in relation to an EBG Employee means:

- a member of the EBG Employee's immediate family; and
- a company or other entity controlled by the EBG Employee or a member of their immediate family.

**blackout period** means each of the following periods:

- the period between 1 July and the close of business on the second day after EBG announces its Preliminary Final Results (Appendix 4E)/Financial Results;
- the period between 1 January and the close of business on the second day after EBG announces its Half Year Results (Appendix 4D);
- the period ending at the close of the third day after EBG announces price sensitive information.

**Company Secretary** means the Company Secretary of EBG from time to time. This is currently Leni Stanley who can be contacted at [leni.stanley@sya.com.au](mailto:leni.stanley@sya.com.au) or on (07) 3221 6022.

**Corporations Act** means the *Corporations Act 2001 (Cth)*.

**deal** or **dealing** in relation to Securities means to acquire or dispose of any economic interest in those Securities. The term is intended to be interpreted broadly and includes:

- acquiring or disposing of the Securities;
- entering into an agreement to acquire or dispose of the Securities; or
- granting, accepting, acquiring, disposing, exercising, or discharging an option or other right or obligation to acquire or dispose of the Securities.

**Derivatives** has the meaning given in Section 761D of the Corporations Act and includes options, forward contracts, swaps, future contracts and warrants and any combination of one or more of these things.

**Designated Person** means an EBG Employee who is:

- an EBG Director
- a member of EBG's Executive Team; or
- any person designated by the Managing Director as a Designated Officer in accordance with paragraph 5.1 of this Policy.

**inside information** in relation to a company means information about the company that is not generally available and that, if it were to be made generally available, would reasonably be expected to have a material effect on the price or value of Securities issued by the company.

**Securities** include shares, options, rights, debentures, interests in a managed investment scheme, Derivatives, and financial products covered by section 1042A of the Corporations Act.