

18 January 2011

Company Announcements Office  
ASX Limited  
Level 4, 20 Bridge Street  
Sydney NSW 2000

Dear Sir / Madam

**Freedom Foods Group Limited  
Securities Trading Policy**

Please find attached the Freedom Foods Group Limited Securities Trading Policy, lodged with the ASX in accordance with Listing Rule 12.9.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rory J F Macleod', followed by a long horizontal line.

**Rory J F Macleod  
Executive Director  
Freedom Foods Group Limited**



# Freedom Foods Group Limited

**Corporate Governance Policy – Securities Trading –  
Key Management Personnel**

31/12/2010

## **Corporate Governance Policy – Securities Trading – Key Management Personnel**

### **1. Introduction**

- 1.1 This policy is a securities trading policy for the purposes of the Australian Securities Exchange (ASX) Listing Rule 12.9 and imposes constraints on key management personnel of FNP, as that term is defined in the Schedule (**Key Management Personnel**), dealing in FNP's securities including shares or options, warrants, futures or other derivative financial products issued over or in respect of FNP's shares or options (Securities).
- 1.2 FNP's previous "Policy on Directors and Senior Executives Dealing in Securities" has been repealed and replaced with this policy.

### **2. Application**

- 2.1 This policy applies to all Key Management Personnel as set out in the Schedule and their associates (as that term is defined in paragraph 10.2). Parties covered by this policy should not procure others to deal during prohibited periods.
- 2.2 It is noted that the insider trading provisions set out in the *Corporations' Act 2001* (summarized in paragraph 4 below) apply to all persons and their associates, whether or not they are Key Management Personnel of FNP.
- 2.3 There is no trading of Securities by Key Management Personnel that is not subject to this policy.

### **3. Objectives**

- 3.1 The objectives of this policy are to:
  - (a) minimise the risk of the Key Management Personnel of FNP contravening the laws against insider trading
  - (b) ensure FNP is able to meet its reporting obligations under the ASX Listing Rules
  - (c) increase transparency with respect to trading in Securities of FNP by Key Management Personnel; and
  - (d) comply with ASX Listing Rule 12.12.
- 3.2 To achieve these objectives, Key Management Personnel should treat this policy as being binding on them in the absence of a specific exemption from the Board (provided such exemption complies with the ASX Listing Rules).

### **4. Dealing in Securities – legal and other considerations**

- 4.1 Sections 1042B to 1043O of the *Corporations Act 2001* (**Act**) prohibit persons who are in possession of price sensitive information in relation to particular securities that is not generally available to the public from:
  - a. dealing in securities; or
  - b. communicating the information to others who might deal in the securities

- 4.2 The central test of what constitutes price sensitive information is found in section 1042A of the Act. It provides that the insider trading and continuous disclosure rules apply to information concerning a company that a reasonable person would expect to have a material effect on the price of securities in the company (**price sensitive information**).
- 4.3 Key Management Personnel of FNP will from time to time be in a situation where they are in possession of price sensitive information that is not generally available to the public. Examples are the period prior to the release of annual or half yearly results to the ASX and the period during which a major transaction is being negotiated.
- 4.4 The risk of contravention of insider trading laws in relation to information concerning public companies was substantially reduced in 1994 with the introduction of the continuous disclosure regime. Under that regime, public companies are required to disclose all price sensitive information immediately to ASX, except in limited circumstances. The test of what constitutes price sensitive information under the insider trading laws and under the continuous requirements are effectively identical. As a consequence, at least in theory and subject to the qualifications below, there is little risk of Key Management Personnel contravening insider trading laws as all relevant information will have been disclosed.
- 4.5 There are a number of limitations and qualifications to the above including:
- a. where the ASX Listing Rules and the Act permit companies to not disclose certain information, for example in the situation where an acquisition is being negotiated and remains confidential;
  - b. where information may be known to particular Key Management Personnel but not yet by FNP as a whole (i.e. the Board);
  - c. where FNP may not have yet complied with its continuous disclosure obligations in relation to a particular event or circumstance – there will always be some element of delay in doing so; and
  - d. where Key Management Personnel will generally have a better feel for the performance of FNP than the public.

However, even in these situations, there is still potential for contravention. There is also the potential for the appearance of a contravention even if there has not been an actual contravention. This could reflect badly on FNP as well as on the individual concerned.

- 4.6 Another circumstance that must be guarded against is where one or more individuals is aware of an event or circumstance and the remaining Key Management Personnel are not yet aware. In such a circumstance, it is important that no Key Management Personnel deals in Securities because:
- a. the knowledge of one individual may on certain circumstances, be imputed to all Key Management Personnel and therefore there is a risk that they will be found to have been guilty of insider trading even if they have no intention of committing a contravention; and
  - b. of the potential for such circumstances to reflect badly on FNP.
- 4.7 For these reasons, the advice of the Chairman should be sought prior to any dealings taking place, and steps should be taken to ensure that the Chairman is appraised of all relevant considerations by the Disclosure Officer (Company Secretary) appointed under ASX Listing Rule 1.1, condition 12.

## 5. Policy – dealing in Securities

5.1 Key Management Personnel should not deal in Securities of FNP unless:

- a. they have satisfied themselves that they are not in possession of any price sensitive information that is not generally available to the public;
- b. they have contacted the Chairman or in their absence, the Company Secretary and notified them of their intention to do so and the Chairman or, in their absence the Company Secretary, indicate that there is no impediment to them doing so; and
- c. where the Chairman wishes to deal in Securities, he or she has contacted the Company Secretary and notified them of his or her intention to do so and the Company Secretary, indicates that there is no impediment to him or her doing so.

5.2 The Chairman will generally not allow Key Management Personnel to deal in Securities of FNP as a matter of course in the following “black-out” periods:

- a. from 1 month prior to the release of the annual or half yearly accounts;
- b. within the period of 1 month prior to the issue of a prospectus; and
- c. where there is price sensitive information that has not been disclosed because of an ASX Listing Rule exemption; and
- d. any additional period arising from time to time that the Board imposes a prohibition on trading by Key Management Personnel as an ‘ad-hoc’ prohibition on trading of Securities,

each a **Prohibited Period**.

Key Management Personnel should wait at least 2 days after the relevant release before dealing in Securities so that the market has had time to absorb the information.

5.3 In specific exceptional circumstances however, such as financial hardship, the Chairman (or the Company Secretary if the Restricted Person, as defined below, is the Chairman) (**Review Officer**) may by issuing prior written clearance to the Key Management Personnel wishing to trade Securities (**Restricted Person**), which clearance may be effectively issued by letter, facsimile or email (**Written Clearance**), waive the requirement of that Restricted Person to deal in Securities outside the Prohibited Periods on the condition that the relevant individual:

- a. provides the Review Officer with such information as is necessary to enable the Review Officer to determine that they are in severe financial hardship or that their circumstances are otherwise exceptional;
- b. can demonstrate to the Review Officer that the proposed sale or disposal of the relevant Securities is the only reasonable course of action; and
- c. can demonstrate to the Review Officer that they are not in possession of any price sensitive information that is not generally available to the public.

5.4 The Review Officer will make its determination on whether to issue Written Clearance to the Restricted Person having regard to:

- a. The information provided by the Restricted Person;
- b. The purpose of the ASX Listing Rules; and

- c. Matters and examples relating to what are exceptional circumstances and financial hardship as set out in the Guidance Notes issued by the ASX,

and will exercise their discretion with caution.

- 5.5 Any Written Clearance is valid for a period of 5 trading days following its issue to the Restricted Person after which the Written Clearance will become invalid and the Restricted Person will have to seek further Written Clearance from the Review Officer in accordance with paragraphs 5.3 and 5.4.
- 5.6 Key Management Personnel must not at any time engage in short term trading in securities of FNP. Short term trading is considered to be trading where the acquisition and disposal of Securities occurs within 6 months of each other. The Chairman may, at their discretion, permit a Key Management Personnel to trade in Securities in circumstances that would contravene this paragraph 5.6 if that individual establishes hardship.
- 5.7 Key Management Personnel must not communicate price sensitive information to a person who may deal in Securities of FNP. In addition, Key Management Personnel should not recommend or otherwise suggest to any person (including a spouse, relative, friend, trustee of a family trust or directors of a family company) the buying and selling of Securities in FNP.
- 5.8 Key Management Personnel must ensure that external advisors who may receive price sensitive information are bound by confidentiality agreements or other enforceable obligations.
- 5.9 The above principles also apply to the following:
  - a. trading in financial products issued or created over FNP's Securities and associated products; and
  - b. entering into transactions in associated products which operate to limit the economic risk of security holdings in FNP.

## **6. Notification of dealing in Securities**

- 6.1 Key Management Personnel must notify the Company Secretary immediately on acquiring or disposing of a relevant interest in any Securities in FNP and advise the Company Secretary if prior written clearance was required in respect of that trade, whether such Written Clearance was obtained and the date on which Written Clearance was obtained.
- 6.2 FNP must disclose the relevant trade to the ASX in accordance with the Listing Rules by completing an Appendix 3Y relating to the trade and noting if prior Written Clearance was required in respect of that trade, whether such Written Clearance was obtained and the date on which Written Clearance was obtained.

## **7. Notification of dealings in Securities – Directors – legal and other considerations**

- 7.1 ASX Listing Rules 3.19A and 3.19B require FNP to notify of dealings in Securities by Directors within 5 business days. Three appendices are included in the ASX Listing Rules for the purpose of the notification, being 3X Initial Directors Interest Notice, 3Y Change of Directors Interest Notice and 3Z Final Directors Interest Notice.

- 7.2 Section 205G of the Act requires a Director of a listed company to notify ASX within 14 days of acquiring or disposing of a relevant interest in any Securities of FNP. This is an obligation of the Director, not FNP. There is no prescribed form for such notifications. ASIC has granted class order relief from the requirements of section 205G where notifications are made by FNP under Listing Rules 3.19A and 3.19B.

## 8. Confirmation of Dealing

- 8.1 If a person covered by this policy undertakes dealing in securities then within 2 days of the dealing taking place, they should provide details of the dealing in securities to the Company Secretary.

## 9. Penalties

- 9.1 A trade in securities by a person who is in possession of price sensitive information not publicly available could contravene the Act and expose the person to civil and criminal penalties.
- 9.2 A contravention of this policy by a person to whom this policy applies may result in summary dismissal.

## 10. Definitions

- 10.1 For the purposes of this policy:
- a. **deal in Securities** means buy or sell Securities in FNP, or enter into transactions in relation to Securities in FNP. It includes procuring another person to do any of these things; and
  - b. **price sensitive information** has the meaning given to that term in paragraph 4.2
- 10.2 For the purposes of paragraph 4, directors "*dealing*" include associates of Key Management Personnel dealing in Securities, and it is incumbent on each Key Management Personnel to ensure that an associate does not deal in circumstances where the dealing could be attributed to the individual concerned. Associate has the meaning given to it in Division 2 of Part 1.2 of the Act.

## 11. Public availability of materials

- 11.1 This policy or a summary of its main provisions shall be made publicly available on FNP's website in a clearly marked corporate governance section.
- 11.2 Where FNP makes a material change to this policy, it will provide the amended policy to the ASX for release to the market within 5 business days of the material changes taking effect.
- 11.3 Such material changes may include:
- a. changes to the Prohibited Periods;
  - b. changes with respect to trading that is excluded from the operation of this policy; and
  - c. changes with respect to the exceptional circumstances in which FNP's Key Management Personnel may be permitted to trade during a Prohibited Period.

- 11.4 FNP will give a copy of the current version of this policy, as is approved by the Board from time to time, to the ASX immediately on request by the ASX.

## Schedule 1

Persons to whom this policy applies, together the **Key Management Personnel**:

- All directors of FNP (whether executive or otherwise)
- All members of the boards of directors of subsidiaries of FNP;
- Executive Directors, CEO or Managing Director of FNP;
- All other executives who report directly to the Executive Directors, CEO or Managing Director of FNP;
- Other executives as determined by the Board from time to time; and
- Without limiting the foregoing, all other key management personnel (as defined in AASB 124 *Related Party Disclosures*) of FNP which, as at the date of this policy, are all persons having authority and responsibility for planning, directing and controlling the activities of FNP, directly or indirectly, including any director (whether executive or otherwise) of FNP.