



SECURITY TRADING POLICY

1.0 OBJECTIVES

- 1.1. The ordinary shares of Bega Cheese Limited (Bega Cheese) are listed on the ASX.
- 1.2. Definitions to assist in the interpretation of this policy are set out in clause 10.0 of this policy.
- 1.3. The purpose of this security trading policy is to ensure compliance with the ASX Listing Rules, and to ensure that Key Management Personnel and their associates are aware of the legal restrictions in dealing in Bega Cheese's securities while such a person is in possession of unpublished price sensitive information concerning Bega Cheese.
- 1.4. This document summarises the law relating to insider trading and establishes a best practice procedure for Key Management Personnel and their associates and related parties when dealing in securities of Bega Cheese.
- 1.5. The security trading policy recognises that it is illegal for any person to deal in Bega Cheese's securities when that person is in possession of unpublished price sensitive information. This is regardless of whether the terms of this policy have been complied with.
- 1.6. This policy shall be distributed to all Key Management Personnel and it is the responsibility of each Key Management Person to comply with this policy. Any non-compliance with this policy will be considered as serious misconduct.
- 1.7. The trading restrictions set out in this policy are additional to any provisions governing or restricting the trading of securities set out in any agreement between Bega Cheese and a Key Management Person or a Securityholder or any provisions in Bega Cheese's employee share plans. Where the provisions of an agreement between Bega Cheese and a Key Management Person or a Securityholder conflict with the provisions of this policy, the most restrictive provisions will prevail.

2.0 INSIDE INFORMATION AND INSIDER TRADING

What is "inside information"?

- 2.1. Inside information is information that:
 - a. is not generally available; and
 - b. if it were available, may have a material effect on the price or value of an entity's securities.
- 2.2. Information is considered 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. This type of information is commonly referred to as "price sensitive information".

What is "insider trading"?

- 2.3. If a person has inside information relating to Bega Cheese, it is illegal for that person to:
 - a. buy, sell or otherwise deal in Bega Cheese securities or agree to do so; or
 - b. advise, procure or encourage another person to buy, sell or otherwise deal in Bega Cheese Securities or agree to do so; or

- c. pass on information to any other person if where that person would or would be likely to use the information to engage in the activities specified in paragraphs (a) or (b) above.
- 2.4. A person cannot avoid the insider trading prohibition by arranging for a member of their family or a friend to deal in Bega Cheese securities, nor may a person give “tips” to another relating to Bega Cheese when that “tip” is based on inside information.

Consequences of insider trading

- 2.5. Insider trading is a criminal offence, punishable by substantial fines and/or imprisonment. Bega Cheese may in certain circumstances also be liable if a Key Management Person or their associates engages in insider trading. Insider trading may also attract civil liability, including liability to pay compensation to those who suffer loss or damage as a result of the insider trading.

3.0 SCOPE OF THIS POLICY

- 3.1. This policy extends to dealing in the securities of Bega Cheese by Key Management Personnel of Bega Cheese, any associate or related party of any Key Management Personnel and any company, trust or other entity in which any Key Management Personnel have a relevant interest. Accordingly, references to dealings in securities by a Key Management Person in this security trading policy apply equally to dealings by any associate or related party of that Key Management Person and any company, trust or other entity in which any Key Management Personnel have a relevant interest.
- 3.2. This trading policy does not apply to the following types of trading:
 - a. where a Key Management Person is a trustee, trading in the securities of Bega Cheese by that trust provided the Key Management Person is not a beneficiary of the trust and any decision to trade during a Prohibited Period is taken by the other trustees or by the investment managers independently of the Key Management Person;
 - b. undertakings to accept, or the acceptance of, a takeover offer;
 - c. trading under an offer or invitation made to all or most of the Securityholders, such as a rights issue, a security purchase plan, a dividend or distribution reinvestment plan or an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rate issue;
 - d. a disposal of securities of Bega Cheese that is the result of a secured lender exercising their rights under a loan agreement; and
 - e. trading under a non-discretionary trading plan or employee share plan of Bega Cheese for which prior written clearance has been provided in accordance with procedures set out in the trading policy and where:
 - i. the Key Management Person did not enter into the plan or amend the plan during a Prohibited Period; or
 - ii. the trading plan does not permit the Key Management Person to exercise any influence or discretion over how, when or whether to trade.

4.0 PERIODS DURING WHICH DEALING MAY TAKE PLACE

- 4.1. Subject to clauses 4.2 and 4.3, dealing by Key Management Personnel in Bega Cheese's securities may take place at any time, except during the following periods:
- from the Monday following the last Sunday in December each year until 24 hours after the release of Bega Cheese's half year results to the ASX;
 - from 1 July each year until 24 hours after the release of Bega Cheese's year end results to the ASX; or
 - any other period that Bega Cheese specifies from time to time,
- (collectively the **Blackout Periods**).
- 4.2. Despite clause b4.1b, due to the issue of the prospectus in relation to the initial public offering of Bega Cheese, Key Management Personnel may deal in Bega Cheese's securities during the period from the listing of Bega Cheese on the ASX (planned for July 2011) up until 1 January 2012. The Board has taken the view that the prospectus that will be issued in connection with the initial public offering and listing will sufficiently assess and disclose information concerning the year end financial position of Bega Cheese (in respect of the period to 30 June 2011) to render the Blackout Period unnecessary. The Board may, at its discretion, make other exceptions to the Blackout Periods if it considers that the market will be sufficiently informed during the period (such as where a disclosure document has been issued).
- 4.3. The ban on insider trading prevails over clauses 3.2, 4.1 and 4.2 above. In other words, no dealing will be permitted at any time (inside or outside of Blackout Periods) by a Key Management Person if that Key Management Person possesses (or is deemed to possess) any price sensitive information which is not generally available.

5.0 PRE-DEALING CHECKLIST - TRADING OUTSIDE BLACKOUT PERIODS

- 5.1. For all periods during which dealing is permitted, the procedure in this clause 5 must be complied with before any dealing is undertaken. A summary is set out in the box text below.

Is the Key Management Person aware of any inside information (where inside information refers to information that is not generally available but, if the information was generally available, a reasonable person would expect to have a material effect on the price or value of securities of Bega Cheese)?

- NO → the Key Management Person may submit an application to the Company Secretary requesting clearance from the Designated Officer to deal in Bega Cheese's securities.
- YES → has the information been disclosed to the ASX?
- YES → the Key Management Person may submit an application to the Company Secretary requesting clearance from the Designated Officer to deal in Bega Cheese's securities.
- NO → the Key Management Person may not deal in Bega Cheese's securities.

- 5.2. For all periods during which dealing is permitted, Key Management Personnel must lodge an application with the Company Secretary requesting clearance from the Designated Officer to deal in the securities of Bega Cheese. The application must be in the form set out in Schedule 1 and submitted to the Company Secretary.
- 5.3. On receipt of an application under the provision above, the Company Secretary shall procure that the Designated Officer considers the application. No dealing may be undertaken before the Key Management Person receives written clearance from the Company Secretary, signed for and on behalf of the Designated Officer.
- 5.4. If the Key Management Person receives written clearance for their dealing from the Company Secretary, for and on behalf of the Designated Officer, that dealing must be completed within 14 days from the date that the Key Management Person receives the written approval, or such earlier time as determined. Confirmation of the approved trading must be given to the Company Secretary when the approved trading has been completed.

6.0 DISCRETION TO PROHIBIT TRADING

- 6.1. In addition to the set Blackout Periods in section four of this securities trading policy, the Board has the discretion to prohibit trading by any Key Management Person during any additional periods, which may be imposed by the Board when it is considering matters subject to the continuous disclosure exception set out in Listing Rule 3.1A (together with the Blackout Periods, the Prohibited Periods).

7.0 DEALING DURING PROHIBITED PERIODS IN EXCEPTIONAL CIRCUMSTANCES

- 7.1. Key Management Personnel may in exceptional circumstances lodge an application with the Company Secretary seeking clearance from the Designated Officer to trade during a Prohibited Period, provided that the Key Management Person is not in possession of inside information. The application must be in the form set out in Schedule 2 and submitted to the Company Secretary.
- 7.2. On receipt of the application under clause 8.1, the Company Secretary shall procure that the Designated Officer considers the application. No dealing may be undertaken before the Key Management Person receives the written clearance from the Company Secretary, signed for and on behalf of the Designated Officer.
- 7.3. The Designated Officer may grant the Key Management Person written clearance to deal in securities during the Prohibited Period if the Designated Officer is satisfied that the applicant's circumstances amount to exceptional circumstances, when taking into account the factors listed in 7.4 below.
- 7.4. The following factors are to be considered by the Designated Officer in determining whether the Key Management Person is granted permission to trade during a Prohibited Period:
 - a. whether the Key Management Person is suffering severe financial hardship;
 - b. whether the Key Management Person is bound by a court order, enforceable undertaking or other legal or regulatory requirement to transfer or sell the securities of Bega Cheese;
 - c. if the Key Management Person is not actually in possession of inside information in relation to Bega Cheese securities; and
 - d. whether the Key Management Person's circumstances are otherwise exceptional and the proposed dealing is the only reasonable course of action available.

- 7.5. If approval is granted in writing by the Company Secretary, for and on behalf of the Designated Officer, the Key Management Person must complete the dealing within 14 days of receiving such written approval, or such earlier time as determined. Confirmation of the approved trading must be given to the Company Secretary when the approved trading has been completed.

8.0 CONFIRMATION AFTER DEALING BY A DIRECTOR

- 8.1. Within five business days after a director deals in Bega Cheese securities at any time, the director must notify the Designated Officer of:
- the date of the transaction;
 - the number of Bega Cheese securities involved;
 - whether it was a sale, purchase, or subscription; and
 - the consideration payable.
- 8.2. This is in addition to any obligation on a director of Bega Cheese under arrangements between the director and Bega Cheese, to disclose information to Bega Cheese to enable it to comply with its obligations under ASX listing rule 3.19A.2 concerning notifiable interests of directors of Bega Cheese.

9.0 FURTHER ASSISTANCE

- 9.1. Any Key Management Person who is unsure of the nature of the information that they have in their possession and whether they may deal in Bega Cheese's securities should contact the Company Secretary.

10.0 DEFINITIONS

The following definitions are used in this policy:

associate includes:

- a related body corporate; or
- a director or secretary of a related body corporate.

ASX means ASX Limited ACN 008 624 691 or the market operated by it, as the context requires.

Bega Cheese means Bega Cheese Limited, ACN 008 358 503.

Blackout Period has the meaning given to that term in clause 4.1.

Bega Cheese Group means Bega Cheese and its subsidiary, Tatura Milk Industries Limited.

Board means the board of directors of Bega Cheese Limited.

dealing includes:

- any application for acquisition or disposal of any securities;
- entering into an agreement to apply for, acquire or dispose of any securities; and
- the grant, acceptance, acquisition, disposal, exercise or discharge of any option or other right or obligation to acquire or dispose of securities.

Company Secretary means the individual who at the relevant time is the company secretary of Bega Cheese and, if more than one individual hold such office, any of those individuals.

Designated Officer means:

- a. in the case that the Chairperson is applying to deal in securities, the Chair of the Audit Committee; or
- b. in the case of all other Key Management Personnel, the Chairperson.

generally available, in relation to information, means any such information which:

- a. is readily observable;
- b. has been made known in a manner which is likely to bring it to the attention of persons who commonly invest in securities provided that a reasonable period for that information to be disseminated has elapsed since it was made known; or
- c. consists of deductions, conclusions or inferences made or drawn from information falling under either paragraphs (a) or (b) above.

Key Management Personnel (singular use **Key Management Person**) means those persons having authority and responsibility for planning, directing and controlling the activities of Bega Cheese, directly or indirectly, including any director of the Bega Cheese Group. For the avoidance of doubt, this includes management personnel of the Bega Cheese Group reporting directly to the chief executive officer.

Prohibited Period has the meaning given to that term in clause 6.

related party includes:

- a. a spouse or de facto spouse of a Key Management Person;
- b. a parent, son or daughter of a Key Management Person;
- c. an entity over which a person referred to above has control; or
- d. two or more persons referred to above together have control.

securities includes:

- a. ordinary shares;
- b. partly paid shares;
- c. preference shares;
- d. hybrid securities;
- e. debentures;
- f. legal or equitable rights or interests in (a) to (e) above; and
- g. any derivatives including but not limited to options in respect of any of (a) to (e) above.

Securityholder means a holder of securities in Bega Cheese.

This document was approved by the Bega Cheese Board on 30 May 2011, with effect from the date that Bega Cheese is listed on the ASX.

SCHEDULE 1 - APPLICATION FORM TO TRADE DURING PERMITTED PERIODS

Name of Applicant _____

Residential Address _____

Office or Position _____

Type of Transaction (circle) Sale / Purchase

Number of securities that are subject of the proposed transaction _____

Class of securities that are the subject of the proposed transaction _____

Will the transaction take place on the ASX? (circle) Yes / No

If the transaction is not to take place on the ASX, advise details of the transaction

Likely date of the transaction _____

I HEREBY ACKNOWLEDGE that:

I have read the Bega Cheese Security Trading Policy and my decision to deal in securities of Bega Cheese has not been made on the basis of information that

- a. is not generally available, and
- b. would be expected by a reasonable person to have a material effect on the price or value of securities of Bega Cheese, if it was generally available.

I request the Designated Officer to approve the purchase/sale of the above securities.

Signed by the Key Management Person _____

Date _____

Designated Officer Approval

(signed by the Company Secretary for and on behalf of the Designated Officer)

I have reviewed the contents of the attached application and now give my consent to the proposed transaction.

Signed by the Company Secretary _____

Date _____

SCHEDULE 2 - APPLICATION FORM TO TRADE DURING PROHIBITED PERIODS

Name of Applicant _____

Residential Address _____

Office or Position _____

Type of Transaction (circle) Sale / Purchase

Number of securities that are subject of the proposed transaction _____

Class of securities that are the subject of the proposed transaction _____

Will the transaction take place on the ASX? (circle) Yes / No

If the transaction is not to take place on the ASX, advise details of the transaction

Likely date of the transaction _____

I HEREBY ACKNOWLEDGE that:

I have read the Bega Cheese Security Trading Policy and my decision to deal in securities of Bega Cheese has not been made on the basis of information that

- a. is not generally available, and
- b. would be expected by a reasonable person to have a material effect on the price or value of securities of Bega Cheese, if it was generally available.

I request the Designated Officer to approve the purchase/sale of the above securities.

Signed by the Key Management Person _____

Date _____

Designated Officer Approval

(signed by the Company Secretary for and on behalf of the Designated Officer)

I have reviewed the contents of the attached application and now give my consent to the proposed transaction.

Signed by the Company Secretary _____

Date _____