

Guidelines for dealing in securities

Pacific Brands Group

1 Introduction

The purpose of this policy is to:

- (a) explain the types of conduct in relation to dealings in securities that are prohibited under the Corporations Act, which is applicable to all employees of the Pacific Brands Group of companies (**Pacific Brands**) and the New Zealand Securities Markets Act, which applies in New Zealand; and
- (b) 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buying and selling securities that provides protection to both Pacific Brands and its employees against the misuse of unpublished information which could materially affect the value of securities.

Annexure A to this policy establishes a best practice procedure (the **New Zealand Approved Procedure**) relating to:

- the buying and selling of securities in Pacific Brands on the NZX by Pacific Brands employees; and
- to off-market trades by Pacific Brands employees that are New Zealand residents.

Pacific Brands aims to achieve the highest possible standards of corporate conduct and governance. 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 employees of Pacific Brands. Pacific Brands also wishes to ensure that any perception of executives or employees dealing in securities when they should not do so is avoided.

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.

2 Policies for dealing in securities

2.1 Persons to whom this policy applies

This policy applies to:

- (a) all directors of Pacific Brands or any related body corporate (as defined in the Corporations Act);
- (b) all employees of Pacific Brands or any related body corporate (as defined in the Corporations Act),

and their associates (collectively **Employees**).

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).

Paragraph 3 sets out further guidance as to what constitutes ‘inside’ or price sensitive information.

(b) Blackout Periods

Employees **must not** deal in Pacific Brands securities during any of the following periods:

- (1) the period from close of business on 31 December each year until the day following the announcement of half-yearly results; and
- (2) the period from close of business on 30 June each year until the day following the announcement of annual results.

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

(c) Window Period

Employees may buy or sell Pacific Brands securities on the ASX in the period of 31 days from the day following:

- (1) the announcement of half-yearly results;
- (2) the announcement of annual results; or
- (3) the holding of the Annual General Meeting

EXCEPT where an Employee is in possession of price sensitive information or where Pacific Brands is in possession of price sensitive 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.

If you are not sure whether you should buy or sell Pacific Brands securities during this time please consult with the relevant person listed in paragraph (d) below.

(d) During other periods

Outside of the “blackout” and “window” periods, all Employees must receive clearance for any proposed dealing in Pacific Brands securities on the ASX as follows:

- (1) a **director** of Pacific Brands (including the Chief Executive Officer (CEO)) must inform and receive approval from the Chairman prior to undertaking a transaction outside the trading window;

- (2) the **Chairman** must obtain approval from the Board or the next most senior director, prior to undertaking a transaction outside the trading window;
- (3) **executives and senior management** must inform and receive approval from **both** the CEO and the Company Secretary prior to undertaking a transaction outside the trading window; and
- (4) all other **employees** must inform and receive approval from the Company Secretary prior to undertaking a transaction outside the trading window.

It is intended that your request will be answered within 48 hours.

(e) Exclusion of certain trades

Paragraphs 2.2(b) and (d) 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;,,
- (2) dealings that do not result in a change to the beneficial interest in the securities; and
- (3) subject to paragraph 2.2(i), a disposal of Pacific Brands securities that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement.

All trades under this paragraph remain subject to paragraph 2(a) and the insider trading prohibition in the Corporations Act.

(f) 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 approval. Short-term trading includes buying and selling securities within a three month period and entering into other short-term dealings.

(g) 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.

(h) 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.

(i) Margin loan arrangements

Directors and senior executives must inform and receive approval from the Chairman prior to any dealing in Pacific Brands securities pursuant to a margin lending arrangement. Such dealings would include:

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

The Company Secretary must maintain a register of margin lending arrangements to which directors and senior executives are a party and which could result in dealings in Pacific Brands securities.

A Director or senior executive must only sell all or part of the securities held that are subject to the margin loan to meet a margin call in accordance with the terms of this policy.

(j) Directors to notify Company of any dealing

Any director who deals in Pacific Brands securities must notify the Company Secretary within three days after the event (even where prior approval has been sought and granted in accordance with paragraph 2.2(d)).

2.3 Persons to whom the New Zealand Approved Procedure applies

The New Zealand Approved Procedure applies to:

- (a) all Employees who buy and sell Pacific Brands securities on the NZX; and
- (b) all Employees who are resident in New Zealand and who buy or sell Pacific Brands securities off market.

The New Zealand Approved Procedure should be regarded as equally applicable to any securities that are sold or purchased in the name of, or on behalf of, an Employee's spouse or child.

2.4 Protection from New Zealand insider trading laws

To obtain protection against insider trading laws, the Employees referred to in paragraph 2.3 must not buy or sell securities in Pacific Brands unless the New Zealand Approved Procedure is complied with.

3 Dealing in securities

3.1 Summary of Prohibited conduct

The Corporations Act and the New Zealand Securities Markets Act prohibit “insider trading”.

Under the Corporations Act and the New Zealand Securities Markets Act, a person is prohibited from dealing in *securities* where:

- (a) the person possesses information which is not generally available to the public; and
- (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 New Zealand, there is no similar condition on liability that the person knows or ought reasonably to know that the information is not generally available and if it were, 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 New Zealand, the definition of securities also extends to beneficial interests and powers of control over securities.

(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 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.

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 management (ie the CEO, his direct reports, and the Company Secretary) will customarily be privy to price sensitive information that is not generally available and so, even during a ‘window’ set out in paragraph 2.2(c) or in paragraph (b) of the New Zealand Approved Procedure 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.

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.

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 of 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.

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 Securities Markets 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.

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 or three times the gain made or loss avoided by the insider trading in the securities. However, if an Employee trades in securities in their own name or in the name of, or on behalf of, their spouse or child and in trading in the securities the Employee complies with the New Zealand Approved Procedure specified in Annexure A, it is intended that they will be afforded the protection from liability under section 7 of the New Zealand Securities Markets Act.

6 Defences

The Corporations 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 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.

7 Who to contact

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

Annexure A – New Zealand Approved Procedure

(a) Authority to Trade

To obtain protection against insider trading laws in New Zealand, Employees must not trade in Securities on the NZX, and Employees who are New Zealand residents must not trade in Pacific Brands securities off market unless:

- (1) notice of that intended sale or purchase in the form of the General Transaction Notice, attached to this policy, has been given to the Company Secretary; and
- (2) the proposed sale or purchase has been authorised by the Company Secretary; and
- (3) notice of that authorisation has been given to the Board of Pacific Brands prior to the next Board meeting.

The Employee shall be provided with a written acknowledgement consenting to or declining the proposed transaction. Before the Company Secretary consents he or she must be reasonably satisfied that the statements contained in paragraphs (g), (h) and (i) of the Notice set out in Appendix 1 are true. Where an acknowledgement is refused, the Employee may make further representations to the Board of the Company, which may give consent to the transaction or confirm the refusal.

(b) Window Period

If authorisation to buy or sell securities has been given under (a) then the proposed transaction must take place:

- (1) not later than 15 trading days after the authorisation is given; and
- (2) during the period:
 - (A) between the day after the annual announcement of results for Pacific Brands is made to the NZX and 30 November; or
 - (B) between the day after the half yearly announcement of results for the Company is made to the NZX and 30 April,

EXCEPT where an Employee is in possession of price sensitive information or where Pacific Brands is in possession of price sensitive information and Pacific Brands has during the "window" set out above, notified you that you may not buy or sell securities during all or part of any such period.

(c) Other Transactions

If the proposed sale or purchase relates to:

- (1) a reorganisation or reconstruction of Pacific Brands capital applying to all shareholders; or
- (2) the selling or buying of rights to which the employee is entitled under a registered prospectus or investment statement issued by Pacific Brands; or
- (3) the exercising of rights referred to in (2); or
- (4) the sale of securities to enable the subscription for rights referred to in (2) during the offer period for the rights issue; or

- (5) the sale of securities pursuant to an offer made by an announcement to the NZX and the ASX in accordance with the NZX and the ASX rules and which remains open for not less than 21 days; or
- (6) the acquisition of securities pursuant to a bonus issue by Pacific Brands or under a dividend reinvestment plan of Pacific Brands open to all security holders of the same class in Pacific Brands,

then, if a notice in the form set out in the Particular Transaction Notice, attached to this policy, is given to the Company Secretary the securities may be traded as set out in the notice.

(d) Short Term Dealing

Employees that are subject to this New Zealand Approved Procedure may not deal in Pacific Brands securities on a "short swing" basis. That is, Employees may not buy and sell securities within a 6 month period.

General Transaction Notice

(Form of notice when an Employee wishes to sell or purchase securities of the Company pursuant to paragraph (a) of the New Zealand Approved Procedure.)

Company Secretary
Pacific Brands Limited
PO Box 2370
Hawthorn LPO
Hawthorn, VIC 3122
AUSTRALIA

Pacific Brands Limited equity securities

In accordance with the provisions of the Guidelines for Dealing in Securities of Pacific Brands Limited (**Pacific Brands**) and its subsidiaries, the New Zealand Approved Procedure, and in accordance with the provisions of The Insider Trading (Approved Procedure for Company Officers) Notice 1996 (given pursuant to section 8(1)(c) of the Securities Markets Act 1998 in New Zealand), I advise of my intention to deal in securities of Pacific Brands as set out below:

- (a) Name:
Address:
- (b) Position held:
- (c) The Class and Number of securities that will be the subject to the proposed transaction are:
- (d) The proposed transaction is the purchase/sale (delete one) of the securities set out in (c):
- (e) The transaction will/will not (delete one) take place on a stock exchange: (If not, give details of the manner of the transaction)
- (f) The date the transaction is expected to occur.
(Note: the transaction must be completed within 15 trading days of the date of approval, and must occur within the "Window Period" set out in the New Zealand Approved Procedure).
- (g) The decision to enter into the transaction has not been made on the basis of non-public, price-sensitive inside information.
- (h) I do not intend to sell the securities purchased by way of this transaction within 6 months of the date of purchase (delete if proposed transaction is a sale of securities).
- (i) Having regard to all information in the public domain or known to me, I believe the transaction will be at fair value.

Accordingly, I ask that the Company's consent to the transaction be given.

Approved/Not approved

Signature (intending transferor)

Company Secretary

Date

Date

Particular Transaction Notice

(Form of notice when an Employee wishes to sell or purchase securities of the Company pursuant to paragraph (c) of the New Zealand Approved Procedure.)

Company Secretary
Pacific Brands Limited
PO Box 2370
Hawthorn LPO
Hawthorn, VIC 3122
AUSTRALIA

Pacific Brands Limited equity securities

In accordance with the provisions of the Guidelines for Dealing in Securities of Pacific Brands Limited (**Pacific Brands**) and its subsidiaries, the New Zealand Approved Procedure, and in accordance with the provisions of The Insider Trading (Approved Procedure for Company Officers) Notice 1996 (given pursuant to section 8(1)(c) of the Securities Markets Act 1998 in New Zealand), I advise of my intention to deal in securities of Pacific Brands as set out below:

- (a) Name:
Address:
- (b) Position held:
- (c) The Class and Number of securities that will be the subject to the proposed transaction are:
- (d) The type of transaction is:
- (e) The transaction will/will not (delete one) take place on a stock exchange: (If not, give details of the manner of the transaction)
- (f) The date the transaction is expected to occur.
(Note: the transaction must be completed within 15 trading days of the date of approval, and must occur within the "Window Period" set out in the New Zealand Approved Procedure).
- (g) The decision to enter into the transaction has not been made on the basis of non-public, price-sensitive inside information.

Accordingly, I ask that the Company's consent to the transaction be given.

Approved/Not approved

Signature (intending transferor)

Company Secretary

Date

Date