



Billabong  
International  
Limited

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## **Securities Trading Policy**

Billabong International Limited

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***This is an important document. If you do not understand any aspect of this policy, it is strongly recommended that you contact the Company Secretary.***

## 1. Introduction

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### 1.1. Purpose

This document sets out the policy of Billabong International Limited (the **Company**) regarding Dealings (as defined below) by the Company's Directors, group employees, contractors and their close family members with respect to:

- trading in shares, options and other securities issued by the Company (**BBG Securities**); and
- the Company's prohibition on insider trading.

The purpose of the policy is to ensure that Directors and group employees comply with the law at all times in connection with their Dealings in BBG Securities. It is also intended to minimise the possibility of a perception arising that Directors or group employees are trading while in possession of unpublished, price-sensitive 'inside information'.

If Directors and group employees Deal in BBG Securities they must comply with this policy and ensure the Dealing does not breach the law or reflect badly on themselves or the Company.

### 1.2. Policy Application

This policy applies to all Directors and employees of the Company as well as to any independent contractor or consultant whose terms of engagement incorporate this policy (collectively referred to in this policy as **Personnel** or individually a **Person**). It also extends to Close Associates of Personnel such as family members or companies, trusts and other entities controlled by them as further set out in Section 2 below.

### 1.3. General Overview

The general overview of this policy regarding allowable Dealings by Personnel in BBG Securities is that:

- (a) Personnel and Close Associates should ensure they act within the law and do not Deal in BBG Securities if they are in possession of unpublished, price-sensitive 'inside information'.
- (b) It is inappropriate for Personnel to regularly Deal in BBG Securities.
- (c) Where any of the Directors and Senior Management (as defined below) propose to Deal in BBG Securities the person shall comply with Section 5 and at least 48 hours prior to the proposed Dealing inform the Chair (or the Chair of the Audit & Risk Committee in the case of the Chair) in writing of the details of the proposed Dealing and confirm that they do not possess any unpublished, price-sensitive 'inside information'.
- (d) After a Director of the Company has traded in BBG Securities, the Director must notify the Chair within three days of the Dealing taking place so that the Company Secretary can lodge a change of interest notice with ASX.
- (e) Unless otherwise permitted by this policy, Personnel must not Deal in BBG Securities during the closed periods established under this policy.

### 1.4. Consequences and Responsibility

Breach of insider trading law under the *Corporations Act 2001 (Cth)* by a Person or their Close Associates could expose them to criminal and/or civil liability. Breach of insider trading law or this policy will also be regarded as serious misconduct which may lead to disciplinary action and/or termination of employment.

The Company has implemented the policy to identify when and in what circumstances Personnel and their Close Associates may Deal in BBG Securities. This policy provides a general summary of the law in Australia in relation to insider trading. It is the personal responsibility of each individual Person to comply with this policy and with the law.

## **2. Overview of the Insider Trading Provisions of the Corporations Act 2001**

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### **2.1. Definitions**

For the purposes of this policy:

**“Close Associates”** means:

- family members who could be expected to be influenced by a Person in their Dealings with securities (this would include a Director or Person’s partner and dependants);
- superannuation funds or trusts under which a Person is a trustee or beneficiary; and
- companies controlled by a Person.

**“Dealing”** includes applying for, acquiring or disposing of, or entering into an agreement to apply for, acquire or sell, securities, and **“Deal”** has a corresponding meaning.

**“Inside Information”** means unpublished, price sensitive information that the person knows, or ought reasonably to know:

- is generally not available, including information that the Company has not disclosed to the market in accordance with the Company’s Continuous Disclosure Policy; and
- might have a material effect on the price or value of securities if it was generally available.

A non-exhaustive list of examples of Inside Information is set out in Section 2.2.

**“BBG Securities”** means shares, options, warrants or any other security, or financial products issued or created over or in respect of the Company’s securities (e.g. derivatives), whether or not they are traded on the Australian Securities Exchange and, for the avoidance of doubt, includes American depositary receipts (ADRs) and American depositary shares (ADSs).

### **2.2. Insider Trading Laws**

It is illegal for anybody to Deal in BBG Securities or the securities of any other listed corporation when in possession of Inside Information.

Some examples of Inside Information could include:

- a possible acquisition or sale of any assets or business by the Company;
- Board or senior management changes;
- proposed dividends;
- potential changes in the Company’s capital structure;
- the financial performance of the Company; or
- unexpected liabilities against the Company.

The above list is illustrative only and is not intended to be exhaustive. A reasonable person will be deemed to know, or ought to know the Inside Information will have a material effect on the price or value of securities if the information would, or would be likely to, influence persons who commonly acquire those securities in deciding whether or not to acquire or dispose of those securities.

The prohibition on insider trading extends to procuring another person (such as a Close Associate) to Deal, and, in the case of securities of listed corporations, extends to communicating the Inside Information to another person, if the person knows, or ought reasonably to know, that the other person would, or would be likely to, Deal in the securities in question or procure another person to do so.

## **3. Confidentiality and Inside Information**

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A person in possession of Inside Information about the Company has a duty to keep that information confidential and must not disclose or communicate that information to any person.

#### **4. General Prohibition - All Employees**

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Consistent with the legal prohibitions on insider trading, all Personnel and their Close Associates are prohibited from trading in any BBG Securities while in possession of Inside Information.

It is a criminal offence for anyone to trade with knowledge of Inside Information. This includes family members and friends of Directors and employees. Personnel should also be aware that ASX, ASIC and other governance advisers monitor compliance with this policy. Significant penalties may be imposed on the Company and/or Personnel for any breach.

Additional restrictions are also applicable to those Personnel with regular access to Inside Information as noted under Section 5 below.

#### **5. Additional Restrictions on Trading – Directors and Senior Management**

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Directors and certain group employees whose positions expose or are likely to expose them to Inside Information regarding the Company (collectively the **Directors and Senior Management**) are subject to additional restrictions on trading in BBG Securities during the closed periods outlined below, unless exceptional circumstances apply.

For the purposes of this policy, the Directors and Senior Management are:

- members of the Board;
- the CEO of the Company, and his or her direct reports;
- anyone else who directly reports to the Chair, CEO, CFO and/or Company Secretary;
- participants in the Billabong Executive Performance Share Plan; and
- any other person who is notified that this part of the policy applies to them.

##### **5.1. Closed Periods**

The Company's **closed periods**, unless otherwise determined by the Board, are as follows:

- from the close of trading on 30 June until after two clear trading days have elapsed from the date upon which the Company gives to the ASX its preliminary final report (full-year result); and
- from the close of trading on 31 December until after two clear trading days have elapsed from the date upon which the Company gives to the ASX its half-yearly report (half-year result).

For example, if the full-year results are released on Wednesday, 30 August then allowing two clear days after the date of the release (being Thursday, 31 August and Friday, 1 September) means the trading window would open on Monday, 4 September.

If any person is unsure as to the precise start and finish dates of the closed periods they should consult with the Company Secretary. Alternatively the closed period dates for the calendar year are posted on the website [www.billabongbiz.com](http://www.billabongbiz.com).

Dealing in BBG Securities by the persons listed above and their Close Associates is prohibited during closed periods, unless prior clearance has been obtained from the Chair (in the case of Directors and Senior Management other than the Chair) or the Chair of the Audit & Risk Committee (in the case of the Chair). Directors and Senior Management must take reasonable steps to ensure that their Close Associates inform them of any proposed dealing in BBG Securities during a closed period, so that they can seek prior clearance on behalf of their Close Associate.

Prior clearance to Deal during a closed period will only be given in exceptional circumstances, such as severe financial hardship, compulsion by court order or any other circumstance that is deemed exceptional by the Chair or the Chair of the Audit & Risk Committee (as relevant).

A person seeking clearance must apply in writing to the Chair or the Chair of the Audit & Risk Committee (as relevant) setting out the circumstances of the proposed Dealing and the reason why they believe the circumstances to be exceptional, and confirming that they do not have Inside Information. The decision whether to grant clearance is at the absolute discretion of the approver, who may impose conditions on any clearance given, and who need not give reasons for a decision to refuse to grant clearance. Clearance may be notified in any written form and, subject to any conditions imposed by the approver, is effective for five business days after it has been given.

### **5.2. Prior Notification Outside of Closed Periods**

Any Director or member of Senior Management (other than the Chair) who intends to Deal in BBG Securities outside of a closed period must inform the Chair in writing of the details of the proposed Dealing at least 48 hours in advance and confirm that they do not possess any Inside Information. If the Chair intends to Deal in BBG Securities, the Chair must give an equivalent notification to the Chair of the Audit & Risk Committee.

Prior to the proposed Dealing, the Chair or the Chair of the Audit & Risk Committee (as relevant) reserves the right to direct the Director or member of Senior Management not to Deal in BBG Securities or to impose conditions on the Dealing in their absolute discretion, and is not obliged to provide reasons for any direction or condition.

Provided no direction is given or contrary condition is imposed, the Director or member of Senior Management will have five business days to enter into the proposed Dealing. This period commences when the 48 hour notification period expires or from any earlier time allowed by the Chair or Chair of the Audit & Risk Committee (as relevant).

Directors and Senior Management should not Deal in BBG Securities in the two weeks leading up to a scheduled release of significant sales data, a trading update or other significant financial information outside of a closed period. If an intention to trade is notified in these circumstances, the person making the notification should expect that they will be directed not to Deal until at least 24 hours after the information is released. One such example could be in the two weeks leading up to the Annual General Meeting.

The prior notification requirement set out in this section also applies to proposed Dealings by Close Associates of the Directors and Senior Management.

### **5.3. No Endorsement**

For the avoidance of doubt, it is stressed that the giving of clearance to Deal during a closed period or a decision not to prevent a Dealing at other times does not permit Directors and Senior Management to Deal whilst in the possession of Inside Information - **this restriction applies at all times.**

Any clearance granted under Section 5.1 and any action or inaction under Section 5.2 is intended as a compliance monitoring function only and does not constitute an endorsement of the proposed Dealing.

## **6. Dealings Not Subject to the Requirements of this Policy**

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Subject to the overriding prohibition against insider trading under Section 4, the requirements of Section 5 of the policy do not apply to:

- (a) commitments or elections to take up entitlements under:
  - (i) a rights issue;
  - (ii) a bonus issue;
  - (iii) a dividend reinvestment plan;
  - (iv) a share purchase plan available to all retail shareholders; or
  - (v) an equal access buy-back;
- (b) commitments or elections to take up entitlements under an employee equity plan operated by the Company (including applying for an allocation of securities under an employee equity plan and the exercise of options granted under a plan, but not any subsequent Dealing in those securities, which must comply with the requirements of this policy);

- (c) sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable rights issue;
- (d) transfer of BBG Securities into a superannuation fund or other savings scheme in which the employee is a beneficiary;
- (e) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in BBG Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (f) where the employee is a trustee, trading in BBG Securities through that trust provided the employee is not a beneficiary of the trust and any decision to trade during a closed period is taken by the other trustees or by the investment managers independently of the employee;
- (g) undertakings to accept, or acceptance of, a takeover offer;
- (h) a disposal of BBG Securities that is the result of a secured lender exercising their rights under a margin lending arrangement, provided this policy was complied with when the margin lending arrangement was entered into; and
- (i) trading under a non-discretionary trading plan, provided that:
  - (i) this policy was complied with when the employee entered the plan;
  - (ii) prior written clearance has been provided in accordance with this policy;
  - (iii) the employee does not amend or cancel the plan during a closed period other than in exceptional circumstances; and
  - (iv) the employee cannot exercise any influence or discretion over how, when or whether to trade.

However, the prohibition will apply to any subsequent disposal by employees of BBG Securities acquired under any of the above exceptions.

## **7. Prohibitions on Risk Elimination**

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Directors and Senior Management are prohibited from hedging or otherwise reducing or eliminating the risk associated with equity-based incentives such as unvested performance shares and options offered by the Company to the executive, or vested shares that remain subject to a disposal restriction.

If a Director or member of Senior Management, in breach of this policy, hedges or otherwise enters into an arrangement which is designed to reduce or eliminate the risk associated with equity-based incentives, the incentives shall be forfeited or lapse as the case may be.

## **8. Prohibition on Short Selling**

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Directors and Senior Management are prohibited from short selling BBG Securities, or from dealing in derivatives or other trading instruments that have the effect of short selling BBG Securities.

## **9. Margin Lending**

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All Personnel must comply with Section 4 of this policy, and Directors and Senior Management must also comply with Section 5 of this policy, when Dealing in BBG Securities pursuant to a margin lending arrangement.

Such Dealings would include:

- entering into a margin lending arrangement in respect of BBG Securities;
- transferring BBG Securities into an existing margin loan account; and
- unless an exemption in Section 6 applies, selling BBG Securities to satisfy a call pursuant to a margin loan.

## **10. Board of Directors' Discretion**

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The Board of the Company has absolute discretion to place an embargo on Personnel and/or their respective Close Associates Dealing in BBG Securities at any time.

## **11. Dealing with Securities' Analysts, Institutional Investors and Journalists**

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To minimise the risk of inappropriate or non-uniform disclosure, only the Chair, CEO and CFO are authorised to speak or otherwise provide information to securities analysts, institutional investors and journalists unless authorised by the Chair or CEO.

It is important to be aware that selective disclosure of Inside Information may result in a breach of the insider trading law. It is the mere fact of disclosure of the Inside Information that gives rise to liability, not the manner in which it is disclosed.

Personnel must not convey information in breach of this policy and the *Corporations Act 2001 (Cth)* by expressing subjective attitudes about the Company's performance or by calling attention to disparate pieces of information not available as an aggregate to the general public.

In view of the pitfalls inherent in responding to analysts' projections and questions regarding previously undisclosed operating results or other developments, no comment at all should be made on these matters except to correct material factual errors in situations in which the facts are in the public domain.

To minimise the risk of non-uniform disclosure, the Company seeks to limit any discussion with shareholders, media, analysts or other market operators during periods of particular sensitivity. These regular "black out" periods extend from the first day after the close of the half and full year accounting periods (i.e. 1 January and 1 July as applicable) to the time of the half and full year profit announcements.

This policy is subordinate to the overriding requirement to respond to any development which triggers the broader obligation to provide information, or issue statements, in the interests of a fully informed market in accordance with the continuous disclosure requirements of the ASX.

## **12. External Advisors**

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Personnel, who for business purposes, are required to provide Inside Information to external advisors are to ensure that the confidentiality of the Inside Information is protected, for example under an appropriate Confidentiality Agreement or legal duty of confidence.

## **13. Directors to Notify the Company and ASX of Dealings**

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The Directors of the Company have all entered into agreements agreeing to disclose their interests to the Company within three days of any Dealings in BBG Securities so that Appendices 3X, 3Y or 3Z (as applicable) of the Listing Rules can be filed with the ASX for the purposes of section 205G of the *Corporations Act 2001 (Cth)* and ASX Listing Rule 3.19A.

## **14. Material Transactions**

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Transactions in excess of one million BBG Securities should not be sold through normal day trading in order to minimise risk to the market price unless prior clearance has been obtained from the Chair (in the case of Personnel other than the Chair) or the Chair of the Audit & Risk Committee (in the case of the Chair). The decision whether to grant clearance to complete the transaction is at the absolute discretion of the approver, who may impose conditions on any clearance given, and who need not give reasons for a decision to refuse to grant clearance.

## **15. Awareness of and Compliance with Policy**

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The Company is committed to creating a culture of awareness of this policy and the matters that it covers. This policy is included by reference in the Company's Code of Conduct which is provided to Personnel as part of their induction before they commence

work. Ongoing training, education and communication with respect to the policy and its application is the responsibility of the Company's human resources department and the Company Secretary. The Company Secretary ensures that Directors and Senior Management are reminded of the policy at the commencement and close of each Closed Period.

The policy is also available on the Company's website at [www.billabongbiz.com](http://www.billabongbiz.com).