



CODAN

CODAN LIMITED

ASX ANNOUNCEMENT – 21 May 2015

**AMENDED SHARE TRADING POLICY (“POLICY”)
Effective 20 May 2015**

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1. Policy statement

Codan Limited (“Company”) is committed to complying with the Corporations Act 2001 (Cwlth) and the listing rules of Australian Securities Exchange (ASX). Listing Rule 12.9 requires that the Company adopt and disclose a trading policy on trading in the Company’s *securities*.

2. Purpose and objectives

This document sets out the Policy of the Company regarding:

- *Dealing* in Company *securities*
- Complying with the law on insider trading

3. Application and scope

The Board has adopted the following Policy covering directors, officers, executives, senior managers (and their closely-related parties) of Codan Limited and its subsidiary companies. Senior managers, for present purposes, include those employees designated as senior managers and other employees who are likely to receive price-sensitive information in the course of their jobs. Closely-related parties include immediate family members and associates (including companies and trusts) over whom the director, officer, executive or senior manager has influence.

4. Accountabilities and responsibilities

Every Company employee has an individual responsibility to ensure that he or she complies with the law relating to insider trading and with this Policy.

In addition, the Company’s directors must:

- notify the Company of any trading in the Company’s *securities*; and
- notify the market of a substantial shareholding (more than five per cent) or any change(s) in that shareholding.

5. Approval and review

This Policy is reviewed regularly to ensure that it reflects any legislative or regulatory requirements or “best practice” developments. The Board is responsible for approving the Policy and any changes to it. Material changes to this Policy will be released to the market within 5 business days of the material changes taking effect.

6. Speculative *dealings*

Under no circumstances should Company directors, officers, executives, senior managers or closely-related parties engage in short-term or speculative trading in the Company’s *securities*. Whilst it is impractical to provide a precise definition of what is short-term or speculative trading, the guiding principle should be that at the time of purchase the person should not intend to resell the *securities* within 12 months with the aim of realising a capital gain.

7. Prohibition on hedging

The Company may grant Codan Limited shares, options or performance rights to employees as part of their remuneration entitlements. Codan employees and closely-related parties are prohibited from entering into transactions which would have the effect of limiting their exposure to risk relating to an unvested option or performance rights, or to a vested *security* which remains subject to a trading restriction.

8. Insider trading

Insider trading is prohibited under the Corporations Law. Essentially, insider trading involves trading in *securities* by a person who has information about those *securities* which is not *generally available* but which, if it were *generally available*, would be likely to have a *material effect* on the price or value of *securities*.

The insider trading provisions of the Corporations Act 2001 (Cwlth) apply to all persons, including all Codan employees, their immediate family members and to companies, trusts and entities controlled by them.

What constitutes “information” is widely defined by the Corporations Law and includes matters of supposition and other matters that are insufficiently definite to warrant being made known to the public, and matters relating to the intentions, or likely intentions, of a person.

If a person has *inside information*, the person is prohibited by law from buying or selling the Company’s *securities* until after the relevant information has become available to persons who ordinarily invest in *securities*.

Not only must persons who possess *inside information* not trade in the Company’s *securities* until that information becomes *generally available*, but they must not pass on that information to other persons, including family members and friends. If they do, then the person who passes on the information and the person who uses it in *securities* trading both commit offences under the Corporations Law.

9. Employee Share Plan

The insider trading laws affect the trading of shares obtained via the Employee Share Plan and the Performance Rights Plan.

Therefore, no disposal of shares can take place by an employee if the employee has knowledge of price sensitive information that is not *generally available* to the market.

10. Blackout periods

Whilst trading is unlawful at any time if the person has *inside information*, there are other periods when trading by persons who generally have access to non-public information is unwise, due to the perception that they are likely to possess price-sensitive information that is not *generally available*. For this reason many companies impose restrictions on when employees may buy or sell *securities*. The periods during which these restrictions apply are called blackout periods.

The Codan Board has resolved to apply the same practice to directors, officers, executives, senior managers and closely-related parties, and has determined that any *dealings* in the Company's *securities* by such employees are prohibited during the following periods:

- between 1 January and the close of trading on the next ASX trading day after the half-year results are released to the ASX;
- between 1 July and the close of trading on the next ASX trading day after the full-year results are released to the ASX;
- during any additional blackout periods imposed by the Codan Board from time to time.

The fact that a blackout period is in place should be treated as confidential information.

11. Dealing in Company *securities* by designated officers

For the purposes of this Policy, the following persons are considered to be designated officers:

- Directors, officers and executives of Codan Limited (and any family member or associate over whom they have influence).

Any designated officer who proposes *dealing* in Company *securities* must, before the *dealing* occurs, obtain approval in writing in accordance with the following protocol:

Dealing to be undertaken by	Dealing to be approved by
Chairman	Chairman of the Board Audit, Risk & Compliance Committee or, in his absence, any other member of the Board Audit, Risk & Compliance Committee
Director or Company Secretary	Chairman of the Board or, in his absence, the Chairman of the Board Audit, Risk & Compliance Committee
Executive	Chief Executive Officer or, in his absence, the Company Secretary

Unless otherwise stated, an approval to undertake the proposed *dealing* will be valid for five business days.

12. Exceptions

The Company has determined that the following trading is not subject to this Policy:

- where the trading results in no change in beneficial interest in the *securities*, for example transfers of *securities* already held into a superannuation fund;
- where trading occurs via investments in a fund or other scheme (other than a scheme only investing in the *securities* of the Company) where the investment decisions are exercised by a third party;
- where the director, officer, executive, senior manager or closely-related party has no control or influence with respect to trading decisions, for example where the director, officer, executive senior manager or closely-related party is a trustee of a trust which trades in the *securities* of the Company, provided the director, officer, executive, senior manager or closely-related party 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 director, officer, executive, senior manager or closely-related party;
- where the trading occurs under an offer to all or most of the *security* holders of the Company, for example during a takeover offer, or under an offer or invitation made to all or most of the *security* holders, such as a bonus issue, a rights issue, a *security* purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board;
 - where a disposal of *securities* of the Company occurs as a result of a secured lender exercising their rights, for example under a margin lending arrangement **(please note that prior approval must be obtained, via the Chief Financial Officer and Company Secretary, before entering into an agreement which provides a lender with rights over a director's, officer's, executive's, senior manager's or closely-related party's interests in the Company's securities);**
 - the exercise (but not the sale of *securities* following exercise) of an option or a right, or the conversion of a convertible *security*, under an employee incentive scheme; and
 - the acquisition of shares by a trustee company for the purpose of satisfying the Company's obligations upon the exercise of qualifying options or performance rights granted under an employee incentive scheme.

13. Exceptional circumstances

In certain exceptional circumstances, directors, officers, executives, senior managers and closely-related parties, who are not in possession of *inside information* in relation to the Company, may be given prior written clearance to sell or otherwise dispose of the *securities* of the Company during a prohibited period. Examples of these exceptional circumstances are:

- where the director, officer, executive, senior manager or closely-related party is in severe financial hardship, for example if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling the *securities* of the Company; and
- where the director, officer, executive, senior manager or closely-related party is required by a court order, or there are court enforceable undertakings, for example, in a bona fide family settlement, to transfer or sell the *securities* or there is some other overriding legal or regulatory requirement to do so.

In such cases, directors, officers, executives, senior managers and closely-related parties are required to seek the prior approval of the Chief Financial Officer and Company Secretary who may approve the transaction or, in certain circumstances, will seek approval from the Chief Executive Officer and/or the Board.

The prior written clearance, which may be provided electronically via email, must specify how many days are available for trading once clearance has been provided.

14. Policy awareness

Information on security transactions and share trading is contained in information provided to employees during their induction period. The Company's intranet provides daily information on whether or not a blackout period is in place.

15. Breach of Policy

A breach of the law relating to insider trading can have serious consequences, including individual criminal and civil liability. A breach of this Policy will be considered to be a serious matter and will be managed in accordance with the Company's performance management system.

16. Queries regarding this Policy

Any queries regarding this Policy should be referred to the Chief Financial Officer and Company Secretary.

17. Reference material and additional information

- Corporations Act 2001 (Cwlth)
- ASX Listing Rules 12.9 – 12.12
- ASX Guidance Note 27

18. Definitions

Following are definitions to provide employees with assistance in understanding the concepts listed above. These definitions should not be read as all-inclusive and are a guide only. If any employee has questions related to this policy (including the definitions) they should seek assistance from the Chief Financial Officer and Company Secretary or seek their own independent advice.

18.1. What are "securities"?

"Securities" include shares of any class, notes, options, bonds, derivatives, ADRs, managed investments and superannuation products and any other financial product able to be traded on a financial market.

18.2. What is "dealing"?

"Dealing" means (whether as principal or agent) to acquire, dispose of, subscribe for or underwrite the *Securities*, or make or offer to make, or induce or attempt to induce a person to make or to offer to make, an agreement:

- for or with respect to acquiring, disposing of, subscribing for or underwriting the *Securities*; or
- the purpose or purported purpose of which is to secure a profit or gain to a person who acquires, disposes of, subscribes for or underwrites the *Securities* or to any of the parties to the agreement in relation to the *Securities*.

18.3. What is “inside information”?

“*Inside Information*” is information that is not *generally available* and, if it were *generally available*, a reasonable person would expect it to have a *material effect* on either the price or value of the Company’s *securities*.

18.4. When information is “generally available”?

Information is “*generally available*” if:

- It consists of a readily observable matter; or
- Where the information has been made known to persons who commonly invest in *Securities*, a reasonable period for it to be disseminated among such persons has elapsed. For example, it has been released to the ASX or published in an annual report or prospectus; or
- It may be deduced, inferred or concluded from information referred to above.

18.5. What is a “material effect”?

“*Material effect*”, in relation to *inside information*, is where that information would, or would be likely to, influence persons who commonly acquire *securities* in deciding whether or not to acquire or dispose of *securities*.

Examples of information, that may have a *material effect* on the price or value of Codan Limited *securities* when it becomes *generally available*, include:

- Sales figures;
- Profit forecasts;
- Inventory levels;
- Items of major capital expenditure;
- Borrowings;
- Liquidity and cash flow information;
- Significant changes in operations;
- Management restructuring;
- Changes in distribution arrangements;
- Entering into or terminating a material contract
- Litigation;
- Impending mergers and acquisitions, reconstructions or takeovers;
- Major asset purchases or sales; and
- New products and technology.