

16 April 2015

The Manager  
ASX Market Announcements  
Australian Securities Exchange  
L10, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**Capral Limited (ASX Code: CAA): revised Securities Trading Policy**

Following the release of Guidance Note 27 (Trading Policies) and in accordance with ASX Listing Rule 12.10, please see attached a copy of Capral's revised Securities Trading Policy approved by the Board today.

Yours faithfully

A handwritten signature in black ink, appearing to read "Richard Rolfe".

**Richard Rolfe**  
Company Secretary

## **SECURITIES TRADING POLICY**

### **KEY MESSAGES**

- Directors and employees may generally only deal in Capral securities during prescribed trading windows and only then if they are **not** in possession of any material non-public information.
- A director or senior manager (including family members or family entities over which they have influence) intending to deal in securities must send a notice of intent to the relevant company officer.
- There are serious consequences of breaching this Policy, both at law and under employment contracts and Capral's Code of Conduct.

### **1. INTRODUCTION**

- 1.1** Under the *Corporations Act* 2001 (**Corporations Act**), a person in possession of material, non-public information in relation to a company **must not** deal in any way in shares, options or other securities in that company (**Securities**).
- 1.2** Dealing includes buying, selling or otherwise transferring legal or beneficial ownership of Securities.
- 1.3** Capral recognises the importance of managing both regulatory and reputational risk. Perception that directors or employees may have traded on the basis of an unfair advantage and/or breached their legal obligations could have an adverse impact on the reputation of those persons and Capral. The purpose of this Policy is to both manage the risk of insider trading, and to avoid perception of insider trading and the reputational harm that may cause.
- 1.4** This Policy forms part of the Capral Code of Conduct and sets clear guidelines designed to protect Capral and its directors and employees (and those of Capral's subsidiaries) (**Capral Employees**). Compliance with the Code of Conduct and Capral policies is part of employment contracts.

### **2. THE LAW**

Section 1043A of the Corporations Act prohibits a person who is in possession of information relating to Capral that is not generally available but, if the information was *generally available* (see Section 3 below), a reasonable person would expect that information to have a *material effect* (see Section 4 below) on the price of Capral Securities (**material non-public information**), from:

- (a) subscribing for, purchasing, selling or entering into an agreement to subscribe for, purchase or sell Capral Securities;
- (b) procuring another person (ie a family member, friend, associate, broker, investment adviser, private company or trust) to do any of the above at Section 2(a);
- (c) directly or indirectly communicating the information to another person when the insider knows, or ought reasonably to know, that the other person would or would be likely to do any of the above at Section 2(a) or (b).

A breach of these prohibitions is a criminal offence punishable by imprisonment and/or a fine, and may also result in civil penalties being imposed.

### **3. GENERALLY AVAILABLE INFORMATION**

Information relating to Capral would be considered to be *generally available* after it has been provided to the Australian Securities Exchange (**ASX**) and the ASX has released that information to the market.

### **4. INFORMATION HAVING A MATERIAL EFFECT ON SECURITIES**

A reasonable person would be taken to expect information to have a *material effect* on the price of Capral Securities if that 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 Capral Securities.

## 5. DETERMINING MATERIAL NON-PUBLIC INFORMATION

Determination of what is material non-public information is a subjective assessment but it is likely to include the following types of information that has not been disclosed to the market:

- (a) financial results and operational statistics;
- (b) a change in dividend policy;
- (c) equity raisings or material financing/borrowing;
- (d) acquisitions, mergers, sales or joint ventures;
- (e) commencement of or major developments in litigation or other regulatory matters;
- (f) the occurrence of a material incident involving Capral Employees or premises;
- (g) material information affecting a significant customer or supplier; or
- (h) the entry into or termination of a major contract.

## 6. EMPLOYEES IN POSSESSION OF MATERIAL NON-PUBLIC INFORMATION

Capral Employees must not deal in (or procure a third party to deal in) Capral Securities while in possession of material non-public information. This applies even if Capral is in a trading window (Section 7) or written permission to deal in Securities outside the trading windows has been obtained (Section 9).

## 7. TRADING WINDOWS

**Subject always to the overriding provisions of Sections 2 and 6 above**, trading in Capral Securities by Capral Employees is permitted during the 3 periods commencing at the start of the first trading day after the release of:

- (a) the announcement of the half-year results;
- (b) the announcement of the annual results; and
- (c) the results of the Annual General Meeting,

and ending 1 month after each of these dates, and such other trading window that the Board determines in its discretion.

Capral may impose a restriction on trading during these trading windows, for example when matters referred to in Section 9.4 below are under consideration by Capral. This will be notified to Capral Employees as appropriate. Communication will be carefully managed to ensure Capral maintains confidentiality.

No dealing in Securities may occur outside of these trading windows (**Closed Periods**) without the written permission of the Chairman of the Board (**Chairman**). Permission will ordinarily only be granted in exceptional circumstances after complying with the approval process (refer to Section 9) and only if the person involved is not in possession of material non-public information.

Capral Employees are prohibited in all circumstances from entering into any agreement that provides lenders with rights over their interests in Securities or trading in Securities that:

- (a) amounts to "short-selling" of Securities (or an interest in Securities);
- (b) operates to limit the economic risk of a Capral Employee's holdings of Securities; or
- (c) otherwise enables a Capral Employee to profit from or limit the economic risk of a decrease in the market price of Securities.

## 8. NOTICE OF INTENT TO DEAL IN CAPRAL SECURITIES

### 8.1 Directors

- (a) If a Director (including family members or family entities over which they have influence) intends to deal in Capral Securities, he must give prior notice of any proposed transaction to the Chairman. If the Chairman intends to deal in Capral Securities, he must give prior notice to the Managing Director.
- (b) For each transaction, the Director must subsequently advise in writing the Chairman (or, in the case of the Chairman, the Managing Director) and the Company Secretary of the number of Capral Securities bought or sold, the date, price, volume, whether the transaction occurred during a Closed Period where prior written clearance was required and, if so, whether prior written clearance was provided within 3 days of the transaction.
- (c) The Company Secretary will provide details of changes in a Director's holding and (if relevant) whether prior written clearance was provided in the form of an Appendix 3Y to the ASX within 5 days of the transaction (pursuant to Listing Rule 3.19A.2).

### 8.2 Senior Management

- (a) If a member of the senior management team (being the direct reports of the Managing Director and their direct reports) (**Senior Manager**) (including family members or family entities over which they have influence) intends to deal in Capral Securities, that person must give prior notice of any proposed transaction to the Company Secretary.
- (b) For each transaction, the Senior Manager must subsequently advise in writing the Company Secretary of the number of Capral Securities bought or sold and the date of the transaction within 7 days.

### 8.3 Form of Notice

Notice given pursuant to this Section 8 must be in writing and include a statement that the person does not believe that they are in possession of any material non-public information. The form of the notice is available on the Capral intranet.

## 9. EXCEPTIONAL CIRCUMSTANCES AND APPROVAL REQUIREMENTS

- 9.1 A Capral Employee, who is not in possession of material non-public information, may be given prior written permission to deal in Securities during a Closed Period where there are exceptional circumstances. Exceptional circumstances may include:

- severe financial hardship which means a Capral Employee has a pressing financial commitment that cannot be satisfied otherwise than by selling the Securities;
- if the Capral Employee is required by a court order, or there are court enforceable undertakings, to transfer or sell the Securities or there is some other overriding legal or regulatory requirement for the Capral Employee to do so; or
- a situation determined by the Chairman or, in the case of the Chairman, the non-executive Directors, to be an exceptional circumstance.

- 9.2 When requesting prior written permission to deal in Securities during a Closed Period, a Capral Employee must submit a written application through the Company Secretary to the Chairman (or, in the case of the Chairman, to the non-executive directors) including the reasons for requesting permission and confirming they are not in possession of material non-public information.

- 9.3 Permission, if granted, must be in writing from the Chairman (or, in the case of application by the Chairman, the non-executive directors) and must specify a time period for which the permission applies (and this will usually not exceed one week). Permission may be withdrawn at any time and the Capral Employee will be notified.

**9.4** When considering a request, the Chairman (or, in the case of application by the Chairman, the non-executive directors) will take into account various factors to determine if the risk, or the appearance, of insider trading is a concern or not. While not exhaustive, these factors include whether:

- Capral is about to release a periodic financial report or other financial information that the market may not expect;
- Capral will shortly release market sensitive information under ASX Listing Rule 3.1;
- Capral is considering a matter that is subject to ASX Listing Rule 3.1A; and
- the applicant has access to, or is likely to have access to, other material information that has not been released to the market.

More generally, the specific circumstances of a request will be considered as a whole, having regard to the purpose of this Policy, to both manage the risk of insider trading, and to avoid perception of insider trading and the reputational harm that it may cause. In most circumstances, if Capral is about to release information that falls into the categories detailed above, permission to deal in a Closed Period will not be granted.

**9.5** A refusal to grant permission or the withdrawal of permission is final and binding on the person seeking the permission. If permission is refused and reason for refusal is given, the person must keep that information confidential and not disclose it to anyone, to ensure that Capral manages its disclosure obligations.

## **10. EXCLUDED TRADING**

Trading that is not covered by the restrictions in this Policy, includes:

- a transfer of Securities already held into a superannuation fund or other saving scheme in which the Capral Employee is a beneficiary;
- an investment in, or trading units of, a fund or other scheme (other than a scheme only investing in Capral Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
- where a Capral Employee is a trustee, trading in Securities by that trust provided the Capral 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 manager(s) independently of the Capral Employee;
- an undertaking to accept, or the acceptance of, a takeover offer;
- trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a security purchase plan, a dividend or distribution investment 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;
- acquisition of Securities under an employee incentive scheme, and the exercise of an option or vesting or lapse of a right under an employee incentive scheme, where the final date for the exercise, vesting or lapse falls during a Closed Period (but not the sale of Securities following exercise or vesting).

## **11. PROHIBITED TRADING**

Capral Employees are prohibited from participating in or entering into any of the following under this Policy:

- trading in derivative products over Capral Securities, including warrants, exchange-traded and over-the-counter options, and contracts for difference;
- price protection arrangements in respect of unvested remuneration or vested remuneration which is the subject of a holding lock (hedging);
- short-term trading of Capral Securities over a period of not less than 6 months;
- short-selling – the borrowing and sale of Capral Securities with the intention of purchasing the securities at a later date at a lower price, thus closing out the short position at a profit;
- margin lending arrangements, including the right of a lender to sell securities the subject of such an arrangement, that involve Capral Securities; and
- dealing in Securities of other listed entities where material non-public information is obtained about the other entity's Securities while performing duties for Capral.

## **12. BREACH OF POLICY**

**12.1** Capral has established processes to ensure Capral Employees are aware of, and understand their obligations under this Policy, and to monitor and enforce compliance with the Policy. The Company Secretary is responsible for maintaining a register of all requests for permission to deal under this Policy, decisions relating to those requests and any relevant trades.

**12.2** Measures referred to in Section 12.1 include:

- a copy of this Policy being available on the Capral website (under Corporate/ Investors/ Corporate Governance) and the Capral intranet;
- Code of Conduct training;
- an email reminder of the start and finish dates for trading windows being sent;
- as part of the periodic reporting process, written confirmation being provided about compliance with the Policy.

**12.3** Failure to comply with this Policy may result in the relevant Capral Employee being subject to disciplinary action, including possible dismissal. A breach of this Policy may also result in exposure to potential civil or criminal liability under applicable laws and regulations.