

# Security Trading Policy

Happy Valley Nutrition Limited (5952532) (**HVN** or **Company**)

Adopted by the Board on 29 October 2019

## 1. Introduction

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### 1.1 Purpose

This policy summarises the law relating to insider trading and sets out the Company's policy on the buying and selling of the Company's Securities.

The aim of the policy is to preserve the reputation and integrity of the Company via a framework through which those associated with the Company can deal in the Company's Securities, without any actual or perceived wrong doing.

### 1.2 Application of Policy

- Part 2 (insider trading laws) and part 8 (confidentiality) apply to everyone (including all employees, contractors, family and Associates).
- This whole trading policy applies to all directors, officers and other Key Management Personnel (KMP); and any other persons designated by the Board of the Company from time to time (each a "**Designated Person**").
- Paragraph 4.4 (Associates) applies this trading policy to the Associates of Designated Persons as specified in that paragraph.

### 1.3 Further advice

If you do not understand any aspect of this trading policy or are uncertain whether it applies to you or your family or Associates, please contact the Company Secretary. You may wish to obtain your own legal or financial advice before dealing in the Company's Securities.

## 2. General Inside Information Prohibition

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### 2.1 Application

If you have Inside Information relating to the Company, it is illegal for you to trade in the Company's Securities, pursuant to section 241 of the Financial Markets Conduct Act 2013 (**FMCA**). Further, it is illegal for you to disclose inside information, pursuant to section 242 of the FMCA.

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If you have Inside Information, there is a **General Prohibition** that you cannot:

- (a) trade in (that is, apply for, acquire or dispose of) the Company's Securities or enter into an agreement to do so; or
- (b) advise or encourage another person to trade in or hold the Company's Securities or enter into an agreement to do so; or
- (c) directly or indirectly communicate, or cause to be communicated, that Inside Information to any other person if you know, or ought reasonably to know, that the person would or would be likely to use the information to trade in or advise or encourage another person to trade in the Company's Securities.

### ***Options are included***

These prohibitions also apply to the application for, grant, exercise or transfer of an option over the Company's Securities, and to the Securities of other entities if you possess Inside Information about those entities.

### ***Any capacity***

It does not matter **how** or in what capacity you become aware of the Inside Information. It does not have to be obtained from the Company to be Inside Information.

### ***No giving "tips"***

You cannot avoid the insider trading prohibition by arranging for a member of your family or a friend to deal in the Company's Securities nor may you give "tips" concerning Inside Information relating to the Company to others.

**These prohibitions apply to everyone (not just Designated Persons) at all times.**

## **2.2 What is Inside Information?**

**Inside Information** is information about the Company:

- (a) which is material and
- (b) which is not generally available to the market.

**Material Information** is information that a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of the Company's Securities

Examples of Inside Information could be (this list is not exhaustive):

- (a) The financial performance of the Company against its budget or against forecasts;
- (b) Changes in the actual or anticipated financial condition or business performance of the Company;

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- (c) Changes in the capital structure of the Company, including proposals to raise additional equity or borrowings;
- (d) Proposed changes in the nature of the business of the Company;
- (e) Changes to the Board or significant changes in key management personnel;
- (f) An undisclosed significant change in the Company's market share;
- (g) Likely or actual entry into, or loss of, a material contract;
- (h) Material acquisitions or sales of assets by the Company;
- (i) A proposed dividend or other distribution or a change in dividend policy; or
- (j) A material claim against the Company or other unexpected liability.

### 2.3 When is information generally available?

Information is generally available to the market:

- (a) if:
  - (i) it has been brought to the attention of investors through an announcement to ASX Limited (**ASX**) or otherwise similarly it is information that has been made known in a manner that would, or would be likely to, bring it to the attention of persons who commonly invest in relevant financial products; and
  - (ii) since it was made known, a reasonable period for it to be disseminated among those persons has expired; or
- (b) if it is likely that persons who commonly invest in relevant financial products can readily obtain the information; or
- (c) if it is information that consists of deductions, conclusions or inferences made or drawn from either or both of the kinds of information referred to in paragraphs (a) and (b).

Examples of possible readily observable matters are:

- (a) a change in legislation which will affect the Company's ability to make certain types of investments; or
- (b) a severe downturn in global securities markets.

### 2.4 Penalties

Breaching the insider trading laws may subject you to:

- (a) Criminal liability - penalties include heavy fines and imprisonment;

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- (b) Civil liability - you can be sued by another party or the Company for any loss suffered as a result of illegal trading activities;
- (c) Civil penalty provisions - civil penalties may be sought against you and may even seek a court order that you be disqualified from managing a corporation.

Breaching the law, this policy, or both, will also be regarded by the Company as serious conduct which may lead to disciplinary action or dismissal.

### 3. No Dealing in Prohibited Periods by Designated Persons

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Designated Persons must not deal in the Company's Securities during the following Prohibited Periods (except in accordance with this policy).

The **Prohibited Periods** are:

- (a) From the day after half year end – 1 January - to the close of trading on the business day after the Company's half yearly results are announced to the ASX;
- (b) From the day after financial year end – 1 July - to the close of trading on the business day after the Company's annual results are announced to the ASX (for clarity, the release of the preliminary financial report will trigger this clause);
- (c) Four weeks prior to the Annual General Meeting (AGM) and ending on the close of trading on the business day after the AGM is held; and
- (d) During any extension to the above closed periods, and during any additional Prohibited Periods, as declared by the Board. The Board has complete discretion on the opening of Prohibited Period at any time, irrespective of the periods outlined in clause 3(a) – (c).

**Designated Persons** may deal in the Company's Securities at other times subject to complying with insider trading prohibitions (see part 2 above) and the authorisation requirements of this policy.

Further, the Board has absolute discretion to place restrictions on some or all Designated Persons and/or their Associates trading in the Company's Securities at any time.

### 4. Dealing by Designated Persons Outside Prohibited Periods

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#### 4.1 Prior notification and clearance required for Designated Persons outside of Prohibited Periods

If a Designated Person proposes to deal in the Company's Securities (including entering into an agreement to deal) at any time they must **first**:

- (a) complete a **Personal Trading Approval Form** (Schedule A) of their intention to the **Notification Officer** who is:
  - (i) Chairman of the Board for all directors and alternate directors of the Company (other than the Chairman of the Board), and the Company Secretary (or another non-executive director for the Company Secretary);

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- (ii) For the Chairman of the Board, another non-executive director and the Company Secretary; and
  - (iii) Company Secretary for all other Designated Persons,  
unless otherwise notified to the relevant Designated Person; and
- (b) receive written clearance from the Notification Officer.

The relevant Notification Officer may appoint a delegate to act on his or her behalf in the case of temporary absence.

A clearance by the relevant Notification Officer to a notification from a Designated Person should be issued within one business day and expires five business days from the date of clearance, unless it specifies a different expiry date.

This clearance is to also be provided to the Company Secretary at the same time to enable monitoring of the trading activity.

A clearance to trade confirms that the proposed dealing by the Designated Person is within the terms of the trading policy but does not otherwise constitute approval or endorsement by the Company or the Notification Officer for the proposed dealing. Even if a clearance is granted, a Designated Person remains personally responsible for assessing whether the General Prohibition applies to them.

A register of notifications and clearances is kept by the Company Secretary.

### **4.2 Notification of dealing**

In addition to providing prior notification and seeking clearance, Designated Persons must confirm in writing to the Company Secretary, as soon as reasonably possible and in any event within three business days from when the dealing in the Company's Securities has occurred, the number of Company's Securities affected and the relevant parties to the dealing.

A register of directors interests in the Company's Securities is kept by the Company Secretary.

### **4.3 Securities of other entities**

The Board may extend this policy by specifying that Designated Persons are also restricted from dealing in the securities of other specified entities with which the Company may have a close relationship.

### **4.4 Relatives**

This policy also applies to relatives of Designated Persons, except with respect to prior notification, clearance and notification of dealing. A Designated Person must communicate on behalf of their relatives with the Notification Officer for the purposes of this policy.

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Relative, in relation to any person, means:

- (a) any parent, child, brother, or sister of that person;
- (b) any spouse, civil union partner, or de facto partner of that person;
- (c) any parent, child, brother, or sister of a spouse, civil union partner, or de facto partner of that person; or
- (d) a nominee or trustee for any of those persons.

### 5. Exceptional Circumstances

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A Designated Person may request, and the Notification Officer may give, prior confirmation clearance for the Designated Person to:

- (a) deal in Company Securities during a Prohibited Period; or
- (b) dispose of Company Securities even if otherwise prohibited,

if there are exceptional circumstances (except if this would breach the General Prohibition).

Exceptional circumstances may include:

- (a) severe financial hardship, for example, a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Company Securities;
- (b) requirements under a court order or court enforceable undertakings or other legal or regulatory requirements; or
- (c) other exceptional circumstances as determined by the Chairman of the Board (or the Chairman of the Audit and Risk Management Committee where the Chairman is involved).

If the Notification Officer has any doubt in making a determination of exceptional circumstances, they should exercise the discretion with caution.

The requirements with respect to prior notification, clearance and notification of dealing under part 4 all continue to apply to a Designated Person where exceptional circumstances apply.

### 6. Permitted Dealings

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The following types of dealing may be undertaken at any time without requiring prior notification, approval or confirmation of dealing, subject to the General Prohibition:

- (a) (**superannuation**) transfers of Securities which are already held in a superannuation

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- fund or other saving scheme in which the Designated Person is a beneficiary (excluding self-managed superannuation funds (**SMSF**) where the Designated Person is a Trustee of the SMSF or a director of the trustee of the SMSF);
- (b) (**third parties**) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in Company Securities) where the assets of the fund or other scheme are invested at the discretion of a third party;
  - (c) (**other trustees**) where a Designated Person is a trustee, trading in Company Securities by the respective trust provided the Designated 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 Designated Person;
  - (d) (**takeover**) a disposal of Company Securities arising from the acceptance of a takeover offer scheme of arrangement or equal access buy-back;
  - (e) (**rights offers, SPPs, DRPs and buy-backs**) 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 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 Company's 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 rata issue;
  - (f) (**lender disposal**) a disposal of Company's Securities that is the result of a secured lender exercising their rights, however, this does not extend to disposal under any margin lending agreements, where such agreements are prohibited by this policy;
  - (g) (**incentive scheme**) the exercise (but not the sale of the Company's Securities following exercise) of an option or right under an employee incentive scheme, or the conversion of a convertible security, where the final date for the exercise of the option or right, or the conversion of the security, falls during a Prohibited Period and the Company has been in an exceptionally long Prohibited Period or the Company has had a number of consecutive Prohibited Periods and the Designated Person could not reasonably have been expected to exercise it at a time when free to do so;
  - (h) (**dividend reinvestment plan**) acquiring the Company's Securities under the terms of the Company's dividend reinvestment plan where the Designated Person did not enter into the plan or amend their participation in the plan during a Prohibited Period;
  - (i) (**no change in beneficial interest**) trading the Company's Securities where the trading results in no change in beneficial interest in the Company's Securities. However, the requirements of clauses 4.1 and 4.2 must be complied with;
  - (j) (**bona fide gifts**) gifts of the Company's Securities to an individual by a third party;

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- (k) **(family transactions)** transactions between an individual and a close family member or civil partner;
- (l) **(performance hurdles)** vesting (but not subsequent sale) of the Company's Securities as a result of meeting performance hurdles or release of the Company's Securities from "holding lock" or "holding term" in respect of securities received by individuals as part of performance- based remuneration; and
- (m) **(subscription under disclosure document)** subscribing for Company Securities under a disclosure document including a product disclosure statement.

### 7. Further restrictions

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#### 7.1 No margin lending

Designated Persons are not permitted to enter into margin lending arrangements in relation to the Company's Securities. This is on the grounds that the terms may require the Company's Securities to be sold during a Prohibited Period or when the Designated Person possesses Inside Information.

This restriction does not extend to other funding arrangements where the Company's Securities may be included as security. Designated Persons should consult the Company Secretary if they are uncertain as to whether an arrangement should be classified as a margin lending arrangement.

#### 7.2 No short term or speculative trading

The Company encourages Designated Persons to be long term investors in the Company.

Persons must not engage in short term or speculative trading in Company Securities or in financial products associated with the Company's Securities. Short term is considered to be a 120 day period, meaning that any purchase of securities triggers this minimum holding period and those interests may not be sold within 120 days. Designated Persons holding shares as a result of the exercise of any equity instrument issued under an Employee Incentive Plan are excluded from this 120 day holding period and are entitled to sell those shares (for clarity, the holding period still applies to shares held by Designated Persons that have been acquired by other means).

Designated Persons are not permitted to engage in short selling of the Company's Securities.

#### 7.3 No Hedging

Designated Persons must not:

- (a) enter into transactions or arrangements with anyone which could have the effect of limiting their exposure to risk relating to an element of their remuneration that:



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- has not vested; or
  - has vested but remains subject to a “holding lock”; or
- (b) deal *at any time* in financial products associated with the Company’s Securities, except for a type of dealing permitted by law or a permitted dealing under this policy.

### 7.4 Meaning of Financial Products

Financial products includes derivatives, options, warrants, futures, forward contracts, swaps and contracts for difference issued or created over or associated with the Company’s Securities by third parties.

## 8. Confidential Information

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You must treat all sensitive, non-public information (**Confidential Information**) about the Company as confidential and belonging to the Company.

You must not disclose Confidential Information to others (including family members, relatives, business or social acquaintances) except as authorised or legally required.

You must avoid inadvertent or indirect disclosure of Confidential Information. Even within the Company, Confidential Information should be distributed to or discussed with others only on a need-to-know basis, and those people must be told that the information is confidential.

Be careful that your conversations are not overheard in elevators, airplanes or other public places. Do not leave Confidential Information on conference tables, desks or otherwise unguarded.

Take whatever steps are reasonably necessary to keep Confidential Information from being disclosed, except as authorised or legally required.

## 9. Policy Awareness

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To ensure all Designated Persons are aware of the Company’s Security Trading Policy and its contents the policy will be:

- be part of the Company’s Induction Pack for new employees and Contractors;
- be available on the Company’s website and intranet (if applicable); and
- emails will be sent to Designated Persons notifying them when trading windows are open and closed.

## 10. Compliance

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The responsibility of monitoring compliance with this policy will reside with the Board. The Company Secretary will bring any abnormalities identified, to the attention of the Board.

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### **11. Administration**

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#### **11.1. Where can I obtain further information?**

If you require further information or assistance, or are uncertain about the application of this policy or the law, please contact the Company Secretary.

#### **11.2. Review and publication of this policy**

The Board will review this policy from time to time. This policy may be amended by resolution of the Board.

A copy of this policy will be available on the Company's website. It will be distributed to all directors, employees and other persons as relevant. Key features will be published in the Corporate Governance Statement.



**SCHEDULE A**

**PERSONAL TRADING APPROVAL FORM**

<b>Name of Designated Person</b>	
<b>Name of holder of securities</b>	
<b>Approval to buy or sell</b>	
<b>Number of securities</b>	
<b>Dollar value</b>	\$
<b>Security</b> <b>Happy Valley Nutrition Limited; or</b> <b>Other (stock name).</b>	
<b>Will the trade/dealing lead to a conflict or potential conflict?</b>	
<b>Are you entering into a margin loan / similar funding arrangement?</b>	

I am not in possession of any price sensitive information which could reasonably be expected to have a material effect on the price or value of the security if it was available.

<b>Signature</b>	
<b>Date and Time</b>	
<b>Permission</b> <b>GRANTED / NOT GRANTED by</b>	
<b>Signature</b>	
<b>Date and Time</b>	

\*Once approved, you have five (5) business days to complete the transaction. If not completed within this timeframe, you will need to seek further approval. Please confirm to the Company Secretary when the transaction is completed, and return completed form to the Company Secretary who will liaise with the Nomination Officer.