

## Financial Product Trading Policy and Procedures

Effective 1  
July 2019

### 1.0 Introduction

- 1.1 This Policy applies to all Directors, officers and employees of Good Spirits Hospitality Limited (“**GSH**” or the “**Company**”) and its subsidiaries who intend to trade in the Company’s quoted financial products. In this Policy, “**trade**” includes buying or selling the Company’s quoted financial products, or agreeing to do so, whether as principal, agent, or trustee, but it does not include subscription for, or the issue of, new financial products, or acquisition of shares under a “fixed trading plan” (as defined in the Financial Markets Conduct Act 2013).
- 1.2 This Policy applies to any trading in Restricted Financial Products (as defined below) in which you are involved, whether or not the Restricted Financial Product is held or received in your own name or that of your spouse or partner, dependent children and/or trusts of which you are a trustee or any entity which you control.
- 1.3 Additional more specific and stringent rules in relation to trading in the Company’s financial products also apply to Directors and certain employees of the Company (see “Additional Trading Restrictions for Restricted Persons” below).
- 1.4 This Policy details the Company’s policy on, and rules for dealing in the following financial products (“**Restricted Financial Products**”):
- (a) ordinary shares of GSH, quoted on the NZX; and
  - (b) any other financial products of the Company or its subsidiaries that may from time to time be quoted on any exchange, and any listed derivatives (including futures contracts listed on an authorised futures exchange) in respect of the Company’s financial products, from time to time.
- 1.5 The requirements imposed by this Policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand. This Policy does not replace your legal obligations.

**If you do not understand any part of this Policy, or how it applies to you, you should raise the matter with the Company’s Chairperson or Chief Financial Officer before dealing with any financial products covered by this Policy.**

Strict compliance with this Policy is a condition of employment. Any breach of this Policy will be subject to appropriate disciplinary action, which may include termination of employment.

The Company may monitor the trading of Restricted Financial Products by its Directors and employees as part of the administration of this Policy.

### 2.0 Fundamental Rule – Insider trading is prohibited at all times

- 2.1 An “**information insider**” is a person who has material information (as defined below) that is not generally available to the market and who knows (or ought reasonably to know) that the information is material information and is not generally available to the market.
- 2.2 If you are an information insider then, **whether or not** you are a Restricted Person (refer to definition below) you must not (and it is a criminal offence to):

- (a) trade any Restricted Financial Products;
- (b) advise or encourage another person to trade or hold any Restricted Financial Products; advise or encourage a person to advise or encourage another person to trade or hold any Restricted Financial Products; or
- (c) pass on material information to anyone else – including colleagues, family or friends – knowing (or where you ought reasonably to have known) that the other person will, or is likely to, use that information to trade, continue to hold, or advise or encourage someone else to trade, or hold, any Restricted Financial Products.

The prohibitions apply regardless of how you learn of the information, and regardless of why you are trading.

This offence, called "insider trading", can subject you to criminal liability including large fines and/or imprisonment, and civil liability, which may include being sued by another party or the Company, for any loss suffered as a result of illegal trading.

In addition to the above, you also have a duty of confidentiality to the Company. You must not reveal any confidential information concerning the Company to a third party (unless that third party has signed a confidentiality agreement with the Company and you have been authorised to disclose the confidential information by the Company's Chairperson or the Chief Financial Officer), or to use confidential information in any way which may injure or cause loss to the Company, or use confidential information to gain an advantage for yourself. You should ensure that external advisers keep GSH information confidential.

**2.3 "Material information"** is information that:

- (a) is not generally available to the market;
- (b) a reasonable person would expect, if it were generally available to the market, would have a material effect on the price of quoted financial products; and
- (b) relates to particular financial products, a particular listed issuer, or particular listed issuers, rather than to financial products generally or listed issuers generally.

Information is "**generally available to the market**" if:

- (a) it 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 the Company's financial products (for example, released as an NZX announcement) and, since it was made known, a reasonable period for it to be disseminated among those persons has expired;
- (b) it is likely that that investors that commonly invest in the Company's relevant financial products can readily obtain the information (whether by observation, use of expertise, purchase or other means); or
- (c) it consists of deductions, conclusions, or inferences made or drawn from the generally available information described above.

It does not matter how you come to know the material information (including whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or in a lift, or at a social function). Information includes rumours, matters of supposition, intentions of a person (including the Company), and information which is insufficiently definite to warrant disclosure to the public.

**2.4** Examples of material information may include (but is not limited to) information concerning:

- (a) the financial performance of the Company;
- (b) a possible change in the strategic direction of the Company;
- (c) the introduction of an important new product or service;
- (d) a possible acquisition or sale of any assets or company by the Company;
- (e) entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly known;
- (f) a possible change in the Company's capital structure;
- (g) a change in the historical pattern of dividends;
- (h) senior management changes;
- (i) a material legal claim by or against the Company; or
- (j) any other unexpected liability,

and which has not been released to the market.

**2.5** If you have knowledge of any of these matters or any other information likely to affect the price or value of Restricted Financial Products in the market, or you cannot procure a decision whether or not to trade in the Restricted Financial Products, you should not trade in those Restricted Financial Products until such matters become public knowledge and a reasonable period for the information to be disseminated has elapsed.

**2.6** If in doubt as to whether the information you have is material, you should raise the matter with the Chief Financial Officer in the first instance.

### **3.0 Additional trading restrictions for Restricted Persons**

**3.1** The additional trading restrictions set out below apply to all Directors, officers and senior managers of the Group, and trusts and companies controlled by such persons. Persons covered by these additional restrictions are called "Restricted Persons". Directors, officers, and senior managers will be considered responsible for the actions of trusts and companies controlled by them. In this respect, "control" is not to be construed in a technical way but by looking at how decisions are made in practice.

**3.2** Where the spouse or dependent of a Restricted Person wishes to trade in Restricted Financial Products, the Restricted Person must ensure that the requirements of the additional rules below are complied with, including the completion of the "Request for consent to trade in quoted financial products" (**attached** at the back of this Policy) on behalf of their spouse or dependant.

**3.3** Restricted Persons are prohibited from trading in any Restricted Financial Products during the following specific "black-out" periods:

- (a) 30 days prior to the Company's half-year balance date, until the first trading day after the half-year results are released to NZX;
- (b) 30 days prior to the Company's year-end balance date, until the first trading day after the full year results are released to NZX;
- (c) 30 days prior to release of a product disclosure notice for a general public offer of the same class of Restricted Financial Products; and

- (d) any other period that the Company specifies from time to time (without the need for explanation to those affected).
- 3.4** The Restricted Persons are not permitted to trade any Restricted Financial Products during a black-out period unless the Company's Board provides a specific exemption. Please note that if you hold material information you must not trade Restricted Financial Products at any time, regardless of these periods. Persons to whom these restrictions apply must advise the Chief Financial Officer promptly following completion of any trade, and must comply with any disclosure obligations he or she may have under subpart 6 of Part 5 of the Financial Markets Conduct Act 2013.
- 4.0 Exceptional Circumstances**
- 4.1** If a Restricted Person needs to trade in Restricted Financial Products due to exceptional circumstances during a blackout period, the Restricted Person may seek a waiver from the Company's Chairperson (or where the Restricted Person is the Chairperson, a waiver from the chair of the Company's Audit and Risk Management Committee) to trade in Restricted Financial Products using the Application to Trade form **attached** to this Policy.
- 4.2** In the case of proposed trading during a blackout period by a Director, the Application to Trade form must be signed by the Company's Chairperson and in the case of proposed trading by the Chairperson, the Application to Trade must be approved and signed by the chair of the Company's Audit and Risk Management Committee.
- 4.3** Exceptional circumstances for these purposes include severe financial hardship, compulsion by court order or any other circumstance that is deemed exceptional by the Board. A person may be in severe financial hardship if he or she has a pressing financial commitment that cannot be satisfied otherwise than by selling the relevant Restricted Financial Products. A liability of such a person to pay tax would not normally constitute severe financial hardship unless the person has no other means of satisfying the liability. A circumstance will be considered exceptional if the person in question is required by a court order to transfer or sell the Restricted Financial Products or there is some other overriding legal requirement for he or she to do so.
- 4.4** An application from a Restricted Person to trade during a blackout period must set out the circumstances of the proposed dealing, including an explanation as to the reason the waiver is requested, and the Restricted Person must confirm they do not hold any material information. A waiver will only be granted if:
- (a) the circumstances giving rise to the request are deemed "exceptional" by the Board or its delegate, or fall within a recognised category of exceptional circumstances (i.e. severe financial hardship or compulsion by court order); and
  - (b) the application is accompanied by sufficient evidence (in the opinion of the person from whom consent is sought under this Policy) that the trading of the relevant Restricted Financial Products is the most reasonable course of action available in the circumstances.
- 4.5** If a waiver is granted to trade during a blackout period, the Restricted Person will be notified in writing (which may include notification via email) and in each circumstance the duration of the waiver to trade in Restricted Financial Products will be two trading days from the date of notification. A consent is automatically deemed to be withdrawn if the person becomes aware of material information prior to trading.
- 4.6** Unless otherwise specified in the notice, any dealing permitted during a blackout period must comply with the other sections of this Policy (to the extent applicable).
- 5.0 Clearance Procedure**

- 5.1** Before trading (or agreeing or entering into any commitment to trade) Restricted Financial Products, the Director, officer or senior manager (whether in their personal capacity or through an associated entity, e.g. family trust or company) must complete the Application to Trade form attached to this Policy and provide the completed form to the Board via the Chairperson (or, where the Chairperson is making the application, to the chair of the Company's Audit and Risk Management Committee). The form shall set out his or her intention to trade in Restricted Financial Products, be signed and dated, and include:
- (a) the name and address of the Director or senior manager;
  - (b) the office or position held by that person in the Company;
  - (c) the class and number of financial products that are the subject of the proposed transaction;
  - (d) a statement describing the type of transaction;
  - (e) details of the intended purchaser (e.g. the Director or senior manager in their personal capacity, family trust, or company);
  - (f) a statement as to whether it is intended that the transaction will take place on a stock exchange, and if not, details of the transaction;
  - (g) the proposed date of the transaction;
  - (h) a statement that the Director or senior manager does not possess any material information and is not an information insider;
  - (i) in the case of a purchase of financial products, a statement that the Director or senior manager does not intend to sell the financial products within six months of purchase;
  - (j) a statement that the Director or senior manager believes the transaction will be at a fair value;
  - (k) a request that the Board consent to the sale or purchase of the financial products; and
  - (l) in the case of a Director or senior manager, a confirmation that he/she will comply with the disclosure requirements of the NZX, namely that notification of the transaction is provided to the NZX within five days of it occurring, using the appropriate disclosure form.

- 5.2** On receiving the Application, the Board, must consider the request contained in the Application and, if reasonably satisfied as to the truth of the statements required in paragraphs (h), (i) and (j) of clause 5.1, **may** (but is not obliged to) consent in writing to the proposed transaction. The financial products must not be sold or purchased unless:
- (a) the Board has consented to the transaction in accordance with this clause;
  - (b) arrangements exist to ensure that copies of every consent given in accordance with this clause are distributed; and
  - (c) the date of the transaction is within the periods set out in clause 5.3 of this procedure.

In the case of a consent granted to a Director or senior manager, the written consent will affirm the obligations of disclosure to the NZX and request confirmation of details as per clause 6.1 below to the Company and advise to the NZX within five business days following the acquisitions or disposition.

**5.3** The financial products must be sold or purchased not later than 15 trading days after the consent of the Board is given (or such other period as the Board may determine), provided that at no time may a Director or senior manager either buy or sell any Restricted Financial Products where he/she is an information insider (i.e. in possession of material information). If you become aware of any material information prior to completing a trade which has been approved by the Board pursuant to clause 5.2, you must immediately cancel any trade.

## **6.0 Requirements After Trading**

**6.1** Directors and senior managers who have received approval in accordance with this Policy and have subsequently transacted to acquire or dispose of a relevant interest in a financial product of the Company must give comply with any disclosure obligations that person has under the Financial Markets Conduct Act 2013 and the listing rules of any relevant stock exchange, including providing written notice to the Board and to NZX as soon as possible and in any event no later than five business days following the acquisition or disposition. For a period of six months after the date on which a Director or officer ceases to hold office as a Director or officer of the Company, he/she will disclose the same information and within the same timeframe as in clause 6.1 to the Board and the Exchange in regard to any acquisition or disposal he/she has made of a relevant interest in a financial product of the Company.

## **7.0 Warnings**

**7.1** If in doubt, don't trade in Restricted Financial Products. The rules contained in this Policy do not replace your legal obligations. The boundary between what is, and is not, a breach of the law is not always clear. Sometimes behaviour that you consider to be ethical, actually may be insider trading.

**7.2** You should not engage in short term trading (the buying or selling of Restricted Financial Products within a three month period), unless there are exceptional circumstances discussed with and approved by the Company's Chairperson. Short term trading can be a key indicator of insider trading, particularly if undertaken on a regular basis or in large amounts. Therefore, to reduce the risk of an allegation of insider trading, do not trade Restricted Financial Products on a short-term basis.

**7.3** Where you are entitled to participate in any equity based remuneration scheme, you may not enter into any transaction for any associated product which has the effect of limiting the economic risk of participating in any unvested entitlement you are eligible for under that remuneration scheme.

## **8.0 Application of policy and review**

**8.1** The Board of the Company has approved this Policy. The Board may approve updates, amendments to and exemptions to this Policy from time to time, which may be implemented by circulate memo to you or by posting on the Company's intranet. To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this Policy prevails over them.

**8.2** This Policy shall be reviewed (and updated if required) every six months.

**8.3** A copy of this Policy shall be made available on the Company's website at all times. Changes to this Policy shall be communicated to all Directors and employees.