



The Reject Shop Limited

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Market Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Revised Trading Policy

In accordance with Listing Rule 12.10, The Reject Shop Limited (**TRS**) provides the attached revised trading policy.

Yours sincerely,

Michael Freier
Company Secretary

The Reject Shop Limited - Trading Policy

1 Purpose

1.1 Scope of this document

This document summarises the law relating to insider trading and sets out the trading policy of The Reject Shop Limited (“**Company**”) on buying and selling shares (“**Securities**”) of the Company.

1.2 Who does the trading policy apply to?

- (a) This policy applies to all employees (including fixed term, contractors and consultants of the Company) and non-executive directors of the Company (“**Staff**”).
- (b) This policy also applies to persons connected with Staff, meaning, for each Staff member, your spouse, de facto partner or any children residing with you. Companies, trusts, self-managed and other super fund and entities which are controlled by you or these persons (“**Associates**”). Staff must take appropriate steps to ensure that their Associates do not breach this policy.
- (c) Certain aspects of this policy only apply to Staff who are non-executive directors of the Company or “Designated Persons” as defined in paragraph 4.1.

2 The Corporations Act

2.1 The insider trading prohibitions

If you have Inside Information (as defined in paragraph 2.3 below) relating to the Company it is illegal for you to:

- (a) deal in (that is, apply for, acquire or dispose of) the Company’s Securities or enter into an agreement to do so; or
- (b) procure another person to apply for, acquire or dispose of the Company’s Securities or enter into an agreement to do so; or
- (c) directly or indirectly communicate, or cause to be communicated, that 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 engage in the activities specified in paragraphs (a) or (b) above.

These prohibitions apply equally to the application for, grant, exercise or transfer of an option over the Company’s Securities.

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 constitute Inside Information.

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, including customers.

2.2 The front page test

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It is important that public confidence in the Company is maintained. It would be damaging to the Company's reputation if the market or the general public perceived that Staff & Associates might be taking advantage of their position in the Company to make financial gains (by dealing in Securities on the basis of Inside Information).

As a guiding principle, Staff & Associates should ask themselves:

If the market was aware of all the current circumstances, could I be perceived to be taking advantage of my position in an inappropriate way? How would it look if the transaction were reported on the front page of the newspaper? ("Front Page Test")

If you are unsure, please consult the Company Secretary.

Where any approval is required for a dealing under this policy, approval will not be granted where the dealing would not satisfy the Front Page Test.

2.3 What is Inside Information?

Inside Information is information relating to the Company which is not generally available but would, if the information were generally available, be likely to have a material effect on the price or value of the Company's Securities ("**Inside Information**"). Information can include matters of speculation or supposition and matters relating to intentions or likely intentions of a person.

Information is regarded as being likely to have a material effect if it would, or would be likely to, influence persons who commonly invest in securities or other traded financial products in deciding whether or not to deal in the Company's Securities.

Examples of Inside Information could be:

- (a) the financial performance of the Company against its budget;
- (b) changes in the Company's actual or anticipated financial condition or business performance;
- (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 of Directors or significant changes in senior management;
- (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;

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- (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.

2.4 When is information generally available?

Information is generally available if:

- (a) it consists of readily observable matters or deductions;
- (b) it has been brought to the attention of investors through an announcement to Australian Securities Exchange Limited (“**ASX**”) or otherwise brought to the attention of investors in securities, and a reasonable period has elapsed since it was announced or brought to investors’ attention; or
- (c) it consists of deductions, conclusions or inferences made or drawn from information referred to in paragraphs (a) or (b) above.

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.

2.5 What are the consequences if you breach the insider trading prohibitions?

Breach of the insider trading laws may subject you to:

- (a) criminal liability - penalties include heavy fines and imprisonment; and
- (b) civil liability - you can be sued by another party or the Company for any loss suffered as a result of illegal trading activities.

Breach of the law or this trading policy or both will also be regarded by the Company as serious misconduct which may lead to disciplinary action or dismissal.

3 The Company’s Trading Policy – All Staff

3.1 What does this trading policy apply to?

This trading policy applies to all information relating to the Company’s Securities.

3.2 General Prohibitions

If you possess Inside Information concerning the Company’s Securities, you must not:

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- (a) deal in the Company's Securities or enter into an agreement to do so;
- (b) procure another person to do anything specified in paragraph (a); or
- (c) pass on that information to anyone who is likely to engage in the activities specified in paragraphs (a) or (b) above.

These general prohibitions are overriding obligations and apply at all times, despite all other terms of this trading policy.

4 Trading for Designated Persons

4.1 Trading windows

Subject to paragraph 3.2, all Directors, those Staff that work in the Company's Store Support Centre and such other persons as the Company Secretary nominates (each a "**Designated Person**") may only deal in the Company's Securities during a "Trading Window".

The Board of Directors will determine Trading Windows from time to time. Ordinarily they are:

- (a) 4 weeks from the day after the release of each of the Company's half-year and full year results;
- (b) 4 weeks from the day after the Company's Annual General Meeting;
- (c) 2 weeks from the day after the release of a trading update.

The Trading Window may be shortened, changed or closed at any time.

The Company Secretary will endeavour to notify all Designated Person of the time when they are permitted to deal in the Company's Securities as set out in paragraph 4.1. If you are ever in doubt, please contact the Company Secretary to confirm whether or not the Company is in a Trading Window.

4.2 Closed Periods

Unless paragraph 4.8 applies, dealing in the Company's Securities by Designated Persons outside a Trading Window is prohibited.

4.3 You must provide prior notification

If a Designated Person proposes to deal in the Company's Securities, you must first provide:

- (a) written notice of your intention to the Company Secretary (or another person, as notified to the relevant Designated Person) ("**Notification Officer**"); and
- (b) written confirmation that you are not in possession of Inside Information (using a form approved by the Board of Directors from time to time).

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The Notification Officer may appoint a delegate to act on their behalf in the case of temporary absence.

4.4 Clearance

Before dealing in the Company's Securities, the Designated Person must receive a written clearance from the Notification Officer.

A clearance expires five business days from its date, unless it specifies a different expiry date.

A clearance to trade confirms that the proposed dealing by the Designated Person is within the terms of this 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 insider trading prohibitions apply.

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

4.5 Notification of dealing

In addition to providing prior notification and seeking clearance under this policy, a Designated Person must confirm in writing to the Notification Officer, within 2 business days from when the dealing in the Company's Securities has occurred, the number of the Company's Securities affected and the relevant parties to the dealing.

4.6 Directors and Senior Management

Any Director, Key Management Personnel and other team members at the level of general manager intending to deal in the Company's Securities must also receive a written clearance from the Chairman (or the Board of Directors, where the Chairman wishes to deal in the Company's Securities).

In the case of Directors, they must ensure that an Appendix 3Y (change of directors' interest notice) (or any equivalent form prescribed by the ASX from time to time) is accurately completed and provided to the Company Secretary within two business days after any dealing in the Company's Securities. This is to ensure that the Company can comply with its continuous disclosure obligations under the ASX Listing Rules.

The Company Secretary must provide the Appendix 3Y notice to the ASX within five business days after the dealing occurred.

4.7 Trading exclusions from this policy

The Company acknowledges there are some forms of trading which because of their nature should be excluded from this trading policy. The Company has identified the following examples of trading which if undertaken would not be covered by this policy:

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- (a) Transfers of Securities of the Company already held by a Designated Person into a superannuation fund or other saving scheme of which the Designated Person is a beneficiary;
- (b) Investing or trading in units of a fund or other scheme by a Designated Person (other than a scheme only investing in the Securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
- (c) Trading by a Designated Person 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 reinvestment plan, takeover offer and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the 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; and
- (d) The exercise (but not the sale of Securities following exercise) of an option or a right held by a Designated Person under a Company employee share, option, performance rights or other equity plan.

4.8 Trading during Closed Periods with permission

If there are:

- (a) **“Exceptional Circumstances”**; and
- (b) the Designated Person concerned declares that they do not possess any Inside Information,

then approval may be given by the Notification Officer at their discretion to allow a Designated Person to deal outside a Trading Window (i.e. within a closed period).

The Notification Officer, having received a request to trade within a closed period, is required to consult with the Chairman, or in their absence, the Board, prior to granting the approval to the Designated Person to deal within a closed period.

Any such approval must be obtained by the Designated Person in advance and in writing. It cannot be given after the event.

For purposes of this policy, the Company considers that **“Exceptional Circumstances”** may include:

- (a) severe financial hardship (for example, a pressing financial commitment that cannot be satisfied otherwise than by selling the Company’s Securities);
- (b) requirements under a court order or court enforceable undertaking or other legal or regulatory requirements; or
- (c) other exceptional circumstances as determined by the Chairman

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(or the Board of Directors where the Chairman is involved).

A tax liability will not generally constitute a pressing financial commitment.

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

4.9 Extension of trading policy

The Board of Directors may also from time to time extend this trading policy by specifying that Staff & Associates are also restricted from dealing in the Securities of other specified companies with which the Company may have a close relationship.

5 Prohibitions – Designated Persons

5.1 Dealing in financial products issued over Company Securities by third parties

Designated Persons are not permitted to deal at any time in financial products such as options, warrants, futures or other financial products issued over the Company's Securities by third parties such as banks and other institutions.

5.2 Limiting economic risk

Designated Persons are not permitted to enter into transactions involving products associated with the Company's Securities which operate to limit the economic risk of their security holding in the Company (eg hedging arrangements).

5.3 Speculative dealing

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

Designated Persons must not engage in short term or speculative trading in the Company's Securities. For the purposes of this policy 'short term' means a period of less than 6 months.

6 Confidential Information

You should treat all sensitive, non-public information about the Company as confidential and proprietary to the Company. You may not disclose such information to others (such as family members, relatives, business or social acquaintances) who do not have a legitimate need for such information for business reasons. You must treat all such information carefully and avoid inadvertent or indirect disclosure of it. Even within the Company, confidential information should be distributed to or discussed with others only on a need-to-know basis, and those people should be told that the information is confidential. Be careful that your conversations are not overheard in elevators, aeroplanes or other public places; do not leave confidential documents on conference tables, desks or otherwise unguarded; and take whatever steps are reasonably necessary to keep confidential information from being disclosed.

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- 7 Employment and Monitoring of Compliance**
- A copy of the Company's trading policy will be distributed to all employees and directors (present and future) and will also be available on the Company's website.
- All new Directors and employees will be required to acknowledge they have received a copy of the Company's Share Trading Policy as part of their induction procedure.
- 8 Where can I obtain further information?**
- If you require any further information or assistance, or are uncertain about the application of the law or this trading policy in any situation, please contact the Company Secretary.