

Policy

## Securities Dealing Policy

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**Adairs Limited**  
**ACN 147 375 451**

Adopted by the Board on 28 May 2015

## 1 What is this policy about?

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The purpose of this Policy is to:

- ensure that public confidence is maintained in the reputation of Adairs Limited (the **Company**) and its related bodies corporate (together, **the Group**), the Directors and employees of the Group and in the trading of the Company's securities;
- explain the Company's policy and procedures for the buying and selling of securities to assist the Group's Directors and employees; and
- recognise that some types of dealing in securities are also prohibited by law.

## 2 What is the insider trading restriction?

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### 2.1 No dealing while in possession of inside information

All directors and employees must not deal in the Company's securities if:

- they are aware of confidential information that is materially price sensitive; or
- the Company has notified employees that they must not deal in securities (either for a specified period, or until the Company gives further notice).

See section 7 for further discussion of the rules on insider trading.

### 2.2 The Front Page Test

It is important that public confidence in the Group is maintained. It would be damaging to the Group's reputation if the market or the general public perceived that directors and employees might be taking advantage of their position in the Group to make financial gains (by dealing in securities on the basis of confidential information).

As a guiding principle, directors and employees should ask themselves:

*If the market was aware of all the current circumstances, could the proposed dealing be perceived by the market as the director or employee taking advantage of his or her position in an inappropriate way? How would it look if the transaction were reported on the front page of the newspaper? (The **Front Page Test**)*

If the director or employee is unsure, he or she should 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.

### 3 Who has additional trading restrictions under this Policy?

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Additional trading restrictions (set out below) apply to:

- directors of the Company (**Directors**);
- officers and other direct reports of the Chief Executive Officer, the Chief Finance Officer and the Chief Operating Officer (**Senior Executives**); and/or
- employees who have been advised by the Company Secretary that they have information that is or may become Inside Information (**Nominated Employees**),

collectively defined as “**Designated Employees**” in this Policy.

The additional restrictions also apply to **Connected Persons** of all Designated Employees, meaning, for each Designated Employee:

- (a) a family member who may be expected to influence, or be influenced by, the Designated Employee in his or her dealings with the Company or Company securities (this may include the Designated Employee’s spouse, partner and children, the children of the Designated Employee’s partner, or dependants of the Designated Employee or the Designated Employee’s partner); and
- (b) a company or any other entity which the Designated Employee has an ability to control.

Designated Employees must take appropriate steps to ensure that their Connected Persons do not breach this Policy.

### 4 When can Designated Employees deal in the Company’s securities?

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#### 4.1 No dealing in blackout periods

Designated Employees and their Connected Persons must not deal in the Company’s securities during any of the following blackout periods:

- the period from the close of trading on the ASX on the last day of the financial year reporting period each year, or if that date is not a trading day, the last trading day before that day, until the day following the announcement to ASX of the full year results;
- the period from the close of trading on the ASX on the last day of the half year financial reporting period each year, or if that date is not a trading day, the last trading day before that day, until the day following the announcement of the half-yearly results; and
- any other period that the Board specifies from time to time.

#### 4.2 Exceptional circumstances

If a Designated Employee or their Connected Person needs to deal in securities during a blackout period due to exceptional circumstances and is **not** in possession of any inside information, then, the Designated Employee may apply in writing to:

- the Chief Executive Officer (in the case of Nominated Employees);

- the Chair of the Board (in the case of a Director or a Senior Executive);
- the Chair of the Audit and Risk Committee (in the case of the Chair of the Board).

A waiver will only be granted if the Designated Employee or Connected Person's application is accompanied by sufficient evidence (in the opinion of the approver) that the dealing of the relevant securities is the most reasonable course of action available in the circumstances.

Exceptional circumstances are likely to include severe financial hardship or compulsion by court order.

If a waiver is granted, the Designated Employee or Connected Person will be notified in writing (which may include notification via email) and in each circumstance the duration of the waiver to deal in securities will be 2 business days.

Unless otherwise specified in the notice, any dealing permitted under this section 4.2 must comply with the other sections of this Policy.

#### **4.3 Prior approval required for any dealing outside blackout periods**

- (a) Designated Employees must, prior to any proposed dealing, notify the Company Secretary and seek approval for the proposed dealing in the Company's securities (including any proposed dealing by one of their Connected Persons) as follows:
  - (1) any Senior Executive or Nominated Employee must inform and obtain approval from the Chief Executive Officer before a transaction is undertaken;
  - (2) any other Director (other than the Chair of the Board) must inform and receive approval from the Chair of the Board before a transaction is undertaken; and
  - (3) the Chair of the Board must inform and obtain approval from the Board or the Chair of the Audit and Risk Committee before a transaction is undertaken.
- (b) The relevant approver may direct the person who is proposing to deal in the Company's Securities not to deal, or impose conditions on the dealing in their discretion, and is not obliged to provide reasons for any direction or condition.
- (c) A request for approval to trade will be answered as soon as practicable. In all cases, the approved dealing must occur within 2 business days following approval, otherwise the approval is no longer effective and fresh approval must be sought.

#### **4.4 Directors and Senior Executives – confirmation required**

Following any trade, Directors and Senior Executives must promptly notify the Company Secretary, ideally by close of business on the day of the trade. This is to assist the Company to comply with its disclosure obligations under the ASX Listing Rules and to manage voting exclusions at its AGM.

## 5 What other restrictions on dealing apply?

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### 5.1 No short-term dealing

Designated Employees and their Connected Persons must not deal in the Company's securities on a short-term trading basis. Short-term trading includes buying and selling securities on market within a 3 month period, and entering into other short-term dealings (for example, forward contracts).

### 5.2 Margin lending arrangements

- (a) Any dealing in the Company's securities by Designated Employees or their Connected Persons pursuant to a margin lending arrangement must be conducted in accordance with this Policy. Examples of such dealings include:
  - (1) entering into a margin lending arrangement in respect of the Company's securities;
  - (2) transferring securities in the Company into an existing margin loan account; and
  - (3) selling securities in the Company to satisfy a call pursuant to a margin loan.
- (b) Directors and Senior Executives must obtain approval in accordance with the procedure set out in section 4.3 for any proposed dealing in the Company's securities in connection with a margin lending arrangement.
- (c) The Company may, at its discretion, make any approval granted in accordance with section 5.2(b) conditional upon such terms and conditions as the Company sees fit (for example, with regard to the circumstances in which the Company's securities may be sold to satisfy a margin call).

### 5.3 Hedging of Company securities

Hedging includes entering into transactions in financial products that operate to limit the economic risk associated with holding Company securities. Hedging of Company securities by key management personnel (ie Directors and certain Senior Executives) and their closely related parties is subject to restrictions under the Corporations Act.

Under this Policy, hedging of Company securities by a Designated Employee or their Connected Persons is subject to the following rules:

- (a) the hedge transaction must not be entered into, renewed, altered or closed out when the Designated Employee (or their Connected Person) is in possession of Inside Information;
- (b) Company securities acquired under a Director or employee incentive plan must never be hedged prior to the vesting;
- (c) Company securities must never be hedged while they are subject to a holding lock or restriction on dealing under the terms of any employee, executive or Director equity plan operated by the Company; and
- (d) Designated Employees are permitted to hedge their vested and unrestricted Company securities provided that the hedge transaction is treated as a dealing in Company securities for the purposes of this Policy, and the relevant approvals and notifications required under section 4 are made on that basis.

## 6 Are any dealings excluded from this policy?

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Sections 4.1, 4.3 and 5.1 of this Policy do not apply to:

- (a) participation in an employee, executive or Director equity plan operated by the Company. However, where securities in the Company granted under an employee, executive or Director equity plan cease to be held under the terms of that plan, any dealings in those securities must only occur in accordance with this Policy;
- (b) the following categories of trades:
  - acquisition of Company securities through a dividend reinvestment plan;
  - acquisition of Company securities through a share purchase plan available to all retail shareholders;
  - acquisition of Company securities through a rights issue; and
  - the disposal of Company securities through the acceptance of a takeover offer, scheme of arrangement or equal access buy-back;
- (c) dealings that result in no effective change to the beneficial interest in the securities (for example, transfers of Company securities already held into a superannuation fund or trust of which the Designated Employee or Connected Person is a beneficiary);
- (d) trading under a pre-approved non-discretionary trading plan, where the Designated Employee or Connected Person did not enter into the plan or amend the plan during a blackout period, the plan does not permit the Designated Employee or Connected Person to exercise any influence or discretion in relation to trading under the plan and the plan cannot be cancelled during a blackout period, other than in exceptional circumstances (employees must still take care to comply with the law); and
- (e) subject to section 5.2, a disposal of securities of the Company that is the result of a secured lender exercising their rights, for example, under a margin lending arrangement.

However, such dealings **remain subject to the insider trading rules** in the Corporations Act.

## 7 What are the rules about insider trading?

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Broadly speaking, the law provides that a person who has **Inside Information** about a company (defined below) must not:

- (a) buy or sell securities in a company, or enter in an agreement to buy or sell securities, or exercise options over securities, or otherwise apply for, acquire or dispose of securities (**deal**);
- (b) encourage someone else to deal in securities in that company; or
- (c) directly or indirectly provide that information to another person where they know, or ought to know, that that person is likely to deal in securities or encourage someone else to deal in securities of that company (**tipping**).

These restrictions apply to all securities, not just the Company's securities.

**Inside Information** is information that:

- is not generally available to the market; and
- if it were generally available to the market, a reasonable person would expect it to have a material effect (upwards or downwards) on the price or value of a security.

Inside Information may include matters of supposition, matters that are not yet certain and matters relating to a person's intentions.

## 8 When can I deal in securities in other companies?

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The prohibited conduct under the Corporations Act includes dealings not only in the Company's securities but also in those of other listed companies with which the Company may be dealing (including the Group's customers, contractors or business partners) where an employee possesses Inside information in relation to that other company.

If an employee, Designated Employee or a Designated Employee's Connected Person is aware of information that is not generally available but which, if it were generally available, a reasonable person would expect to have a material effect on the price or value of a security, that person should not deal in the securities of the companies that it affects.

Employees, Designated Employees or their Connected Persons may come into possession of Inside information where they are directly involved in client relationship management or negotiating contracts. For example, where a person is aware that the Group is about to sign a major agreement with another company, that person should not buy or sell securities in either the Company or the other company.

If you are in any doubt, consult with the Company Secretary.

## 9 What happens if this policy is breached?

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Breaches of the insider trading laws have serious consequences for the employee, Designated Employee or Connected Person concerned as well as the Company.

Independently, breaches of this Policy will be regarded by the Company as serious and will be subject to appropriate sanctions.

Any person who breaches this Policy could face disciplinary action (including forfeiture of securities and/or suspension or termination of employment).

## 10 Who should I contact?

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Employees and Directors should contact the Company Secretary if:

- they are unsure about whether it is acceptable to deal or communicate with others in relation to the Company's securities or other securities; or
- they have any other queries about this Policy.