

# Harvey Norman Holdings Limited

A.C.N. 003 237 545

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Australian Securities Exchange Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

## SHARE TRADING POLICY

Attached is an updated share trading policy.

The main change is to include a requirement for either Chairman or CEO consent to alternative finance arrangements where shares in the company are used as security (including 'capital protected loans').

Yours faithfully



**Chris Mentis**  
Company Secretary / CFO

**HARVEY NORMAN HOLDINGS LIMITED A.C.N. 003 237 545 (the "Company")**  
**SHARE TRADING POLICY**

**1. BACKGROUND AND DEFINITIONS**

- 1.1 The Company is a public company, listed on the ASX.
- 1.2 The Company is committed to responsible corporate governance. This policy forms part of the corporate governance framework of the Company.
- 1.3 ASX Listing Rules govern trading in shares of the Company.
- 1.4 *Corporations Act 2001 (Cth)* prohibits insider trading by anyone.
- 1.5 Where used in this document, the following terms or expressions shall have the following meanings:

"Act" means the *Corporations Act 2001 (Cth)*;

"ASX" means the Australian Securities Exchange;

"Board" means the board of directors of Harvey Norman Holdings Limited A.C.N. 003 237 545;

"Chairman" means the chairman of the Board;

"Chief Executive Officer" means the chief executive officer of the Company;

"Chief Financial Officer" means the chief financial officer of the Company;

"Committee" means a committee or sub-committee of the Board;

"Company" includes Harvey Norman Holdings Limited A.C.N. 003 237 545 and each controlled entity of the Company;

"Company Secretary" means the secretary of the Company;

"Director" means each director, executive and non-executive, of the Company;

"Employee" includes each Director, Executive, employee of, or contractor to the Company;

"Executive" means each person who holds a position which makes that person an "*officer*" of the Company, as that term is defined in the Act;

"Generally Available Information" means information concerning the Company:

- (a) which can be easily observed; or
- (b) has been released to the ASX, published in an annual report or prospectus, or is generally available to the investing public and a reasonable time has elapsed since the information was released, published or otherwise communicated to the investing public; or
- (c) may be deduced, inferred or concluded from any of the above;

"Key Management Member" means any one of the Key Management Personnel;

"Key Management Personnel" means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes each Director (whether executive or otherwise) of the Company and each Executive;

"Performance Rights" means Shares, or rights or options over Shares, in each case granted by the Company to an Employee, in accordance with a plan which has been previously approved by shareholders of the Company in general meeting;

"Policy" means this share trading policy of the Company;

"Price Sensitive Information" means information concerning the Company, which:

- (a) is not Generally Available Information; and
- (b) may have a material effect on the price or value of Shares; and
- (c) a person who is in possession of that information knows or ought reasonably to know that the information is not Generally Available Information, and if made generally available, it might have a material effect on the price or value of Shares;

"Prohibited Period" means:

- (a) any period that is not a Trading Window;
- (b) in relation to any Key Management Member, any period when that Key Management Member has Price Sensitive Information;

"Restricted Person" means a person who is subject to trading restrictions as a result of the application of the Policy;

"Secured Financing Arrangement" means any financing arrangement pursuant to which Shares are provided as security, and includes (without limitation) a margin loan facility and a capital protected loan with put and call options.

"Shares" includes shares in the Company and options or rights over shares in the Company;

"Trading Window" means each of the following periods of thirty days (or such other period as may be determined by the Chairman or a Committee) commencing one day after:

- (a) the announcement of half-yearly financial results of the Company;
- (b) the announcement of annual financial results of the Company;
- (c) the holding of the annual general meeting of the Company;
- (d) the filing of a disclosure document for an offer of securities in the Company with ASIC or the ASX, or both; or
- (e) the declaration by the Chairman of the commencement of a period as a Trading Window.

- 1.6 A reference in this Policy to information that would be likely to have a material effect on the price or value of Shares means information that might influence persons who commonly invest in securities (including Shares) in deciding whether or not to subscribe for, buy or sell those securities. Information likely to have a material effect on the price or value of Shares includes, but is not limited to:
- (a) information regarding a material increase or decrease in the financial performance of the Company, from previous results;
  - (b) entry into, or termination of a material contract;
  - (c) a material acquisition or sale of assets by the Company;
  - (d) an actual or proposed takeover or merger by the Company;
  - (e) a proposed dividend or change in dividend policy of the Company;
  - (f) an actual or proposed change to the capital structure of the Company or financing arrangements for the Company;
  - (g) proposed material legal proceedings to be initiated by or against the Company; or
  - (h) regulatory action or investigations undertaken by a government authority.

## **2. PURPOSE**

- 2.1 The purpose of this Policy is to:
- (a) raise awareness and provide an explanation of the prohibition on insider trading under the Act;
  - (b) explain the type of conduct in relation to dealings in Shares that is prohibited by the Company and under relevant law;
  - (c) establish a best practice policy and procedure for buying, selling or otherwise acquiring Shares and prevent the misuse of unpublished information which could have a material effect on the price or value of Shares;
  - (d) ensure that the reputation of each of the Company, and Directors, Executives and Employees of the Company is not placed under suspicion of abusing inside information that any Director, Executive or Employee has or may be thought to have.
- 2.2 A breach of this Policy by a person may result in disciplinary action, or termination of any office, employment or engagement of that person with the Company.
- 2.3 This Policy summarises some complex provisions of the law and is only a general guide. This Policy does not constitute legal advice. If any Director, Executive, or Employee of the Company does not understand this Policy or how this Policy may apply, that person should communicate with the Company Secretary, or seek further advice, or both.

## **3. DEALINGS IN SHARES**

- 3.1 Insider trading means buying or selling shares or other securities on the basis of Price Sensitive Information that is not generally available to others. It includes procuring or

inducing another person to buy or sell securities about which insider information is known.

3.2 Under the Act, each person who possesses Price Sensitive Information about an entity must not:

- (a) buy or sell, or agree to buy or sell securities in that entity;
- (b) subscribe for new securities in that entity;
- (c) enter into an agreement to subscribe for, buy or sell securities in that entity;
- (d) communicate that price sensitive information to any other person;
- (e) procure any other person to deal in securities in that entity; or
- (f) advise, procure or encourage another person to deal in those securities in that entity, including for example, a family member, friend, family company or trust.

3.3 If a person, including a Key Management Member has Price Sensitive Information, that person must not:

- (a) buy or sell Shares;
- (b) subscribe for new Shares;
- (c) enter into an agreement to subscribe for, buy or sell Shares;
- (d) communicate that Price Sensitive Information to any other person, except in the proper performance of the duties of that person, and in all respects, subject to law;
- (e) advise, procure or encourage another person to buy or sell Shares or agree to buy or sell Shares.

3.4 Trading in Shares by a person is prohibited at any time if the person, including a Director, Executive or Employee, possesses inside information, irrespective of whether this Policy otherwise provides that trading could occur in a Trading Window or outside a Prohibited Period, or whether it is excluded from the operation of this Policy.

3.5 A breach of the prohibition on insider trading under the Act can result in the imposition of a fine, or a period of imprisonment, or both.

#### **4. TRADING WINDOWS**

4.1 Each Key Management Member may buy, sell, otherwise acquire, or deal in Shares only in a Trading Window, and never when that Key Management Member is in possession of Price Sensitive Information.

4.2 Each Key Management Member must give notice to, and receive consent from the Chairman before commencing to buy, sell, otherwise acquire, or deal in Shares, outside of Trading Windows.

- 4.3 (a) Performance Rights involving options over Shares, may be exercised outside Trading Windows.
- (b) Any sale of Shares acquired upon exercise or vesting of Performance Rights may only occur:
- (i) during a Trading Window, if the relevant party exercising the Performance Rights is not in possession of Price Sensitive Information; or
  - (ii) outside a Trading Window, with the prior written consent of the Chairman or Chief Executive Officer.

## **5. ADDITIONAL RESTRICTIONS UPON KEY MANAGEMENT PERSONNEL**

- 5.1 Each Key Management Member must not hedge any Performance Rights.
- 5.2 Each Key Management Member must not deal or trade in any Shares received upon exercise or vesting of any Performance Rights while those Shares are subject to any transfer restriction.
- 5.3 Each Key Management Member must notify the Chairman if that person hedges any Shares acquired as a result of the exercise of any Performance Rights.
- 5.4 Each Key Management Member must give notice to the Company Secretary when that Key Management Member buys or sells shares in the Company, so that the ASX can be informed, in accordance with the ASX Listing Rules and the law.
- 5.5 Each Key Management Member must not engage in short term trading in Shares except where:
- (a) the Key Management Member makes a specific request to the Chairman or Chief Executive Officer, explaining a specific circumstance or requirement of that Key Management Member;
  - (b) the request relates to exercised or vested Performance Rights; and
  - (c) the Chairman or Chief Executive Officer gives prior written approval to the proposed short term trading.
- 5.6 A Key Management Member who has, or proposes to enter into a Secured Financing Arrangement must comply with this Policy. A Key Management Member must obtain the written consent of the Chairman or Chief Executive Officer prior to entering into a Secured Financing Arrangement. A forced sale of Shares under a margin loan to satisfy an unmet margin call or default, or otherwise pursuant to a Secured Financing Arrangement will be a breach of this Policy unless the Key Management Member has first obtained approval to the Secured Financing Arrangement in accordance with this clause. The Company may be obliged to disclose the existence and terms of any Secured Financing Arrangement to the market pursuant to the ASX Listing Rules and the Key Management Member must provide the Company sufficient details of any existing or proposed Secured Financing Arrangement so as to allow the Company to fulfil its obligations under the ASX Listing Rules and the law.

- 5.7 If a Key Management Member, acting reasonably, would believe that there will be an unmet margin call, event of default or other circumstance in relation to any Secured Financing Arrangement which may result in a financier exercising its rights to force an acquisition or disposal of Shares, the Key Management Member must immediately disclose to the Chairman, Company Secretary or Chief Executive Officer, full and complete details of the circumstance as is necessary to ensure the Company can comply with continuous disclosure obligations of the Company under ASX Listing Rules and the law.
- 5.8 Each Key Management Member is prohibited from trading during any Prohibited Period in financial products issued or created over or in respect of any Shares.

## **6. TRADING DURING A PROHIBITED PERIOD**

- 6.1 A Restricted Person may buy, sell, otherwise acquire, or deal in Shares during any Prohibited Period upon receiving written consent pursuant to clause 7 in certain circumstances deemed exceptional by the Chairman or the Chief Executive Officer, including but not limited to circumstances where that person has a pressing financial commitment that cannot be satisfied otherwise than selling the relevant Shares. Permission will not be granted if the Restricted Person has Price Sensitive Information.

## **7. PROCEDURE FOR CLEARANCE**

- 7.1 A Restricted Person may buy, sell, otherwise acquire, or deal in Shares during any Prohibited Period within twenty eight (28) days after the grant of written consent to that action from the Chairman or the Chief Executive Officer of the Company. Written consent may be provided by email.
- 7.2 Any consent granted pursuant to clause 7.1 is automatically revoked if the Restricted Person receives Price Sensitive Information, without the need for the Chairman or Chief Executive Officer of the Company to provide written notice of the revocation.

## **8. EXCLUDED TRADING**

- 8.1 This Policy does not apply to trading in Shares in the following circumstances:
- (a) transfers of Shares already held by a Restricted Person to a superannuation fund or other saving scheme in which the Restricted Person is a beneficiary;
  - (b) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the Shares) where the assets of the fund or other scheme are invested at the discretion of a third party;
  - (c) where a Restricted Person is a trustee, trading in the Shares by that trust provided the Restricted 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 Restricted Person;
  - (d) undertakings to accept, or the acceptance of, a takeover offer;
  - (e) 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 board of the Company, including decisions relating to whether to take up the entitlements and the entitlements under a renounceable pro rata issue;

- (f) a disposal of Shares that is the result of a secured lender exercising rights under a Secured Financing Arrangement where approval of the arrangement was obtained pursuant to clause 5.6;
- (g) the exercise (but not the sale of Shares following exercise) of an option or a 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 entity has been in an exceptionally long Prohibited Period or the entity has had a number of consecutive Prohibited Periods and the Restricted Person could not reasonably have been expected to exercise it at a time when free to do so;
- (h) trading under a non-discretionary trading plan for which prior written clearance has been provided in accordance with procedures set out in this Policy and where:
  - (i) the Restricted Person did not enter into the plan or amend the plan during a Prohibited Period;
  - (ii) the trading plan does not permit the Restricted Person to exercise any influence or discretion over how, when, or whether to trade; and
  - (iii) this Policy does not allow the Restricted Person to cancel the trading plan or cancel or otherwise vary the terms of his or her participation in the trading plan during a Prohibited Period other than in exceptional circumstances; or
- (iv) a disposal of Shares compelled by court order.

## **9. CONTACT**

- 9.1 Each Director, Executive or Employee who is in any doubt about the effect of this Policy on any proposed dealing in Shares should contact the Company Secretary or Chief Financial Officer of the Company.