

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?

The Company’s Board of Directors has adopted this trading policy which applies to all directors and any other employees of the Company (“**Staff**”). It is important to remember that although this trading policy only applies to the persons specified above, the insider trading prohibitions set out in the Corporations Act 2001 (Cwlth) (“**Corporations Act**”) and discussed in Part 2 below, apply to **all** persons (including members of your family).

1.3 Further advice

If you do not understand the summary of the law relating to insider trading set out below or this trading policy, or if you are confused as to whether the law applies to you, please contact Darren Briggs, Company Secretary. You may wish to seek your own professional legal advice before dealing in the Company’s Securities.

2 The Corporations Act

2.1 The insider trading prohibitions

If you have Inside Information (as defined in paragraph 2.2 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.

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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 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;
- (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.

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2.3 When is information generally available?

Information is generally available if:

- (a) it consists of readily observable matter or deductions;
- (b) it has been brought to the attention of investors through an announcement to Australian Stock 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.

2.4 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

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.

3.3 Trading windows

Subject to paragraph 3.2, Staff and such other persons as the Company Secretary nominates (each a "**Designated Person**") may only deal in the Company's Securities during the following "trading windows":

- (a) in the period between 24 hours and 30 working days after the release of the Company's half yearly results announcement to the ASX;
- (b) in the period between 24 hours after the release of the Company's annual results announcement to the ASX and 30 working days after the close of the Company's annual general meeting and
- (c) with prior approval from the Chairman, a trading window may be opened for a period commencing 24 hours after and not exceeding 30 working days after any other formal announcement to the ASX.

The Company Secretary's Department will endeavour to notify all Staff of the time when they are permitted to deal in the Company's Securities as set out in this Clause 3.3.

3.4 Closed Periods

Dealing in the Company's Securities by Designated Persons outside the trading window(s) as listed above in clause 3.3 is prohibited.

For clarity, these "**closed periods**" are defined as follows:

- (a) in the period between 31 working days after the release of the Company's half yearly results announcement to the ASX and 24 hours after the release of the Company's annual results announcement to the ASX; and
- (b) in the period between 31 working days after the close of the Company's annual general meeting and 24 hours after the release of the Company's half yearly results announcement to

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the ASX,

with the only exception being in the circumstances where the Chairman has decided to open the trading window within a closed period, as referred to in 3.3 (c) above.

3.5 Trading exclusions from this policy

The Company acknowledges there are some forms of trading which because of its 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:

- (a) Transfers of securities of the Company already held by a Designated Person into a superannuation fund or other saving scheme in 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 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 rate 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.

3.6 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,

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then approval may be given by the “**Notification Officer**” in 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 his/her 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 **Exceptional Circumstances** to only exist where a Designated Person is encountering a severe financial hardship and needs to trade in the Company’s securities in order to avoid a further deterioration in their financial circumstances.

For purposes of this policy, the **Notification Officer** will be in the first instance be the Company Secretary, or in their absence, be the Managing Director.

3.7 Extension of trading policy

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

4 Approval and Notification Requirements

4.1 Approval Requirements – Directors

- (a) Any Director wishing to buy, sell or exercise rights in relation to the Company’s securities during a closed period must obtain the prior written approval of the Chairman or the Board before doing so; or
- (b) If the Chairman wishes to buy, sell or exercise rights in relation to the Company’s securities during a closed period, the Chairman must obtain the prior written approval of the Board before doing so.

4.2 Approval Requirements – Key Management Personnel

- (a) Any Key Management Personnel wishing to buy, sell or exercise rights in relation to the Company’s securities during a closed period must obtain the prior written approval of the Notification Officer prior to doing so.
- (b) For the purpose of this policy, “Key Management Personnel”

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are defined as:

- (i) any direct reports of the Managing Director; and
- (ii) any other person designated by the Managing Director as key management personnel on the basis that they have authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly.

4.3 Notification Requirements – Directors and Key Management Personnel

Any Director or Key Management Personnel who (or through his or her Associates) buys, sells, or exercises rights in relation to Company Securities **must** notify the Notification Officer within two business days of the transaction occurring, including such information as the number of shares affected and the relevant parties to the dealing.

This notification obligation operates at all times but does not apply to acquisitions of shares, options or performance rights made under an employee share, options or performance rights plan, nor does it apply to the acquisition of shares as a result of the exercise of options or performance rights under an employee option or performance rights plan.

5 Prohibitions

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 in products associated with the Company's Securities which operate to limit the economic risk of their security holding in the Company (eg hedging arrangements).

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- 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.
- 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 TRS 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 Darren Briggs, Company Secretary.