



# **BAUMART HOLDINGS LIMITED**

ACN 602 638 531

## **SECURITIES TRADING POLICY**

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Approved by the Board of BauMart Holdings Limited on 12 May 2015.

# BAUMART HOLDINGS LIMITED

ACN 602 638 531

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## 1 INTRODUCTION

Employees and directors of BauMart Holdings Limited ACN 602 638 531 531 (**BauMart** or the **Company** and, together with its controlled entities, the **Group**) may have in their possession sensitive commercial information which could materially affect the value of financial products traded on ASX markets.

Even the suggestion of insider trading by an employee or director would do great harm to the employee/director and also to the Company irrespective of whether insider trading actually occurs or is proven. The Corporations Act 2001 prohibits insider trading in relation to financial products. The provisions are wide-ranging and breaches are considered serious offences.

This document:

- (a) provides an outline of the insider trading and other relevant provisions of the Corporations Act;
- (b) sets out the rules relating to dealings by employees and directors in securities issued by the Company; and
- (c) sets out the rules relating to dealings by employees and directors in financial products issued over the Company's securities by third parties such as warrants, options and futures.

The Securities Trading Policy (the **Policy**) is designed to assist in preventing breaches or the appearance of breaches of the insider trading provisions of the Corporations Act. Ultimately it is the responsibility of the employee and director to ensure that none of his or her dealings could constitute insider trading.

## 2 INSIDER TRADING PROHIBITION

### 2.1 The nature of the Prohibition

Section 1043A (of Part 7.10, Division 3) of the Corporations Act makes it an offence for a person in possession of information that is not generally available but which, if generally available, might materially impact the price or value of a financial product to:

- trade in (i.e. apply for, acquire or dispose of, or enter into an agreement to do any of these things); or
- procure another person to trade in, financial products (collectively referred to as "deal in financial products").

It is also an offence to "tip" the information to another person with the knowledge that the person could deal in financial products. Accordingly the effect of this section cannot be avoided by simply getting another person to deal on your behalf.

### 2.2 How You Become Aware of the Information is Irrelevant

It is irrelevant how or in what capacity the person came into possession of the information.

This means that s.1043A will apply to any employee or director who acquires "inside information" in relation to a financial product, no matter in which capacity.

### 2.3 Information Which Might Affect Price Value

The prohibition referred to in Clauses 2.1 and 4.3 refers to unpublished information which, if generally available, might materially impact the price or value of financial products.

### 2.4 What Does Information Include?

"Information" includes matters of supposition or speculation and matters relating to the intentions or likely intentions of a person.

### 2.5 Securities of Another Company

The prohibition on insider trading is not restricted to information concerning the Company's securities. If a person has inside information in relation to securities of another company, that person must not deal in those securities.

## 2.6 What Information Might Materially Affect Price or Value?

This means information that a reasonable person would expect to have a material effect on the price or value of financial products. A reasonable person would be taken to expect information to have a material effect on price or value if the information would be likely to influence persons who commonly invest in financial products whether or not to do so.

Examples of this type of information which might affect the price or value of the Company's securities include:

- proposed changes in the capital structure, capital returns and buy backs of financial products;
- information relating to the Company's financial results;
- a material acquisition, divestment or realisation of assets;
- proposed dividends and share issues;
- changes to the Board;
- possible events which could have a material impact on profits (negatively or positively) e.g. loss of a major customer;
- proposed changes in the nature of the business of the Company;
- notification to the Company of a substantial shareholding; and
- any information required to be announced to the market pursuant to Listing Rule 3.1.

## 2.7 What does "Unpublished" Mean?

"Unpublished" for this purpose means that the information is not generally available. Information is generally available if it consists of readily observable matter, or it has been disseminated in a manner likely to bring it to the attention of investors and a reasonable period has elapsed.

ASX publishes information to the market by releasing ASX announcements through the Company Announcements Platform. All announcements by the Company are available on [www.asx.com.au](http://www.asx.com.au) or the Company's website on [www.baumart.com.au](http://www.baumart.com.au).

## 3 OTHER RELEVANT CORPORATIONS ACT PROVISIONS

Officers<sup>1</sup> and employees of the Company are subject to the duties set out in sections 182, 183 and 184 of the Corporations Act. Officers of the Company are subject to additional duties outlined in sections 180 and 181 of the Corporations Act.

### 3.1 No Improper Use of Inside Information (s.183 and s.184)

An officer or employee, or former officer or employee must not make improper use of information acquired by virtue of his or her position as such an officer or employee to gain, directly or indirectly, an advantage for himself or herself or for any other person, or to cause detriment to the Company.

### 3.2 No Gain by Improper Use of Position (s.182 and s.184)

An officer or employee must not make improper use of his or her position as such an officer or employee, to gain, directly or indirectly, an advantage for himself or herself or for any other person, or to cause detriment to the Company.

### 3.3 Care and Diligence (s.180)

An officer must exercise their powers and discharge their duties with the degree of care and diligence a reasonable person would exercise in the same circumstances.

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<sup>1</sup> Includes a director, secretary or executive officer of BauMart Holdings Limited. An executive officer is a person concerned in, or taking part in, the management of BauMart Holdings Limited.

## 3.4 Good Faith (s.181 and s.184)

An officer must exercise their powers and discharge their duties in good faith in the best interests of the Company and for a proper purpose. An officer commits an offence if they are reckless or are intentionally dishonest and fail to exercise their powers and discharge their duties in good faith in the best interests of the Company and for a proper purpose.

## 4 DEALING IN COMPANY SECURITIES

### 4.1 No Dealing Permitted During a Closed Period

Subject to Clauses 4.2 to 4.9, employees and directors are permitted to deal in Company securities throughout the year except during the following periods:

- (a) the period commencing one month prior to the release of the Company's half-yearly results to ASX and ending 24 hours after such release;
- (b) the period commencing one month prior to the release of the Company's full year results to ASX and ending 24 hours after such release; and
- (c) the period commencing two weeks prior to the Company's annual general meeting and ending 24 hours after the annual general meeting.

Each period is referred to as a Closed Period. The period where dealing is permitted is called the Trading Period.

### 4.2 Requirement to Notify Before Dealing

An employee or director must not deal in Company securities without **first**:

- completing and forwarding a Notification Form to Deal in Company securities [Attachment A] with Part A duly completed to the Notification Officer [refer to Attachment B]; and
- confirming with the Notification Officer that he or she is prepared to complete Part B of the Notification Form to Deal in Company securities.

### 4.3 Prohibition in Dealing While in Possession of Relevant Information and During a Prohibited Period

Dealing in Company securities is subject to the prohibition that an employee or director must not deal in Company securities:

- at any time when he or she is in possession of unpublished information which, if generally available, might materially affect the price or value of those Company securities;
- at any time when the Company has imposed a Prohibited Period, during which time the Company is considering matters which are subject to Listing Rule 3.1A; and
- on the day the public announcement is made in relation to that matter.

### 4.4 Prohibition on Active Dealing

Dealing during a Trading Period is subject to the prohibition that an employee and director must not actively deal in Company securities with a view to deriving profit-related income from that activity. "Actively Deal" for this purpose means to deal in Company securities in a manner which involves frequent and regular trading activity.

The Company wishes to encourage directors, officers and employees to adopt a long term attitude to investment in the Company's securities. It is also important that trading in the Company's securities by the Company's management does not send a negative message to the market about a lack of confidence in the Company's securities, a lack of loyalty of the Company's management or is conducted in a way which may suggest that a trade was motivated by inside information.

## 4.5 The Effect of Notification

Notification of any dealing in Company securities to the Notification Officer and the completion of Part B of the “Notification Form to Deal in Company Securities” does **not** constitute approval by or on behalf of the Company of the relevant dealing.

However, it is the responsibility of the Notification Officer on receiving the “Notification Form to Deal in Company Securities”, to consider the circumstances of the employee concerned and either to:

- complete Part B of the “Notification Form to Deal In Company Securities”; or
- direct the employee that the relevant dealing ought not be undertaken.

An employee must comply with the direction given by the Notification Officer.

## 4.6 Written Clearance to Deal During a Closed Period

If there are exceptional circumstances, then approval may be given by the Chairman (or equivalent).

The Chairman may grant the employee or director written clearance to deal in the Company’s securities during a Closed Period if the Chairman is satisfied that the person’s circumstances amount to exceptional circumstances due to:

- (a) the person suffering severe and unforeseen financial hardship;
- (b) the person suffering severe and unforeseen health issues;
- (c) the person being bound by a court order, enforceable undertaking or other legal or regulatory requirement to transfer or sell securities of the Company; or
- (d) the person’s circumstances being otherwise exceptional and the proposed dealing is the only reasonable course of action available.

Any such written clearance must be obtained in advance. It cannot be given after the event.

A dealing for which such written clearance is given remains subject to Clauses 4.3, 4.4, 4.5 and 4.7.

The discretion will be applied, taking into account the hardship of the employee or director and weighing this against any perceived detriment to the Company’s reputation.

Written clearance will not be granted to any employee or director to deal in the Company’s securities during a Prohibited Period.

## 4.7 Confirmation of Dealing that has Occurred

The Company may require an employee to provide confirmation of dealing in Company financial products by an employee or his/her associate(s).

## 4.8 Notice of Change to Trading Period or Closed Period

A Closed Period, as outlined in Clause 4.1, may be extended or shortened or another Closed Period may be introduced at any time by direction of the Managing Director. Notice of such changes will be specified to employees by email and to directors by email and/or facsimile. Changes to a Closed Period or Trading Period are effective immediately upon the giving of such notice. Where an employee does not have email access it is the Managing Director’s responsibility to inform the employee.

A dealing during any such change remains subject to Clauses 4.3, 4.4, 4.5, 4.6 and 4.7.

## 4.9 Director Requirement to Report to the market: Listing Rule 3.19A

In accordance with the Agreement between directors and the Company, directors are required to provide details of all changes to their interest in Company securities registered in the name of the director or held on behalf of the director, directly or indirectly. The details must be provided as soon as reasonably possible after the date of the change and in any event no later than three business days after the change or another time frame agreed with Company Secretary of the Company which allows for compliance with the listing rule obligations.

## 5 PROHIBITION IN DEALING IN FINANCIAL PRODUCTS ISSUED OVER COMPANY SECURITIES BY THIRD PARTIES

Employees and directors 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 shares by third parties such as banks and other institutions traded on either ASX markets or any other market. An exception may apply where the Company's shares form a component of a listed portfolio or index product.

## 6 PROHIBITION ON DERIVATIVES AND HEDGING ARRANGEMENTS OVER COMPANY SECURITIES

Employees and directors are **not** permitted to use, at any time, derivatives or hedging arrangements that operate or are intended to operate to limit the economic risk of security holdings over unvested Company securities.

Derivative or hedging arrangements over vested Company securities by a director will be publicly disclosed by the Company.

## 7 RELATED PARTIES AND RELEVANT INTERESTS

The restrictions on dealings by an employee or director are equally applicable to any dealings:

- (a) by their spouses or de facto spouses;
- (b) by or on behalf of any dependant under 18 years of age; and
- (c) any other dealings in which, for the purposes of the *Corporations Act*, he or she is or is to be treated as interested<sup>2</sup>. For example, if an employee or director is a trustee of a trust and is also a beneficiary of the trust.

## 8 DEALING NOT SUBJECT TO THE SECURITIES TRADING POLICY

This Policy does not apply in the following circumstances:

- (a) Participation in, or purchases made on behalf of individuals under, any Company sponsored security plan. The Company will ensure that purchases carried out under such plans are undertaken in accordance with those plans which may occur inside or outside of Closed Periods. However, any subsequent sale of the Company's securities acquired under those plans by an employee or directors is subject to this Policy;
- (b) Undertakings to accept, or the acceptance of, a takeover offer;
- (c) Transfers of Company securities resulting in no change in beneficial interests in those securities (e.g. the transfer from one personal security holding to another);

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<sup>2</sup> Section 608 of the *Corporations Act* sets out the rules relating to relevant interests. The basic rule is a person has a relevant interest in securities if they are holding, or controlling the voting or disposal, of such securities, including through trusts, company structures and under agreements, with a number of carve outs for nominee holdings and the like. Section 609 of the *Corporations Act* sets out the situations not giving rise to relevant interests.

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- (d) Participation in, acceptance of, or trading under an offer or invitation made to all or most of the security holders, such as, a rights issue, a share 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. 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;
- (e) A disposal of securities of the Company that is the result of a secured lender exercising their rights under a loan agreement;
- (f) Where an employee or director is a trustee, trading in the securities of the Company by that trust provided the designated officer is not a beneficiary of the trust and any decision to trade during a Non Trading Period is taken by the other trustees or by the investment managers independently of the designated officer,
- (g) Trading under a non-discretionary trading plan or employee share plan of the Company for which prior written clearance has been provided in accordance with procedures set out in this Policy and where:
  - (i) the employee or director did not enter into the plan or amend the plan during a Closed Period; and
  - (ii) the trading plan does not permit the employee or director to exercise any influence or discretion over how, when or whether to trade.

## 9 EMPLOYMENT AND MONITORING OF COMPLIANCE

To promote understanding of the insider trading prohibition, related *Corporations Act* provisions, ASX policy and the Company policy, a copy of this document will be distributed to all employees and directors (present and future). The induction procedures for new employees and directors must require that a copy of this document be provided to each new employee and director.

## 10 ASX LISTING RULE REQUIREMENTS

It is a requirement for admission to the official list of ASX, and an on-going requirement for listing, that the Company has a policy for trading in company securities.

The Company will give a copy of this policy to ASX for release to the market. The Company will also give any amended version of this policy to ASX when it makes a change to: the periods within which directors, officers and employees are prohibited from trading in the Company's securities; the trading that is excluded from the operation of the policy; or the exceptional circumstances in which directors, officers and employees may be permitted to trade during a Prohibited Period within five business days of the amendments taking effect. The Company will also give this policy to ASX immediately on request by ASX.

## 11 CONCLUSION

Compliance with the rules set out in this document is mandatory. Infringement of the insider trading provisions can attract a substantial monetary penalty, imprisonment or both.

Any employee or director who does not comply with this Securities Trading Policy will be considered to have engaged in serious misconduct which may result in the termination of their engagement by the Company.



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## DEFINITIONS

<b>ASIC</b>	means the Australian Securities & Investments Commission (ABN 86 768 265 615)
<b>ASX</b>	means ASX Limited (ABN 98 008 624 691) and where the context permits the Australian Securities Exchange operated by ASX Limited.
<b>ASX Listing Rules and Listing Rules</b>	mean the official listing rules of ASX.
<b>Closed Period</b>	means a period specified in Clause 4.1.
<b>Company or BauMart</b>	means BauMart Holdings Limited (ACN 602 638 531).
<b>Director</b>	means a director of any company in the Company and its controlled entities.
<b>Employee</b>	means full-time, part-time and casual employees of the Company and its controlled entities.
<b>Financial product</b>	includes: <ul style="list-style-type: none"><li>▪ debentures, stocks or bonds issued or proposed to be issued by a government;</li><li>▪ shares;</li><li>▪ interests in a managed investment scheme;</li><li>▪ units;</li><li>▪ warrants;</li><li>▪ options;</li><li>▪ futures; and</li><li>▪ any other products that are able to be traded on a financial market.</li></ul>
<b>Prohibited Period</b>	means a period during which the Company's Employees and Directors are prohibited from trading, which are imposed by the Company from time to time when the Company is considering matters which are subject to Listing Rule 3.1A.

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## ATTACHMENT A - NOTIFICATION FORM TO DEAL IN COMPANY SECURITIES<sup>3</sup>

### PART A: For completion by Employee or Director

Name of Employee or Director	
Description of securities (ie. number and type of securities)	
Type of Transaction (ie. sale, purchase, subscription, agreement)	
Proposed Date of Transaction	

### Exceptional circumstances (only complete for proposed dealings pursuant to Clause 4.6)

I request permission to trade during a Closed Period because of exceptional circumstances as described below:

I confirm that:

- 1.1 I am not in possession of any unpublished information which, if generally available, might materially affect the price or value of the Company's securities; and
- 1.2 the transaction in the Company's securities above described does not contravene the rules of the Company concerning dealing in Company securities.

Signed: ..... Dated: .....

### PART B: For Completion by Notification Officer

I confirm that I am not aware of any circumstances pursuant to which the employee named above is or is likely to be in possession of unpublished information which, if generally available, might materially affect the price or value of the Company's securities.

Name: ..... Title: .....

Signature: ..... Dated: .....

### PART C: For Completion by Chairman (where permission is being sought for proposed dealings pursuant to Clause 4.6)

I have reviewed this Notification Form and give my consent to the proposed dealing which is expected to occur during a Closed Period due to the exceptional circumstances described above.

Signature: ..... Dated: .....

**The completed Notification Form is to be sent to the Company Secretary.**

<sup>3</sup> Signing of Notification Form is valid for 2 weeks unless otherwise specified

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## ATTACHMENT B - NOTIFICATION OFFICERS

<b>AREA</b>	<b>NOTIFICATION OFFICER (in their absence, their authorised delegate)</b>
Employees	Company Secretary
Non-Executive Directors	Managing Director (or equivalent)
Executive Directors	Chairman (or equivalent)