

## JB Hi-Fi Limited – Securities Trading Policy

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### 1. Introduction and scope of this Policy

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#### Purpose and objectives

- 1.1 This document sets out the securities trading policy (**Policy**) of JB Hi-Fi Limited (**the Company**) on Dealing in Securities (and in particular, Dealing in JB Hi-Fi's Securities).
- 1.2 The Company seeks to promote security holder and general market confidence in the Company. The Directors and Employees of the JB Hi-Fi Group (including the employees of the companies carrying on the JB Hi-Fi and Good Guys businesses) are therefore required to conduct their personal investment activity in a manner that is lawful and avoids conflicts of interest between the Director's or Employee's personal interests and those of the Company and its businesses.
- 1.3 The Policy is specifically designed to raise awareness, avoid any breach of the law and minimise the possibility of any misunderstanding or suspicion arising from Directors or Employees trading in the Company's Securities. The Policy also aims to assist the Company in its disclosure and reporting requirements.
- 1.4 This Policy is comprised of 4 sections:
  - (a) Section 1 – Introduction and scope of this Policy.
  - (b) Section 2 – The insider trading prohibition – compliance with the law.
  - (c) Section 3 – JB Hi-Fi's Securities Trading Policy (the Company's policy relating to a Key Person's ability to Deal in Securities).
  - (d) Section 4 – Glossary/key terms and definitions used in this Policy.

#### Application of the Policy – Who does the Policy apply to?

- 1.5 The Company has adopted this Policy which applies to all of the JB Hi-Fi Group's Key Persons and Employees. The Policy also applies to any contractor or consultant specified by the Company Secretary. By virtue of their role and position within the JB Hi-Fi Group, Key Persons need to take particular care in relation to Dealings in JB Hi-Fi's Securities due to the potential for adverse public perceptions to be formed about those Dealings (and the resulting impact on the personal reputation of those Key Persons and market confidence in the integrity of the Company's corporate governance). Accordingly, specific responsibilities and obligations apply under this Policy to the JB Hi-Fi Group's Key Persons. In summary:
  - All Sections of this Policy apply to Key Persons.
  - Only Sections 1 and 2 of this Policy apply to all other Employees.
- 1.6 The JB Hi-Fi Group's Key Persons include the Directors of JB Hi-Fi Limited (whether non-executive or executive), the Group Executive team, the Executive teams of the JB Hi-Fi and Good Guys businesses, members of the senior management teams of each business, area managers, territory managers, Employees based at the JB Hi-Fi or Good Guys Support Offices in Australia and New Zealand, store managers, store office administrators, store administrators and any other Employee that the Company Secretary from time to time designates as a Key Person for the purposes of this Policy.

- 1.7 It is important for all Employees to remember that, although many of the responsibilities and obligations under this Policy only apply to Key Persons, the insider trading prohibitions set out in the Corporations Act and discussed in section 2, apply to all persons (including all Employees and family members of any Employees).
- 1.8 Directors and Employees of JB Hi-Fi Group companies should also remember that the Corporations Act prohibits them from improperly using information which they obtain in their capacity as Directors and Employees of those companies for the purpose of gaining an advantage for themselves or someone else.

## **Consequences for breach of the law and Policy**

- 1.9 Insider trading is a serious criminal offence. Breach of the insider trading laws by any Employee may subject that Employee to:
- (a) criminal liability – attracting potential fines and imprisonment; and
  - (b) civil liability – civil penalties and compensation orders may also be issued against persons who engage in insider trading.
- 1.10 In addition to the consequences applicable as a result of any breach of law, contravention by any Employee of any applicable part of this Policy will also be regarded by the Company as serious misconduct which may lead to the Company taking disciplinary action, including dismissal in serious cases.

## **Further advice**

- 1.11 If you do not understand any aspect of this Policy including the summary of the law relating to insider trading, or if you are confused as to the application of the Policy or whether the law applies to you, please contact the Company Secretary for guidance. However, neither this Policy nor any guidance from the Company Secretary should be taken as legal advice. At all times you are ultimately responsible for ensuring that you comply with the law and you may therefore wish to seek your own professional legal advice before Dealing in securities and, in particular, JB Hi-Fi Securities. If you have any doubts about your compliance with this Policy we suggest that you do not Deal with the Securities in question until you have clarified your position.

## **Adoption of this Policy**

- 1.12 This Policy has effect from 28 November 2016.

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## 2. The insider trading prohibition

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### What is insider trading?

- 2.1 Consistent with the law, all Employees are prohibited **in all circumstances** from Dealing in Securities **at any time** if they are in possession of Inside Information (see paragraph 2.3 below) **whether or not this Policy permits them to trade**.
- 2.2 If you have Inside Information (as defined in paragraph 2.3 below) relating to the JB Hi-Fi Group it is illegal for you to:
- (a) Deal in JB Hi-Fi's Securities or enter into an agreement to do so; or
  - (b) procure or encourage another person to Deal in JB Hi-Fi'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 Inside Information to engage in the activities specified in paragraphs (a) or (b) above.

These prohibitions generally apply equally to the application for, grant, exercise or transfer of an option over JB Hi-Fi's Securities. However some exceptions exist in relation to JB Hi-Fi Option Plans as set out in sections 2.9 to 2.11 below.

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 JB Hi-Fi Group 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 JB Hi-Fi's Securities nor may you give "tips" concerning Inside Information relating to the JB Hi-Fi Group to others, including friends or customers. These actions would also breach the insider trading laws.

### What is Inside Information?

- 2.3 Inside Information includes information relating to the JB Hi-Fi Group which is not generally available and that, if the information were generally available, a reasonable person would expect to have a material effect on the price or value of JB Hi-Fi's Securities (see ***Inside Information definition in Glossary***). Information can include matters of speculation or supposition and matters relating to intentions or likely intentions of a person.

A reasonable person would expect information 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 JB Hi-Fi's Securities.

Examples of Inside Information could be:

- (a) the financial performance of the Company against its budget or of any of its businesses against their budgets;
- (b) changes in the Company's actual or anticipated financial condition or business performance;
- (c) an actual or proposed takeover or merger by, or of, the Company;

- (d) actual or proposed changes in the capital structure of the Company, including proposals to raise additional equity or borrowings;
- (e) proposed changes in the nature of the business of the Company or any of its businesses;
- (f) changes to the Board of Directors or significant changes in senior management;
- (g) an undisclosed significant change in the market share held by one or more of the Company's businesses;
- (h) likely or actual entry into, or loss of, a material contract by a JB Hi-Fi Group company;
- (i) material acquisitions or sales of assets by a JB Hi-Fi Group company;
- (j) a proposed dividend or other distribution or a change in dividend policy; or
- (k) a material claim against a JB Hi-Fi Group company or other unexpected liability.

## **When is information generally available?**

2.4 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 the ASX or has been made known in a manner which would be likely to bring it 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:

- (d) a change in legislation which will affect the Company's ability to make certain types of investments or trading activities; or
- (e) a severe downturn in global securities markets.

## **The insider trading prohibition is not limited to JB Hi-Fi information**

2.5 The insider trading laws in the Corporations Act also apply equally to any situation where Inside Information is obtained by an Employee in respect of Securities of another company, in the same way as it applies to Inside Information relating to Securities of JB Hi-Fi.

## **Extension of restrictions to family members and others**

2.6 A number of the restrictions described in this Policy prohibit the communication of Inside Information to other people or arranging for, or encouraging, another person to trade in Securities.

2.7 Where a person related to or closely connected with an Employee undertakes trading in Securities which are restricted by this Policy, there is often a presumption that such person has been privy to information which is held by the Employee. If that presumption

is correct, both the Employee and the other person may have engaged in insider trading. Even if that presumption is incorrect, such trading may create a perception of insider trading.

2.8 Accordingly, to the extent that it is within Employee's power to do so, Employees should ensure that any Securities trading which is prohibited by this Policy is not undertaken by:

- (a) their spouse, partner or child;
- (b) relatives living in the Employee's home or to whom material support is contributed;
- (c) a company or trust over which the Employee has influence or control (regardless of who is the beneficiary) including any self managed superannuation fund;
- (d) a trust of which the Employee is a beneficiary (other than a trust over which the Employee exercises no control, i.e. a third person or entity exercises exclusive discretionary authority); and
- (e) any other person over whom an Employee has investment control or influence.

Please note that an adverse perception can easily be formed by a third party even though the Employee did not intend to break, and has not actually broken, the law. For example, innocently or inadvertently mentioning something happening at work to a relation or friend who subsequently makes money from trading in JB Hi-Fi shares may result in a perception that you intended them to benefit financially from the information.

## JB Hi-Fi's Option Plans

2.9 The insider trading laws do not prevent Employees who are in possession of Inside Information from being granted, applying for or exercising options under any JB Hi-Fi Option Plan.

2.10 Accordingly, the insider trading laws will not prevent an Employee from acquiring or exercising options to acquire or subscribe for shares under any JB Hi-Fi Option Plan.

2.11 However, the insider trading laws will prohibit any Employee from:

- (a) acquiring JB Hi-Fi Securities on-market;
- (b) Dealing with JB Hi-Fi Securities which are the result of the exercise of any options acquired under a JB Hi-Fi Option Plan; or
- (c) Dealing with the options acquired under a JB Hi-Fi Option Plan (other than acquiring and exercising them as set out in Paragraph 2.10 above). For the avoidance of doubt this prohibition includes selling any such options under any facility made available by the Company or accepting any cancellation offer made by the Company in respect of any such options.

## 3. JB Hi-Fi's Securities Trading Policy

### Dealings by Key Persons - What does this Policy apply to?

- 3.1 All Dealing in Securities by Key Persons must be in accordance with this Policy.
- 3.2 Unless expressly exempted by the law as described in sections 2.9 and 2.10, no Dealing in any Securities is permitted by a Key Person if that Key Person is in possession of Inside Information. **The insider trading prohibitions are overriding obligations and apply at all times, despite all other terms of this Policy.** Accordingly, Key Persons should consider carefully whether they are in possession of any Inside Information before they Deal in any Securities. If a Key Person is unsure whether or not they are in possession of Inside Information, he or she should not Deal in Securities and should consider obtaining independent legal advice.

### Short Term or Speculative Dealing

- 3.3 Key Persons are encouraged to be long-term holders of JB Hi-Fi Securities and may not therefore Deal in the same JB Hi-Fi Securities within any 6 month period. This is because speculation by Key Persons to take advantage of short-term fluctuations in JB Hi-Fi Securities could raise questions, or give rise to perceptions, about the integrity of the Company or its senior staff.
- 3.4 Exceptions to the 6 month restriction apply in limited circumstances in relation to JB Hi-Fi's Option Plans. The prohibition does not prevent the acquisition, vesting or exercising of options under such schemes or the subsequent sale of the resulting JB Hi-Fi Securities within a 6 month period.

### Closed Periods and Trading Windows

- 3.5 Due to the risk of misunderstanding or suspicion arising in relation to Key Persons Dealing in JB Hi-Fi Securities while in possession of Insider Information, Key Persons are only permitted to Deal in JB Hi-Fi Securities during specific limited periods during the year (Trading Windows). All other periods are Closed Periods.
- 3.6 Except in certain limited circumstances set out below, no Dealing by any Key Person in JB Hi-Fi Securities is permitted at any time during a Closed Period, except with the prior written approval of the Company Secretary.
- 3.7 The Trading Windows and Closed Periods for the Company are as follows:

| Period         | Circumstance  |
|----------------|---|
| Trading Window | In the period beginning upon the day following lodgement of the Company's half year profit announcements with the ASX and concluding 4 weeks after lodgement. |
| Trading Window | In the period beginning upon the day following lodgement of the Company's annual profit announcement with the ASX and concluding 4 weeks after lodgement.     |
| Trading Window | In the period beginning on the day after the Company's annual general meeting and concluding 4 weeks after that meeting.                                      |

| Period         | Circumstance    |
|----------------|-----------------|
| Closed Periods | All other times |

- 3.8 During Trading Windows, Key Persons may Deal in JB Hi-Fi Securities provided that they do not possess any Inside Information in relation to those Securities. However:
- (a) the Directors (whether non-executive or executive);
  - (b) members of the Group Executive team, the JB Hi-Fi Executive team, the Good Guys Executive team and the Company Secretary;
  - (c) the direct reports of the JB Hi-Fi Chief Financial Officer and the Good Guys Chief Financial Officer; and
  - (d) any other person designated by the Company Secretary,
- may only Deal in Securities during the Trading Windows having obtained the prior written approval of the Relevant Company Officer, using the Approval Request Form (a copy of which is attached to this Policy as Annexure A). The Approval Request Form should be submitted to the Company Secretary who will, where necessary, forward it to the Relevant Company Officer. The decision to give or refuse approval is entirely at the discretion of the Relevant Company Officer (who is not required to give any reasons for his or her decision) and the decision of the Relevant Company Officer is final and binding on the Key Person seeking approval. Any refusal of approval by the Relevant Company Officer is a confidential matter which must not be disclosed to any other person, save to the extent necessary to comply with this Policy (in particular section 2.8). Any approval given by the Relevant Company Officer will be valid for a period of 5 trading days, commencing on the date it is given. Any approval given may be revoked in writing (including by email) by the Relevant Company Officer prior to Dealing taking place if new information comes to light, or there is a change in circumstances, such as where the Relevant Company Officer believes that, between the date of approval and the date of Dealing, the relevant Key Person has become aware of Inside Information. For the avoidance of doubt, subject to the other provisions of this Policy, other Key Persons do not require consent to Deal during the Trading Windows.
- 3.9 Any approval given under section 3.8 by the Relevant Company Officer to a Dealing in Securities is intended as a compliance monitoring function only and must not be taken as an endorsement of the proposed Dealing or legal advice that the Dealing is in accordance with the law. Each Key Person remains individually responsible for his or her own investment decisions and compliance with the law (including the insider trading prohibitions) and this Policy. Key Persons should remember, in particular, that the insider trading prohibitions are overriding obligations and apply at all times, despite all other terms of this Policy. In particular, if a Key Person is in possession of Inside Information, he or she must not Deal in JB Hi-Fi Securities, even if approval has been given by the Relevant Company Officer.
- 3.10 the Company may, from time to time, also restrict Dealing in JB Hi-Fi Securities (or other Securities) during any Trading Window by all or particular Key Persons or other Employees by notice to them where it believes that this is appropriate, for example, where such persons are aware of facts which might have a material effect on the share price if known to the market. Any restriction on Dealing in JB Hi-Fi Securities during a

Trading Window which is notified by the Company to all or particular Key Persons or other Employees is a confidential matter which must not be disclosed by the relevant Key Persons or other Employees to any other person, save to the extent necessary to comply with this Policy (in particular section 2.8).

- 3.11 Any part of a Trading Window where trading is prohibited by the Company is known as a Prohibited Period. Key Persons should, therefore, not take it for granted that they will be able to deal in JB Hi-Fi Securities at all times during Trading Windows. This may prevent, for example, Key Persons selling, and realising the value of, shares resulting from the exercise of options under a JB Hi-Fi Option Plan at a particular time, even though the Plan rules would otherwise allow this.

### **Types of Dealing by Key Persons excluded from operation of Policy**

- 3.12 The Closed Periods, Prohibited Periods and requirements to obtain prior approval to Dealing do not apply to certain activities in relation to JB Hi-Fi's Option Plans as described in sections 2.9 and 2.10. Accordingly, options to acquire or subscribe for JB Hi-Fi Securities under any JB Hi-Fi Option Plan may be acquired or exercised by any Key Person during a Closed Period or Prohibited Period without obtaining prior approval. However, any other Dealing with such options or Dealings with JB Hi-Fi Securities which are the result of any such exercise (including selling shares acquired upon the exercise of options under the JB Hi-Fi Option Plans), will be subject to the restrictions set out in this Policy, including the restrictions that apply during the Closed Periods and Prohibited Periods and the need to obtain prior approval to Dealing.
- 3.13 The restrictions in this Policy also do not apply where the proposed Dealing:
- involves subscribing for JB Hi-Fi Securities pursuant to a pro rata issue;
  - involves the application for JB Hi-Fi Securities under any JB Hi-Fi Option Plan at any time whether or not within a Closed Period or Prohibited Period;
  - involves the application for JB Hi-Fi Securities under any dividend reinvestment plan at any time whether or not within a Closed Period or Prohibited Period, provided that the Key Person did not commence or amend his or her participation in the dividend reinvestment plan during a Closed Period or Prohibited Period, and that the Key Person is not permitted to withdraw from the dividend reinvestment plan during a Closed Period or Prohibited Period;
  - involves Dealing by a Key Person where the trading results in no change in beneficial interest in JB Hi-Fi Securities;
  - occurs via investments in a scheme or other arrangement where:
    - the investment decisions are exercised by a third party, where the relevant Key Person has no control or influence with respect to trading decisions; and
    - if the Key Person is a Director, the Dealing is not disclosable to the ASX in accordance with the ASX listing rules; or
  - occurs under an offer to all or most of the security holders in JB Hi-Fi.

However, the disposal of Securities acquired under any JB Hi-Fi Option Plan will require approval if otherwise required under this Policy.



## Approval to Deal in Closed Periods and Prohibited Periods

- 3.14 If any Key Person wishes to Deal in JB Hi-Fi Securities within a Closed Period or Prohibited Period, the relevant Key Person must obtain the prior written approval of the Relevant Company Officer using the Approval Request Form (a copy of which is attached to this Policy as Annexure A). The Approval Request Form should be submitted to the Company Secretary who will, where necessary, forward it to the Relevant Company Officer. Any approval given may be revoked in writing by the Relevant Company Officer prior to Dealing taking place if new information comes to light, or there is a change in circumstances, such as where the Relevant Company Officer comes to believe that, between the date of approval and the date of Dealing, the relevant Key Person has become aware of Inside Information. Details of all Dealings in a Closed Period or Prohibited Period must be advised in writing to the Company Secretary, making reference to the prior approval, as soon as they have taken place and, in any case, not more than 48 hours afterwards.
- 3.15 The Relevant Company Officer is only likely to approve dealing by a Key Person within a Closed Period or Prohibited Period in certain circumstances. These may include, without limitation, where:
- (a) the Key Person is in severe financial hardship or difficulty, meaning the Key Person has a pressing financial commitment that can only be satisfied by selling JB Hi-Fi Securities;
  - (b) the proposed Dealing involves the transfer of JB Hi-Fi Securities to a connected person such as a spouse or partner, immediate family member, a company or family trust under the control or influence of the Key Person or any superannuation fund relating to the Key Person;
  - (c) the Company believes all information relevant to the value of JB Hi-Fi Securities has recently been disclosed to the market, for example, if a prospectus has just been issued; or
  - (d) other exceptional circumstances exist such as where the Employee is required by law, court order, or court enforceable undertakings (e.g. family settlement) to sell the relevant JB Hi-Fi Securities,

provided that:

- (e) the Key Person is not actually in possession of Inside Information in relation to JB Hi-Fi Securities; **and**
- (f) the Key Person has sought and obtained prior written approval to dispose of the JB Hi-Fi Securities in accordance with this Policy.

Key Persons should note, however, that the decision is entirely at the discretion of the Relevant Company Officer (who is not required to give any reasons for his or her decision), and the decision of the Relevant Company Officer is final and binding on Key Persons. Any refusal by the Relevant Company Officer to approve Dealing by a Key Person within a Closed Period or Prohibited Period is a confidential matter which must not be disclosed to any other person, save to the extent necessary to comply with this Policy (in particular section 2.8). The Relevant Company Officer is likely to be particularly

wary of granting approval at times when there is an increased risk of misunderstanding or suspicion arising in relation to Key Persons Dealing in JB Hi-Fi Securities while in possession of Inside Information. This might be the case, for example, in the weeks between the end of a financial period and the release to the market of results for that period. The Relevant Company Officer may also require Key Persons to produce evidence of any circumstances which the Key Person claims justify the Dealing being approved. For example, if the Key Person claims to be in severe financial difficulty, the Relevant Company Officer may request the Key Person to produce reasonable evidence of the pressing financial commitment and his or her inability to satisfy that commitment by other means.

- 3.16 Any approval given by the Relevant Company Officer will be valid for a period of 5 trading days, commencing on the date it is given.
- 3.17 Any approval given by the Relevant Company Officer is intended as a compliance monitoring function only and must not be taken as an endorsement of the proposed Dealing or legal advice that the Dealing is in accordance with the law. Each Key Person remains individually responsible for his or her own investment decisions and compliance with the law (including the insider trading prohibitions) and this Policy. Key Persons should remember, in particular, that the insider trading prohibitions are overriding obligations and apply at all times, despite all other terms of this Policy. In particular, if a Key Person is in possession of Inside Information, he or she must not Deal in JB Hi-Fi Securities, even if approval has been given by the Relevant Company Officer.

### **Approval by Relevant Company Officer**

- 3.18 In the case of any Director, Group Executive or the Company Secretary seeking to Deal in JB Hi-Fi Securities, the approval must be provided by the Chairman of the Company (or, in his absence, the Chairman's nominee).
- 3.19 In the case of the Chairman of the Company seeking to Deal in JB Hi-Fi Securities, the approval must be provided by the chairman of the Audit Committee (or, in his absence, his nominee).
- 3.20 In the case of any other Key Person who requires written approval to Deal (including, without limitation, any Executive of the JB Hi-Fi or Good Guys business) the approval must be provided by the Company Secretary or the Group Chief Executive Officer (or, in his absence, his nominee).

### **Confirmation of Dealings in JB Hi-Fi Securities by Directors and Executives**

- 3.21 JB Hi-Fi is required by law and under the ASX Listing Rules to disclose Dealings in its Securities by Directors, within a prescribed period after the occurrence of that Dealing. In addition, the interests of certain Executives will be disclosed in the company's Annual Report. Accordingly, each Director and Executive must notify the Company Secretary as soon as practicable after any Dealing in JB Hi-Fi Securities by them (or on their behalf) has occurred and, in the case of a Director, not more than 24 hours afterwards in order to enable JB Hi-Fi to comply with its disclosure and reporting obligations.

### **Margin lending and similar funding arrangements**

- 3.22 Directors and Executives may not include their JB Hi-Fi Securities in a margin loan portfolio or similar funding arrangement or otherwise Deal in their JB Hi-Fi Securities pursuant to a margin lending or similar funding arrangement, without first obtaining the

written approval of the Relevant Company Officer using the Approval Request Form (a copy of which is attached to this Policy as Annexure A). The Approval Request Form should be submitted to the Company Secretary who will, where necessary, forward it to the Relevant Company Officer.

- 3.23 The decision to give or refuse approval is entirely at the discretion of the Relevant Company Officer (who is not required to give any reasons for his or her decision) and the decision of the Relevant Company Officer is final and binding on the Director or Executive seeking approval. Any refusal of approval by the Relevant Company Officer is a confidential matter which must not be disclosed to any other person, save to the extent necessary to comply with this Policy (in particular section 2.8). Any approval given may be revoked in writing (including by email) by the Relevant Company Officer prior to Dealing taking place if new information comes to light, or there is a change in circumstances, such as where the Relevant Company Officer believes that, between the date of approval and the date of Dealing, the relevant Director or Executive has become aware of Inside Information.
- 3.24 Any approval given under section 3.22 by the Relevant Company Officer will be valid for a period of 5 trading days, commencing on the date it is given, and is intended as a compliance monitoring function only and must not be taken as an endorsement of the proposed Dealing or legal advice that the Dealing is in accordance with the law. Each Director and Executive remains individually responsible for his or her own investment decisions and compliance with the law (including the insider trading prohibitions) and this Policy. Directors and Executives should remember, in particular, that the insider trading prohibitions are overriding obligations and apply at all times, despite all other terms of this Policy. In particular, if a Director or Executive is in possession of Inside Information, he or she must not Deal in JB Hi-Fi Securities, even if approval has been given by the Relevant Company Officer.
- 3.25 Additionally, any margin lending or similar funding arrangements entered into by any Director or Executive in relation to JB Hi-Fi Securities must be disclosed in writing to the Company Secretary as soon as practicable after entry into such an arrangement and, in any case, not more than 24 hours afterwards.
- 3.26 Any margin lending or similar funding arrangements entered into by any Director or Executive which are disclosed to the Company Secretary in accordance with section 3.25 will be periodically disclosed to the Board of Directors. JB Hi-Fi may also publicly disclose any margin loan or similar funding arrangements over JB Hi-Fi Securities taken out by any Director or Executive irrespective of whether such disclosure is required by law or the ASX Listing Rules.

## Short Selling

- 3.27 Short selling involves a person borrowing a security (e.g. JB Hi-Fi Securities) and selling it in the hope that they will be able to buy back the security at a lower price at some point in the future (thereby closing out their "short" position at a profit), and is used by traders who believe that the market price of a security is likely to fall.
- 3.28 If it were to become known that Directors or Executives had short sold JB Hi-Fi Securities, it could lead to negative market perceptions about the level of confidence that Directors and Executives have in JB Hi-Fi's prospects.

- 3.29 For this reason, Directors and Executives are prohibited from short selling JB Hi-Fi Securities, even during Trading Windows.

## Limiting economic risk

- 3.30 No Key Person may enter into any scheme, arrangement or agreement (including options, hedging arrangements and other derivative products) under which the relevant Key Person may alter the economic benefit or risk derived by the Key Person, in relation to an unvested equity-based incentive award or grant made by the Company to the Key Person, irrespective of the outcome under that incentive award or grant.
- 3.31 Once any equity-based incentive award or grant made by JB Hi-Fi to a Key Person (who is not a Director or Executive) is vested and is exercisable, the restriction in section 3.30 above does not apply. However, any actions in respect of such awards or grants are subject to the restrictions on Dealing in Securities set out in this Policy.
- 3.32 Directors and Executives must obtain the written approval of the Relevant Company Officer (using the Approval Request Form, a copy of which is attached to this Policy as Annexure A) before entering into any scheme, arrangement or agreement (including options, hedging arrangements and other derivative products) under which the relevant Director or Executive may alter the economic benefit or risk they derive in relation to any JB Hi-Fi Securities (whether received under an equity-based incentive award scheme or otherwise) which are not subject to the prohibition in section 3.30 above. The Approval Request Form should be submitted to the Company Secretary who will, where necessary, forward it to the Relevant Company Officer. In addition, any Director or Executive taking such action must notify the Company Secretary as soon as reasonably practicable after any such scheme, arrangement or agreement is entered into. JB Hi-Fi may publicly disclose this information irrespective of whether it is technically required by law or the ASX Listing Rules.
- 3.33 The decision to give or refuse approval is entirely at the discretion of the Relevant Company Officer (who is not required to give any reasons for his or her decision) and the decision of the Relevant Company Officer is final and binding on the Director or Executive seeking approval. Any refusal of approval by the Relevant Company Officer is a confidential matter which must not be disclosed to any other person, save to the extent necessary to comply with this Policy (in particular section 2.8). Any approval given may be revoked in writing (including by email) by the Relevant Company Officer prior to Dealing taking place if new information comes to light, or there is a change in circumstances, such as where the Relevant Company Officer believes that, between the date of approval and the date of Dealing, the relevant Director or Executive has become aware of Inside Information.
- 3.34 Any approval given under section 3.32 by the Relevant Company Officer will be valid for a period of 5 trading days, commencing on the date it is given, and is intended as a compliance monitoring function only and must not be taken as an endorsement of the proposed Dealing or legal advice that the Dealing is in accordance with the law. Each Director and Executive remains individually responsible for his or her own investment decisions and compliance with the law (including the insider trading prohibitions) and this Policy. Directors and Executives should remember, in particular, that the insider trading prohibitions are overriding obligations and apply at all times, despite all other terms of this Policy. In particular, if a Director or Executive is in possession of Inside Information, he or she must not Deal in JB Hi-Fi Securities, even if approval has been given by the Relevant Company Officer.

## Extension of trading policy

- 3.35 JB Hi-Fi may also from time to time extend this Policy by specifying that all or particular Key Persons are also restricted from Dealing in the Securities of other specified companies with which the Company may have dealings. This is because Key Persons may have, or be perceived to have, Inside Information relating to these companies.

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## 4. Glossary

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**Key definitions and expressions used in this Policy have the meaning set out below:**

**ASX** means the Australian Securities Exchange Limited.

**Chairman** means the chairman of the Company from time to time.

**Closed Periods** means those fixed periods specified in this Policy (and otherwise determined by the Company from time to time) when the Company's Key Persons are prohibited from Dealing in JB Hi-Fi's Securities.

**Company Secretary** means the company secretary of JB Hi-Fi Limited from time to time.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Deal or Dealing** includes, in relation to Securities, an acquisition or disposal of Securities, or entry into a Derivative in relation to the Securities, or the grant, acceptance, acquisition, disposal or exercise of an option to acquire or dispose of the Securities, or the use of the Securities as security or the grant of any encumbrance over the Securities, or the engagement in any other transaction involving a beneficial interest or a change in the beneficial ownership of the Securities, or the entry into any agreement to do any of the above things.

**Derivatives** includes derivatives within the meaning given in section 761D of the Corporations Act (such as options, forward contracts, swaps, futures, warrants, caps and collars) and any other transaction in financial products that operates to limit the economic risk associated with holding the relevant securities.

**Director** means a director of JB Hi-Fi Limited (whether executive or non-executive).

**Employees** means any employee of any JB Hi-Fi Group company and, for the purpose of this Policy, includes each Key Person.

**Executive** includes both a Group level executive and an executive of the JB Hi-Fi or Good Guys businesses (unless expressly stated otherwise).

**Inside Information** means, in relation to any Securities, any information that is not generally available and that, if it were generally available, a reasonable person would expect to have a material affect on the price or value of the relevant Securities. Information is "generally available" if, amongst other things, it consists of readily observable matter or it has been brought to the attention of investors by an ASX announcement and a reasonable period for its dissemination has elapsed since the announcement.

**JB Hi-Fi** means JB Hi-Fi Limited.

**JB Hi-Fi Group** means JB Hi-Fi Limited and each of its subsidiaries including (without limitation) those companies carrying on the JB Hi-Fi and Good Guys businesses.

**JB Hi-Fi Option Plan** means:

- (a) the JB Hi Fi 2002 Executive Option Plan;
- (b) the JB Hi Fi 2010 Executive Option Plan; and

- (c) any other scheme, arrangement or facility available to some or all of the Employees which is designated as a JB Hi-Fi Option Plan for the purposes of this Policy by the Company Secretary.

**Key Persons** means the key management personnel of the JB Hi-Fi Group within the meaning of AASB 124 Related Party Disclosure being those persons having authority and responsibility for planning, directing and controlling the activities of the JB Hi-Fi Group, directly or indirectly, together with certain other key employees of the Company and the other JB Hi-Fi Group companies and includes any Director, the Group Executive team, the Executive teams of the JB Hi-Fi and Good Guys businesses), members of the senior management teams of each business, area managers, territory managers, Employees based at the JB Hi-Fi and Good Guys Support Offices in Australia and New Zealand, store managers, store office administrators, store administrators and any other person that the Company Secretary from time to time designates as a Key Person for the purposes of this Policy. **Key Person** means any one of such persons.

**Prohibited Periods** means those periods during Trading Windows when JB Hi-Fi restricts Dealing in JB Hi-Fi Securities by all or particular Key Persons or other Employees by notice to them.

**Relevant Company Officer** means the officer of the Company to whom a request for approval to Deal must be given pursuant to Sections 3.18, 3.19 and 3.20;

**Securities** includes shares, options, rights, debentures, interests in a managed investments scheme, Derivatives and other financial products covered by section 1042A of the Corporations Act.

**Trading Windows** means those fixed periods specified in this Policy when the Company's Key Persons are permitted to Deal in JB Hi-Fi's Securities in accordance with and subject to the terms of this Policy.

## Annexure A - Approval Request Form for Closed Periods/ Prohibited Periods

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### Part A – For completion by Key Person (including Directors)

|   |  |
|---|--|
| Name of Key Person:   |  |
| Position:   |  |
| Number of Securities  |  |
| Type of Securities  |  |
| Nature of agreement/arrangement/proposed dealing (sale/purchase/subscription/margin loan or similar funding arrangement):   |  |
| Person dealing (if different from applicant):   |  |
| Proposed date of transaction (i.e. completion date):  |  |
| Circumstances that justify Dealing in JB Hi-Fi Securities (required in the case of any proposed Dealing by a Key Person in Closed Periods or Prohibited Periods): |  |

I confirm that:

- (a) I have read and understood the Securities Trading Policy;
- (b) I am not in possession of any unpublished information which, if generally available, might materially affect the price or value of JB Hi-Fi Securities; and
- (c) the transaction in JB Hi-Fi's Securities described above does not contravene the Securities Trading Policy.

Signed: .....

Dated: .....

### Part B – For completion by Company Secretary or other applicable JB Hi-Fi Officer

I confirm that I am not aware of any circumstances pursuant to which the Key Person named above is or is likely to be in possession of the unpublished information which, if generally available, might materially affect the price or value of JB Hi-Fi's Securities and approval for the above Dealing has been granted and is valid for a period of 5 trading days commencing on the date of approval.

[or alternatively]

Approval for the proposed Dealing has been refused.

Name: .....

Title: .....

Signature: .....

Dated: .....

The completed form is to be sent to the Company Secretary.