

**PURPOSE** To ensure compliance with the insider trading laws under the *Corporations Act 2001* (Cth), protect Wesfarmers' reputation in relation to trading in securities by its directors and employees, and prohibit specific types of transactions by certain officers of Wesfarmers which are not in accordance with market expectations or may otherwise give rise to reputational risk.

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**POLICY APPLICATION** This policy applies to all directors and employees of the Wesfarmers Group.

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**POLICY** All directors and employees of the Wesfarmers Group are prohibited from:

- (a) dealing in any securities where the person dealing in the securities has inside information in relation to those securities;
- (b) passing on inside information to others who may deal in securities; and
- (c) applying to participate in a Wesfarmers share plan while in possession of inside information.

The prohibition on dealing in securities while in possession of inside information under this policy applies to both Wesfarmers securities, and the securities of any other entity. Background on the insider trading laws, and some limited exceptions to this policy are included in **Annexure A**.

Additional restrictions are imposed on directors of Wesfarmers and members of the Wesfarmers Leadership Team, as set out in **Annexure B**.

From time to time, additional restrictions on dealing in Wesfarmers securities (**Project Restrictions**) may also be imposed on directors and employees within the Wesfarmers Group due to their knowledge of a potential project or transaction.

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**BREACHES** Strict compliance with this policy and the insider trading laws is a requirement under each employment contract within the Wesfarmers Group. Breach of the insider trading laws can expose Wesfarmers and individuals to penalties and third party claims. Individuals may also be subject to heavy fines and imprisonment. Breaches of this policy or the insider trading laws will result in disciplinary action, which may include termination of employment.

The requirements of this policy are separate from, and in addition to, the legal prohibitions in the *Corporations Act 2001* (Cth) on insider trading.

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**POLICY AMENDMENT** This policy cannot be amended without approval from the Wesfarmers Board

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**LAST AMENDED** December 2018

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## Annexure A – Background to Insider Trading Laws and Policy Exceptions

### 1 Definitions

For the purpose of this policy:

- (a) **dealing** includes:
  - (i) buying or selling securities;
  - (ii) creating a hedge, security interest, margin loan or other financial interest over or in relation to securities;
  - (iii) transferring legal ownership of securities, even where beneficial ownership does not change;
  - (iv) any other transfer or creation of an interest in securities, whether directly, or by arranging for someone else to undertake the dealing on your behalf; and
  - (v) agreeing or applying to do any of the above.
- (b) **inside information** means information that:
  - (i) is not generally available; and
  - (ii) if it were generally available, it would, or would be likely to, have a material effect on the price or value of securities. This is satisfied where the information would, or would be likely to influence investors in deciding whether to buy or sell securities.
- (c) **securities** includes shares, options, notes, bonds and other debentures, interests in managed investment schemes, trusts and other financial products, and any derivatives of those securities, including equity swaps, contracts for difference, futures, hedges and exchange-traded or over-the-counter options, whether settled by cash or otherwise.
- (d) Portfolio products that are not specific to Wesfarmers, such as an index or broad based superannuation fund, are not “securities” for the purpose of this policy.

### 2 Insider trading laws

- (a) If a person has inside information in relation to Wesfarmers securities or other securities which is not publicly known, it is a criminal offence to:
  - (i) deal in those securities;
  - (ii) advise or procure another person to deal in those securities; or
  - (iii) pass on inside information to someone else where the person who has the inside information knows, or should reasonably have known, that the person receiving the information would use that information to deal in, or procure someone else to deal in, those securities.
- (b) Liability for breach of the insider trading laws can include:
  - (i) severe fines and/or imprisonment;
  - (ii) civil liability, which may include being sued by another party or Wesfarmers, for any loss suffered as a result of illegal dealing in securities; and
  - (iii) reputational damage, which may occur even where an insider trading breach is not proven.
- (c) The following factors should be considered to assist in determining whether information might be inside information, and whether passing on information may be a breach of the insider trading laws:
  - (i) It does not matter how a person comes to know the inside information, including whether it was obtained in the course of carrying out their responsibilities at work, or in passing in the corridor, or in a lift or at a dinner party.

- (ii) The financial impact of the information may be important in determining if it is market sensitive, but strategic and other matters may also be important in determining whether information might influence investors to buy or sell those securities, and accordingly, might influence whether the information is inside information.
- (iii) Information is inside information if it would, or would be likely to, influence investors in deciding whether to buy or sell securities, and can include information which is of an uncertain nature, rumours, matters of supposition, matters relating to the intentions of a person (including Wesfarmers) and information which is insufficiently definite to warrant disclosure to the public.
- (iv) The restriction on passing on information means that inside information must not be passed on to colleagues, family, friends, contractors or others where that person might deal in those securities.
- (v) The laws on insider trading can apply to dealings by entities and people associated with you (even if they are not employed by Wesfarmers), such as:
  - A. a company, trust or a managed superannuation fund that you control; and
  - B. a spouse, partner or dependent child.

Someone who is in possession of inside information may become subject to an insider trading investigation if an associate deals in securities to which the inside information relates.

### 3 Examples of inside information

The following list is illustrative only and is not exhaustive. Inside information could include:

- (a) a possible acquisition or sale of any assets or business by Wesfarmers;
- (b) the financial performance of Wesfarmers against its budget or forecasts;
- (c) senior management or board changes;
- (d) a proposed dividend;
- (e) a possible change in Wesfarmers' capital structure; or
- (f) a possible claim against Wesfarmers or other unexpected liability.

### 4 Share plans

Directors and employees of the Wesfarmers Group are prohibited from applying to participate in a Wesfarmers share plan (whether by completing an election or application form, or not opting out, as applicable), while in possession of inside information. Directors and employees who acquire Wesfarmers securities under a Wesfarmers share plan must also comply with the rules of that plan when dealing in those securities.

### 5 Exceptions to the policy

- (a) Subject to compliance with the applicable insider trading laws at all times and any Project Restrictions that may apply to particular directors or employees from time to time, the requirements of the policy do not restrict:
  - (i) a disposal of Wesfarmers securities arising from the acceptance of an equal access buy-back;
  - (ii) an acquisition of Wesfarmers securities under a pro rata issue; or
  - (iii) the acquisition of Wesfarmers securities under a Wesfarmers share plan, or dividend investment plan, provided that:
    - A. the director or employee was not in possession of inside information relating to Wesfarmers securities and otherwise complied with the policy when applying to participate in a Wesfarmers share plan (whether by

completing an election or application form, or not opting out, as applicable);  
and

B. the director or employee otherwise complies with the provisions of the plan.

- (b) Where an employee is subject to Project Restrictions, the Wesfarmers Chief Financial Officer may approve an issue of securities to the employee under an employee share plan (rather than acquisition of the securities on market). Any such issue of securities to an employee will not constitute a breach of this policy.
- (c) For the avoidance of doubt:
  - (i) the obligation on each director of Wesfarmers to notify Wesfarmers Company Secretary of trading in Wesfarmers securities under the letter agreement between Wesfarmers and the director continues to apply, notwithstanding this paragraph 5;  
and
  - (ii) the restrictions and approvals referred to in **Annexure B** do not apply to dealings that are exempt under this paragraph 5.

## Annexure B – Additional Restrictions on Wesfarmers’ Directors and Leadership Team

### 1 Additional restrictions on Wesfarmers’ directors and Leadership Team

Additional restrictions in this Annexure B apply to dealings in Wesfarmers securities by:

- (a) directors of Wesfarmers and Wesfarmers’ Leadership Team (**Officer**);
- or any of the following:
- (b) immediate family members who live with an Officer (for example, a partner or spouse, children or parents) and any other immediate family members where the Officer has control over their investment decisions (**Specified Family Members**);
  - (c) any company, trust, managed superannuation fund or other entity that is controlled by an Officer or a Specified Family Member; and
  - (d) in relation to Wesfarmers directors only, any other person or entity where dealing in Wesfarmers securities by that person or entity would require disclosure to the Australian Securities Exchange by the Wesfarmers director. This includes where the Wesfarmers director:
    - (i) controls the right to vote or dispose of Wesfarmers securities; or
    - (ii) is entitled to benefit from a contract to call for, or deliver Wesfarmers securities.

Each company, entity, and person referred to in paragraphs (b) to (d) above is an “**Affected Party**” of the Officer.

### 2 Dealings by Affected Parties

An Officer must take all reasonable steps to ensure that their Affected Parties do not deal in Wesfarmers securities without the Officer obtaining approval under this policy.

### 3 Process for dealing in securities by Officers

Without limiting the other provisions of this policy, an Officer must complete the following steps if they, or their Affected Parties, wish to deal in Wesfarmers securities, including a dealing of the type described in paragraph 9:

- (a) advise Wesfarmers Company Secretary of:
  - (i) their intention to deal in Wesfarmers securities; or
  - (ii) the intention of one of their Affected Parties to deal in Wesfarmers securities, including details of the type of dealing and the number of securities involved;
- (b) confirm to Wesfarmers Company Secretary that the Officer does not hold unpublished inside information, and the proposed dealing is not subject to any other restriction under this policy;
- (c) await written advice from Wesfarmers Company Secretary (which may be given by email) confirming that there is no known reason to preclude the dealing in Wesfarmers securities;
- (d) order or otherwise authorise the dealing in Wesfarmers securities within two clear trading days of receiving confirmation from Wesfarmers Company Secretary under paragraph 3(c); and
- (e) following completion of the dealing by the Officer or their Affected Parties, confirm to Wesfarmers Company Secretary that the transaction has occurred.

For the purpose of paragraph 3(d), if the approval is given during or after trading on one day, the order for the dealing must be lodged or otherwise authorised by the Officer before the close of trading on the second trading day after the approval is given. If the approval is given prior to the commencement of trading on a particular day, the order for the dealing must be lodged or otherwise authorised by the Officer before the close of trading on the following trading day.

**4 Conditions of clearance**

With respect to any clearance to deal in Wesfarmers securities requested under paragraph 3 above:

- (a) clearance can be given or refused at the discretion of Wesfarmers Company Secretary, without giving reasons;
- (b) clearance can be withdrawn by Wesfarmers Company Secretary at any time prior to the order for dealing being lodged or otherwise authorised, if new information comes to light or there is a change in circumstances;
- (c) the decision of Wesfarmers Company Secretary to provide clearance for a dealing is final and binding on the Officer seeking approval, whether on behalf of the Officer or an Affected Party; and
- (d) if clearance to deal is refused, the Officer seeking the clearance must keep that information confidential and not disclose it to anyone (other than the Affected Party where relevant, and the Officer must ensure that the Affected Party keeps such information confidential).

Even if approval has been obtained under paragraph 3 above, any Officer who subsequently comes into possession of inside information prior to dealing must not deal in Wesfarmers securities, and must take all reasonable steps to ensure that their Affected Parties do not deal in Wesfarmers securities.

**5 Wesfarmers Company Secretary approval process**

Before advising an Officer that there is no known reason to preclude trading in Wesfarmers securities under paragraph 3 above, Wesfarmers Company Secretary must confirm that statement with:

- (a) at least two members of Wesfarmers’ disclosure committee, which is established under Wesfarmers’ Market Disclosure Policy; and
- (b) the Chairman, where the dealing involves a Wesfarmers director or their Affected Parties, (or with the Chairman of the Audit and Risk Committee where the Chairman of the Board or the Chairman’s Affected Parties are seeking to deal in Wesfarmers securities).

**6 Blackout Periods**

Subject to paragraph 7 below, given the heightened risk of actual or perceived insider trading, Officers and their Affected Parties must not deal in Wesfarmers securities during the following periods (together **Blackout Periods**):

Start	End of Blackout period
<i>Financial Results</i>	
20 June	One trading day following the announcement of the full-year results in August
20 December	One trading day following the announcement of the half-year results in February

*Note: If the results are released during or after trading on one day, the restriction continues until close of trading on the following trading day. If the results are released prior to the commencement of trading on a particular day, the restriction ends when the market closes that day.*

The above restrictions on Officers and their Affected Parties dealing in Wesfarmers securities during any Blackout Periods are in addition to any project specific restrictions on dealing in Wesfarmers securities that may be imposed from time to time on nominated directors and employees within the Wesfarmers Group under this policy.

**7 Exceptions to Blackout Periods in exceptional circumstances**

- (a) The only exception to the prohibition on dealing during Blackout Periods is a sale of Wesfarmers securities, which will be permitted only if the processes outlined in paragraphs 3 and 5 above have been completed, and Wesfarmers Company Secretary

has confirmed in writing that there is no known reason to preclude dealing, and one of the following apply:

- (i) prior written approval to deal has been given in writing by the Chairman (or, in the case of the Chairman or an Affected Party of the Chairman, with the prior written approval of the Chair of the Audit and Risk Committee) to Wesfarmers Company Secretary where the Chairman (or the Chair of the Audit and Risk Committee where applicable) is satisfied that:
    - the Officer or an Affected Party is facing severe financial hardship, such that a sale of their Wesfarmers securities is the only reasonable option available to resolving the hardship;
    - the Officer or an Affected Party is required by a final court order or enforceable court undertaking to sell or otherwise transfer Wesfarmers securities to a third party; or
    - the Officer has identified another exceptional circumstance where the dealing by an Officer or their Affected Parties of their Wesfarmers securities is the only reasonable option available to resolve the circumstance; or
  - (ii) if the dealing does not involve a change in beneficial ownership, and does not require disclosure to the Australian Securities Exchange.
- (b) Where consent to deal is requested under paragraph 7(a)(i) above, the Officer must provide documentary evidence to Wesfarmers Company Secretary, who will consult with the Chairman (or in the case of the Chairman or an Affected Party of the Chairman, with the Chair of the Audit and Risk Committee).
  - (c) Where approval is obtained under this paragraph 7, an order for the dealing must be lodged or otherwise authorised by the Officer within two clear trading days and the dealing must otherwise comply with the terms of this policy and applicable insider trading laws. For the purpose of this paragraph 7, if the approval is given during or after trading on one day, the order for the dealing must be lodged or otherwise authorised by the Officer before the close of trading on the second trading day after the approval is given. If the approval is given prior to the commencement of trading on a particular day, the order for the dealing must be lodged or otherwise authorised by the Officer before the close of trading on the following trading day.
  - (d) Any Officer who is in possession of inside information must not deal in Wesfarmers securities and must take all reasonable steps to ensure that their Affected Parties do not deal in Wesfarmers securities, even if an exception to the Blackout Period applies and approval has been obtained under this paragraph 7.
  - (e) For the avoidance of doubt, the restrictions and approvals referred to in this **Annexure B** do not apply to dealings that are exempt under paragraph 5 of **Annexure A**.

## 8 Additional obligations on directors of Wesfarmers

Directors of Wesfarmers must also comply with:

- (a) all requirements in the *Corporations Act 2001* (Cth) and the Listing Rules of the Australian Securities Exchange in relation to notification of trading in Wesfarmers securities;
- (b) all requirements in Wesfarmers' Board Charter in relation to holding a minimum number of Wesfarmers securities; and
- (c) the letter agreement entered into between each director and Wesfarmers relating to notification of trading in Wesfarmers securities.

## 9 Other dealings and activities by Officers requiring approval

Each Officer and their Affected Parties are prohibited from engaging in the following dealings:

- (a) acquiring Wesfarmers securities with the intention of disposing of some or all of those securities within a period of less than three months from the date of acquisition (this does not include disposals of Wesfarmers securities within a short period of time after vesting or issuance of those securities under a share plan);
- (b) disposing of Wesfarmers securities with the intention of buying Wesfarmers securities back within a period of less than three months from the sale of disposal;
- (c) entering into instruments or transactions to borrow and sell Wesfarmers securities with the intention of buying Wesfarmers securities back at a later date (short selling);
- (d) creating a security interest or other financial interest, or entering into a margin loan in respect of, Wesfarmers securities; and
- (e) hedging Wesfarmers securities,

unless approval has been sought and clearance obtained from the Wesfarmers Company Secretary, and all steps outlined in paragraph 3 of this **Annexure B** have been complied with.

In addition to the restrictions on hedging in paragraph (e) above, the *Corporations Act 2001* (Cth) restricts directors and senior executives of the Wesfarmers Group who are classified as "key management personnel" from time to time, and their closely related parties (as defined in the Corporations Act), from entering into an arrangement (with anyone) if the arrangement would have the effect of limiting the exposure of that director or senior executive to risk relating to an element of that director or senior executive's remuneration that remains subject to restrictions on disposal. Clearance cannot be obtained from the Wesfarmers Company Secretary under paragraph 3 of this **Annexure B** for dealings which are restricted by the Corporations Act.