

## SECURITIES TRADING POLICY

### KATHMANDU HOLDINGS LIMITED (KATHMANDU)

#### SUMMARY OF KEY TERMS:

- No insider trading in Kathmandu Securities at any time
- No short term trading
- "Restricted Persons" must obtain consent to trade in Kathmandu Securities and are subject to "Closed Seasons"

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This Policy sets out Kathmandu's policy on, and rules for dealing in, any shares, derivatives, debentures (including convertible notes), options to acquire or subscribe for shares in or any other financial products issued by Kathmandu and/or its subsidiaries from time to time (*Kathmandu Securities*).

The requirements in this policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand and Australia.

**If you do not understand any part of this policy, or how it applies to you, you should raise the matter with the Company Secretary before dealing in any Kathmandu Securities.**

#### 1.0 Objective

- 1.1 Kathmandu is committed to complying with all legal and statutory requirements regarding trading by insiders. However, Kathmandu considers that its directors, officers and senior managers should generally be encouraged to hold shares in Kathmandu as it helps align the interests of directors, officers, senior managers and shareholders.
- 1.2 This policy sets out the circumstances in which any personnel of Kathmandu and its subsidiaries (Kathmandu Group) may deal in Kathmandu Securities with the objective that no Kathmandu personnel will contravene the requirements of applicable insider trading laws and requirements.
- 1.3 Kathmandu personnel includes all directors, officers and employees of the Kathmandu Group, and also any contractor and consultant whose terms of engagement with the Kathmandu Group apply this policy to them.

#### 2.0 Purpose

- 2.1 This policy is designed to protect Kathmandu's reputation and ensure Kathmandu personnel are aware of, and comply with, insider trading laws.
- 2.2 The policy is not designed to prohibit Kathmandu personnel from investing in Kathmandu Securities but provides guidance to Kathmandu personnel as to the times that they can deal in Kathmandu Securities and recognises that there are times when Kathmandu personnel cannot or should not deal in Kathmandu Securities. The requirements of the policy also allow Kathmandu to monitor investment activity in Kathmandu Securities by Kathmandu personnel.

#### 3.0 Application of this policy

This policy applies to all Kathmandu personnel, and to their respective associates (including a company or trust controlled by a person, a spouse, dependent children, a close relative, a person acting in concert with the person). Kathmandu personnel will be responsible for the actions of trusts and companies controlled by them. In this respect, "control" is not to be construed in a technical way but by looking at how decisions are made in practice.

#### **4.0 Fundamental Rule – Insider trading is prohibited at all times**

If you possess “inside information” (defined below), then whether or not you are a Restricted Person (defined below), you must not:

- 4.1 trade Kathmandu Securities;
- 4.2 advise or encourage others to trade, or hold any Kathmandu Securities; or
- 4.3 pass on the material information to others.

The prohibitions apply regardless of how you learn of the information, and regardless of why you are trading.

The prohibition on insider trading applies not only to information concerning Kathmandu Securities. If a person has material information in relation to quoted financial products of another issuer (including derivatives in respect of such quoted financial products), that person must not trade in those financial products.

#### **5.0 No dealing in securities if in possession of “inside information”**

Any person who possesses “inside information” in relation to the Kathmandu Group must not:

- 5.1 deal in Kathmandu Securities; or
- 5.2 advise or encourage another person to deal in Kathmandu Securities; or
- 5.3 advise or encourage a person to advise or encourage another person to deal in Kathmandu Securities; or
- 5.4 directly or indirectly, communicate or pass on the information, or cause the information to be communicated or passed on to another person if the person knows, or ought reasonably to know, that the other person would, or would be likely to, deal in, continue to hold, or advise or encourage someone else to trade or hold Kathmandu Securities or procure a third person to deal in Kathmandu Securities.

#### **6.0 What is “inside information?”**

- 6.1 A person possesses “inside information” in relation to Kathmandu where:
  - (a) the person possesses information that is not generally available to the public;
  - (b) if the information were generally available, a reasonable person would expect it to have a material effect on the price of Kathmandu Securities; and
  - (c) the person knows, or ought reasonably to know, that the information is not generally available and, if it were generally available, a reasonable person would expect it to have a material effect on the price of Kathmandu Securities.
- 6.2 A reasonable person would be taken to expect information to have a material effect on the price of Kathmandu Securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to deal in Kathmandu Securities.
- 6.3 For the purposes of this policy to “deal” in Kathmandu Securities includes subscribing for, purchasing or selling Kathmandu Securities or entering into an agreement to do any of those things, but does not in New Zealand include subscription for or the issue of new securities.
- 6.4 Any person who deals in Kathmandu Securities while they possess “inside information” will be liable to both civil penalties and liabilities and criminal liabilities (including fines and imprisonment).

## **7.0 Examples of “inside information”**

Examples of “inside information” include but are not limited to:

- 7.1 financial performance including sales figures and financial and profit forecasts;
- 7.2 unpublished announcements;
- 7.3 proposed changes in capital structure, including share and rights issues and proposals to raise additional equity or borrowings;
- 7.4 impending mergers, acquisitions, reconstructions, takeovers, etc or material acquisitions or sales of assets;
- 7.5 significant litigation;
- 7.6 significant changes in operations or proposed changes in the general character or nature of the business of the Kathmandu Group;
- 7.7 significant new distributorships, products and technology contracts or customers;
- 7.8 changes in the board and/or senior management; and
- 7.9 a new entity proposing to buy, or a shareholder proposing to sell, a substantial number of shares in Kathmandu.

## **8.0 Policy for trading in Kathmandu securities**

8.1 **General Principles** – All Kathmandu personnel must comply with the following general principles regarding trading of Kathmandu Securities:

- (a) avoid and be seen to avoid, actual or potential conflict between their personal interest and their duty to Kathmandu;
- (b) do not derive personal advantage from information which is not generally available and which has been obtained in the course of, their directorship, employment or engagement;
- (c) in the case of Restricted Persons, seek prior approval to deal in Kathmandu Securities from the Chairperson (or the Chairperson of the Audit and Risk Committee in the case of the Chairperson);
- (d) do not utilise broker credit - relevant exchange settlement terms must apply on all occasions and all transactions must be settled according to industry standards; and
- (e) do not deal in Kathmandu Securities if in possession of “inside information”.

8.2 **Short term trading** – Notwithstanding any other provision in this policy, Kathmandu personnel should not engage in short term trading of any Kathmandu Securities. In general, the purchase of securities with a view to resale within a 12 month period and the sale of securities with a view to repurchase within a 12 month period is considered to be “short term”. However, the sale of shares immediately after they have been acquired through the conversion of a security (eg. exercise of an option) will not be regarded as short term trading.

Short term trading can be a key indicator of insider trading, particularly if undertaken on a regular basis or in large amounts. Therefore, to reduce the risk of an allegation of insider trading, it is recommended that Kathmandu personnel do not deal in Kathmandu Securities on a short term basis.

8.3 **No hedging** - Notwithstanding any other provision in this policy, Restricted Persons must not, without prior approval from the Chairperson (or the Chairperson of the Audit and Risk Committee in the case of the Chairperson) engage in hedging arrangements, deal in derivatives or enter into other arrangements which mitigate economic risk related to Kathmandu Securities including, for example, dealing in warrants, equity swaps, put and call options, contracts for difference and other contracts intended to

secure a profit or avoid a loss based on fluctuations in the price of Kathmandu Securities. This provision includes engaging in hedging or other arrangements that have the effect of limiting the economic risk in connection with unvested securities issued pursuant to any employee option or share plan.

- 8.4 **No margin loans** - Directors, all senior managers (as defined in the Financial Markets Conduct Act 2013), and all key management personnel (as defined by AASB 124) may not enter into any margin loan arrangement where Kathmandu Securities may be used as a security against repayment of the loan. This is because the terms of such a loan may require the sale of Kathmandu Securities during a Closed Season or while the Director, senior manager or key management personnel is in possession of inside information.
- 8.5 **Trading windows** - Subject to the remainder of this clause 8, Restricted Persons may only deal in Kathmandu Securities during the following trading windows:
- (a) 4 week period immediately after the release of Kathmandu's half yearly results announcement to NZX and ASX;
  - (b) 8 week period immediately after the release of Kathmandu's yearly results announcement to NZX and ASX; or
  - (c) 4 week period immediately after the release of a disclosure document offering equity securities in Kathmandu,

**PROVIDED** that the person is **NOT** in possession of any inside information relating to those securities.

- 8.6 **Application of trading windows to employees other than Restricted Persons** – Kathmandu personnel who are not Restricted Persons may deal in Kathmandu Securities at any time if the employee notifies the Company Secretary before commencing the transaction and provides confirmation of the trading immediately after the transaction has occurred. However, Kathmandu personnel who are not Restricted Persons are strongly advised to limit dealing in Kathmandu Securities to the trading windows stated above.
- 8.7 **Closed Season** – In addition, Restricted Persons are subject to a "Closed Season" as follows, during which those persons must refrain from dealing in Kathmandu Securities:
- (a) the Christmas and Winter sales periods or any other major promotional events which the Company Secretary advises are captured by this clause, and
  - (b) 15 days prior to Kathmandu's half year and full year balance date until the first trading day after the release of the interim and full year results announcements (as applicable).

*Restricted Persons* means all directors, all senior managers (as defined in the Financial Markets Conduct Act 2013), all key management personnel (as defined by AASB 124), all participants in the Kathmandu Wider Leadership Team and a participant in the Long Term Incentive Plan, all persons notified by the CEO in writing from time to time and all associates of the above.

- 8.8 **Restricted Persons** – Restricted Persons must not deal in Kathmandu Securities without the prior consent of the Chairperson of the Board. The Chairperson of the Board may not deal in Kathmandu Securities without the prior consent of the Chairperson of the Audit and Risk Committee.
- 8.9 Before dealing in Kathmandu Securities at any time, a Restricted Person must in writing (which can be by email):
- (a) notify the Chairperson (or the Chairperson of the Audit and Risk Committee in the case of the Chairperson) of their intention to do so (with details of the proposed dealing) and seek consent to do so;
  - (b) confirm that they do not hold insider information; and
  - (c) confirm that there is no known reason to prohibit the person from dealing in Kathmandu Securities.

- 8.10 If approval is granted, it must be in writing (which can be by email) and must specify the time period to which the approval applies, which will not be more than 10 trading days. If a Restricted Person does obtain consent to deal in Kathmandu Securities the Restricted Person must also provide the Chairperson (or the Chairperson of the Audit and Risk Committee in the case of the Chairperson) with subsequent confirmation of the trading that has occurred (together with any information required under clause 9). Any such trading must also be completed within the consent validity period.
- 8.11 Dealings should generally be limited to the trading windows stated above and the Chairperson (or the Chairperson of the Audit and Risk Committee in the case of the Chairperson) will generally refuse consent to deal in Kathmandu Securities outside these times unless exceptional circumstances exist. Exceptional circumstances may include:
- (a) severe financial hardship being a pressing financial commitment that cannot be satisfied otherwise than by selling the securities; or
  - (b) if there is a court order or court enforceable undertaking to transfer or sell the securities or there is some other overriding legal or regulatory requirement to do so.
- 8.12 In any event, Kathmandu Personnel must not deal in Kathmandu Securities at any time if he or she is in possession of any inside information relating to the Kathmandu Group.
- 8.13 **Exercise of options, participation in employee share option plans etc** – Subject to compliance with applicable insider trading laws, Kathmandu personnel may at any time:
- (a) acquire Kathmandu’s ordinary shares by conversion of securities giving a right of conversion to ordinary shares;
  - (b) acquire Kathmandu Securities under a bonus issue made to all holders of securities of the same class;
  - (c) acquire Kathmandu Securities under a dividend reinvestment, or top-up plan that is available to all holders of securities of the same class; and
  - (d) acquire, or agree to acquire, options under a share option plan implemented by Kathmandu and exercise options acquired under such plan (but may not sell all or part of the shares received upon exercise of the options other than in accordance with this policy).

## **9.0 NZX and ASX Notification**

- 9.1 A Director or Senior Manager (where applicable) must notify the NZX and the ASX within 5 trading days after any change in the Director’s relevant interest in securities of Kathmandu or a related body corporate.
- 9.2 A Director must notify the Company Secretary in writing of the requisite information for the Company Secretary to make the necessary notifications to ASIC, the NZX and the ASX as required by the Financial Markets Conduct Act, the Corporations Act 2001 and the NZX and ASX Listing Rules.

## **10.0 If in doubt, don’t**

The rules in this policy do not replace your legal obligations. The boundary between what is (and is not) in breach of the law is not always clear. Sometimes behaviours that you consider ethical may be insider trading. If in doubt, don’t!

### **11.0 Confidential Information**

In addition to the above, Kathmandu personnel have a duty of confidence to the Kathmandu Group. Kathmandu personnel must not reveal any confidential information concerning the Kathmandu Group, use that information in any way which may injure or cause loss to the Kathmandu Group or use that information to gain a personal advantage.

### **12.0 Breaches of this policy**

Strict compliance with this policy is a condition of employment with the Kathmandu Group. Breaches of this policy will be subject to disciplinary action, which may include termination of employment.

### **13.0 Questions?**

If you have any questions regarding this policy you should contact:

Chris Kinraid

Company Secretary

Email: [chris.kinraid@kathmandu.co.nz](mailto:chris.kinraid@kathmandu.co.nz)

Phone: +64 3 968 6244

APPROVED

Date: 13th August 2019

A handwritten signature in black ink, appearing to read "Xavier Simonet", written over a light grey rectangular background.

Xavier Simonet

Chief Executive Officer