



QUOTED FINANCIAL
PRODUCT TRADING

CODE OF CONDUCT

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CODE OF CONDUCT FOR QUOTED FINANCIAL PRODUCT TRADING (“Code”)

BY DIRECTORS, SENIOR MANAGERS AND EMPLOYEES OF TURNERS AUTOMOTIVE GROUP LIMITED AND IT’S SUBSIDIARIES

Approved by the Board of Turners Automotive Group Limited (Board)

1. INTRODUCTION

Insider trading in New Zealand is regulated in New Zealand by the Financial Markets Conduct Act 2013 (the **FMCA**). The basic principle behind the FMCA is to impose liability upon persons who have non-public information concerning a listed issuer that, if it were generally available to the market, would have a material effect on the price of its quoted financial products (in this Code “price sensitive” or “material information”) where those persons:

- Trade in the securities of Turners Automotive Group Limited (the **Company**), or
- Advise or encourage or procure other persons, directly or indirectly, to trade or hold the Company’s quoted financial products, or
- Disclose the information to others knowing, or where the persons ought reasonably to know, that the other persons might trade in, quoted financial products in the Company,

before that information is published or is otherwise reflected in the market prices. This Code sets out in detail the New Zealand laws regarding insider trading and market manipulation. The Australian insider trading and market manipulation laws are not identical but they are similar.

This Code has been adopted by the Company to regulate trading in the Company’s quoted financial products by persons with non-public price sensitive information concerning the Company and other improper use of that information. This Code is intended to explain the impact of the FMCA on directors, senior managers and employees of the Company or a subsidiary (**Group**) and to outline a procedure which directors, senior managers and employees must use to buy or sell the Company’s quoted financial products.

The requirements imposed by this Code are separate from, and are in addition to, the legal prohibitions on insider trading. Compliance with the procedures in this Code and approval of a trade by the Company does not provide a “safe harbour” defence to a claim against you for insider trading under the FMCA. Therefore it is important that you have a good understanding of your obligations.

Anyone who breaches the insider trading laws under the FMCA will be liable for substantial civil penalties. The maximum penalty in any case will be the greater of:

- The consideration paid for the shares;
- Three times any profit made or loss avoided; or
- NZD \$1,000,000 for an individual and NZD \$5,000,000 in any other case.

In addition, knowingly breaching this law can be a criminal offence. Anyone convicted could face up to 5 years imprisonment or a fine of up to NZD \$500,000 for an individual and NZD \$2,500,000 for a body corporate.

A claim against you for a breach of the insider trading laws under the FMCA will also expose you to substantial legal costs relating to your defence.

Strict compliance with this Code is a condition of employment with the Group. A breach of this Code will result in disciplinary action being taken against you, up to and including termination of your employment.

The Company may monitor the trading of directors, senior managers and employees of the Group as part of its administration of this policy.

This Code has been approved by the Board and may be amended from time to time, by written notice to you.

If you do not understand any part of this Code, or how it applies to you, you should raise the matter with the Group Financial Controller.

2. IMPORTANT CONCEPTS

The application of the FMCA is based on a number of key concepts including the following:

- In order for there to be a liability, the person buying or selling or tipping the Company's shares must hold "material information". This is defined as information relating to the Company that is not generally available to the market and which a reasonable person would expect to have a material effect on the price of the Company's quoted financial products if it was generally available.
- **"Material information"** can include rumours, matters of supposition, intentions of a person (including the Company) and information which is not supposition or insufficiently definite to warrant disclosure to the market under the exceptions (discussed below) to the NZX's continuous disclosure rules, and could include (but not limited to) information concerning:
 - The financial performance or financial forecasts of the Company or any of its subsidiaries;
 - A possible change in the strategic direction of the Company, or any of its subsidiaries;
 - The introduction of an important new product or service;
 - A possible acquisition or sale of any assets or company;
 - The entry into or the likely entry into or termination of material contracts or other business arrangements which are not publicly known;
 - A possible change in the Company's capital structure;
 - A change in the historical pattern of dividends;
 - Senior management changes;
 - A material legal claim by or against the Company; or
 - Any other unexpected material liability.
- **"Quoted financial products"** includes shares, and debt instruments issued by the Company and quoted on a financial products market operated by NZX and/or ASX. Transactions involving either of these instruments are potentially covered by the FMCA.

3. GENERAL PRINCIPLES

3.1 Material Information

It is illegal for a person who has material information about the Company to:

- buy or sell the Company's quoted financial products;
- advise or encourage any person to buy or sell or hold the Company's quoted financial products;
- advise or encourage any person to advise or encourage another person to buy, sell or hold the Company's quoted financial products;
- disclose the material information to anyone else, including colleagues, family or friends, knowing (or where that person ought to have known) or believing that the other person is likely to use that information to buy or sell or continue to hold, or advise or encourage someone else to buy or sell or hold, the Company's quoted financial products.

This means that you should not do any of the above at a time when you are in possession of non-public, material information in relation to the Company's quoted financial products. Although the

FMCA requires that you know the information you hold is “material information”, if you ought reasonably to know that, the legislation will still apply.

It does not matter how you come to know the material information, and the FMCA applies irrespective of how you came to receive the said information.

3.2 Relationship to the Continuous Disclosure Regime

Except in the limited circumstances described below, New Zealand legislation and the NZX Listing Rules require the Company to release immediately to the NZX any material information (as defined above) concerning the Company.

As a result of the operation of this continuous disclosure regime, usually all material information about the Company will be generally available to the market.

“Material information” is generally available to the market:

- immediately upon it being released as an NZX announcement; or
- if it has been made known in a manner that would, or would likely to, bring it to the attention of persons who commonly invest in the Company’s quoted financial products and since it was made known a reasonable period has elapsed for the information to be disseminated among those persons; or
- it is likely that investors that commonly invest in the Company’s quoted financial products can readily obtain that information, whether by observation, use of expertise, purchase or other means.

However, there are limited circumstances in which immediate disclosure of material information by the Company is not required by the continuous disclosure regime. In these situations, there may be people with material information who would breach the insider trading prohibition if they dealt in quoted financial products at that time or undertook any of the other prohibited acts.

Specifically, the NZX Listing Rules do not require disclosure where:

- a reasonable person would not expect the information to be disclosed; and
- the information is confidential and its confidentiality is maintained; and
- one or more of the following applies:
 - it would be a breach of law to disclose the information; or
 - the information concerns an incomplete proposal or negotiation (e.g., the Company has not yet executed a heads of agreement); or
 - the information comprises matters of supposition or is insufficiently definite to warrant disclosure; or
 - the information is generated for internal management purposes (e.g., internal management accounts or an internal management report); or
 - the information is a trade secret.

Although information that is satisfied under these conditions does not need to be immediately disclosed under the NZX Listing Rules, it remains material information. If a person deals in the Company’s quoted financial products at a time when that person is aware of information (aware being actually aware or ought reasonably to be aware) which, but for a carve-out to the NZX Listing Rules, would need to be disclosed to the market, that person will be in breach of the FMCA.

The Company has an obligation to ensure that the information it disseminates to the market is true and not materially misleading, and criminal liability will arise where knowledge of the breach exists, including large fines of up to NZD \$500,000 for individuals such as directors, senior managers and employees who are involved and NZD \$2,500,000 for companies and/or up to 5 years’ imprisonment. Civil liability may also arise.

Under the FMCA if a public issuer breaches its continuous disclosure obligations, the Financial Markets Authority (**FMA**) can apply to the Court to impose liability on individuals who aid, abet, counsel or procure a contravention of those obligations or were in any way, directly or indirectly, knowingly concerned in, or a party to, the contravention by any other person and can impose the following penalties:

- a pecuniary penalty up to a maximum of NZD \$1,000,000 for an individual and NZD \$5,000,000 in any other case payable to the Crown; and/or
- a compensatory order ordering the payment of compensation to a person who has suffered a loss as a result of the breach; and/or
- a civil remedy order, which includes a range of powers including directions restraining actions such as disposals, issues and allotments of shares, payment of distributions and ordering the forfeiture of quoted financial products or cancelling agreements for the acquisition or disposal of quoted financial products.

In the event of a claim by the FMA, a person must prove to the Court on the balance of probabilities that the person took all steps that were reasonable in the circumstances to ensure that the public issuer complied with the continuous disclosure obligations and after doing so the person believed on reasonable grounds that the public issuer was complying with those obligations.

The FMA can also apply to the Court to make a “declaration of a contravention” in relation to a breach of the continuous disclosure provisions, which will act as proof of a contravention for the purposes of any future applications for compensation orders or other civil remedies.

3.3 Disclosure Notice by Directors & Senior Managers

In addition, directors and senior managers of the Company that acquire or dispose of a “relevant interest” in a security of the Company must disclose that fact within five trading days of the disposal or acquisition to the NZX and in the Company’s interest register. That disclosure must be made in the prescribed form. This requirement continues for six months after a person ceases to be a director or senior manager. Senior Managers of the Company are the Group CEO and Group CFO.

3.4 Market Manipulation

The FMCA imposes criminal liability on persons who manipulate the market for an issuer’s quoted financial products, by making materially false or misleading statements knowing, or if the person ought reasonably to have known, that the information is likely to induce a person to trade in the quoted financial products or have the effect of increasing, reducing, maintaining, or stabilising the price of those quoted financial products.

It is also an offence to create a false or misleading appearance of trading with respect to either:

- the extent of active trading in the quoted financial products of any public issuer; or
- the supply of, demand for, price for trading in, or value of those quoted financial products.

The person must know or ought to reasonably know that their act or omission will, or is likely to have that effect.

Criminal liability can include large fines of up to NZD \$500,000 for individuals and NZD \$2,500,000 for companies and/or up to 5 years’ imprisonment. Civil liability may also arise.

3.5 Confidential Information

In addition to the above, you also have a duty of confidentiality to the Company. You must not reveal any confidential information concerning the Company to a third party unless that party has signed a confidentiality agreement with the Company and you have been authorised to disclose the confidential information. You must also not use confidential information in any way which may injure or cause loss to the Company or use confidential information to gain an advantage for yourself.

You should ensure that external advisors keep the Company's information confidential.

The loss of confidentiality of material non-public information concerning the Company will require the Company to immediately disclose that information to the market, potentially causing significant commercial damage to the Company.

4. PERMITTED TRADING

The Board has determined that in order to minimise the risk of inadvertent breaches of the FMCA and to focus attention on those obligations at the time of any proposed trading in the Company's quoted financial products, all such persons are required to conduct any such trading in accordance with the requirements of the following procedure.

It is important to note that approval by the Company does not amount to a sanction or ratification of any activity that breaches the FMCA.

4.1 Persons covered by Securities Trading Restrictions

The trading restrictions apply to the following "Restricted Persons":

- All directors of the Company,
- The Chief Executive and all subsidiary Chief Executives/General Managers,
- Company management,
- Trusts and companies controlled by such persons; and
- Anyone else either notified by the Group Financial Controller or that has authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly.

4.2 Trading Restrictions for Restricted Persons – Black-out Period

Restricted Persons are prohibited from trading in any Company quoted financial products during the following specific "black-out" periods:

- from the Company's half-year balance date announcement, until the first trading day after the half year results are released to NZX; and
- from the Company's year-end balance date announcement, until the first trading day after the full-year results are released to NZX; and
- prior to the release of a product disclosure statement for a general public offer of the same class of the Company's quoted financial products.

Restricted Persons are not permitted to trade any of the Company's quoted financial products during a black-out period unless the Board provides a specific exemption.

Warning: *Please note that if you hold material information you must not trade the Company's quoted financial products at any time – regardless of these periods.*

4.3 Request to Turners Automotive Group Limited

A written request on the approved form (**attached**) must be made and approved prior to any trading in the Company's quoted financial products. The request must be made to the Chair of the Audit, Risk Management and Sustainability Committee of the Company. If it is the Chair of the Audit, Risk Management and Sustainability Committee making the request, the request must be made to the Chair of the Board. The Board may delegate to a specified senior managers the authority to approve share trades by employees below a specified level of seniority.

The application must be handed to the Company's Group Financial Controller who will manage the processing of the application. The Chair of the Audit, Risk Management and Sustainability Committee must be reasonably satisfied as to the truth of the statements made in the approved form before approval will be granted. The Chair of the Audit, Risk Management and Sustainability Committee may require further information from the applicant to corroborate the statements made. The Company is under no obligation to consent to any trade and a consent provided can be withdrawn if new information comes to light or there is a change in circumstances.

In addition, the Company will generally not approve any trades of a short-term nature unless there are exceptional circumstances disclosed to and approved by the Chair of the Audit, Risk Management and Sustainability Committee. The approved form requires, amongst other things, that the applicant state that the applicant does not hold material information. It is for the applicant to establish the grounds pursuant to which the required certifications can be made.

If you intend to trade in the Company's quoted financial products through a trust or nominee company, or if you intend to trade in the name of another person (for example a family member), you must still apply for approval for the trade. The application for approval must include full details of the person or entity purchasing or selling the quoted financial products and its relationship to the applicant.

For the avoidance of doubt:

- the giving of any consent under this Code is not an endorsement of your dealing and you must ensure your own compliance with the law, including the laws against insider trading; and
- any trade of units in a managed fund or Exchange Traded Fund (**ETF**) will not be captured by this request/approval process. This means that investments in the Company through in your KiwiSaver, managed fund or an ETF are not captured by this section 4.3. However, this does not guarantee or imply that any trading in managed funds or ETF's made up of the Company's quoted financial products will not breach the insider trading laws under the FMCA.

4.4 Timing

A trade which has been approved by the Company must occur within 5 business days after the approval has been given but may only occur whilst each of the certifications and other matters given in the application remain correct.

If the Company makes a market announcement of price-sensitive information after the trade has been approved by the Company in accordance with this Code, then if you have not at the time of the announcement already completed that trade you must not complete that trade until at least one trading day (being the next trading day) after the time of the announcement. In particular, if approved by the Company, trades may not be made until one trading day (being the next trading day) after the announcement of the annual results or half-yearly results.

4.5 Noting of Transactions

The Board will be advised by the Group Financial Controller of quoted financial products trading by insiders by the Group Financial Controller providing a schedule of each consent granted by the Chair of the Audit, Risk Management and Sustainability Committee at or before the Board meeting next after the consent is given.

The Group Financial Controller will maintain a register which will record the date and time of receipt of each request received under section 4 of this Code, any matter the Board considers appropriate to record, the decision made and the time it was notified and the date of the transaction.

If you have any doubts or questions as to compliance with this Code or the FMCA generally, please contact the Group Financial Controller before entering into any transaction or agreeing to do so or undertaking any other action that may potentially be in breach of this code or the FMCA.