



FREQUENTLY ASKED QUESTIONS – VERSION 2 EMPLOYEES

Appointment background

On 15 January 2019 Brendan Richards and Gayle Dickerson of KPMG were appointed joint & several Voluntary Administrators over Specialty Mens Apparel Pty Ltd (Trading as 'Ed Harry') ("the Company") by the Company's Directors.

What will happen to the Company?

It is the intention of the Administrators to continue to trade the Company on a 'business as usual' basis whilst its future viability is assessed. This includes continuing to trade all 87 stores, unless otherwise advised.

In the interim, your employment by the Company continues on the same terms and conditions that existed at the time of our appointment (further discussed below).

What is happening to me as an employee of the Company?

The Company is continuing to trade on as business as usual basis. However, the Administrators now control the business and its operations.

Your employment terms have not changed and you will continue to remain employed by the Company to perform your customary duties and responsibilities in accordance with the terms and conditions of your employment contract. You will report to the same person as before voluntary administration.

You are also required to perform duties and responsibilities as requested by the Administrators and their representatives.

Please note, we have not adopted your employment contract with the Company in existence at the date of our appointment and will formally notify you in writing should we wish to do so.

Will I continue to be paid wages for hours worked during the Voluntary Administration?

Yes, actions in the ordinary course of business including wage and salary payments will continue to be made in the ordinary course of business by the Voluntary Administrators.

You will be paid on the same day and on the same basis as before voluntary administration.



What is the priority of employee entitlements outstanding at the date of our appointment relative to other creditors of the Company?

Employees (except directors and certain relatives) have a statutory priority for payment for outstanding entitlements (such as wages, superannuation, annual leave, long service leave, retrenchment) outstanding by the Company at appointment.

An employee's priority ranks after the Administrators' costs and remuneration but ahead of ordinary unsecured creditor claims out of the proceeds of circulating assets. To assist us in determining your claim, you will be required to complete a "proof of debt or claim" form which will be attached to our initial circular and available for download at: <https://home.kpmg/au/edharry>

When will I be paid my outstanding entitlements?

Owing to the preliminary nature of the Administration we are unable to say whether the Company will have sufficient funds to pay outstanding employee entitlements. KPMG staff will be working with the Company's officers and management to understand your employee entitlements from the available records of the Company.

Should there be sufficient asset realisations and/or recoveries made to enable a distribution payment will not be made until the outcome of the administration is known.

What will happen to my entitlements if I resigned prior to the Voluntary Administration?

If you resigned before 15 January 2019, payment will not be paid in the pay run following your final day as would be the case prior to administration.

These outstanding entitlements are an unsecured claim in the voluntary administration. Accordingly, payment of these outstanding entitlements will be dependent on the outcome of the administration.

What is the status of outstanding sick leave?

Outstanding sick leave is generally not paid out upon termination. Treatment of outstanding sick leave will be dependent on the terms specified in your employment contract.

I had annual leave approved prior to administration to be taken post appointment, can I still take leave and be paid for it?

Annual leave approved prior to appointment will need to be approved by the Voluntary Administrators.

Please forward your request for leave again as prior to voluntary administration.



What will happen if I am required to take personal leave post administration?

The process will be the same as prior to voluntary administration.

What will the status of my retrenchment payments be if I resign during the administration?

If you are eligible for retrenchment payments and you resign voluntarily, you will not receive any retrenchment payments.

Can I offer to be made voluntarily redundant?

We are currently not offering voluntary redundancies but will notify eligible employees should circumstances change.

Are employees entitled to vote at creditors meetings?

Yes, if you have outstanding entitlements as at the date of appointment you are a creditor of the Company and therefore entitled to vote at the creditor meetings.

In order to vote at creditor meetings, you will need to submit a:

- Proof of Debt; and
- Proxy Form – if you do not wish to physically attend the meeting and would like to appoint someone else to vote on your behalf. The nominated person can be the chairperson presiding at the meeting or otherwise.

Please contact KPMG on +61 2 9335 7631 if you have any questions or require assistance in relation to completion of these forms.

What happens if the Company enters into liquidation?

If the Company proceeds to liquidation, you might have standing to submit an application and be compensated for unpaid entitlements under the FEG. For further information regarding the FEG, including your eligibility, please contact the Department of Jobs and Small Business on 1300 135 040 or FEG@jobs.gov.au or visit its website at: <https://www.jobs.gov.au/fair-entitlements-guarantee-feg>.

Fact sheets on the Government's *Fair Entitlement Guarantee* ("FEG") scheme will be provided to employees and are available at <https://home.kpmg/au/edharry>. Please note that the FEG does not apply in a voluntary administration.



I have additional questions, who can I contact?

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