

# INSIDER TRADING POLICY AND GUIDELINES



Owner: Company secretary  
Date: November 2010

*This policy applies to all Directors, officers and employees of Vector Limited and its wholly owned subsidiaries who intend to trade in Vector's listed securities. In this policy 'trade' includes buying or selling listed securities, or agreeing to do so, whether as principal or agent, but it does not include subscription for, or the issue of, new securities.*

*In addition to this Policy and Guidelines, further more specific and stringent rules also apply to trading in Vector's securities, by Directors and certain employees and in certain circumstances (see [Additional Trading Restrictions for Restricted Persons](#)).*

## **Introduction and purpose**

This document details Vector's policy on, and rules for dealing in the following securities (**Restricted Securities**):

- Vector Ordinary Shares;
- Vector Debt Securities (ie Capital Bonds);
- NZ Windfarms Ordinary Shares;
- any other listed securities of Vector Limited or its subsidiaries, and any listed derivatives (including futures contracts listed on an authorised futures exchange) in respect of Vector securities, from time to time.

The requirements imposed by the policy are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand and any other country where those securities may be listed.

***If you do not understand any part of this policy, or how it applies to you, you should raise the matter with Jennifer Watt, company secretary, before dealing with any securities covered by this policy.***

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

If you possess "material information" (refer to definition below), then **whether or not** you are a Restricted Person below, you must not:

- trade Restricted Securities;
- advise or encourage others to trade, or hold any Restricted Securities; or
- 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.

It is important to note that the prohibition on insider trading applies not only to information concerning Vector's securities. If you have material information in relation to listed securities of another issuer (including futures contracts listed on an authorised futures exchange over listed securities), then you must not trade in those securities.

## **What is "material information"?**

"Material information" is information that:

- is not generally available to the market; and

- if it were generally available to the market, would have a material effect on the price of Vector's listed securities.

Information is generally available to the market if it has been released as an NZX announcement, or investors that commonly invest in Vector's listed securities can readily obtain the information (whether by observation, use of expertise, purchase or other means).

It does not matter how you come to know the material information (including whether you learn it in the course of carrying out your responsibilities, or in passing in the corridor, or in a lift, or at a social function).

Information includes rumours, matters of supposition, intentions of a person (including Vector), and information, which is insufficiently definite to warrant disclosure to the public.

### **What are some examples of material information?**

The following list is illustrative only. Material information could include information concerning:

- the financial performance of Vector;
- a possible change in the strategic direction of Vector;
- the introduction of an important new product or service;
- a possible acquisition or sale of any assets or company by Vector;
- entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly known;
- a possible change in Vector's capital structure;
- a change in the historical pattern of dividends;
- senior management changes;
- a material legal claim by or against Vector; or
- any other unexpected liability,

which has not been released to the market.

### **Insider trading laws**

If you have any material information, it is illegal for you to:

- trade Vector's listed securities;
- advise or encourage another person to trade or hold Vector's listed securities;
- advise or encourage a person to advise or encourage another person to trade or hold Vector's listed securities; or
- pass on the **material information** to anyone else — including colleagues, family or friends — knowing (or where you ought to have known) that the other person will use that information to trade, continue to hold, or advise or encourage someone else to trade, or hold, Vector's listed securities.

This offence, called "insider trading", can subject you to criminal liability including large fines and/or imprisonment, and civil liability, which may include being sued by another party or Vector, for any loss suffered as a result of illegal trading.

### **Confidential information**

In addition to the above, you also have a duty of confidentiality to Vector. You must not reveal any confidential information concerning Vector to a third party (unless that third party has signed a confidentiality agreement with Vector and you have been authorised to disclose the confidential information), or to use confidential information in any way

which may injure or cause loss to Vector, or use confidential information to gain an advantage for yourself. You should ensure that external advisers keep Vector information confidential.

### **Exceptions**

This policy does not apply to:

- acquisitions and disposals by gift or inheritance;
- acquisitions through an issue of new listed securities, such as an issue of new debt securities or shares on the exercise of options, under a rights issue, or a dividend reinvestment plan.

### **Short term trading discouraged**

You should not engage in short term trading (the buying or selling of listed securities within a 6 month period), unless there are exceptional circumstances discussed with and approved by the company secretary.

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, do not trade listed securities on a short-term basis.

### **If in doubt, don't**

The rules contained 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 behaviour that you consider to be ethical actually may be insider trading. If in doubt, don't!

### **Breaches of policy**

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

### **Monitoring of trading**

Vector may monitor the trading of directors and employees as part of the administration of this policy.

### **Application of policy**

Vector's board has approved this policy. The board may approve updates, amendments to and exemptions to this policy from time to time, which may be implemented by written posting on Vector's intranet.

To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this policy prevails over them.

## **Vector Limited - Additional Trading Restrictions for Restricted Persons**

### **Persons covered by Restricted Securities Trading Restrictions**

The additional trading restrictions set out below apply to:

- all directors;
- the group chief executive and all senior officers (all group chief executive direct reports and those directly reporting to them);
- during the period of any share buyback by Vector, others directly involved in or having knowledge of the details of the share buyback (ie treasury staff);
- trusts and companies controlled by such persons; and
- anyone else notified by Jennifer Watt, company secretary, from time to time.

Persons covered by these additional restrictions are called "**Restricted Persons**". Employees and directors will be considered 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.

### **Additional trading restrictions for Restricted Persons (black-out period)**

Restricted Persons are prohibited from trading in any Restricted Securities during the following specific "black-out" periods:

- the period commencing five months after the end of Vector's financial year ie 1 December until the first trading day after the announcement to NZX of Vector's half-year financial results; and
- the period commencing four months after the end of Vector's financial half-year ie 1 May until the first trading day after the announcement to NZX of Vector's full year financial results.

Restricted Persons are not permitted to trade any Restricted Securities during a black-out period unless Vector's board provides a specific exemption.

***Please note that if you hold material information you must not trade Restricted Securities at any time – regardless of these periods.***

### **Requirements before trading**

Before trading in Restricted Securities, at any time, Restricted Persons must, in writing:

- notify Vector's company secretary, Jennifer Watt, of their intention to trade in securities, and seek consent to do so (using the Request for Consent to Trade in Listed Securities form attached);
- confirm that they do not hold material information; and
- confirm that there is no known reason to prohibit trading in any Restricted Securities.

In the case of proposed trading by a director, the trade must be approved by the chairmen of the board and the consent form must be signed by 2 other directors (one of whom may also be the chairman of the board).

A consent is only valid for a period of 10 trading days after notification. A consent is automatically deemed to be withdrawn if the person becomes aware of material information prior to trading.

### **Requirements after trading**

A Restricted Person must advise Jennifer Watt, company secretary, promptly following completion of any trade, and the Restricted Person must comply with any disclosure obligations it has under the Securities Markets (Disclosure of Relevant Interests by Directors and Officers) Regulations.

**Vector Limited – Request for Consent to Trade in Listed Securities**

To: Jennifer Watt, Company Secretary, Vector Limited

In accordance with Vector’s Insider Trading Policy and Guidelines, Additional Trading Restrictions for Restricted Persons, I request Vector’s consent be given to the following proposed transaction to be undertaken either by me or persons associated with me, within -10- days of notification of approval being given. I acknowledge Vector is not advising or encouraging me to trade or hold securities and does not provide any securities recommendation.

**Name:** \_\_\_\_\_

**Name of registered holder transacting:** \_\_\_\_\_  
 (if different) \_\_\_\_\_

**Address:** \_\_\_\_\_

**Position:** \_\_\_\_\_

**Description and number of securities:** # Vector Ordinary Shares / Bonds

**Type of proposed transaction:** Acquisition or Disposal of Vector Ordinary Shares / Bonds

I declare that I do not hold information which:

- is not generally available to the market;
- would have a material effect on the price of Vector’s listed securities if it were generally available to the market.

I know of no reason to prohibit me from trading in Vector’s listed securities and certify that the details given above are complete, true and correct.

\_\_\_\_\_  
 Signature Date

Vector hereby consents / does not consent to the proposed transaction described above. Any consent is conditional on the proposed transaction being completed within 10 trading days of the date of notification of this consent, and in compliance with Vector’s Insider Trading Policy and Guidelines and Additional Trading Restrictions for Restricted Persons.

\_\_\_\_\_  
 Jennifer Watt, Company Secretary on behalf of Vector Limited Date

\_\_\_\_\_  
 Director Date

\_\_\_\_\_  
 Director Date