

# Share Trading Policy



## 1. POLICY AND GUIDELINES

- 1.1 This policy applies to all Directors, senior managers, personal service contractors and employees of Pacific Edge Limited ("**the Company**") and its subsidiaries (together referred to as "**the Employees**").
- 1.2 In this policy '**trade**' includes the acquisition or disposal of quoted financial products in the Company ("**Shares**") or agreeing to do so, whether as principal or agent, but does not include acquisition or disposal of by inheritance or gift.

### **Introduction and purpose**

- 1.3 This document details the Company's policy on, and rules for dealing in Shares and the disclosure of "inside information" (see definition below).
- 1.4 The requirements imposed by the policy are separate from, and in addition to, the legal prohibitions on insider trading provided by law.
- 1.5 If you do not understand any part of this policy, or how it applies to you, you should raise the matter with the CEO before disclosing any information relating to the Company or dealing with any Shares covered by this policy.

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

- 1.6 If you are an "Information Insider" of the Company (refer to definition below), then you must not:
  - a. trade Shares;
  - b. advise or encourage others to trade or hold any Shares; or
  - c. pass on the Inside Information to others.
- 1.7 This is known as Insider Trading. The Insider Trading prohibitions apply regardless of how you learn of the information, and regardless of why you are trading.

## **What is "Inside Information" and who is an "Information Insider"?**

- 1.8 "Inside Information" is Material Information held by an Information Insider of the Company.
- 1.9 "Material Information" has the same meaning as in the Listing Rules. It is information that is not generally available to the market and that:
- a. a reasonable person would expect, if it were generally available to the market, to have a material effect on the price of the Shares; and
  - b. relates to the Shares rather than to financial products generally or public issuers generally.
- 1.10 Information is generally available to the market if it has been released as an NZX announcement, or if investors that commonly invest in the Shares can readily obtain the information (whether by observation, use of expertise, purchase or other means) and a reasonable time has elapsed for the dissemination of the information.
- 1.11 A person is an "Information Insider" of the Company if that person:
- a. has Material Information; and
  - b. knows or ought reasonably to know that the information is:
    - i. Material Information; and
    - ii. not generally available to the market.
- 1.12 It does not matter how you come to know 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). It includes rumours, matters of supposition, intentions of a person (including the Company) and information which is insufficiently definite to warrant disclosure to the public.
- 1.13 In summary each Employee is likely to be an Information Insider if they are aware of Material Information.

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

- 1.14 Examples of Material Information include information which has not been released to the market concerning the Company in relation to:
- a. its financial performance;
  - b. a possible change in its strategic direction;
  - c. the introduction of an important new product or service;
  - d. a possible acquisition or sale of any assets or company;
  - e. entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly known;

- f. a possible change in capital structure;
- g. a change in the historical pattern of dividends;
- h. senior management changes;
- i. a material legal claim by or against the company; or
- j. any other unexpected liability.

### **Insider trading laws**

- 1.15 If you are an Information Insider, it is illegal for you to:
- a. trade Shares;
  - b. advise or encourage another person to trade or hold Shares;
  - c. advise or encourage a person to advise or encourage another person to trade or hold Shares; or
  - d. pass on the Inside Information to anyone else, including colleagues, family or friends, knowing (or where you ought to have known) that the other person will, or is likely to, use that information to trade, continue to hold, or advise or encourage someone else to trade or hold Shares.
- 1.16 A breach of the Insider Information rules has significant implications and may lead to criminal and civil liability. The pecuniary penalty for individuals can be up to three times the gain made from the transaction, the consideration for the transaction or \$1 million. In relation to criminal liability the punishment may be imprisonment for a term not exceeding 5 years.

### **Confidential information**

- 1.17 You also have a duty of confidentiality to the Company. You must not:
- a. reveal any confidential information concerning the Company to a third party (unless that third party has signed a confidentiality agreement with the Company and you have been authorised to disclose the confidential information);
  - b. use confidential information in any way which may injure or cause loss to the Company; or
  - c. use confidential information to gain an advantage for yourself.
- 1.18 You must also ensure that all external advisers keep all information relating to the Company confidential.

### **If in doubt, don't trade/disclose**

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

### **Breaches of policy**

- 1.20 Strict compliance with this policy is a condition of your employment or contractual relationship with the Company. Breaches of this policy may lead to disciplinary action, which could result in termination of your employment or contract.

### **Monitoring of trading**

- 1.21 The Company may monitor the trading of Directors and Employees as part of the administration of this policy.

### **Trading by Employees**

- 1.22 Any Employee considering trading Shares must, at least one trading day prior to trading, complete the form attached as Appendix 1 and email it to the CEO notifying their intention to trade. You may only trade Shares if you do not hold any Material Information that is not in the market.

### **Trading by Directors and senior managers**

- 1.23 Any Director or senior manager considering trading Shares must also comply with the procedures set out in the Director and Officer Share Trading Policy (which is attached as Appendix 2) in addition to this policy.
- 1.24 A senior manager is any person who is not a director but occupies a position that allows that person to exercise significant influence over the manager or administration of the Company (for example the CEO and CFO).

### **Application of policy**

- 1.25 The Board has approved this policy. The Board may approve updates, amendments to and exemptions to this policy from time to time. To the extent of any inconsistency with any previous policy or rules relating to this subject matter, this policy prevails over them.

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## APPENDIX 1 – EMPLOYEE NOTIFICATION OF INTENTION TO TRADE

### NOTICE OF PROPOSED TRADE OF SHARES IN THE COMPANY BY AN EMPLOYEE

To: Chief Executive Officer, Pacific Edge Limited

Before buying or selling securities in Pacific Edge, it is required that an employee gives written notice to the Company via the Company's CEO or CFO of their intention to buy or sell the securities by completing this form.

Consent is required before the intended transaction can be undertaken.

Name:	
Address:	
Telephone:	Mobile:
Email:	
Position in the Company:	
Relationship to Pacific Edge:	
Class and number of securities of proposed transaction:	
Describe type of transaction (e.g. buying or selling):	
Details of purchaser (e.g. in personal capacity, family trust, company)	
Is it intended that the transaction will take place on a stock exchange, and if not, details of the transaction:	
Likely date of transaction:	

#### In making this application:

I do not possess any Material information and I am not an Information Insider.

There is no material information held by the company at this time that is not known to the market that would preclude me from selling this bundle of shares.

I seek consent to complete the sale of shares in the market as outlined above.

Signed \_\_\_\_\_

Date \_\_\_\_\_

Approval to the above transaction by \_\_\_\_\_ is hereby granted.

\_\_\_\_\_  
Chief Executive Officer  
Pacific Edge Limited

\_\_\_\_\_  
Date

## **APPENDIX 2 - DIRECTOR AND SENIOR MANAGER SHARE TRADING POLICY**

### **POLICY – NOTIFICATION OF INTENTION TO TRADE**

- 1.1 Whenever any Director or senior manager ("Officer") intends to sell or buy Shares, they must notify the Company at least 48 hours prior to the proposed transaction. Notification must be made using the form attached which sets out:
- a. the name of the Officer;
  - b. the name of the Officer's shareholding entity (if different);
  - c. whether the Officer is a Substantial Product Holder of the Company under the Financial Markets Conduct Act 2013;
  - d. the office held by that Officer;
  - e. the type and number of securities that are the subject of the proposed transaction;
  - f. a statement describing the type of transaction;
  - g. a statement as to whether the transaction will take place on the NZX and if not, the details;
  - h. the likely date of the transaction;
  - i. a statement that the Officer does not believe that he/she is an Information Insider as at the date of the notice;
  - j. a request that any Directors immediately advise whether in their view there is currently any Material Information not available to the market which a reasonable person would expect to have a material effect on the price of shares in the Company.
- 1.2 Upon receipt of this notice the Company must immediately circulate it to all Directors for them to assess and advise within 48 hours as to whether they are aware of any information that the Officer should consider in determining if they are an "Information Insider". All responses should be copied to the other Directors.
- 1.3 The ultimate decision as to whether a trade can be made rests with the individual concerned taking account of the matters raised above. Serious penalties can be imposed upon conviction for a breach of the Financial Markets Conduct Act 2013.
- 1.4 There are no 'safe harbours' in the legislation. However it is likely that there is less risk of there being Inside Information where the trade takes place following major announcements such as the Annual Report and full year and half year results announcements.

## **POLICY – NOTIFICATION OF COMPLETION OF TRADING**

### **Notice to NZX**

- 1.5 Officers must disclose a "relevant interest" in financial products of the Company by giving notice to NZX in the prescribed form within 5 trading days of:
- a. becoming an Officer of the Company, by disclosing any existing interest; and
  - b. of any trading in Shares whilst an Officer (and for 6 months after they cease to be an Officer). This will include acquiring or disposing of Shares as well the issue and conversion of options to acquire Shares.

### **Definition of Relevant Interest**

- 1.6 An Officer has a relevant interest in financial products (eg, Shares or options to acquire Shares) if the person:
- a. is a registered holder of the financial product; or
  - b. is a beneficial owner of the financial product; or
  - c. has the power to exercise, or to control the exercise of, a right to vote attached to the financial product; or
  - d. has the power to acquire or dispose of, or to control the acquisition or disposition of, the financial product.
- 1.7 In determining a relevant interest:
- a. it does not matter whether the power or control is expressed or implied, direct or indirect, legally enforceable or not, related to a particular financial product or not, exercisable presently or in the future, or exercisable alone or jointly with another person or persons (but a power to cast merely one of many votes is not, in itself, a joint power of this kind).
  - b. it does not matter whether or not the power or control is or can be made subject to restraint or restriction or is exercisable only on the fulfilment of a condition.
  - c. if two or more persons can jointly exercise a power, each of them is taken to have that power.
  - d. a person has a power or control if the power or control is, or may at any time be, exercised under, by virtue of, by means of, or as a result of a revocation or breach of, a trust, agreement, arrangement, or understanding (or any combination of them).
  - e. it does not matter whether or not the trust, agreement, arrangement, or understanding is legally enforceable or whether or not the person is a party to it.

- 1.8 There is also an extension to when Officers have a "relevant interest". A person has a relevant interest in securities that another person "B" has if:
- a. B or B's directors are accustomed or under an obligation (whether legally enforceable or not) to act in accordance with A's directions, instructions, or wishes in relation to a power or control referred to in the basic definition;
  - b. A has the power to exercise, or control the exercise of, the right to vote attached to 20% or more of the financial products of B;
  - c. A has the power to acquire or dispose of, or to control the acquisition or disposition of, 20% or more of the financial products of B;
  - d. A and B are related bodies corporate, which they will be if:
    - i. B is A's holding company or subsidiary within the meaning of section 5 of the Companies Act 1993;
    - ii. more than half of A's voting products (other than voting products that carry no right to participate beyond a specified amount in a distribution of either profits or capital) are held by B and that body corporates related to B (whether directly or indirectly, but other than in a fiduciary capacity) or vice versa;
    - iii. more than half of the voting products (other than voting products that carry no right to participate beyond a specified amount in a distribution of either profits or capital) of each of A and B are held by members of the other (whether directly or indirectly, but other than in a fiduciary capacity);
    - iv. the businesses of A and B have been so carried on that the separate business of each body corporate, or a substantial part of that business, is not readily identifiable; or
    - v. there is another body corporate to which A and B are both related; or
  - e. A and B have an agreement, arrangement, or understanding to act in concert in relation to a power or control referred to in clause 1.6.
- 1.9 A person "A" does not have a relevant interest in a financial product merely because:
- a. the ordinary business of A consists of, or includes, the lending of money or the provision of financial services, or both, and A has the relevant interest only as security given for the purposes of a transaction entered into in the ordinary course of the business of A; or
  - b. A is authorised to undertake trading activities on a licensed market and A acts for another person to acquire or dispose of the product on behalf of that person in the ordinary course of A's business of carrying out those trading activities; or
  - c. A has been authorised by resolution of the Directors of a body corporate to act as its representative at a particular meeting of product holders or a class of product holders of the listed issuer and the instrument of A's appointment is deposited with the listed issuer before the meeting; or

- d. A is appointed as a proxy to vote at a particular meeting of product holders, or of a class of product holders, of the listed issuer and the instrument of A's appointment is deposited with the listed issuer before the meeting; or
  - e. A is a bare trustee of a trust to which the product is subject (and a trustee may be a bare trustee even if he or she is entitled as a trustee to be remunerated out of the income or property of the trust); or
  - f. A is a Director of a body corporate and the body corporate has a relevant interest in the product; or
  - g. A is a product holder of a body corporate and the body corporate's constitution gives the product holder pre-emptive rights on the transfer of the product, if all product holders of the products have pre-emptive rights on the same terms.
- 1.10 As can be seen, the definition of a relevant interest is both very broad and complex. If an Officer is unsure if he or she has a relevant interest in Shares then please seek legal advice. There are significant penalties for a failure to disclose a relevant interest. If you are not certain then the preference is to disclose your interest.
- 1.11 Each Officer is personally responsible for ensuring this occurs. However the Company's solicitors will prepare this form at the request of the Officer upon the following information being provided with the:
- a. number and class of financial products;
  - b. date of acquisition or disposal;
  - c. consideration paid or received;
  - d. circumstances in which the acquisition or disposal took place;
  - e. date the transaction took place;
  - f. nature of the Officer's relevant interest in the financial products; and
  - g. name of the registered holder of those financial products.
- 1.12 Given the requirement for disclosure to be made within 5 trading days Officers must forthwith notify the Company of any such acquisition or disposal of a relevant interest to enable the form to be completed, signed by the director and announced to NZX.
- 1.13 A contravention of these disclosure obligations may give rise to civil liability, including a pecuniary penalty not exceeding \$200,000 for an individual.

### **Substantial Product Holders**

- 1.14 If an Officer is a "Substantial Product Holder" under the Financial Markets Conduct Act 2013 then they are required to make different disclosures to the Company and NZX under the Act. A Substantial Product Holder is a person who has a relevant interest in 5% or more in the quoted financial products of the Company. Please seek legal advice if you think this might apply to you.

## **Interests Register**

- 1.15 The Company must keep an interest register of all relevant interest in financial products in the Company held by Officers. An Officer must disclose any trading to the Board forthwith to enable the interests register to be updated. The information that must be provided by an Officer is that set out in clause 1.11 above. The information disclosed by Officers will be utilised to forthwith update the share register which must be kept current at all times.
- 1.16 A copy of the interests register will be appended to each Board agenda and minutes so that any updates are seen by the Board at least as regularly as Board meetings.
- 1.17 Any failure, without reasonable excuse, to comply with the obligation to keep the Directors' interest register current is an offence and the relevant Officer is liable on conviction for a fine not exceeding \$10,000. The Company is also liable on conviction for a fine not exceeding \$50,000.

**NOTICE OF PROPOSED TRADE OF SHARES IN THE COMPANY  
BY A DIRECTOR/SENIOR MANAGER**

Before buying or selling securities in Pacific Edge, it is required that an employee gives written notice to the Company via the Company's CEO of their intention to sell the securities by completing this form.

Consent is required before the intended transaction can be undertaken.

Name:	
Address:	
Telephone:	Mobile:
Email:	
Position in the Company:	
Relationship to Pacific Edge:	
Substantial Shareholder?	Yes / No
Class and number of securities of proposed transaction:	
Describe type of transaction (e.g. buying or selling):	
Details of purchaser (e.g. in personal capacity, family trust, company)	
Is it intended that the transaction will take place on a stock exchange, and if not, details of the transaction:	
Likely date of transaction:	

**In making this application:**

I do not possess any material information and I am not an information insider.

There is no material information held by the company at this time that is not known to the market that would preclude me from selling this bundle of shares.

I seek consent to complete the sale of shares in the market as outlined above.

Signed \_\_\_\_\_

Date \_\_\_\_\_

Approval to the above transaction by _____ is hereby granted.	
_____ Chief Executive Officer Pacific Edge Limited	_____ Date

\*Note if the Director/Officer is a "substantial product holder" then they required to make disclosures regarding the trade under sections 276, 277 and 279 of the Financial Markets Conduct Act to NZX and the Company rather than by virtue of their directorship/office under section 297.