



## SOUTHERN CROSS BUILDING SOCIETY SECURITIES TRADING POLICY

### 1. INTRODUCTION

- 1.1 This document (the "**Policy**") sets out the Southern Cross Building Society's (the "**Society**") policy on, and rules for, the acquisition or disposition of interests in securities in the Society by directors, the Chief Executive Officer and his or her direct reports (together with their respective affiliated persons, "**Officers**").
- 1.2 While the prohibitions on insider trading set out in the Securities Markets Act 1988 do not apply to the Society on the date of the adoption of this Policy (as the Society is not listed), the board of directors of the Society (the "**Board**") considers that the consent and disclosure regime set out in this Policy represents good corporate governance. This Policy is separate from, and additional to, any legal disclosure or other obligations (including, for example, restrictions on insider trading) which may apply to the Society at any time.
- 1.3 This Policy applies to dealing in equity securities (in terms of the Society's Rules) issued by the Society from time to time ("**Securities**"), including ordinary shares and options. This Policy does not apply to dealing in debt securities issued by the Society, including call or term deposits or B terminating shares.
- 1.4 Any questions as to the application of this Policy should be raised with the Chief Executive Officer **before** dealing with Securities.

### 2. SECURITIES OWNERSHIP IS DESIRABLE

- 2.1 The Board considers that it is desirable that Officers, particularly directors, should hold Securities as long term investments, as this leads to an alignment of interests between Officers, the Society and the Society's shareholders.
- 2.2 However, Officers must only buy or sell Securities in conformity with this Policy, and any other applicable legal restrictions.

### 3. INSIDER TRADING IS PROHIBITED

#### **Fundamental rule: insider trading is prohibited at all times**

- 3.1 An Officer who has "material information" (as defined below) in respect of Securities, must not:
  - (a) buy or sell Securities;
  - (b) advise or encourage any person to buy, sell or hold Securities;
  - (c) advise or encourage any person to advise or encourage another person to buy, sell or hold Securities;
  - (d) directly or indirectly disclose that information to a person if the Officer knows, or ought reasonably know or believe, that the person will buy, sell

or hold Securities or advise or encourage another person to buy, sell or hold Securities.

- 3.2 These prohibitions apply regardless of how an Officer learns of the material information.

**What is “material information”?**

- 3.3 For the purposes of this Policy, “**material information**” is information in respect of the Society that is not publicly available and if it were publicly available, would have a material effect on the price of Securities.
- 3.4 Material information may include knowledge of “positive” information (for example, the existence of, or information regarding, a possible merger or other corporate transaction) or “negative” information (for example, an intention to make a substantially increased provision for bad debts), that has not been made public.

<b>4. CONSENT PROCEDURE</b>
-----------------------------

- 4.1 An Officer who does not hold material information may buy or sell, or acquire or dispose of, any direct or indirect interest in, Securities (each, a “**Proposed Transaction**”), provided that:

- (a) the Proposed Transaction occurs during a permitted trading window; or
- (b) the Proposed Transaction was consented to in accordance with this Policy.

**Permitted trading windows**

- 4.2 A Proposed Transaction may occur, without consent, during the following permitted trading windows:
- (a) in the period commencing on the day after the Society’s annual report is sent to shareholders and ending on the day that is 60 days after that date; and
  - (b) in the period commencing on the day after the Society’s half-yearly report is sent to shareholders and ending on the day that is 60 days after that date.

**An Officer must obtain consent**

- 4.3 An Officer must not undertake a Proposed Transaction outside of a permitted trading window, unless the Chief Executive Officer (or, in the case of Proposed Transaction to be undertaken by the Chief Executive Officer, the Chairman) has given prior written consent to the Proposed Transaction in accordance with this Policy.
- 4.4 The requirement for consent applies in all cases, regardless of the nature of, or the reasons for, the Proposed Transaction, except as set out in paragraph 4.2 or 4.16.

### **Request for consent**

- 4.5 In order to obtain consent to a Proposed Transaction, the Officer must provide prior written notice of the Proposed Transaction, in the form set out in the First Schedule (the “**Request Form**”), to the Chief Executive Officer (or, in the case of Proposed Transaction to be undertaken by the Chief Executive Officer, the Chairman), with a copy to the General Manager – Strategy (who is responsible for the management of the consent process under this Policy).
- 4.6 The Request Form requires the Officer to disclose particulars of the Proposed Transaction and to confirm that he or she is not in possession of material information.

### **Consideration of the Request Form**

- 4.7 As soon as reasonably practicable following receipt of a Request Form, the Chief Executive Officer or the Chairman (as the case may be) will consider, and make a decision as to whether to grant consent to, the Proposed Transaction. However, prior to making a consent decision, the Chief Executive Officer or the Chairman may require that the Officer provide further information to support the request. This further information should be copied to the General Manager – Strategy.
- 4.8 Once the Chief Executive Officer or the Chairman has made a decision, he or she will provide the Officer with a written acknowledgement consenting to, or declining, the Proposed Transaction. A copy of this written acknowledgement must be circulated to the Board and to the General Manager – Strategy at the same time as it is sent to the Officer.
- 4.9 If the Proposed Transaction is declined by the Chief Executive Officer, the Officer may appeal, and make further representations to, the Chairman, who may, by written acknowledgement to the Officer (copied to the Chief Executive Officer, the Board and the General Manager – Strategy), confirm the refusal or grant consent to the Proposed Transaction. The Chief Executive Officer may appeal on the same basis to the full Board. The decision of the Chairman or the Board (as applicable) will be final.

### **Discretion and conditions**

- 4.10 The Chief Executive Officer, the Chairman or the Board (as the case may be) may:
- (a) grant or withhold consent to a Proposed Transaction in their absolute discretion;
  - (b) grant consent to a Proposed Transaction subject to any conditions that they consider appropriate, in their absolute discretion,

in either case, without the need to provide reasons to the Officer.

### **Short term trading is discouraged**

- 4.11 Without limiting the discretions set out above, unless there are exceptional circumstances, consent to a Proposed Transaction will be refused if the Proposed Transaction involves short term trading. In broad terms, a sale of Securities within six months of purchase will be regarded as short term trading,

although the Board may determine the period, which, in any given circumstances, constitutes short term.

#### **Validity of consent**

- 4.12 If consent is granted to a Proposed Transaction, that consent will only be valid for a period of 10 business days after notification (or such longer period as specified in the written acknowledgement).
- 4.13 The Officer must comply with any conditions imposed on the Proposed Transaction (as specified in the written acknowledgement), and failure to comply with such conditions will be deemed to automatically revoke the consent.

#### **Extended application: direct and indirect interests**

- 4.14 The requirement for consent set out in paragraph 4.1(b) applies to both direct interests in Securities (such as where the Officer is the registered owner of the Securities, whether in the Officer's own right or as a trustee of a trust) and indirect interests in Securities (such as a beneficial interest in a trust, a significant shareholding in a company that holds Securities, or an option to acquire Securities in the future).
- 4.15 In addition, for the purposes of this Policy, an Officer will be deemed to have an indirect interest in Securities in which the Officer's spouse, de facto partner or dependent children have an interest.

#### **Exceptions**

- 4.16 The following transactions in Securities will not require consent under this section 4:
- (a) the acquisition or disposition of interests in Securities by a superannuation scheme or employee share scheme for the benefit of the Society's employees and of which the Officer is a trustee; and
  - (b) the vesting of Securities in an Officer in his or her capacity as a trustee, executor or administrator of a deceased securityholder's estate, and the sale of those Securities for the benefit of, or the distribution of those Securities to, the beneficiaries of that estate.

<b>5. DISCLOSURE BY OFFICERS</b>
----------------------------------

- 5.1 An Officer (other than the Chief Executive Officer) must disclose in writing to the Chief Executive Officer his or her direct interests and indirect interests in Securities, and any change in those interests, in accordance with this Policy. A change in interest includes a change in the nature or extent of an Officer's interests in Securities.
- 5.2 An Officer must make an initial disclosure in terms of paragraph 5.1 within five business days after the date of the adoption of this Policy.

- 5.3 An Officer (other than the Chief Executive Officer) who is granted consent to a Proposed Transaction under section 4 of this Policy must give written notice to the Chief Executive Officer as soon as practicable, and no later than five business days, after the Proposed Transaction has occurred (or, if it does not occur, written notice to that effect).
- 5.4 The Chief Executive Officer must also comply with the disclosure obligations paragraphs 5.2 and 5.3, provided that he or she must make the requisite disclosures to the Chairman.
- 5.5 An Officer must give written notice of any change in the Officer's interests in Securities that did not require consent under section 4, as soon as practicable, and no later than five business days, after becoming aware of that change, as if paragraph 5.3 or 5.4 (as the case may be) applied.
- 5.6 An Officer must copy all disclosures made under this section 5 to the General Manager – Strategy.

## **6. ADMINISTRATION OF THIS POLICY**

- 6.1 An Officers' Dealing Register (the "**Register**") must be maintained by the General Manager – Strategy.
- 6.2 The General Manager – Strategy must record or maintain copies of the following in the Register:
- (a) acknowledgement of receipt forms received from Officers under section 8 of this Policy;
  - (b) disclosures received from Officers under section 5 of this Policy;
  - (c) copies of all Request Forms received from Officers;
  - (d) any circumstances regarding a request for consent to a Proposed Transaction that the Chief Executive Officer, the Chairman or any other director considers appropriate to record; and
  - (e) the decision of the Chief Executive Officer, the Chairman and/or the Board in respect of a Request Form and a copy of any written acknowledgements provided to the Officer under section 4 of this Policy, including any conditions to the consent and, if applicable, any exceptional circumstances justifying the granting of the consent.
- 6.3 The General Manger – Strategy must prepare, and include in the board papers for each regular meeting of the Board, a summary of the entries in the Register since the last meeting of the Board.
- 6.4 The Board will ensure that the Society's annual report includes particulars of each director's interests in Securities as at the balance date.

## **7. NO LIABILITY**

- 7.1 The granting or refusal of consent to a Proposed Transaction does not constitute an encouragement or recommendation by the Chief Executive Officer, the Chairman, the Board, the Society or any other person as to whether an Officer should trade or hold Securities.

- 7.2 None of Society, the Chief Executive Officer, the Chairman or any other director or employee of the Society (the “**Relevant Persons**”), will have any liability:
- (a) to an Officer in respect of any decision to grant, or withhold consent to, or the imposition of any condition in respect of, a Proposed Transaction; or
  - (b) to an Officer or any other person in respect of any claim or action that arises in connection with a Proposed Transaction, regardless of whether it was consented to in accordance with this Policy.

<b>8. COMPLIANCE</b>
----------------------

- 8.1 The Board considers that strict compliance with this Policy to be a crucial matter for all Officers.
- 8.2 In addition, for Officers who are employees, compliance with this Policy is a condition of employment. **A breach of this Policy is a serious matter that may justify summary dismissal.**
- 8.3 Officers must sign and deliver to the Society the acknowledgement of receipt form set out in the Second Schedule within five business days after the adoption of this Policy by the Board or the employment/appointment of the Officer (as the case may be).

**Application to advisers**

- 8.4 If the Chief Executive Officer or the Board considers it appropriate in the circumstances, it may extend the application of this Policy to one or more of Society’s external advisers (including, for example, lawyers, auditors and investment bankers) with an adviser’s written consent. The adviser must then comply with this Policy as if he, she, or it, was an Officer, and references, in this Policy, to “Officer” shall be deemed to be a reference to that adviser.
- 8.5 This Policy applies to Harnos Horton Lusk, its partners and employees.
- 8.6 An adviser who consents to comply with this Policy pursuant to paragraph 8.4 must also sign and deliver to the Society the acknowledgement of receipt form. Advisers who, having given consent, fail to comply with this Policy may have their engagement with the Society terminated.

**Application to other staff**

- 8.7 If the Board considers it appropriate in the circumstances (for example, pending the announcement of a corporate action), it may, by written notice, prohibit trading in Securities by one or more staff members by name or by other designation (for example “all head office staff”) (each a “**Relevant Staff Member**”) for either a specified period, or until the trading prohibition is lifted by the Board, by written notice.
- 8.8 The prohibition will apply to Securities which are directly or indirectly owned by a Relevant Staff Member (including, where the Relevant Staff Member is a principal beneficiary of a trust which owns Securities, or where a Relevant Staff Member is a significant shareholder in a company which owns Securities). During any such trading prohibition the Board will retain the discretion to authorise trading in Securities by a Relevant Staff Member if there are exceptional circumstances, such as financial hardship (and the Board will have the discretions set out in paragraph 4.10 in respect of any such consent).

- 8.9 Without limiting the usual obligations of confidentiality that apply to staff, during any trading prohibition a Relevant Staff Member will be prohibited from disclosing to any person (other than in the ordinary course of their duties as employees of the Society) material information in respect of the Society and the existence and details of the trading prohibition. New staff will be asked to sign the acknowledgement form set out in the Third Schedule.

<b>9. APPLICATION OF POLICY</b>
---------------------------------

- 9.1 This Policy was adopted by the Board on the date set out below.
- 9.2 The Board may approve updates, amendments to, and exemptions from, this Policy from time to time, which may be implemented by written notice to Officers and advisers.

**21 July 2008**

<b>FIRST SCHEDULE: REQUEST FORM</b>
-------------------------------------

**TO:** Southern Cross Building Society  
 Corner, Victoria and High Streets  
**AUCKLAND**

Attention: [Chief Executive Officer][Chairman of the Board]

Copy to: General Manager – Strategy

**REQUEST FOR CONSENT**

1. Pursuant to the Southern Cross Building Society Securities Trading Policy dated 21 July 2008 (the “**Policy**”), I, the undersigned, request consent be given to the proposed transaction set out below:

<b>Name:</b>	
<b>Address:</b>	
<b>Position with the Society:</b>	
<b>Name(s) of registered holders of securities:</b>	
<b>Description and number of securities subject to the transaction:</b>	
<b>Description of proposed transaction:</b>	
<b>Likely date of proposed transaction (on or about)</b>	
<b>Nature and extent of my interests in securities following the proposed transaction:</b>	

2. I certify and declare that I **do not** hold material information in respect of the Society. For the purposes of this certification and declaration, “**material information**” is information in respect of the Society that is not publicly available and if it were publicly available, would have a material effect on the price of Securities.

\_\_\_\_\_  
 Officer Signature

\_\_\_\_\_  
 Date

<b>SECOND SCHEDULE: ACKNOWLEDGMENT OF RECEIPT</b>
---

**TO:** Southern Cross Building Society  
 Corner, Victoria and High Streets  
**AUCKLAND**

Attention: General Manager – Strategy

**ACKNOWLEDGEMENT OF RECEIPT**

I, the undersigned, acknowledge, agree and confirm that:

1. I have received, read, and understood a copy of the Southern Cross Building Society Securities Trading Policy dated 21 July 2008 ("**Policy**").
2. I am an [Officer of][adviser to] the Southern Cross Building Society for the purposes of the Policy.
3. I will adhere to, and comply with, the provisions of the Policy (including any updates, amendments, or exemptions, to the Policy that are notified to me in writing).

\_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Name

\_\_\_\_\_  
 [Officer's position] **OR**  
 [Adviser's position and name of advisory firm]

\_\_\_\_\_  
 Date

<b>THIRD SCHEDULE: STAFF ACKNOWLEDGEMENT</b>
--

**TO:**     *[Insert name of staff member]*

**FROM:** The Board of Directors  
Southern Cross Building Society

**DATE:** *[insert date]*

**SOUTHERN CROSS BUILDING SOCIETY INSIDER TRADING POLICY**

The Southern Cross Building Society has issued equity securities (including, ordinary shares and options) ("**Securities**") which are widely held and are freely tradeable. In order to guard against the risk of insider trading in Securities, the Board of the Society has adopted a Securities Trading Policy.

This Policy states that the Board may, from time to time, by written notice, prohibit you from buying or selling Securities for either a specified period, or until such time as the prohibition is lifted by the Board. Such a prohibition will apply to Securities which are directly or indirectly owned by you (including, for example, where you are a principal beneficiary of a trust which owns Securities or where you are a significant shareholder in a company that owns Securities).

If there are exceptional circumstances (such as financial hardship), you may apply to the Board for consent to trade in Securities during a trading prohibition. The Board retains the absolute discretion whether or not to grant consent, may impose conditions, and is not required to give you reasons for its decision in respect of a consent application.

You are reminded of your confidentiality obligations to the Society. In particular, during a trading prohibition you will be prohibited from disclosing to any person, the existence and details of the trading prohibition, and any information regarding the Society which is not publicly available and, if it were publicly available, would have a material effect on the price of Securities (for example, the likelihood of a proposed merger, or the intention to announce negative financial results), except where such disclosure is required in the ordinary course your duties.

If in doubt, you should ask your supervisor whether or not particular information should be disclosed.

**Failure to comply with the prohibitions outlined above is a serious matter that may justify summary dismissal.**

Any questions in respect of a trading prohibition should be directed to the Society's Chief Executive.

**If in doubt, ask!**

**ACKNOWLEDGEMENT**

I acknowledge, agree and confirm that I have read and understood the information set out above and acknowledge, agree and confirm that I will comply with any trading and information disclosure prohibitions imposed by the Board.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date