

## **SECURITIES TRADING POLICY**

Auckland, 24 February 2015 -

Fletcher Building advises that it amended its Securities Trading Policy on 17 February 2015. A copy of the amended policy is attached. The 'No Trade Period' prior to release of the annual results and half-year results for people subject to the policy has been amended to commence on the first day of the year or half-year and end on the day after the results announcement.

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## **1. INTRODUCTION AND PURPOSE**

- 1.1 This policy applies to all directors, officers, certain employees and others (refer paragraph 2.1) of Fletcher Building Limited and its subsidiaries ("Fletcher Building" or the "Company") who intend to trade, or advise or encourage others to trade, in listed securities of the Company or any of its subsidiaries. In this policy, 'trade' includes buying or selling listed securities, or agreeing to do so, and trading in derivatives (such as options or warrants) over or which relate to Fletcher Building securities, in each case whether as principal or agent, but it does not include subscription for, or the issue of, new securities.
- 1.2 Insider trading is regulated in New Zealand by the Financial Markets Conduct Act 2013. The basic principle behind the insider trading legislation is to impose liability upon those persons who have material information about a listed company and who trade in, or hold, securities of that listed company, or "tip" others to do so before that information is published or otherwise generally available to the market.
- 1.3 This Securities Trading Policy has been adopted by Fletcher Building to regulate trading in the Company's securities by directors, officers, certain employees and others. The Policy is intended to take account of the requirements under New Zealand's and other jurisdictions' insider trading legislation, such that by following the procedures outlined in this Policy potential "insiders" should be able to trade Fletcher Building securities without breaching those requirements.
- 1.4 In establishing this Policy, the requirements of New Zealand's insider trading legislation for persons residing outside of New Zealand have also been considered.
- 1.5 This policy also includes a prohibition from entering into transactions which limit the economic risk of participating in equity based incentive remuneration, so that the incentive remains at risk until achieved.
- 1.6 The requirements imposed by this Policy comprise part of Fletcher Building Corporate Governance practices, which are approved by the board annually. As such they are separate from, and in addition to, the legal prohibitions on insider trading in New Zealand and any other country.
- 1.7 If you do not understand any part of this Policy, or how it applies to you, you should raise the matter with the Fletcher Building Company Secretary before dealing with any of the Company's securities.

## **2. PERSONS COVERED BY THE SECURITIES TRADING POLICY**

- 2.1 This Policy applies to:
  - (a) any director of Fletcher Building Limited;
  - (b) all members of the Executive Committee;
  - (c) all persons directly reporting to a member of the Executive Committee;
  - (d) trusts, companies or other entities controlled by such before-mentioned persons;
  - (e) anyone else notified as being an insider by the Company from time to time; and
  - (f) any other employee, secondee, consultant, adviser or contractor in possession of material non-public information.

Such persons are considered to have, or have the opportunity, to be in possession of, material non-public information on the Company. The application of this Policy, and of New Zealand's insider trading legislation, is not limited to persons residing in New Zealand. Any trading that occurs in New Zealand is subject to this Policy (and New Zealand's insider trading legislation) and even conduct that occurs entirely outside of New Zealand can also be subject to New Zealand's insider trading legislation.

- 2.2 Any such person is included with respect to all of their interests in any of the Company's securities, whether direct, indirect, contingent, beneficial or legal. The nature of an interest should be interpreted widely. This will extend to interests held through other entities or persons (eg trusts, associates, related parties, spouses, and closely-held companies, etc) where the person has the ability to influence or control that person or entity.

In order to have inside information a person does not have to have any relationship with or connection to the Company, it is sufficient that they possess material information. This may include the spouse, family member, friend or colleague of a person to whom this Policy applies.

### **3. PROHIBITION ON INSIDER TRADING**

- 3.1 If you possess "material information", as defined below, then you must not:

- (a) trade the affected securities;
- (b) advise, induce or encourage others to trade, or hold any of those securities; or
- (c) pass on that material information to others, whether directly or indirectly.

The prohibition applies regardless of how you learn of the information, and regardless of why you are trading.

- 3.2 The prohibition on insider trading applies not only to information concerning the Company's securities. If you have material information in relation to listed securities of another issuer of listed securities (including futures contracts or other derivatives listed on an authorised futures exchange), you must not trade in, or advise others in relation to, those securities.
- 3.3 There are some limited classes of transactions, which by their very nature are unlikely to be considered to be insider trading. As such they are excluded from the ambit of this Policy. These are outlined more fully in Schedule I.
- 3.4 The Fletcher Building securities covered by this Policy include shares, capital notes, options and rights issued by Fletcher Building and Fletcher Building Industries and any other listed securities of Fletcher Building Limited or its subsidiaries, and any listed derivatives, including futures contracts or warrants listed on an authorised futures exchange, in respect of Fletcher Building securities, from time to time.

### **4. WHAT IS "MATERIAL INFORMATION"?**

- 4.1 The restriction on trading arises when any person holds material information on the security sought to be traded. "Material information" is information that:
- (a) is not generally available to the market; and
  - (b) if it were generally available to the market, would have a material effect on the price of the Company's listed securities.

- 4.2 Information is generally available to the market if it has been released as a stock exchange announcement (and a reasonable period of time has elapsed for the information to be disseminated among investors that commonly invest in the Company's securities), or investors that commonly invest in the Company's securities can readily obtain the information, whether by observation, use of expertise, purchase or other means.
- 4.3 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.
- 4.4 Information includes rumours, matters of supposition, intentions (or likely intentions) of a person, including Fletcher Building, and information which is insufficiently definite to warrant disclosure to the public.
- 4.5 Examples of material information include, but is not limited to, information, which has not previously been released to the market, concerning:
- (a) the financial performance of Fletcher Building;
  - (b) a possible change in the strategic direction of Fletcher Building;
  - (c) a possible acquisition or divestment opportunity being pursued;
  - (d) entry into or the likely entry into or termination or likely termination of material contracts or other business arrangements which are not publicly known;
  - (e) a possible change in the Company's capital structure particularly if it involves an equity raising or buyback;
  - (f) a change in the historical pattern of dividends;
  - (g) senior management changes;
  - (h) a material legal claim by or against Fletcher Building; or
  - (i) any other unexpected material liability.

## **5. APPROVAL REQUIRED BEFORE TRADING**

- 5.1 Before trading the Company's securities, persons covered by this Policy must, in writing:
- (a) notify the Fletcher Building Limited Company Secretary of their intention to trade in securities, and receive consent to do so (using the Request for Consent to Trade in Listed Securities form attached);
  - (b) confirm that they do not hold material information; and
  - (c) confirm that there is no known reason to prohibit trading in the securities.
- 5.2 If the Company Secretary is not available for any reason, then the Company approval is delegated to the Deputy Company Secretary. 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.
- 5.3 Consent to trade, based on an appropriate factual disclosure, will mean that a person will not be considered to be in breach of their employment obligations under the Company's code of conduct. These are a term of all employment contracts. Consent does not in itself exclude the possibility of either civil or criminal liabilities still arising

under relevant legislation, but we would expect that possibility to be remote. These exposures are noted further in paragraphs 7.1 to 7.7.

- 5.4 Although the approval to trade is at the discretion of the Fletcher Building Company Secretary, Schedule II to this Policy sets out some general guidelines on when approval will not be granted. In declining any approval to trade, no reasons need be given.

## **6. PROHIBITIONS IN CONNECTION WITH PARTICIPATING IN EQUITY BASED REMUNERATION**

Any employee who is offered participation in equity based incentive remuneration is prohibited from entering into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the equity based incentive remuneration.

## **7. FAILURE TO COMPLY WITH THIS POLICY**

- 7.1 The Board of Fletcher Building has approved this Policy. Any person identified by the Company as an insider will be required to provide written confirmation to the Company Secretary that they have received a copy of the Securities Trading Policy and understood their obligations.
- 7.2 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!
- 7.3 Strict compliance with this Policy is a condition of employment through the incorporation of the Code of Conduct into the terms of employment. Breaches of this Policy may constitute misconduct or serious misconduct under your terms of employment and be subject to disciplinary action, which can include termination of employment.
- 7.4 Fletcher Building monitors the trading of directors, certain employees and others as part of the administration of this Policy.
- 7.5 Under New Zealand legislation it is a criminal offence to knowingly breach insider trading laws. If convicted, an individual is liable for a term of up to 5 years' imprisonment or a fine not exceeding \$500,000 or both, while a body corporate is liable for a fine not exceeding \$2.5 million.
- 7.6 There are also civil penalties for breach of the insider trading laws. The New Zealand Financial Markets Authority can take cases seeking pecuniary penalties and compensation.
- 7.7 Similar criminal and civil penalties apply in other jurisdictions.

## **8. 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 Fletcher Building to a third party (unless that third party has signed a confidentiality agreement with Fletcher Building 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 Fletcher Building, or use confidential information to gain an advantage for yourself. You should ensure that external advisers keep Fletcher Building information confidential.

## **Schedule I**

### **Transactions Excluded from the Securities Trading Policy**

A number of transactions are by their very nature considered by the Company to not require the general review and approval process outlined in the Policy, either because (i) exceptions or defences from liability exist under New Zealand's insider trading legislation or (ii) the Company can control the making or timing of the transaction. As such (and subject to the following paragraph) no approval is needed, although for those persons who have been advised that they are required to make disclosures to the NZX and ASX for securities trading, these disclosures need to be made.

In respect of transactions within the control of the Company, the exclusion assumes that the Company is not aware of any material non-public information on the Company. If this Policy applies to you and you possess material information which you consider that the Company may not be aware of (for example, information that you received outside of your capacity as a director, officer or employee of the Company) then the Policy remains applicable and you must not trade, or advise or encourage others to trade, in the securities of the Company.

#### **1. General employee share offers**

Any interest in securities in the Company acquired on accepting an offer under a Company employee share scheme, and the subsequent transfer of the full and unrestricted titles to the shares on the satisfaction of, and at a time fixed by, the terms of the scheme.

#### **2. Executive Long-Term Share Scheme**

Any interest in securities in the Company acquired on participating in the Executive Long-Term Share Scheme or similar legacy schemes; any forfeiture of securities on the failure to meet the performance requirements prescribed; and any transfer of full and unrestricted title at the time fixed by the terms of scheme.

#### **3. Dividend reinvestment<sup>1</sup>**

Any shares acquired pursuant to the Company's dividend reinvestment plan.

#### **4. Pro-rata Company offer of, or for, securities<sup>2</sup>**

Any pro-rata offer to all eligible shareholders of securities of the Company, whether to acquire by way of a rights or bonus issues or dispose of through a share repurchase/buy back or general share cancellation plan.

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<sup>1</sup> Subscription for, or the issue of, new securities does not fall within the requirements of New Zealand's insider trading legislation or this Policy. Where the transaction involves an acquisition of existing securities of the Company, the transaction has been excluded on the basis that the Company can control the making or timing of the transaction.

**5. Takeover offers<sup>2</sup>**

Accepting an offer made to all shareholders pursuant to the New Zealand Takeovers Code.

**6. Capital notes**

The capital notes are themselves a Fletcher Building security whether issued by that entity or Fletcher Building Industries. The excluded transactions are the request to convert any capital notes on an interest re-set date into shares of the Company; any shares so issued; and the repurchase or redemption of the capital note for cash if the company so elects not to issue shares.

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<sup>2</sup> New Zealand's insider trading legislation includes a specific exemption in relation to takeovers.

**Circumstances where approval to trade in  
the Company's Securities will not be given**

**No Trade Period**

- |   |   |
|---|---|
| <p><b>1. Annual results</b></p>   | <p>1 July until after the annual results announcement is generally available to the market, which is usually the 3<sup>rd</sup> Wednesday in August</p>         |
| <p><b>2. Half year results</b></p>  | <p>1 January until after the half year results announcement is generally available to the market, which is usually the 3<sup>rd</sup> Wednesday in February</p> |
| <p><b>3. Change to the capital structure</b></p>  |   |
| <p>Non pro-rata equity raising/placement</p>  | <p>From date there is management commitment to seek approval for the funds raising until the first day after market informed</p>                                |
| <p>Prospectus issued for general public offer of securities</p>                         | <p>From 30 days prior to release of the prospectus until the first day after public release</p>   |
| <p><b>4. Corporate activity</b></p>   |   |
| <p>Any significant acquisition or divestment, having regard to the group as a whole</p> | <p>From day that there is a realistic prospect of a transaction arising until after full public disclosure is generally available to the market</p>             |



**FLETCHER BUILDING LIMITED**  
**REQUEST FOR CONSENT TO TRADE IN LISTED SECURITIES**

To: The Company Secretary, Fletcher Building Limited

In accordance with Fletcher Building's Securities Trading Policy, I request consent be given to the following proposed transaction to be undertaken either by me or persons associated with me, within 10 trading days of approval being given. I acknowledge Fletcher Building Limited 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:**

**Type of proposed transaction:** Purchase/sale/other (specify)

**To be transacted:** On NZX/ASX/off-market trade/other (specify)

**Likely date of transaction  
(on or about):**

I declare that I do not hold information which is not generally available to the market which, if it were generally available to the market, would have a material effect on the price of Fletcher Building's listed securities

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Fletcher Building Limited hereby **CONSENTS** to the proposed transaction described above. Any consent is conditional on the proposed transaction being completed within 10 trading days of the date of this consent, and in compliance with Fletcher Building's Securities Trading Policy.

\_\_\_\_\_  
Signature  
on behalf of Fletcher Building Limited

\_\_\_\_\_  
Date