

## SECURITIES TRADING POLICY AND GUIDELINES

*This policy applies to all Directors, officers, employees, contractors and advisers of SLI Systems Limited (**SLI Systems**) and its subsidiaries who intend to trade in SLI Systems' 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 SLI Systems' securities, by Directors and certain employees (see [Additional Trading Restrictions for Restricted Persons](#)).*

### **Introduction and purpose**

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

- SLI Systems ordinary shares (NZX trading code **SLI**)
- any other listed securities of SLI Systems, and any listed derivatives (including futures contracts listed on an authorised futures exchange) in respect of SLI Systems' listed 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 the 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.

The prohibition on insider trading applies not only to information concerning SLI Systems' securities. If a person has material information in relation to listed securities of another issuer (including futures contracts listed on an authorised futures exchange) over listed securities, that person must not trade in those securities.

### **Insider trading laws**

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

- trade SLI Systems' listed securities;
- advise or encourage another person to trade or hold SLI Systems' listed securities;
- advise or encourage a person to advise or encourage another person to trade or hold SLI Systems' 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, SLI Systems' 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 SLI Systems, 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 SLI Systems. You must not reveal any confidential information concerning SLI Systems to a third party (unless that third party has signed a confidentiality agreement with SLI Systems 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 SLI Systems, or use confidential information to gain an advantage for yourself. You should ensure that external advisers keep SLI Systems information confidential.

### **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 SLI Systems' listed securities.

Information is generally available to the market if it has been released as an NZX announcement, or investors that commonly invest in SLI Systems' 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 SLI Systems), 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 SLI Systems;
- a possible change in the strategic direction of the SLI Systems;
- the introduction of an important new product or service;
- a possible acquisition or sale of any assets or company by SLI Systems;
- 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 SLI Systems' capital structure;
- a change in the historical pattern of dividends;
- senior management changes;
- a material legal claim by or against the SLI Systems; or
- any other unexpected liability,

which has not been released to the market.

### **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 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 and engagement of advisers. Breaches of this policy will be subject to disciplinary action, which may include termination of employment or a contract for services.

**Monitoring of trading**

SLI Systems may monitor the trading of directors, employees and advisers as part of the administration of this policy.

**Application of policy**

The Board of SLI Systems 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 notice to you.

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

**May 2013**

## SLI SYSTEMS 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 and employees of SLI Systems and its subsidiary companies; and
- trusts and companies controlled by such persons.

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:

- from SLI Systems’ half-year balance date, until the first trading day *after* the half-year results are released to NZX;
- from SLI Systems’ year end balance date, until the first trading day *after* the full-year results are released to NZX.

Restricted Persons are not permitted to trade any Restricted Securities during a black-out period unless SLI Systems’ 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 SLI Systems’ Company Secretary 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.

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 SLI Systems’ Company Secretary promptly following completion of any trade, and the Restricted Person must comply with any disclosure obligations it has under the Securities Markets Act 1988 and the

Securities Markets (Disclosure of Relevant Interests by Directors and Officers)  
Regulations 2008.

**SLI SYSTEMS LIMITED**  
**REQUEST FOR CONSENT TO TRADE IN LISTED SECURITIES**

To: The Company Secretary, SLI Systems Limited

In accordance with SLI Systems' Securities Trading Policy and Guidelines, Additional Trading Restrictions for Restricted Persons, I request SLI Systems' 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 SLI Systems 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/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; and
- would have a material effect on the price of SLI Systems' listed securities if it were generally available to the market.

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

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

SLI Systems Limited 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 this consent, and in compliance with SLI Systems' Securities Trading Policy and Guidelines and Additional Trading Restrictions for Restricted Persons.

\_\_\_\_\_  
Name:  
on behalf of SLI Systems Limited

\_\_\_\_\_  
Date