

Share Trading Policy

Approved by: Board of Directors
Owner: Company Secretary

Last Reviewed: 21 February 2019
Last Changed: 21 February 2019
Next Review: February 2021

Introduction

Important terms are explained in the definitions section.

As a company listed on NZX, **trading in Cavalier shares** is governed by insider trading law.

This policy summarises the insider trading law, the additional restrictions on trading adopted by Cavalier and the notification and approval process to be followed if trading is to occur.

If any person (including directors and employees) with material price-sensitive non-public information about Cavalier buys or sells, or advises or encourages others to buy, sell or hold, Cavalier shares then that person will be potentially liable for both criminal liability (including imprisonment and/or a fine of up to \$500,000) and civil liability (rendering that person liable to be sued by another party for any loss suffered) under insider trading law.

This policy does not replace your legal obligations under insider trading law. 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 may actually be insider trading. If in doubt, or if you do not understand any part of this policy, or how it applies to you, ask the Company Secretary before trading in Cavalier shares. This policy is in addition to Cavalier's other policies, including its Confidentiality of Information Policy.

Policy statements

- 1 **Insider trading law** – applies to all directors and employees of Cavalier and its subsidiaries at all times

If you are an **information insider**, you must not:

- trade Cavalier shares;
- directly or indirectly disclose the **material information** to another person who you know, or ought reasonably to know, or believe, is likely to trade Cavalier shares, or advise or encourage another person to trade or hold Cavalier shares; or
- advise or encourage another person to trade or hold Cavalier shares or advise or encourage another person to advise or encourage a third party to trade or hold Cavalier shares.

2 **Additional restrictions** – applies to **restricted persons**

- 2.1 Restricted persons are further prohibited from trading in Cavalier shares during a **black-out period** even if they are not an information insider unless permitted on a case by case basis by the board of directors (for example, in instances where there is extreme financial hardship).
- 2.2 Notwithstanding that trading by restricted persons can only occur outside a black-out period, they are still subject to insider trading law (which means that they must not trade at any time if they are an information insider at that time).
- 2.3 Before trading in Cavalier shares, restricted persons must:
 - notify the Company Secretary of their intention to trade;
 - confirm that they do not hold any material information;
 - confirm that there is no known reason to prohibit trading;
 - complete the notification of intention to trade form attached; and
 - obtain written consent to trade from the board of directors via the Company Secretary.
- 2.4 Should the request be approved, consent will be valid for a period of 10 trading days after notification.
- 2.5 A consent is automatically deemed to be withdrawn if the person becomes aware of material information prior to trading.
- 2.6 A consent does not in any way diminish the obligations of restricted persons under, or in any way absolve them from complying with, insider trading law.
- 2.7 A restricted person must advise the Company Secretary promptly following completion of any trade and, if a director or Senior Manager, must comply with any disclosure obligations he or she has under subpart 6 of part 5 of the Financial Markets Conduct Act 2013 (which continue to apply for a period of six months after the date on which the director or Senior Manager ceases to hold office as director or Senior Manager).

3 **Trading discouraged**

Restricted persons who hold or acquire Cavalier shares are discouraged from disposing of Cavalier shares while they hold office as directors or remain in the employ of Cavalier or its subsidiaries.

4 **Breaches of policy**

Breaches of this policy will, in addition to the potential criminal and civil liabilities prescribed under insider trading law, result in disciplinary action, which may result in loss of office or termination of employment.

5 **Changes to policy**

The board of directors of Cavalier has approved this policy and may approve amendments to, and exemptions from, it from time to time. This policy replaces any previous share trading policy.

Definitions

Trading means acquiring or disposing of, but does not include acquiring, or disposing of, by inheritance or gift and **trade** has a corresponding meaning.

Cavalier shares are the ordinary shares of Cavalier Corporation Limited (Cavalier) listed on the NZX. While insider trading law also captures derivatives that underlie Cavalier shares, no such derivatives currently exists.

Information insider is a person who holds material information relating to Cavalier that is not generally available to the market and who knows or ought reasonably to know that the information is material information and is not generally available to the market.

Material information is information which a reasonable person would expect to have a material effect on the price of Cavalier shares if it were generally available to the market. Information has a wide meaning and may include matters of opinion as well as matters of fact.

Information is considered “generally available to the market” when it has been made known in a manner that persons who commonly invest in relevant financial products would be aware of and, since it has been made known, a reasonable period for the information to be disseminated has passed (for example disclosure is made via NZX) or is readily obtainable by persons who commonly invest in relevant financial products.

It does not matter how you come to know the material information whether in the course of carrying out your responsibilities or by any other means (including, but not limited to, overhearing discussions in progress in the workplace or at work-related functions).

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

Material information could include (but is not limited to) information that is not generally available to the market concerning:

- the financial performance of Cavalier and subsidiaries (the Group);
- a possible change in the strategic direction of the Group;
- the introduction of an important new product or service;
- a possible acquisition or disposal of any assets or subsidiaries by the Group;
- entry into, or the likely entry into, or termination, or likely termination, of material contracts or other business arrangements;
- a possible change in Cavalier’s capital structure or financial position;
- a change in the historical pattern of dividends;
- senior management changes;
- a material legal claim by, or against, the Group; or
- any other unexpected liability.

Restricted persons are any of the following;

- directors of Cavalier;
- the Chief Executive Officer of Cavalier;
- employees reporting directly to the Chief Executive Officer of Cavalier (level 2), and their direct reports (level 3);
- trusts and companies controlled by any of the above; and
- anyone else notified by the Company Secretary.

Directors and employees 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.

Senior Manager means a person who is not a director but occupies a position that allows that person to exercise significant influence over the management or administration of Cavalier (for example, a chief executive or a chief financial officer).

Black-out periods commence at:

- 5 pm on the last day of the full year or half year financial period of Cavalier (being 30 June and 31 December, respectively) until the first trading day following the release of the full year or half year results to the NZX respectively, as set out in the chart on page 5; and
- such other period as determined by the board of directors and notified to restricted persons.

Other related documentation

Confidentiality of Information Policy

Restricted persons share trading black-out periods

