

**Protocol in Respect of the Appointment and Conduct of Trustees as Directors of Vector Limited**

*This Document sets out the protocol under which AECT trustees will be appointed as directors of Vector Limited ("Vector"), as well as the terms and conditions on which AECT trustees agree to accept such an appointment. This protocol may be changed at any time by resolution of the trustees.*

1. **Background**

1.1 Clause 7.1 of the Trust Deed gives the trustees the power:

*"To appoint such directors of the company as they may be entitled to appoint in accordance with the articles of association [constitution] thereof, provided that not more than two of any such appointees shall be trustees."*

2. **Relationship with Other Protocol(s)**

2.1 Trustees have established a *Protocol in Respect of Directors of Vector Limited*, which sets out the procedure by which the Trust will nominate candidates to be directors of Vector. It also provides charters for the Trust's Nominations Committee and Nominations Advisory Panel.

2.2 This Protocol in relation to trustee directors is a complete protocol for the appointment of trustee directors, and is not subject to or to be read with the protocol applying to other directors described in paragraph 2.1. In particular, the appointment of trustee directors shall not be subject to review by the Nominations Advisory Panel or the Nominations Committee.

3. **Process of Appointment**

3.1 Where the trustees wish to appoint one or more trustee directors to the Vector Board, the Trust shall hold an election to select the trustee(s) to be so appointed.

3.2 The secretary of the Trust shall be the returning officer for the election.

3.3 Once the Trust has resolved that it will conduct an election the secretary of the Trust shall call for nominations from trustees. Trustees are entitled to nominate themselves.

3.4 After nominations close the secretary of the Trust shall submit the names of nominated trustees, together with any material provided by those trustees in support of their candidacy, to an outside consultant with appropriate experience in listed company board appointments.

- 3.5 The consultant shall review the materials submitted by the nominated trustees and advise the secretary of the Trust and the trustees as to whether he or she considers any of the nominees to be unsuitable or ineligible for appointment to the Vector Board. The purpose of the review is to ensure that the trustees do not nominate a candidate who may be ineligible to hold the office or who may bring the Board, Vector or the Trust into disrepute, or cause it to be in breach of any requirements of the Companies Act 1993, Vector's constitution or the listing rules of the New Zealand Exchange.
- 3.6 Having received confirmation of the suitability of trustee candidates from the consultant, the secretary of the Trust shall conduct the election at the next general meeting of the Trust, or at a special meeting of the Trust called for that purpose.
- 3.7 The mode of conducting the election shall be determined by the secretary of the Trust in consultation with the trustees. The secretary of the Trust shall adopt an election procedure which is fair and reasonable in the circumstances. Trustees may vote for themselves.
- 3.8 Where the appointment of a trustee director is to be made at a meeting of Vector shareholders, the successful candidate(s) in the election shall be nominated for appointment by trustees pursuant to Vector's constitution. The trustees' representative at that shareholders' meeting shall vote on behalf of the trustees for the nominated trustee(s).
- 3.9 Where the appointment of a trustee director is to be made by the Vector Board pursuant to Vector's constitution, the name of the successful candidate(s) shall be provided to the Vector Board with a recommendation that the Board appoint the trustee(s) in question to the Board.
- 3.10 No trustee shall be a trustee director and hold the office of Chairperson of the Trust at the same time.

#### 4. **Terms of Appointment**

- 4.1 Prior to his/her nomination for appointment as a director of Vector by the shareholders (or his/her name being put forward by the trustees to Vector for appointment to fill a vacancy), an intended trustee director shall sign a letter of resignation which shall provide for the resignation of the trustee director from Vector where the trustee ceases for any reason whatsoever to be a trustee of the Trust, such resignation to take effect from the conclusion of the first Vector Board meeting which follows the trustee ceasing to be a trustee of the Trust.
- 4.2 With regard to remuneration:
- a) Trustee directors shall be entitled to receive and retain 100% of the fees (including committee fees), which are payable to a Vector director fulfilling an equivalent role from time to time.
  - b) Trustee directors will be entitled to claim for, and receive reimbursement of, expenses incurred in their capacity as a director of Vector in accordance with Vector's constitution.

- c) Trustee directors will not be entitled to accept any additional remuneration or benefit (including, but not limited to, retirement payments, long-service payments, share or option schemes, and performance incentive schemes) without the prior approval of the Trust by written resolution.
- 4.3. A trustee director will declare him or herself ineligible for, and will not accept appointment to, the office of chairperson or deputy chairperson of Vector, but may be eligible for appointment to Vector Board committees.
- 4.4. To the extent permitted by law, trustee directors will represent the interests of the Trust and its beneficiaries on the Vector Board, and will act in accordance with the directions and instructions given to them by the trustees from time to time, except in circumstances where the trustee director acting in good faith considers that it is not reasonable or appropriate to do so, or there is no opportunity to obtain instructions.
- 4.5. To the extent permitted by law, the NZX listing Rules and any resolution of the Board of Vector, trustee directors will disclose company information to those trustees of the Trust who have signed a confidentiality agreement approved by the Trust and Vector.

27 August 2008