

## Dividend Policy

### Policy Statement

Vector's policy is to target to distribute between 70% and 100% of its free cash flow in each financial year as a dividend subject to the policy guidelines below.

Free cash flow is operating cash flow less investing cash flow plus debt financing of net capex less lease liabilities.

Vector will target to debt fund 75% of net capex.<sup>1</sup>

Vector will attach imputation credits to dividends to the maximum extent they are available.

### Policy Guidelines

Vector will target an increase in dividends year on year within a regulatory period having regard to the regulatory price path construct, the outlook within that period and company performance.

The board will ensure that after the payment of any dividend, the company:

1. Maintains at least a BBB credit rating from Standard & Poor's, or an equivalent rating from another credit rating agency;
2. Has the financial capacity to meet its actual or anticipated near term investment and operating requirements; and
3. Complies with all funding covenants and the solvency test mentioned in the Companies Act.

Dividend payments are made at the discretion of the board of Vector. The payment of dividends is not guaranteed, and Vector's dividend policy may change.

### Payment

Dividend payments will be split between interim and final dividends.

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<sup>1</sup> Net capex is gross capex less capital contributions.