# Final Term Sheet (Series No. 009)

**Fixed rate Green Bonds due 27 June 2023** Current at 21 June 2018

#### **Important notice**

This is a summary only. Full details of the offer are contained in the Product Disclosure Document (PDS) and in the Register Entry for the Offer which includes the Trust Documents and the Debenture, both available at companiesoffice.govt.nz/disclose. Capitalised terms used in this Terms Sheet and not otherwise defined here have the meanings given to them in the PDS. Investors must receive a copy of the PDS before they can acquire Green Bonds.

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Arranger and Lead Manager







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Terms	Description			
lssuer	Auckland Council.			
Issue Price and Principal Amount	NZ\$1.00 per Green Bond.			
Term and Maturity Date	5 years maturing on Tuesday, 27 June 2023.			
Description of the debt securities	Unsubordinated, fixed rate bonds.			
Offer amount	NZ\$200 million			
Security	The Green Bonds are secured by a charge created by the Debenture over all rates from time to time set or assessed by Auckland Council and all rates revenue of Auckland Council and proceeds arising directly from the collection of those rates.			
Purpose / Use of proceeds	The proceeds of this offer are intended to be allocated in accordance with Auckland Council's Green Bond Framework to the financing of Eligible Assets or the refinancing of corporate debt that supports Eligible Assets, in each case that align with the Eligible Sectors.			
	The Supervisor has no obligations in relation to the application of the proceeds of the Green Bonds.			
Minimum application amount	NZ\$5,000 with multiples of NZ\$1,000 thereafter.			
Interest Rate	3.17% per annum.			
Base Rate	2.67% per annum.			
Margin	0.50% per annum.			
Opening Date	Monday, 18 June 2018	3.		
Closing Date	Thursday, 21 June 201	8.		
Issue/Allotment Date	Wednesday, 27 June 2018.			
Credit ratings		Issuer Rating	Expected Issue Rating	
	Standard & Poor's	AA (stable)	AA	
	Moody's	Aa2 (stable)	Aa2	
Interest Payment Dates	27 June and 27 December each year during the term of the Green Bonds up to and including the Maturity Date, commencing on 27 December 2018.			
Interest payments	Interest will be payable semi-annually in arrear in two equal amounts on each Interest Payment Date. If the Green Bonds are repaid on a date that is not an Interest Payment Date following an Event of Default, the interest payable on the date of repayment will be adjusted to reflect the number of days from the previous Interest Payment Date (or the Issue Date if the Green Bonds are repaid prior to the first Interest Payment Date) to the date of repayment.			

How to apply	All of the Green Bonds are reserved for clients of the Arranger, Co-managers, institutional investors and other approved participants and will be allocated to those persons by Auckland Council in consultation with the Arranger and Co-managers. There is no public pool for the Green Bonds. You should contact the Arranger, a Co-manager or your financial advisor for details of the application process for the Green Bonds. Your financial advisor will be able to advise them as to what arrangements will need to be put in place for you to trade the Green Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a Primary Market Participant as well as the costs and timeframes for putting such
Further payments, fees or charges	arrangements in place. You are not required to pay Auckland Council any amounts over and above the Issue Price to purchase the Green Bonds. However, you may have to pay brokerage to the firm from whom you receive an allocation of Green Bonds.
	Taxes may be deducted from interest payments on the Green Bonds. See section 7 (Tax) of the PDS for further details.
	For more information on brokerage fees, please contact your broker.
Quotation and NZX Debt Market ticker code	Auckland Council has applied to NZX for permission to quote the Green Bonds on the NZX Debt Market. NZX ticker code AKC110 has been reserved for the Green Bonds.
Expected date of initial quotation and trading of the Green Bonds on the NZX Debt Market	Thursday, 28 June 2018.
Minimum transfer amounts	The Green Bonds may only be transferred in multiples of NZ\$1,000. However, no transfer may be effected if it would result in the transferor or transferee holding an aggregate principal amount of less than the minimum holding of NZ\$5,000 (other than zero).
Early redemption	Neither you nor Auckland Council is able to redeem your Green Bonds before the Maturity Date. However, Auckland Council may be required to repay the Green Bonds early if there is an Event of Default.
Climate Bond certification	Auckland Council has obtained certification of the Green Bonds from the Climate Bonds Initiative ( <b>CBI</b> ). As part of the CBI certification process, Auckland Council has obtained assurance from EY which confirms that the GB Framework aligns with the with the GBP and the CBI criteria and the proceeds have been applied to Eligible Assets. Auckland Council will seek to obtain further assurance to reconfirm the Climate Bonds certification at least once during the tenor of the Green Bonds.
Events of Default	If an Event of Default occurs the Supervisor may in its discretion, and will immediately upon being directed to do so by an Extraordinary Resolution, by notice in writing to Auckland Council, declare the Green Bonds to be immediately due and payable.

No Event of Default	Failure by Auckland Council to:		
	<ol> <li>allocate the proceeds of the Green Bonds as described in the GB Framework;</li> </ol>		
	<ol><li>comply with the CBI criteria or the GBP in respect of the Green Bonds;</li></ol>		
	3. maintain CBI certification of the Green Bonds;		
	<ol> <li>comply with any environmental laws and standards in respect of the Eligible Assets or otherwise;</li> </ol>		
	5. receive further assurance;		
	<ol> <li>comply with the GB Framework (including updating its website in respect of the Green Bonds);</li> </ol>		
	<ol> <li>notify Holders that the Green Bonds cease to comply with the GB Framework, GBP of the Climate Bond Standard; or</li> </ol>		
	<ol> <li>in any other way ensure that the Green Bonds retain their green attributes,</li> </ol>		
	is not an Event of Default or other default or breach of any obligation under the Trust Documents and does not have the result of requiring, or permitting Holders to require, the Green Bonds to be repaid.		
Record Date	6pm on the tenth date before the due date for the making of that payment.		
Business day convention	If a payment date is not a Business Day, Auckland Council will make payment on the next Business Day.		
ISIN	NZAKCDT453C0		
Registrar	Computershare Investor Services Limited.		
Arranger, Lead Manager, Organising Participant and Green Bond Coordinator	ANZ Bank New Zealand Limited.		
Co-managers	Bank of New Zealand and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)		
Trust documents and Debenture	The terms and conditions of the Green Bonds are set out in the Master Trust Deed, as modified and supplemented by the Supplemental Trust Deed ( <b>Trust Documents</b> ). Holders are bound by, and are deemed to have notice of, the Trust Documents. For the purpose of the Trust Documents, the Green Bonds will constitute series number 9.		
	The terms and conditions of the security are set out in the Debenture.		
	Trustees Executors Limited is the Supervisor under the Trust Documents and the Security Trustee under the Debenture.		
	You may obtain a copy of the Trust Documents and the Debenture free of charge from the Disclose Register at <b>companiesoffice.govt.nz/disclose</b> .		
Other debt securities	Auckland Council may issue other Green Bonds under the Trust Documents (as well as other debt instruments under the Master Trust Deed or other programme documents) without your consent on such terms as it thinks fit.		

NZX waivers for offer	NZX has approved the inclusion of transfer restrictions in the Trust Documents permitting Auckland Council to refuse a transfer of the Green Bonds if the transfer is not in multiples of NZ\$1,000 and/or results in the transferor or transferee holding an aggregate principal amount of less than the minimum holding of NZ\$5,000 (other than zero). A copy of the PDS can be found on Auckland Council's website at <b>aucklandcouncil.govt.nz/about-auckland-council/business-in- auckland/Pages/investor-centre.aspx</b> . Auckland Council will ensure that the PDS is available on its website for as long as Auckland Council intends to rely on these transfer restrictions. NZX has granted Auckland Council a waiver in respect of the Green Bonds from the requirement in Main Board/Debt Market Listing Rule 5.2.3 (as modified by NZX's ruling on Rule 5.2.3 issued on 29 September 2015) to enable Auckland Council to apply for quotation on the NZX Debt Market even though the Green Bonds may not initially be held by at least 100 members of the public holding at least 25% of the Green Bonds issued. The waiver has been granted for a period of 6 months from the date of quotation of the Green Bonds on the NZX Debt Market. The effect of the waiver from NZX Listing Rule 5.2.3 is that initially the Green Bonds may not be widely held and there may be reduced liquidity in the Green Bonds. To the extent that there is a material reduction in the spread of the Green Bonds, Auckland Council will notify NZX accordingly. A copy of the waiver is available on the Disclose Register at <b>companiesoffice.govt.nz/disclose</b> .
Selling restrictions	The offer and subsequent transfers of Green Bonds are subject to the selling restrictions contained in Schedule 2 of this Terms Sheet (Selling Restrictions). By its subscription for or the purchase of the Green Bonds, each Holder agrees to indemnify Auckland Council, the Arranger, Co-managers, Organising Participant, the Supervisor, the Security Trustee and the Registrar and their respective directors, officers, employees and agents (each an Indemnified Person) in respect of any loss, cost, claim, fine, damages, liability or expense sustained or incurred by that Indemnified Person as a result of the breach by that Holder of the Selling Restrictions.
No Crown guarantee	No obligation of Auckland Council under or in respect of the Green Bonds is guaranteed by the Crown. Payments by Auckland Council of principal and interest with respect to Auckland Council's outstanding indebtedness, including the Green Bonds, are not supported by any guarantee by the Crown. The Crown is not obliged or legally required to provide any support in respect of the Green Bonds.
Governing Law	New Zealand.

### Address details

#### lssuer

#### Auckland Council

135 Albert Street Auckland 1010 aucklandcouncil.govt.nz

#### Arranger, Lead Manager and Green Bond Coordinator

#### ANZ Bank New Zealand Limited

23-29 Albert Street Auckland 1010

#### Registrar

### Computershare Investor Services Limited

Private Bag 92119 Victoria Street West Auckland 1142

#### **Co-managers**

#### **Bank of New Zealand**

Level 6, Deloitte Centre, 80 Queen Street Auckland 1010 **Westpac Banking Corporation** 

(ABN 33 007 457 141) (acting through its New Zealand branch) Westpac on Takutai Square Level 8, 16 Takutai Square Auckland 1010

## Schedule 1 – CBI disclaimer

The certification of the Green Bonds as Climate Bonds by the Climate Bonds Initiative is based solely on the Climate Bond Standard and does not, and is not intended to, make any representation or give any assurance with respect to any other matter relating to the Green Bonds or any Eligible Asset, including but not limited to the PDS, the transaction documents, the Issuer or the management of the Issuer.

The certification of the Green Bonds as Climate Bonds by the Climate Bonds Initiative was addressed solely to the board of directors of the Issuer and is not a recommendation to any person to purchase, hold or sell the Green Bonds and such certification does not address the market price or suitability of the Green Bonds for a particular investor. The certification also does not address the merits of the decision by the Issuer or any third party to participate in any Eligible Asset and does not express and should not be deemed to be an expression of an opinion as to the Issuer or any aspect of any Eligible Asset (including but not limited to the financial viability of any Eligible Asset) other than with respect to conformance with the Climate Bond Standard.

In issuing or monitoring, as applicable, the certification, the Climate Bonds Initiative has assumed and relied upon and will assume and rely upon the accuracy and completeness in all material respects of the information supplied or otherwise made available to the Climate Bonds Initiative. The Climate Bonds Initiative does not assume or accept any responsibility to any person for independently verifying (and it has not verified) such information or to undertake (and it has not undertaken) any independent evaluation of any Eligible Asset or the Issuer. In addition, the Climate Bonds Initiative does not assume any obligation to conduct (and it has not conducted) any physical inspection of any Eligible Asset. The certification may only be used with the Green Bonds and may not be used for any other purpose without the Climate Bonds Initiative's prior written consent.

The certification does not and is not in any way intended to address the likelihood of timely payment of interest when due on the Green Bonds and/or the payment of principal at maturity or any other date.

The certification may be withdrawn at any time in the Climate Bonds Initiative's sole and absolute discretion and there can be no assurance that such certification will not be withdrawn.

#### General

The Green Bonds may only be offered to investors in New Zealand and to investors in the jurisdictions set out below.

No action has been or will be taken by Auckland Council which would permit an offer of Green Bonds, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

Green Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand and the jurisdictions set out below in conformity with all applicable laws and regulations and the selling restrictions set out below relating to those jurisdictions.

No person may purchase, offer, sell, distribute or deliver Green Bonds, or have in their possession, publish, deliver or distribute to any person, any offering material or any documents in connection with the Green Bonds, in New Zealand and the jurisdictions set out below other than in compliance with all applicable laws and regulations and the selling restrictions set out below relating to those jurisdictions.

#### **United States of America**

The Green Bonds have not been and will not be registered under the Securities Act of 1933, as amended (**Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

None of Auckland Council, the Arranger or any Co-manager nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts in relation to the Green Bonds, and each of Auckland Council, the Arranger and the Co-managers have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act.

The Green Bonds will not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the completion of the distribution of all Green Bonds of the Tranche of which such Green Bonds are part, as determined and certified by the Arranger and the Co-managers, except in accordance with Rule 903 of Regulation S under the Securities Act. Any Green Bonds sold to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the distribution compliance period require a confirmation or notice to the purchaser at or prior to the confirmation of the sale to substantially the following effect:

"The Green Bonds covered hereby have not been registered under the United States Securities Act of 1933, as amended (the 'Securities Act') or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S under the Securities Act) (i) as part of their distribution at any time or (ii) otherwise until forty days after the later of the commencement of the offering of the Green Bonds and the closing date except in either case pursuant to a valid exemption from registration in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S."

Until 40 days after the completion of the distribution of all Green Bonds of the Tranche of which those Green Bonds are a part, an offer or sale of the Green Bonds within the United States by the Arranger, a Co-manager or any dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Regulation S.

#### **Relevant Member States of the European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) no Green Bonds have been offered and no Green Bonds will be offered that are the subject of the offering contemplated by the PDS and this Terms Sheet in relation thereto to the public in that Relevant Member State except that an offer of Green Bonds to the public in the Relevant Member State may be made with effect from the Relevant Implementation Date:

- a. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- b. to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Arranger or relevant Comanager (as applicable) nominated by Auckland Council for any such offer; or
- c. in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Green Bonds shall require Auckland Council or either the Arranger or any Co-manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Green Bonds to the public in relation to any Green Bonds in any Relevant Member State" means the communication in any form and by any means of sufficient information on the terms of the offer and the Green Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Green Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including by Directive 2010/73/EU) and includes any relevant implementing measure in the Relevant Member State.

#### **United Kingdom**

No communication, invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (**FSMA**)) has been or may be made or caused to be made or will be made in connection with the issue or sale of the Green Bonds in circumstances in which section 21(1) of the FSMA applies to Auckland Council.

All applicable provisions of the FSMA with respect to anything done in relation to the Green Bonds in, from or otherwise involving the United Kingdom must be complied with.

#### **The Netherlands**

No Green Bonds have been or will be offered in the Netherlands other than to persons or entities which are qualified investors (*gekwalificeerde beleggers*) as defined in article 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

Any Co-manager that did and does not have or if the Arranger did and does not have the requisite Dutch regulatory capacity to make offers or sales of financial instruments in The Netherlands has represented and agreed with Auckland Council that it has not offered or sold and will not offer or sell any of the Green Bonds in The Netherlands other than through one or more investment firms acting as principals and having the Dutch regulatory capacity to make such offers or sales.

#### Hong Kong

No Green Bonds have been offered or sold or will be or may be offered or sold in Hong Kong, by means of any document other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "Prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Green Bonds may be issued or in the possession of any person or will be issued or be in the possession of any person in each case for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Green Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

#### Japan

The Green Bonds have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in "*ha*" of Article 2, Paragraph 3, Item 2 of the FIEA. A Japanese Person who transfers the Green Bonds shall not transfer or resell the Green Bonds except where the transferor transfers or resells all the Green Bonds en bloc to one transferee. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

#### Singapore

Neither the PDS nor this Terms Sheet has been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the PDS, this Terms Sheet and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Green Bonds may not be circulated or distributed, nor may the Green Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the **SFA**)) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Green Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- b. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Green Bonds pursuant to an offer made under Section 275 of the SFA except:

- 1. to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- 2. where no consideration is or will be given for the transfer;
- 3. where the transfer is by operation of law;
- 4. as specified in Section 276(7) of the SFA; or
- 5. as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

#### Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the **Corporations Act**)) in relation to the Green Bonds has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission (**ASIC**) or any other regulatory authority in Australia. No person may:

- a. make or invite (directly or indirectly) an offer of the Green Bonds for issue, sale or purchase in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- b. distribute or publish, any PDS, Terms Sheet, information memorandum, prospectus or any other offering material or advertisement relating to the Green Bonds in Australia,

unless:

- the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
- ii. the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;
- iii. such action complies with all applicable laws, regulations and directives; and
- iv. such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

By applying for the Green Bonds under the PDS, each person to whom the Green Bonds are issued (an **Investor**):

- a. will be deemed by Auckland Council, the Arranger and each of the Co-managers to have acknowledged that if any Investor on-sells the Green Bonds within 12 months from their issue, the Investor will be required to lodge a prospectus or other disclosure document (as defined in the Corporations Act) with ASIC unless either:
  - i. that sale is to an investor within one of the categories set out in sections 708(8) or 708(11) of the Corporations Act to whom it is lawful to offer the Green Bonds in Australia without a prospectus or other disclosure document lodged with ASIC; or
  - ii. the sale offer is received outside Australia; and
- b. will be deemed by Auckland Council, the Arranger and each of the Co-managers to have undertaken not to sell those Green Bonds in any circumstances other than those described in paragraphs (a)(i) and (a)(ii) above for 12 months after the date of issue of such Green Bonds.

Neither the PDS nor this Terms Sheet is, and under no circumstances is to be construed as, an advertisement or public offering of any Green Bonds in Australia.

#### Switzerland

The Green Bonds shall not be publicly offered, sold, advertised, distributed or redistributed, directly or indirectly, in or from Switzerland, and neither the PDS, this Terms Sheet nor any other solicitation for investments in the Green Bonds may be communicated, distributed or otherwise made available in Switzerland in any way that could constitute a public offering within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations (**CO**) or of Article 3 of the Swiss Federal Act on Collective Investment Schemes (**CISA**) unless the legal and regulatory conditions imposed on a public offering within the meaning of Articles 652a, respectively 1156, of the CO and of Article 5 of the CISA and may not comply with the information standards required thereunder, and in particular with the guidelines on informing investors about structured products as published in September 2014 by the Swiss Bankers Association, as applicable.

The Green Bonds do not constitute collective investments within the meaning of the CISA. Accordingly, holders of the Green Bonds do not benefit from protection under the CISA or from the supervision of the Swiss Financial Market Supervisory Authority. Investors are exposed to the default risk of Auckland Council.

#### Indemnity

By its subscription for or purchase of the Green Bonds, each holder agrees to indemnify Auckland Council, the Arranger, the Co-managers, the Organising Participant, the Trustee, the Security Trustee and the Registrar and each of their respective directors, officers and employees for any loss, cost, claim, fine, damages, liability or expense sustained or incurred by any of them by reason of any breach of the selling restrictions.