

# NON-EXECUTIVE DIRECTOR SHARE OWNERSHIP POLICY



## 1. PURPOSE

The purpose of this policy is to assist in aligning the interests of the non-executive directors of Southern Cross Media Group Limited (**Company**) with the financial interests of the Company's shareholders.

## 2. DEFINITION

The following definitions apply in this policy.

**Base Fee** means the base fee for acting as a non-executive director of the Company, and excludes any higher or additional fee for acting as Chairman or Deputy Chairman, for membership of any committee of the Board or for any *ad hoc* additional work performed as a director.

**Share** means a fully paid ordinary share of the Company.

## 3. MINIMUM SHAREHOLDING REQUIREMENTS

### 3.1 Minimum shareholding requirements

- (a) Each non-executive director must establish a level of Share ownership with a value equivalent to the Base Fee. This requirement must be met by 30 June 2018 or the date that is three years after the director's appointment to the Board, whichever is later.
- (b) Once a non-executive director has met the requirements of this policy, the non-executive director must maintain the required minimum holding of Shares for as long as the non-executive director is subject to this policy. This may require the non-executive director to acquire additional Shares.

### 3.2 Interests counted in minimum Shareholding requirement

The Shares or interests in Shares that count towards a non-executive director meeting the minimum Shareholding requirement under this policy are Shares that are:

- (a) owned by the non-executive director or the non-executive director's "associated entities" and "close associates", each as defined in the Corporations Act 2001 (Cth); or
- (b) owned through a trust or in a superannuation fund for the benefit of a person or entity referred to in paragraph 3.2(a).

## 4. ANNUAL REPORTING

Not later than 15 July each year, each non-executive director must report to the Company Secretary on their ownership of Shares as at the immediately preceding 30 June, using the Shareholding Declaration in appendix 1 to this policy. The Company Secretary must table these reports at the next Board meeting.

## **5. ANNUAL CALCULATION OF REQUIRED NUMBER OF SHARES**

### **5.1 Notice of required number of shares**

Not later than 31 July each year, the Company Secretary will notify each non-executive director of the number of Shares required to be held by the non-executive director as at the next 30 June. The required number of Shares will be calculated as follows:

$$\text{Required number of Shares} = \frac{A}{B}$$

where:

**A** is a non-executive director's total annual director's fees (excluding Committee fees) as at the immediately preceding 1 July; and

**B** is the volume weighted average price of Shares on ASX for the 20 trading days on ASX immediately preceding 30 June.

### **5.2 Increase in required number of Shares**

If the required number of Shares notified to a non-executive director under paragraph 5.1 is higher than the number of Shares held by the non-executive director then the non-executive director must increase their holding of Shares to at least the required minimum number not later than the succeeding 30 June.

## **6. DISPOSALS OF SHARES**

Subject to paragraph 8, a non-executive director may only dispose of Shares if:

- (a) the non-executive director has submitted a request to the Company Secretary (in substantially the form set out in appendix 2 to this policy);
- (b) the Company Secretary has given the Participant notice that the disposal is approved; and
- (c) any such disposal also complies with the Company's Securities Trading Policy.

The Company Secretary will inform the Chairman of each request submitted under this paragraph and whether the request is approved.

## **7. RELATIONSHIP TO THE COMPANY'S SECURITIES TRADING POLICY**

Non-executive directors must comply with the Company's Securities Trading Policy in addition to any requirements of this policy. This includes a general prohibition on dealing in Shares during a blackout period under that policy.

## **8. EXEMPTION FROM COMPLIANCE WITH THIS POLICY**

- (a) There may be circumstances in which compliance with this policy would cause or contribute to severe financial difficulty for a non-executive director or could prevent a non-executive director from complying with an order of the Family Court or another court.

- (b) In these circumstances, the non-executive director may submit a request to the Company Secretary (in substantially the form set out in appendix 2 to this policy) including details of the applicable financial difficulty or other exemption circumstances and the extent to which an exemption from the policy is sought.
- (c) The Company Secretary will review the request with the Chairman and Chief Executive Officer and they will decide whether and to what extent any exemption may be granted. In doing so they will consider the application of the Company's Securities Trading Policy and whether any related clearance to dispose of Shares should be granted under that policy.
- (d) If an exemption is granted in whole or in part, the Company Secretary will, in consultation with the Participant, develop an alternative Share ownership plan that reflects both the purpose of this policy and the non-executive director's individual circumstances.

## **9. REVIEW OF POLICY**

This policy will be reviewed every two years after its adoption by the Board having regard to regulatory, community and investor requirements.

**Shareholding Declaration**

This declaration is required to be submitted to the Company Secretary by each non-executive director covered by the Non-executive Director Share Ownership Policy not later than 15 July each year in respect of holdings of Shares as at the immediately preceding 30 June.

Name:	Position:
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I declare that my holding of Shares as at 30 June ..... (Year End) is as follows:

Registered holder	Relationship	Number of Shares
<b>Subtotal</b>		
<b>Total</b>		
<b>Minimum Shareholding requirement at Year End</b>		
<b>Comply (Y / N)</b>		

Signed: .....

Date: .....

**Request by non-executive director to dispose of Shares  
(or for an exemption from compliance with the policy)**

This form is required to be submitted to the Company Secretary when a non-executive director covered by the Non-executive Director Share Ownership Policy requests approval to dispose of Shares (or to be exempted from compliance with the policy).

Name:	Position:
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I request approval to dispose of ..... Shares in Southern Cross Media Group Limited.  
My interests in Shares at present and after the proposed disposal (or non-compliance) are as follows:

Registered holder	Relationship	Number of Shares	
		Before disposal	After any disposal
<b>Subtotal</b>			
<b>Total</b>			
<b>Minimum Shareholding requirement at next 30 June</b>			
<b>Comply (Yes / No)</b>			

Reasons for proposed disposal of Shares or exemption from compliance (including details of applicable financial difficulty or other exemption circumstances if, following the proposed disposal, the non-executive director's holding of Shares will not comply with the minimum Shareholding requirements of the Non-executive Director Share Ownership Policy):

Signed: .....

Date: .....