

## 1. PURPOSE

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

## 2. DEFINITIONS

The following definitions apply in this policy.

**Base Remuneration** means the fixed or base annual remuneration of an Executive (including the minimum superannuation contribution under the superannuation guarantee legislation).

**CEO** means the Company's Chief Executive Officer.

**Executive** means the CEO and each leadership executive who reports directly to the Chief Executive Officer.

**LTI Plan** means the Southern Cross Media Group Limited Long Term Incentive Plan.

**Minimum Shareholding Requirement** means:

- (a) for the Chief Executive Officer, 100% of the Chief Executive Officer's Base Remuneration; and
- (b) for other Executive, 50% of the Executive's Base Remuneration.

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

**STI payment** means a payment made to an Executive under the Company's short term incentive plan in accordance with the Company's Senior Executive Remuneration Framework.

## 3. SHAREHOLDING REQUIREMENTS

### 3.1 Delivery of LTI awards

- (a) Unless the Board determines that an Executive has met the Minimum Shareholding Requirement at the end of a performance period under the LTI Plan, the Executive must retain until cessation of employment with the Company 25% of any award that vests in the Executive under the LTI Plan for that performance period.
- (b) An Executive may exercise any vested option that is subject to retention under paragraph 3.1(a), but the Executive must retain until cessation of employment with the Company all Shares acquired by the Executive upon exercise of that option.
- (c) If the Board determines that an Executive has met the Minimum Shareholding Requirement at the end of a performance period under the LTI Plan, no disposal restrictions will attach to any award that vests in the Executive under the LTI Plan for that performance period.

### 3.2 Delivery of STI equity awards

(a) **CEO**

- (i) Twenty five percent of any STI payment for the CEO will be delivered in Shares.
- (ii) Unless the Board determines that the CEO has met the Minimum Shareholding Requirement at the end of the relevant performance period (taking into account any award that will vest in the CEO under the LTI Plan at the end of that performance period), the CEO will be required to retain until cessation of employment with the Company all Shares delivered to the CEO in accordance with paragraph 3.2(a)(i).
- (iii) If the Board determines that the CEO has met the Minimum Shareholding Requirement at the end of the relevant performance period (taking into account any award that will vest in the CEO under the LTI Plan at the end of that performance period), no disposal restrictions will attach to any Shares delivered to the CEO as part of any STI payment for that performance period.

(b) **Other Executives**

- (i) If the Board determines that an Executive other than the CEO has not met the Minimum Shareholding Requirement at the end of a relevant performance period (taking into account any award that will vest in the Executive under the LTI Plan at the end of that performance period), then:
  - (A) twenty percent of any STI payment for the Executive for that performance period will be delivered in Shares; and
  - (B) the Executive must retain those Shares until cessation of employment with the Company.
- (ii) If the Board determines that an Executive other than the CEO has met the Minimum Shareholding Requirement at the end of a relevant performance period (taking into account any award that will vest in the Executive under the LTI Plan at the end of that performance period), then:
  - (A) the Board may approve delivery of any STI payment to that Executive wholly in cash or partly in cash and up to 20% in Shares; and
  - (B) no disposal restrictions will attach to any Shares delivered to the Executive in that case.

### 3.3 Holding lock

The Company may apply a holding lock to any Share that an Executive is required to retain under this paragraph 3.

### **3.4 Genuine disposal restriction**

- (a) Where this policy requires an Executive to retain Shares until cessation of employment, it is intended that this requirement constitutes a genuine disposal restriction for the purposes of Division 83A of the Income Tax Assessment Act 1997, thereby enabling the taxing point of the award to be deferred.
- (b) Without limiting paragraph 3.4(a), any Shares that are subject to a disposal restriction must be registered in the name of and beneficially owned by the Executive.
- (c) If an Executive remains employed with the Company for a period of 15 years after the date on which the underlying STI or LTI award was granted, any disposal restrictions under this policy will be lifted at this date (which will align with the taxing point for the purposes of Division 83A of the Income Tax Assessment Act 1997).

## **4. REPORTING BY EXECUTIVE**

At any time on request by the Company Secretary, an Executive must report to the Company Secretary on the Executive's ownership of Shares (including any Shares transferred or allocated to another party in accordance with paragraph 7. The Company Secretary may table these reports with the Board and the Company may publish information about the Executive's interests in Shares as required by applicable laws or the ASX listing rules.

## **5. ANNUAL CALCULATION OF SHARES AND OPTIONS TO BE RETAINED**

- (a) As at 30 June in each year, the Company Secretary will calculate and advise the Board of the number of Shares (and, where applicable, vested options):
  - (i) held by each Executive; and
  - (ii) required to be held by the Executive to achieve the Minimum Shareholding Requirement.

For this purpose, the value of a Share will be taken to be the volume weighted average price of Shares on ASX for the 20 trading days on ASX immediately preceding 30 June.

- (b) The Board will consider the information provided by the Company Secretary under paragraph 5(a) in determining the delivery of LTI awards and STI awards under paragraphs 3.1 and 3.2 respectively.

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

Executives 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.

## **7. DISPOSAL OF SHARES AND VESTED OPTIONS**

### **7.1 Prohibition on dealings with retained Shares and vested options**

An Executive must not dispose of (or direct the Company to allocate) any Share or vested option that the Executive is required to retain under this policy for as long as the Executive is subject to this policy.

### **7.2 Permitted dealings in Shares and vested options**

- (a) Subject to paragraph 7.2(b), an Executive may transfer (or direct the Company to allocate) any Share or vested option that the Executive is not required to retain under paragraph 3.1 or 3.2 to:
  - (i) an “associated entity” or “close associate” of the Executive, each as defined in the Corporations Act 2001 (Cth); or
  - (ii) a trust or a superannuation fund for the benefit of a person or entity referred to in paragraph 7.2(a)(i).
- (b) An Executive may only transfer (or direct the Company to allocate) a Share or vested option under paragraph 7.2(a) if:
  - (i) the Executive has first given notice in writing to the Company Secretary (in substantially the form set out in appendix 1 to this policy);
  - (ii) the Company Secretary has given the Executive notice that the transfer or allocation is approved; and
  - (iii) any such transfer or allocation also complies with the Company’s Securities Trading Policy.
- (c) This paragraph 7.2 applies equally to any Share or vested option held by a party to whom the Executive has transferred the Share or vested option in accordance with this paragraph 7.2.

## **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 an Executive or could prevent an Executive from complying with an order of the Family Court or another court.
- (b) In these circumstances, the Executive may submit a request to the Company Secretary (in substantially the form set out in appendix 1 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 CEO, 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 Executive, develop an alternative Share ownership plan that reflects both the purpose of this policy and the Executive'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.

**Request by executive to transfer Shares  
(or for an exemption from compliance with the policy)**

This form is required to be submitted to the Company Secretary when an Executive covered by the Senior Executive 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>Executives only: Vested options under LTI Plan</b>			
<b>Total</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 Executive's holding of Shares will not comply with the Shareholding requirements of Senior Executive Share Ownership Policy):

Signed: .....

Date: .....