

JUNE 2021

# Minimum Shareholding Policy



## Policy Statement

1. This Policy assists in aligning Chorus Director and Executive interests with shareholder interests.

## Directors

2. Chorus Directors are encouraged to hold Chorus shares.
3. The Board's intention is for each Director to:
  - generally hold, as a minimum, shares equal in value to one year's, after tax, director base fees, and
  - accumulate this holding over the first three years in office, or over three years after the effective date of this policy in the case of those directors in office at that date.
4. The Chair has discretion in respect of any Director to extend the period over which the shareholding should be accumulated or the value of shares to be held, taking into account the circumstances of that Director.

## Executives

5. The CEO and her/his executive direct reports (**Executives**) are required to maintain a minimum shareholding of Chorus shares before disposing of shares acquired under the long term incentive scheme introduced in August 2019 and any subsequent scheme (**2019 LTI**).
6. This policy operates by restricting the disposal of shares acquired under the 2019 LTI. It does not require Executives to acquire Chorus shares to meet minimum holding thresholds.

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7. Executives must not dispose of shares acquired under the 2019 LTI unless they continue to hold, immediately after disposal, Chorus shares equal in value to:

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- 30% of after tax base remuneration for the CEO, and
  - 25% of after tax base remuneration for other Executives.
8. The Chair may, at any time and in his/her sole discretion, amend the minimum holding thresholds and/or time periods for any or all Executives.

### What shares count?

9. All Chorus shares held count towards the minimum holding threshold (including those acquired under the previous LTI and personally).<sup>1</sup>
10. However, only shares acquired under the 2019 LTI are subject to the disposal prohibition in this policy<sup>2</sup>.
11. Executives disposing of shares are deemed to be disposing of shares in this order:
- firstly, shares acquired personally and under the previous LTI, and
  - secondly, shares acquired under the 2019 LTI.
12. Examples of how the minimum thresholds and disposal prohibition work are set out in the schedule.

### Permitted disposals

13. In exceptional circumstances the Board (or its delegate) may approve the disposal of shares acquired under the 2019 LTI where, following disposal, the minimum holding threshold will not be met. Exceptional circumstances include:
- severe financial hardship
  - court or other enforceable undertakings, or
  - where the disposal is reasonably necessary to meet statutory obligations (e.g. tax) arising from Chorus' 2019 LTI.

### Compliance

14. Executives will be assessed against the minimum holding threshold each time they seek approval to dispose of shares under Chorus' Securities Trading Policy, and annually as part of remuneration reviews.

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<sup>1</sup> Rights to shares that have vested but remain unexercised (e.g. vested share options or vested performance rights), and unvested rights (e.g. unvested share options, unvested performance rights or unvested performance shares), do not count.

<sup>2</sup> Shares acquired under Chorus' previous LTIs are not subject to the disposal prohibition in this policy.

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### Ownership and Review

<b>Reviewer:</b>	People, Performance and Culture Committee
<b>Ownership:</b>	Chief People Officer
<b>Review:</b>	At least every two years

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### Schedule - Examples

1. The minimum holding threshold is calculated based on a percentage of after tax base remuneration and Chorus' prevailing share price.
2. Assuming an existing Executive's (not the CEO) after tax base remuneration is \$200,000, based on a Chorus share price of \$5.00, their minimum holding threshold is 10,000 shares:

% of base remuneration (after tax)	\$	Chorus share \$	No. shares
25%	\$50,000	\$5.00	10,000

#### Example 1:

3. Before any vesting under the 2019 LTI the Executive held:
  - 8,000 Chorus shares acquired under the previous LTI, and
  - 500 shares they purchased themselves.
4. Under the 2019 LTI they acquire a further 9,000 shares, so hold 17,500 shares in total:
  - 8,000 shares (previous LTI)
  - 500 "personal" shares, and
  - 9,000 shares (2019 LTI).
5. The minimum holding threshold is met and the Executive can sell some of her/his shares.
6. Because shares acquired personally and under previous LTIs are deemed to be sold first, and the disposal prohibition applies only to shares acquired under the 2019 LTI, the Executive:
  - may sell all 8,000 shares acquired under the previous LTI and all 500 "personal" shares,
  - but would then be prohibited from selling any of the 9,000 shares acquired under the new LTI (as their total holding at that point would be less than the minimum threshold of 10,000 shares).

#### Example 2

7. As above, except the Executive acquires a further 11,000 shares under the 2019 LTI, so holds 19,500 shares in total:
  - 8,000 shares (previous LTI)
  - 500 "personal" shares, and

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- 11,000 shares (2019 LTI).
8. The minimum holding threshold is met and the Executive can sell some of her/his shares.
  9. Because shares acquired personally and under previous LTIs are deemed to be sold first, and the disposal prohibition applies only to shares acquired under the 2019 LTI, the Executive may:
    - sell all 8,000 shares acquired under the previous LTI and all 500 “personal” shares,
    - sell a further 1,000 shares acquired under the 2019 LTI but would then be prohibited from selling any further shares (as their total holding at that point would be equal to the minimum threshold of 10,000 shares).