

NON-EXECUTIVE DIRECTOR MINIMUM SHAREHOLDING POLICY

First adopted by the Board on 24 June 2021

Non-Executive Director Minimum Shareholding Policy

Version 1

Effective Date: 24 June 2021

Last Issued: N/A

Revision: N/A



1. Purpose

Australian Finance Group Ltd ('AFG') is committed to maintaining a high standard of integrity, investor confidence and good corporate governance.

Our Director Minimum Shareholding Policy ('Policy') forms part of AFG's corporate governance policies.

This Policy sets out the minimum shareholding guidelines for non-executive directors to comply with over a defined time period.

The purpose of this Policy is to assist in aligning the interests of the non-executive directors with the interests of AFG's shareholders.

2. Scope

This Policy applies to all non-executive directors of AFG.

This Policy is at all times to be read, understood and subject to AFG's Policy for dealing in securities and applicable to the laws and rules applying to the trading of securities in AFG.

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 a court of law. In these circumstances, the non-executive director may submit a request to the Company Secretary of AFG including details of the applicable financial difficulty or other circumstances relative to the exemption from the Policy being sought.

The Chairman of the board of directors of AFG ('Board') (in the case of all non-executive directors other than the chairman of the Board) and the chairman of the Remuneration and Nomination Committee (in the case of the chairman of the Board) will decide on whether and to what extent any exemption may be granted.

In doing so they will consider the Policy for dealing in securities and whether any related clearance to dispose of AFG securities should be granted under that policy. If an exemption is granted, the chairman of the Board or the chairman of the Remuneration and Nomination Committee (as applicable) will work with the non-executive director to develop an alternative arrangement.

3. Minimum shareholding requirements

Each non-executive director must establish and maintain a level of ownership of fully paid ordinary shares in the capital of AFG ('Shares') equal to the 'Minimum Holding'.

The 'Minimum Holding' is the value of Shares which is equal to the non-executive director's annual director's base fees (including superannuation) or such other amount as fixed by Board from time to time calculated in accordance with this clause 3 and clause 4 of this Policy. For the purposes of calculating the Minimum Holding, this does not include any higher fee for acting as chairman of the Board or for membership of any Board committees.

Each non-executive director must meet the Minimum Holding requirement within three years after the later of the date of the non-executive director's appointment or the adoption of this Policy.

Once a non-executive director has met the Minimum Holding requirements, the non-executive director must maintain the Minimum Holding for as long as the non-executive director remains a non-executive director of AFG.

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4. Interests counted in Minimum Holding

The Shares or interests in Shares that count towards a non-executive director meeting the Minimum Holding are Shares that are owned:

- (a) 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) through a trust or in a superannuation fund (other than a commercially available superannuation fund where the investments are made independently of the participant) or otherwise held for the benefit of a person or entity referred to above.

In calculating whether a non-executive director has met the Minimum Holding, the following historical values are to be used:

- Shares acquired on-market = total price paid to acquire the Shares;
- Shares acquired through pro-rata or secondary issue to shareholders = total subscription price paid to acquire the Shares;
- dividend reinvestment plan (if applicable) = dividend reinvestment plan issue price; and
- Shares acquired through an off-market transfer = total price paid to acquire the Shares.

These values must be represented in Australian dollars and applied against the number of Shares acquired in each instance.

5. Disposal of Shares

If a non-executive director proposes to dispose of any Shares that form part of their Minimum Holding, then they must not do so until they obtain the written approval of AFG in accordance with this Policy.

For this purpose, disposal of Shares by a non-executive director includes disposal of Shares held by any associated entity or close associate of the non-executive director within the control of the non-executive director.

Approval to dispose of Shares must be sought by submitting a written request to the Company Secretary, who will arrange for the applicable approval to be requested. The Chairman of the Board (in the case of all directors other than the Chairman of the Board) and the chairman of the Remuneration and Nomination Committee (in the case of the Chairman of the Board) will decide on whether and to what extent any approval may be granted.

Approval to dispose of Shares may be granted for the proposed disposal or for some portion of the proposed disposal, in the absolute discretion of AFG.

Any disposal of Shares must also comply with the Policy for dealing in securities and is always subject to applicable laws and rules applying to the trading of securities of AFG.

6. Annual reporting

The Annual Report of AFG will include the details of the Minimum Holding and each non-executive director's compliance with the Minimum Holding set out in this Policy.

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7. Periodic Review of Policy

This Policy will be reviewed every two years by the Remuneration and Nomination Committee to assess whether the Policy is operating effectively and whether any changes are required to the Policy, with any recommendation for changes made to the Board for approval.

8. Version Control

Version	Date	Author	Changes
1.0	24 June 2021	Legal/Risk & Compliance	First version of policy