

Executive Minimum Shareholding Policy

1 Purpose

The Board recognises the importance of aligning executive interests with the long-term interests of shareholders and considers that a meaningful investment in Mercury shares demonstrates this alignment. This policy provides a framework for members of Mercury's Executive Leadership Team to accumulate and maintain a minimum number of Mercury shares.

2 Scope

This policy applies to Mercury's Executive Leadership Team (being the Chief Executive and their executive direct reports) who are referred to in this policy as Executives.

3 Minimum shareholding requirement

Executives are required to accumulate and maintain a holding in Mercury shares that is equivalent to at least 25% of their annual base remuneration, and in the case of the Chief Executive and Chief Financial Officer, at least 50% of their annual base remuneration ("Minimum Shareholding").

Each Executive is required to achieve the Minimum Shareholding by the date ("Measurement Date") which is the later of:

- > The 5th anniversary of the date this policy is first approved by the Board; and
- > The 5th anniversary of the Executive's appointment to the Executive Leadership Team.

The Board may, in its sole discretion, in respect of an Executive or Executives, relax the Minimum Shareholding and/or Measurement Date:

- > having regard to any difficulty an Executive may have had to acquire Mercury shares as a result of the application of the blackout period or other restrictions under Mercury's Trading in Company Securities Policy; or
- > because of a material increase in the size of an Executive's Minimum Shareholding requirement resulting from their appointment to the role of Chief Executive or Chief Financial Officer; or
- > if the Board considers it to be fair and reasonable in the circumstances.

If because of personal circumstances any Executive experiences or is reasonably likely to experience material difficulty in achieving or maintaining the Minimum Shareholding, the Executive may raise this with the Chair of the People and Performance Committee. Upon notice from the Chair of the People and Performance Committee, the Board may take these circumstances into account when considering the exercise of its discretion to relax the Minimum Shareholding and/or Measurement Date.

For the purpose of calculating the Minimum Shareholding, base remuneration:

- > includes pre-tax annual base salary on the Measurement Date and at each assessment date after the Measurement Date; and
- > excludes employee or employer KiwiSaver contributions, superannuation contributions or any other non-tax withholdings or contributions.

4 Definition of shareholding

All Mercury shares held by an Executive or a company, trust or other entity controlled by an Executive will count towards satisfaction of the Executive's Minimum Shareholding. Mercury shares held or transferred to the Executive's spouse/partner will not count towards satisfaction of the Executive's Minimum Shareholding.

For the avoidance of doubt, unvested rights to Mercury shares held by the Executive under any Mercury long-term incentive plan or other equity-based incentive scheme do not count towards satisfaction of an Executive's Minimum Shareholding.

5 Restricted shares

No Executive may sell, transfer, or otherwise dispose of Mercury shares (unless the Executive will maintain control of those shares) until the Executive has achieved and continues to maintain the Minimum Shareholding requirements. Executives are responsible for ensuring that their shareholdings remain at or above the Minimum Shareholding.



5.1 Prohibited disposals

Executives must not dispose of any Mercury shares if, immediately after that disposal, the Executive holds less than the Minimum Shareholding required except:

- > if the Board notifies the Executive that the Board does not object to the disposal; or
- > to the extent the disposal is reasonably necessary for the Executive to comply with their statutory obligations (for example relating to tax) arising from the operation of Mercury's long-term incentive or other equity-based incentive scheme.

5.2 Compliance

If an Executive requests consent to dispose of Mercury shares under the terms of the Company's Trading in Company Securities Policy, the Executive will confirm with their request that immediately after the disposal they will remain in compliance with this policy. For the purposes of this confirmation, the value of an Executive's shareholding will be based on the closing price of Mercury shares on the day immediately preceding their application.

6 Monitoring and reporting

The Company Secretary will report to the People and Performance Committee every 6 months on progress towards the minimum shareholding of each Executive and whether the minimum shareholding has been obtained by the Measurement Date and has been maintained after that date. The value of the shareholding for these purposes will be calculated using the market value of the shareholding on the relevant assessment date.

7 Policy review

This policy has been approved by the Board. The People and Performance Committee will review this policy as required and at least every 3 years will recommend any proposed changes to the Board for approval.

