

**Calix Limited**

ABN 36 117 372 540

## **Officers & Employees Incentive Scheme Rules**

# CALIX LIMITED OFFICERS & EMPLOYEES INCENTIVE SCHEME

## PLAN RULES

### 1. Operation

#### 1.1 Operation of the Plan

These Rules set out the terms and conditions of the operation of the Plan. The Company and the Participants are bound by these Rules.

#### 1.2 Purpose

The purpose of the Plan is to provide competitive, performance-based remuneration supporting the retention, incentive and reward functions of that remuneration.

#### 1.3 Commencement

The Plan commences on a date to be determined by the Board.

### 2. Definitions and interpretation

#### 2.1 Definitions

In these Rules, unless the context otherwise requires:

**Applicable Law** means one or more, as the context requires of:

- (a) the Corporations Act 2001 (Cth);
- (b) Corporations Regulations;
- (c) the Listing Rules;
- (d) any other applicable securities laws;
- (e) the constitution of the Company;
- (f) the common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them); and
- (g) any regulatory guide, class order, instrument, declaration, guideline, guidance note, policy or procedure authorising or entitling ASIC or ASX to regulate, implement or enforce, either directly or indirectly:
  - (i) a provision of the laws, regulations, rules or constitution referred to in paragraphs (a) to (f); or
  - (ii) any agreement or deed made under the laws, regulations, rules or constitution referred to in paragraphs (a) to (f); or
  - (iii) a person's conduct or proposed conduct under the laws, regulations, rules or constitution referred to in paragraphs (a) to (f), or any agreement or deed referred to in paragraph (g)(ii).

**Application** means an application for Rights or Options made by an Eligible Person pursuant to the terms of an Invitation.

**Application Date** has the meaning given to that term in Rule 3.2(k).

**Application Form** means the form that the Board determines is to be used to apply to participate in the Plan in response to an Invitation.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691), or the securities exchange operated by it, as the context requires.

**Board** means the board of directors of the Company, any committee of the Board or a duly authorised person or body to which the Board has delegated its powers under this Plan.

**Business Day** means a day other than a Saturday, Sunday or public holiday in Sydney.

**Class Order Relief** means the conditional relief from the disclosure and licensing provisions of the Corporations Act under ASIC Class Order [CO 14/1000] "Employee Incentive Schemes: Listed Bodies" or any other class order or additional ASIC relief instrument amending or replacing that class order or having a substantially similar effect to that class order.

**Company** means Calix Limited ABN 36 117 372 540 of Level 1, 9 Bridge Street, Pymble NSW 2073, Australia.

**Corporations Act** means the *Corporations Act 2001 (Cth)*.

**Dealing** means, in relation to a Right, an Option or a Share (as the case may be), any dealing, including:

- (a) a sale, transfer, assignment, declaration of trust, encumbrance, mortgage, charge, pledge, lien, option, swap, any alienation of all or any part of the rights attaching to the Right, Option or Share;
- (b) any attempt to do any of the actions set out in paragraph (a) above; and
- (c) any hedging or dealing with a derivative instrument intended to "lock in" a profit relating to a Share, Right or Option.

**Eligible Person** means an Employee or Officer of a member of the Group who the Board determines is to receive an Invitation under the Plan.

**Employee** means:

- (a) a person (including a director employed in an executive capacity) who is in permanent full-time or part-time employment with an entity in the Group; or
- (b) such other person (including any person's legal personal representative or trustee in bankruptcy) as the Board in its discretion determines to be eligible to participate in the Plan.

**Exercise Price** means for an Option, the amount payable to acquire a Share on exercise of the Option, as specified in the Invitation for that Option.

**First Exercise Date** has the meaning given in Rule 3.2(g).

**Group** means the Company and its Related Bodies Corporate from time to time.

**Group Company** means a company which is a member of the Group.

**Invitation** means an invitation to an Eligible Person under Rule 3 to apply to acquire Rights or Options under the Plan.

**Last Exercise Date** has the meaning given in Rule 3.2(h).

**Last Vesting Date** has the meaning given in Rule 3.2(i).

**Listed** means that the Company is admitted to the official list of the ASX.

**Listing Rules** means the official listing rules of the ASX as they apply to the Company if Listed.

**Notice of Exercise** has the meaning given in Rule 8.1.

**Nominee Shareholder** means a Person nominated by a Participant to hold Shares in accordance with clause 8.5.

**Nominee Shareholder Consent** means a consent to be a member of the Company and to be bound by the constitution of the Company and these Rules, in such form as the Board determines.

**Officer** has the meaning given in the Corporations Act.

**Option** means a right granted to a Participant to acquire a Share (by transfer or issue at the discretion of the Board) on the payment of the Exercise Price on the terms set out in this Plan.

**Participant** means, subject to Rule 4.3, a person who, in response to an Invitation, has completed and returned a duly completed and executed Application Form on or before the Application Date (or a legal personal representative of that person duly appointed on the death or legal incapacity of that person) and whose Application has been accepted by the Board.

**Performance Hurdle** means any condition determined by the Board and set out in the Invitation under Rule 3.2(f) which must be satisfied or circumstances which must exist before a Right or Option vests under these Rules.

**Person** means a natural person, corporation, body corporate or unincorporated association.

**Plan** means the Calix Limited Officers & Employees Incentive Scheme established and operated in accordance with these Rules.

**Qualifying Event** means in relation to a Participant, that the Participant:

- (a) dies;
- (b) is seriously injured, disabled or suffers an illness which prohibits continued employment; or
- (c) has a forced early retirement, is retrenched or made redundant; or
- (d) such other circumstance which results in the Participant leaving the employment of the Group or ceasing to be an Officer of the Group and which the Board determines is a Qualifying Event.

**Related Body Corporate** has the meaning in section 9 of the Corporations Act.

**Restriction Period** means the period (if any) specified in an Invitation during which any Shares acquired pursuant to the Rights and/or Options the subject of that Invitation may not be Dealt with, such period not to exceed 6 years from the date the Shares are acquired.

**Right** means a non-renounceable right to acquire a Share pursuant to Rule 4 on the terms set out in the Invitation.

**Rules** means these Rules (including the terms and conditions set out in an Invitation), as amended from time to time.

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

**Vesting Date** for a Right or an Option means, unless otherwise specified in the Invitation for the Right or Option and subject to Rule 6.4, the date the Board gives notice that the Performance Hurdles in respect of the Right or Option have been satisfied.

## 2.2 Interpretation

In these Rules unless the context otherwise requires:

- (a) a reference to gender includes all genders;
- (b) the singular includes the plural and conversely;
- (c) a reference to a person includes the legal personal representatives, successors and assigns of that person, and also corporations and other entities recognised by law;
- (d) a reference to any law or to the Listing Rules includes that law or the Listing Rules as amended, re-enacted or replaced and any law that supersedes that law; and
- (e) headings are for convenience only and do not affect the interpretation of these Rules;
- (f) reference to a Rule or paragraph is a reference to a Rule or paragraph of these Rules, or the corresponding Rule or Rules of this Plan as amended from time to time;
- (g) where any word or phrase is given a definite meaning in these Rules, any part of speech or other grammatical form of that word or phrase has a corresponding meaning;
- (h) where the time for doing any act, matter or thing under these Rules falls on a day which is not a Business Day, it shall be done on the next succeeding Business Day; and
- (i) a reference to an act includes an omission and a reference to doing any act includes executing a document.

## 2.3 Primary instruments

- (a) These Rules are to be interpreted subject to the constitution of the Company, the Listing Rules (if applicable), the Corporations Act and any other Applicable Laws.
- (b) If the Listing Rules require these Rules to contain a provision and it does not contain such a provision, these Rules are deemed to contain that provision.

## 3. Invitation to participate in the Plan

### 3.1 Invitation

Subject to these Rules:

- (a) the Board may, from time to time and in its absolute discretion, issue an Invitation to any Eligible Person for that Eligible Person to participate in the Plan;
- (b) the Board has absolute discretion to determine the contents of any Invitation and the terms and conditions of any vesting of Rights and Options under the Plan, including performance hurdles and exercise and service conditions, but such terms and conditions must be in accordance with any applicable requirements of the Listing Rules (if the Company is Listed) and the Corporations Act;
- (c) the Board may amend the Invitation at any time prior to the Application Date.

### 3.2 Provision of information with Invitation

The Invitation must be in writing and include the following terms of issue of the relevant Rights and/or Options:

- (a) the name and address of the Eligible Person to whom the Invitation is made;
- (b) the date of the Invitation;
- (c) the maximum number (if any) of Rights and/or Options that the Eligible Person may apply for;
- (d) the amount (if any) that will be payable upon the grant of the Rights and/or Options;
- (e) the exercise price of the Options (if any) or the method of calculating the exercise price of the Options;
- (f) the performance and/or exercise and service conditions (**Performance Hurdles**) that must be satisfied or circumstances which must exist before the Rights and/or Options vest;
- (g) the earliest date from which the Options may be exercised (the **First Exercise Date**);
- (h) the latest date prior to which the Options may be exercised (the **Last Exercise Date**);
- (i) the last date on which those Rights and/or Options are able to vest (the **Last Vesting Date**);
- (j) any restrictions (including the period of restriction) on Dealing in relation to Shares acquired on vesting of the Rights or exercise of the Options;
- (k) the latest date on which a duly completed Application Form must be received by the Company (**Application Date**);
- (l) any other terms and conditions relating to the issue of Rights and/or Options which in the opinion of the Board are fair and reasonable but not inconsistent with these Rules; and
- (m) any other information or documents that the Corporations Act, Listing Rules or other applicable laws require the Company to give to the Eligible Person.

### 3.3 Invitation personal to the Eligible Person

Unless the Board determines otherwise, an Invitation under the Plan is personal to the Eligible Person to whom it is made and, accordingly, can only be accepted by the Eligible Person specified in the Invitation.

### **3.4 Application Form**

The Invitation must be accompanied by an Application Form.

## **4. Application to participate in the Plan**

### **4.1 Application Form**

An Eligible Person may only make an application to participate in the Plan in response to an Invitation by:

- (a) completing the Application Form in respect of the number of Rights or Options specified in the Invitation or for a lesser number provided that the number applied for is in multiples of 100;
- (b) signing the completed Application Form; and
- (c) lodging the completed and signed Application Form with the Company on or before the Application Date.

### **4.2 Participation in Plan**

If, on returning the duly completed Application Form in accordance with Rule 4.1 the Eligible Person's employment with the Group or appointment with a Group Company has not ceased, then, by submitting the duly completed Application Form, the Participant:

- (a) offers to participate and acquire Rights and/or Options applied for on the terms set out in the Invitation and these Rules;
- (b) agrees to be bound by the terms of the Invitation, the Application Form, these Rules, and the Constitution of the Company; and
- (c) consents to the collection, holding, processing and exchange of their personal data by the Group for any purpose related to the proper administration of their participation in the Plan.

### **4.3 Non-acceptance of Application Form**

- (a) Notwithstanding any other provision of this Plan, a Participant has no entitlement to be granted any Rights and/or Options unless and until such Rights and/or Options are granted under Rule 5.
- (b) If the Board determines at its sole discretion not to accept an Application Form, the Company shall provide notification to that Eligible Person that it does not intend to accept that Eligible Person's Application Form.

## **5. Grant of Rights and/or Options and entitlement**

### **5.1 Grant**

Subject to Rule 4.3, as soon as practicable after the Application Date the Board may:

- (a) issue the number of Rights and/or Options applied for in the name of the Participant;
- (b) update the Rights and/or Options register in accordance with the Corporations Act; and
- (c) issue a Rights and/or Options holding statement to the Participant.

Notwithstanding any other provision of the Plan, a Participant has no entitlement to be granted any Options and/or Rights unless and until Options and/or Rights are granted under this Rule 5.

## **5.2 Payment for grant**

Unless otherwise specified in the Invitation for the Rights and/or Options, no payment is required for the grant of Rights and/or Options.

## **5.3 Entitlement**

- (a) Subject to these Rules and satisfaction of any Performance Hurdles:
  - (i) each Option confers on its holder the entitlement to elect to acquire one Share at the Exercise Price; and
  - (ii) each Right confers on its holder an entitlement to one Share.
- (b) A Participant has no interest in a Share unless and until the Share is issued or transferred to that Participant or its Nominee Shareholder under these Rules.

## **6. Performance Hurdles and vesting**

### **6.1 Satisfaction of Performance Hurdles**

- (a) Subject to this Rule 6:
  - (i) an Option may only be exercised if the Option vests; and
  - (ii) a Right will only convert to an entitlement to a Share if the Right vests.
- (b) Unless otherwise specified in an Invitation, each Right and Option granted under these Rules vests on the Vesting Date for that Right or Option.

### **6.2 Qualifying Event**

Where a Participant ceases to be employed by the Group as a result of a Qualifying Event, the Board may, in its discretion, determine in relation to the Rights and/or Options which at the time of the Qualifying Event are held by the Participant and have not yet vested in accordance with Rules 6.1 or 6.3, that some or all of those Rights and/or Options will become vested at the time of the cessation of employment of that Participant or another date determined by the Board.

### **6.3 Change of control**

Where:

- (a) a takeover bid is made for the Company and the Board recommends acceptance by the Company's shareholders;
- (b) a Court orders that a meeting of shareholders of the Company be held to consider a scheme of arrangement between the Company and its shareholders; or
- (c) the Board determines that some other transaction has occurred, or is likely to occur, which involves a change of control of the Company,

the Board may in its absolute discretion determine that any Right or Option that has not vested in accordance with Rule 6.1 or 6.2 will vest on, and may be exercised on and from, the date determined by the Board (subject to lapse in accordance with this Plan).



## **6.4 Waiver of Performance Hurdles**

Subject to Applicable Laws, the Board may, at its discretion and by notice to the Participant:

- (a) vary or waive the satisfaction of relevant Performance Hurdles attaching to Rights and/or Options and declare the Rights and/or Options to be vested; or
- (b) bring forward the date upon which Rights and/or Options vest and Options may be exercised.

## **6.5 Share trading policy**

Notwithstanding any other provision of this Plan, a Right that has vested in accordance with Rule 6 may not be converted and an Option that has vested in accordance with Rule 6 may not be exercised at any time when an Eligible Person would be precluded from dealing in Shares pursuant to the Company's internal regulations for dealings in its shares, or otherwise as determined by the Board.

# **7. Lapse**

## **7.1 Unvested Rights and/or Options on Last Vesting Date**

Any Rights and/or Options held by a Participant which have not vested in accordance with Rule 6 (and which have not otherwise lapsed in accordance with this Plan) by the Last Vesting Date will lapse at 12.01am on the day immediately following the Last Vesting Date.

## **7.2 Breach, fraud, dishonesty or adverse occurrences**

Where adverse consequences have arisen which the Board reasonably determines results in the re-assessment or reduction of the performance-based allocation of Rights and/or Options, or a Participant:

- (a) acts fraudulently or dishonestly;
- (b) is in material breach of his or her obligations to any Group Company, including failure to comply with the Company's Anti-Bribery and Corruption Policy;
- (c) acts in a manner that, in the Board's opinion, brings the Company into serious disrepute; or
- (d) is responsible for a material misstatement in, or omission from, the financial accounts,

any Rights and/or Options held by the Participant, whether or not those Rights and/or Options are vested, will be re-assessed and maybe reduced or immediately lapse at the determination of the Board.

## **7.3 Retirement or resignation**

Where a Participant ceases to be employed by the Group or ceases to be an Officer of the Group as a result of the retirement or resignation by the Participant (or such other reason as the Board and the Participant may agree), any Rights and/or Options held by the Participant which have vested in accordance with Rule 6:

- (e) may be exercised by the Participant during the 12 month period following the date on which the Participant ceases to be so employed or ceases to be an officer (or, if shorter, in the period until 5.00pm on the Last Exercise Date); and
- (f) will lapse at 12.01am on the day immediately following the last day of that 12 month period (or, if earlier, at 5.01pm on the Last Exercise Date),

and any unvested Rights and/or Options will immediately lapse on cessation of the Participant's employment by the Group or the Participant ceasing to be an Officer of the Group, as applicable.

#### **7.4 Termination for cause or removal from Office**

Where a Participant ceases:

- (a) to be employed by the Company or any of its Related Bodies Corporate as a result of the termination of the Participant's employment for cause; or
- (b) to be an Officer of the Company or any of its Related Bodies Corporate as a result of being disqualified from managing corporations under Part 2D.6 of the Corporations Act or by being removed from office by resolution of members,

any Rights and/or Options held by the Participant, whether or not those Rights and/or Options are vested, will lapse immediately on the Participant being notified of that termination, disqualification or removal from office (as the case may be).

#### **7.5 Qualifying Event**

Where a Participant ceases to be employed by the Group or ceases to be an Officer of the Group as a result of a Qualifying Event, any Rights and/or Options held by the Participant which have vested in accordance with Rule 6:

- (a) may be exercised by the Participant (or the Participant's legal personal representative, as applicable) during the 12 month period following the date on which the Participant ceases to be so employed or ceases to be an Officer of the Group (or, if shorter, in the period until 5.00pm on the Last Exercise Date); and
- (b) will lapse at 12.01am on the day immediately following the last day of that 12 month period (or, if earlier, at 5.01pm on the Last Exercise Date),

and any unvested Rights and/or Options will immediately lapse on cessation of the Participant's employment by the Group or the Participant ceasing to be an Officer of the Group, as applicable, unless the Board, in its absolute discretion, determines otherwise (before or after the cessation).

#### **7.6 An Employee and an Officer**

Where a Participant is both an Employee and an Officer of the Group, the Participant's Rights and/or Options will only lapse in accordance with Rules 7.3, 7.4 and 7.5 upon the Participant ceasing to be both an Employee and an Officer in the circumstances set out in those Rules.

#### **7.7 Last Exercise Date**

All Rights and/or Options which have vested in accordance with Rule 6 and which have not been exercised will lapse on the Last Exercise Date or such earlier date as may apply in respect of the Right in accordance with Rule 7.2, 7.3, 7.4 or 7.5.

#### **7.8 Consequence of lapse**

Upon the lapse of a Right or Option, all of the Participant's rights in respect of that Right or Option cease.

#### **7.9 Termination payment**

- (a) This Rule 7.9 applies to all termination payments to which Part 2D.2 Division 2 of the Corporations Act applies.

- (b) The Company is not required to provide, or procure the provision, of any benefit under these Rules which is not permitted by Part 2D.2 Division 2 of the Corporations Act in the absence of shareholder approval.
- (c) Any benefits required to be provided to a Participant in accordance with these Rules must be reduced to ensure compliance with Rule 7.9(b). In the event of overpayment to a Participant, the Participant must, on receiving written notice from the Board, immediately repay any benefits specified in such notice to ensure compliance with Rule 7.9(b).
- (d) Where Rule 7.9(b) applies the Company may seek shareholder approval in its sole discretion.

## **8. Exercise of Option and conversion of Right**

### **8.1 Exercise or conversion**

Subject to the following Rules:

- (a) the exercise of any Option may only be effected by:
  - (i) lodging a duly completed notice of exercise endorsed on the Option's Holding Statement (or a notice of exercise in such other form and manner as the Board may prescribe or accept) (**Notice of Exercise**) with the Company Secretary; and
  - (ii) giving the Company an amount equal to the Exercise Price; and
- (b) unless, by notice in writing to the Board before the Vesting Date, the Participant elects to have the Rights treated like Options, a Right will automatically convert to an entitlement to a Share on the happening of the Vesting Date for that Right without the need for any act on the Participant's part.

If the Participant elects to have the Participant's Rights treated like Options, the Participant must lodge a Notice of Exercise to convert the Rights to an entitlement to a Share and Rule 8.3 will apply.

### **8.2 Conditions of Exercise and conversion**

A Right will only convert to an entitlement or Share and an Option may only be exercised if:

- (a) the Right or Option has become vested in accordance with Rule 6; and
- (b) the Right or Option has not lapsed under Rule 7 (or another provision of this Plan).

### **8.3 Exercise in whole or in part**

A Participant's vested Options may be exercised in whole or in part, but any partial exercise must be for a multiple of 100 Options or such other multiple as the Board determines. If a Participant has not exercised all of their Options, a revised Options Holding Statement will be issued in respect of the remaining Options.

### **8.5 Nominee Shareholder**

A Participant may nominate a Person to hold the Shares to which the Participant is entitled on vesting of the Rights or exercise of the Options by giving to the Company, prior to the issue or transfer of the relevant Shares:

- (a) a written notice duly executed by the Participant notifying the Company of the nomination of the Person to hold the Shares and the name, address and ACN (if applicable) of the Person; and
- (b) a Nominee Shareholder Consent duly executed by the Person nominated to hold the Shares.

#### **8.6 Issue/transfer of Shares**

Following the valid exercise of an Option or conversion of a Right, and subject to these Rules and the Listing Rules (if the Company is Listed), the Company must, within such time as the Board determines:

- (a) issue a Share to the Participant or its Nominee Shareholder; or
- (b) procure the transfer of a Share to the Participant or its Nominee Shareholder.

#### **8.7 Transfer**

If the Company procures the purchase of Shares for transfer to the Participant or its Nominee Shareholder, the Participant must:

- (a) accept a transfer of the Shares or procure its Nominee Shareholder to accept a transfer of the Shares; and
- (b) if requested by the Company (or its nominee) execute an instrument of transfer (as transferee) in respect of such Shares or procure its Nominee Shareholder to execute such transfer.

#### **8.8 Trading restrictions**

The Company must comply with the requirements of the Corporations Act and, if the Company is Listed, the Listing Rules in connection with the manner and timing of issue of the Shares (including the requirements of the Company's trading policy and any trading windows). The Company is not obliged to issue Shares unless it has received cleared funds on account of the exercise price of Options or, if applicable, Rights.

#### **8.9 Ranking**

Any Shares issued or transferred under the Plan will be fully paid and will rank equally in all respects with all existing Shares from the date of issue.

#### **8.10 Application for quotation**

If the Company is Listed at the time of exercise of any Right or Option, the Company must apply to the ASX for quotation of the Shares issued on exercise of the Right or Option. Any such application is to be made in accordance with the requirements of the Listing Rules.

#### **8.11 Restricted Securities condition**

The grant of each Right and Option is subject to a condition that if the Company becomes Listed, the Participant or former Participant must sign any restriction (escrow) agreement required by the ASX, in respect of the Right or Option or any Shares issued on exercise of either of them.

### **9. Restriction on Rights and Options**

The Rights and Options are non-transferable. Except in respect of the transmission of a Right or Option to a Participant's legal representative upon death or a person administering a

Participant's estate, neither a Right nor an Option or any right in respect of a Right or an Option may be transferred, or otherwise Dealt with. If a Participant purports to Deal with a Right or an Option, whether voluntarily or involuntarily, the relevant Right or Option will lapse immediately, unless the Board determines otherwise.

## **10 Restrictions on Dealing with Participant Shares**

### **10.1 Shares subject to Restriction Period**

- (a) The Board may, at its discretion, impose a restriction on Dealing with Shares issued or transferred on vesting of a Right or exercise of an Option.
- (b) The Board must provide the Participant and Nominee Shareholder with details of any such restrictions and the Restriction Period during which those restrictions apply in the Invitation relevant to the Shares in accordance with Rule 3.2(j).

### **10.2 Enforcement of restrictions Period**

The Board is entitled to make any arrangements it considers necessary to enforce any restriction on Participants' or Nominee Shareholders' Dealing in Shares (including through the imposition of a holding lock if the Company is Listed or requiring that the Shares be held in trust on behalf of a Participant or Nominee Shareholder), and Participants and Nominee Shareholders must agree to those arrangements and must not take any action or permit another person to take any action to remove the arrangements.

### **10.3 Board may lift restrictions**

The Board may, in its absolute discretion, determine to remove any restrictions on Dealing imposed pursuant to Rule 10.1 and Rule 10.2:

- (a) in special circumstances including, without limitation, where the Participant:
  - (i) suffers serious injury or illness;
  - (ii) suffers financial hardship;
  - (iii) is affected by a natural disaster; or
  - (iv) such other adverse circumstances;
- (b) where the Performance Hurdles applying to the grant of the Rights have been satisfied and the market value of the underlying Shares exceeds the grant price (if any) of the Rights; or
- (c) where the Performance Hurdles applying to the grant of the Options have been satisfied and the market value of the underlying Shares exceeds the Exercise Price of the Options.

## **11. Share issues**

### **11.1 Rights and Options and bonus issues**

The Rights and Options carry no right to participate in rights issues or bonus issues.

### **11.2 Adjustment under certain events**

The Board will:

- (a) reduce the exercise price of Rights and/or Options (if any) in the event of a pro-rata issue of Shares (except a bonus issue); and
- (b) change the number of underlying Shares to which the Rights and/or Options relate in the event of a bonus issue,

in accordance with the Listing Rules, if the Company is Listed, or having regard to the Listing Rules if the Company is not Listed.

### **11.3 New issue**

If Shares are issued pursuant to the conversion of a Right or exercise an Option prior to determination of entitlements to a new issue, the Shares so issued will be entitled to participate in the new issue.

### **11.4 Reorganisation**

In the event of a reorganisation of the Company's share capital, the Board will review and modify the terms of the Rights and/or Options if required by, and in accordance with, the Listing Rules, if the Company is Listed, or having regard to the Listing Rules if the Company is not Listed.

## **12. Dividends**

The Rights and/or Options will not give any right to participate in dividends until, pursuant to the conversion of the Rights or exercise of the Options, Shares are issued or transferred (as the case requires) to, and registered in the name of, the Participant or its Nominee Shareholder before the record date for determining entitlements to the dividend.

## **13. Independent advice**

Eligible Persons should obtain their own independent advice on the financial, taxation and other consequences which may apply to them as a result of or relating to their participation in the Plan, including the exercise of Rights and/or Options and disposal of any or all Shares acquired as a result of exercising those Rights and/or Options.

## **14. Administration of the Plan**

### **14.1 Powers of the Board**

The Plan will be managed, by the Board in accordance with these Rules, and the Board will have power to:

- (a) determine appropriate procedures and make regulations for the administration of the Plan consistent with these Rules;
- (b) resolve and bind the Company, the Participants and their Nominee Shareholders absolutely regarding any question of fact, interpretation, effect or application arising in connection with the Plan;
- (c) determine matters falling for determination under these Rules in its absolute discretion having regard to the interests of and for the benefit of the Company;
- (d) exercise the discretions conferred on it by these Rules or which may otherwise be required in relation to the Plan;
- (e) delegate to any one or more persons (for such period and on such conditions as it may determine) the exercise of any of its powers or discretions arising under the Plan; and

- (f) appoint or engage specialist service providers for the operation and administration of the Plan.

#### **14.2 Suspension or termination of Plan**

- (a) The Plan may be suspended or terminated at any time by resolution of the Board.
- (b) In the event of a suspension or termination, these Rules will continue to operate with respect to any Shares issued or transferred under the Plan prior to that suspension or termination, and any Shares to be issued or transferred under the Plan as a result of any Invitation which has been issued and accepted prior to that suspension or termination.

#### **14.3 Documents**

The Company may from time to time require a person invited to participate in the Plan, a Participant or a Nominee Shareholder to complete and return such other documents as may be required by law to be completed by that person, Participant or Nominee Shareholder, or such other documents which the Company considers should, for legal, taxation or administrative reasons, be completed by that person, Participant or Nominee Shareholder.

#### **14.4 Company to provide information**

Without limiting Rule 14.3, the Company must provide to:

- (a) the Participant and Nominee Shareholder (if any) information about Shares acquired pursuant to the Plan during the year by no later than 31 August after the end of the relevant financial year. The information provided will be in accordance with the requirements outlined in Division 392 of the Taxation Administration Act 1953 (Cth); and
- (b) the Commissioner information about Shares acquired pursuant to the Plan during the year in the approved form by no later than 31 August after the end of the relevant financial year. The information provided will be in accordance with the requirements outlined in Division 392 of the Taxation Administration Act 1953 (Cth).

#### **14.5 Liability for TFN withholding tax (ESS)**

The Company will not be liable for tax imposed under the Income Tax (TFN Withholding Tax (ESS)) Act 2009 (Cth), as participation in the Plan is conditional on the Participant providing a valid tax file number. Acceptances to the Plan will not be processed unless the Participant provides a valid tax file number.

### **15. Contracts of employment and other employment rights**

#### **15.1 Rules not part of employment contract etc**

- (a) This Plan does not form part of any contract of employment or services between any Eligible Person and either the Company or any Related Body Corporate.
- (b) It is a condition of these Rules that the Plan may be terminated at any time at the discretion of the Board and that no compensation under any employment or services contract will arise as a result.

#### **15.2 Rights and/or Options of Participants**

Nothing in these Rules:

- (a) confers on any Eligible Person or Participant the right to continue as an employee of any Group Company;
- (b) confers on any Employee or Officer the right to become or remain an Eligible Person or to participate under the Plan;
- (c) affects any rights which a Group Company may have to terminate the employment of an Eligible Person or Participant;
- (d) may be used to increase damages in any action brought against any Group Company in respect of any such termination; or
- (e) confers any responsibility or liability on any Group Company or its directors, officers, employees, representatives or agents in respect of any tax liabilities of the Eligible Persons, Participants or a Nominee Shareholder.

## **16. Connection with other plans**

Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other plan operated by the Group unless the terms of that other plan provide otherwise.

## **17. Plan costs**

### **17.1 Administration costs**

The Company will pay all expenses, costs and charges in relation to the establishment and operation of the Plan, including all costs incurred or associated with an issue or purchase of Shares pursuant to the exercise of Rights and/or Options awarded to Participants under the Plan.

### **17.2 Taxes and disposal costs**

Notwithstanding Rule 17.1:

- (a) the Group has the power to withhold from amounts otherwise owing to the Participant or Nominee Shareholder, or to require the Participant or Nominee Shareholder to remit to it, an amount sufficient to satisfy all federal, state, local and foreign withholding tax requirements, and any other governmental imposts, in respect of any or all of the Shares of the Participant or Nominee Shareholder under the Plan; and
- (b) any brokerage, commission, stamp duty or other transaction costs in connection with the disposal of the Shares of a Participant or Nominee Shareholder acquired under the Plan will be paid for by the Participant or Nominee Shareholder.

### **17.3 Responsibility for Participant's tax**

The Company will not be responsible for any tax or duty which may become payable by a Participant or a Nominee Shareholder in connection with the issue or transfer of any Shares under this Plan.

## **18. Overseas eligible senior executives**

The Company, at the Board's discretion, may:

- (a) offer Rights and/or Options, subject to the law in the jurisdiction in which the offer is made, under the Plan to Eligible Persons who are resident outside of Australia; and



- (b) make rules for the operation of the Plan which are not inconsistent with these Rules to apply to Eligible Persons, Participants and Nominee Shareholders who are resident outside of Australia.

Nothing in these Rules obliges the Board to make an offer to an Eligible Person who is resident outside of Australia.

## **19. Overriding restrictions**

- (a) To the extent that an issue of Shares under these Rules is subject to Class Order Relief, the Board must not issue any Shares under these Rules if, immediately following the issue, the number of Shares issued or to be issued under these Rules would exceed the maximum permitted under the Class Order Relief.
- (b) Notwithstanding any Rule, Rights and/or Options may not be issued, transferred or dealt with under the Plan if to do so would contravene the Corporations Act, the Listing Rules or any other applicable laws or where the compliance with any applicable law would in the opinion of the Board be unduly onerous or impractical.

## **20. Amendment**

### **20.1 General**

Subject to Rule 20.2 and the Listing Rules, these Rules may be amended at the direction of the Board so as to amend, add to, delete or otherwise vary the Rules at any time in any manner the Board thinks fit in its absolute discretion.

### **20.2 Limitation on amendments**

No amendment to the provisions of these Rules may be made which reduces the rights of Participants in respect of Rights and/or Options to which they have completed and returned an Application Form prior to the date of the amendment, other than an amendment introduced primarily:

- (a) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legislation or the Listing Rules;
- (b) to correct any manifest error or mistake; or
- (c) for the purpose of enabling Participants to receive a more favourable taxation treatment in respect of their participation in the Plan.

### **20.3 Eligible Employees outside Australia**

The Board may make any additions, variations or modifications to these Rules, in relation to the implementation of the Plan and the specific application of these Rules to Eligible employees residing outside Australia.

## **21. Waiver**

No failure, delay, or indulgence by a party in exercising any power or right under these Rules shall operate as a waiver of such power or right. No single exercise of any power or right under this Plan shall preclude any other or future exercise of that (or any other) power or right.

## **22. Severance**

If any provision of these Rules is rendered void, unenforceable or otherwise ineffective, such avoidance, unenforceability or ineffectiveness shall not affect the enforceability of the remaining provisions.

## **23. Notices**

- (a) Any notice or direction given under these Rules is validly given if it is handed to the Eligible Person or Participant concerned or sent by ordinary prepaid post to the person's last known address or given in a manner which the Board from time to time determines.
- (b) In the case of an Application Form, that application will not be taken to have been received by or on behalf of the Company until it is actually received by the Company at the address nominated from time to time by the Board.

## **24. Governing Law**

These Rules are governed by the laws of New South Wales Australia. The Company and each Participant and Nominee Shareholder submit to the non-exclusive jurisdiction of the courts exercising jurisdiction there in connection with matters concerning these Rules and of the courts authorised to hear appeals from those courts.