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# Executive Incentive Plan

Silk Logistics Holdings Limited (ACN 165 867 372)

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# ***Plan Rules relating to the Silk Logistics Holdings Limited Executive Incentive Plan***

## ***1. Definitions and interpretation***

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### **1.1 Definitions**

In these Rules, unless the context otherwise requires, the following terms and expressions will have the following meanings:

**Ancillary Documentation** means all documentation which the Board specifies in an Invitation that an Eligible Participant must enter into and / or provide in connection with an Application.

**Application** means, in respect of an Award, an application for the grant of that Award made by an Eligible Participant and/or the Eligible Participant's Nominated Affiliate (where applicable) in response to an Invitation.

**Application Form** means an application form attached to, or enclosed with, an Invitation.

**Associates** has the meaning given to that term in the Corporations Act.

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

**ASX Holding Lock** has the same meaning as "Holding Lock" in Chapter 19 of the Listing Rules.

**Award** means either a performance right or an option granted under these Rules to acquire a Share by one or more methods determined in the absolute discretion of the Board and as specified in the Invitation.

**Board** means the board of directors of the Company, a committee appointed by the board of directors of the Company as constituted from time to time, or, in respect of a particular matter, any person who is provided with delegated authority by the board of directors of the Company in respect of that particular matter from time to time.

**Business Day** means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Melbourne, Victoria.

**Cash Settled** has the meaning given in clause 8.1(a)(ii) and **Cash Settlement** will be construed accordingly.

**Change of Control Event** means when:

- (a) a change in Control of the Company;
- (b) members of the Company approve any compromise or arrangement for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other body corporate or bodies corporate (other than a scheme that does not involve a change in the ultimate beneficial ownership of the Company), which will, upon becoming effective, result in any person (either alone or together with its Associates) owning more than fifty per cent (50%) of the issued capital of the Company;

- (c) a person (either alone or together with its Associates) becomes the legal or the beneficial owner of, or has a relevant interest in, more than fifty per cent (50%) of the issued capital of the Company;
- (d) a person (either alone or together with its Associates) becomes entitled to acquire, hold or has an equitable interest in more than fifty per cent (50%) of the issued capital of the Company;
- (e) a takeover bid is made to acquire more than fifty per cent (50%) of the issued capital (or such lesser number of shares that when combined with the shares that the bidder (together with its Associates) already owns will amount to more than 50% of the issued capital of the Company) and the takeover bid becomes unconditional and the bidder (together with its associates) has a relevant interest in more than 50% of the issued capital of the Company;
- (f) a resolution is passed for the voluntary winding-up of the Company;
- (g) an order is made for the compulsory winding up of the Company; or
- (h) any other event determined by the Board in good faith to constitute a “Change of Control Event” for the purposes of these Rules,

but, for the avoidance of doubt, does not include:

- (i) any internal reorganisation of the structure, business and/or assets of the Group;
- (j) a holder of a relevant interest in more than 50% of the issued capital of the Company (whether held alone or together with their Associates), continuing to hold such a relevant interest

**Company** means Silk Logistics Holdings Limited (ACN 165 867 372).

**Confirmation Notice** means, in relation to an Award, a notice (whether physical or electronic) given (or deemed given) by or on behalf of the Company to a Participant informing them that all of the Exercise Conditions have been satisfied or waived and the Award may be exercised in accordance with these Rules.

**Constitution** means the constitution of the Company.

**Control** has the meaning given to that term in the Corporations Act.

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

**Dispose** means in relation to an Award or a Resulting Share to:

- (a) sell, assign, buy-back, redeem, transfer, convey, grant an option over, grant or allow a Security Interest over;
- (b) enter into any swap arrangement, any derivative arrangements or other similar arrangements;  
or
- (c) otherwise directly or indirectly dispose of legal, beneficial or economic interest in,

the Resulting Share or Award (whichever applicable) and **Disposal** has a corresponding meaning.

**Eligible Participant** means a person who is a full-time, part-time or casual employee (including an executive director) of any Group Company who has been determined or selected by the Board from time to time.

**Engagement Arrangement** means in respect of an employee of a Group Company, the terms under which the relevant Group Company has employed that person.

**Equity Settled** has the meaning given in clause 8.1(a)(i).

**Exercise Condition** means, in relation to an Award, any condition to the exercise of that Award as specified in the relevant Invitation.

**Exercise Notice** means a notice (whether physical or electronic) given by or on behalf of the Participant (in the form determined by the Board from time to time) to exercise an Award in accordance with clause 7.3.

**Exercise Price** means, in respect of an Award, the price to be paid by the Participant when exercising that Award as specified in the relevant Invitation. For the avoidance of doubt, the Exercise Price for an Award may be nil.

**Expiry Date** means, in relation to an Award, the 'expiry date' which is specified in the Invitation or Vesting Notice (if any), or, if no date is specified, the Business Day prior to the five (5) year anniversary of the Grant Date.

**Financial Misstatement Event** means a material misstatement or omission in the financial statements of a Group Company or any other circumstances or events which, in the opinion of the Board, may, or are likely to, affect the Group's financial soundness or require re-statement of the Group's financial accounts, including, without limitation, as a result of misrepresentations, errors, omissions or negligence.

**Good Leaver** means a Participant who ceases to be an Eligible Participant in any of the following circumstances:

- (a) death;
- (b) total and permanent incapacity (including terminal illness);
- (c) bona fide retirement with the prior approval of the Board; or
- (d) the Participant meets the Other Leaver criteria but the Board has determined in writing that they be treated as a Good Leaver,

but, for the avoidance of doubt, if the entity that engages the Participant as an employee or officer changes from one Group Company to another Group Company, the Participant will not be considered, for the purpose of these Rules, to have ceased to be an employee or officer due to that change.

**Grant Date** means, in relation to an Award, the date on which that Award is granted to a Participant under these Rules.

**Group** means the Company and each of its Subsidiaries from time to time and **Group Company** means any one of them.

A person is **Insolvent** if:

- (a) it is (or states that it is) insolvent under administration or insolvent (each as defined in the Corporations Act);
- (b) it has had a controller appointed or is in liquidation, in provisional liquidation, under administration, wound up or has had a receiver appointed to any part of its property;
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the Company);
- (d) an application or order has been made (and in the case of the application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is likely to result in any of (a), (b) or (c) above);
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand);
- (f) it is subject to an event described in section 459C(2)(b) or section 585 of the Corporations Act;
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

**Invitation** means an invitation to an Eligible Participant to apply for the grant of one or more Awards made in accordance with clause 3.1 of these Rules.

**Listing Rules** means the listing rules, market rules and operating rules of a financial market in respect of which the Company's shares are quoted or are the subject of an application for quotation.

**Nominated Affiliate** has the meaning set out in clause 3.4(a).

**Other Leaver** means a Participant who ceases to be an Eligible Participant and does not meet the Good Leaver criteria but, for the avoidance of doubt, if the entity that engages the Participant as an employee or officer changes from one Group Company to another Group Company, the Participant will not be considered, for the purpose of these Rules, to have ceased to be an employee (including executive director) of that Group Company due to that change.

**Participant** means:

- (a) an Eligible Participant who has been granted an Award and continues to hold that Award or Resulting Share (as applicable); or
- (b) where an Eligible Participant has made a nomination under clause 3.4(a):
  - (i) the Eligible Participant whose Nominated Affiliate continues to hold an Award or Resulting Share (as applicable); or
  - (ii) the Nominated Affiliate of the Eligible Participant who has been granted an Award under this Plan and continues to hold that Award or Resulting Share (as applicable),

as the context requires.

**Plan** means the “Silk Logistics Holdings Limited Executive Incentive Plan”, as governed by the terms of these Rules.

**Relevant Proportion** means, in relation to an Award, the proportion (expressed as a percentage) of the performance period or service period in relation to that Award (whichever applicable) that has elapsed on the day that the Participant became a Good Leaver as determined by Board acting reasonably (or such later date as determined by the Board).

**Resulting Shares** means all Shares issued, transferred or allocated to a Participant upon the valid exercise of an Award.

**Rules** means the rules of the Plan which are set out in this document.

**Securities Trading Policy** means the securities trading policy of the Company.

**Security Interest** means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature granted to secure payment of money or the performance of an obligation.

**Share** means a fully paid share in the capital of the Company in the class specified in the relevant Invitation.

**Subsidiary** has the same meaning as in Division 6 of Part 1.2 of the Corporations Act, but also includes an entity that would be a subsidiary (within the meaning given in the Corporations Act) of another entity, were both bodies corporate.

**Tax** means any tax, levy, charge, franchise, impost, duty, fee, rate, deduction, compulsory loan or withholding, which is assessed, levied, imposed or collected by any government agency and includes, for the avoidance of doubt, capital gains tax, fringe benefits tax, income tax, value added tax, goods and services tax, sales or use tax, training guarantee levy, profits tax, undistributed profits tax, payroll or employment tax, group tax, PAYG or PAYE withholding tax, land tax, import or customs duty, excise, municipal rates, and any interest, fine, penalty, charge, fee or any other amount imposed on or in respect of any of the above.

**Tax Act** means the *Income Tax Assessment Act 1997 (Cth)*.

**Vesting Condition** means, in relation to an Award, any condition to vesting of that Award that is set out in the Invitation for that Award.

**Vesting Notice** means, in relation to an Award, a notice (whether physical or electronic) given (or deemed given) or on behalf of the Company to a Participant informing them that all Vesting Conditions in relation to that Award have been satisfied or waived in accordance with these Rules.

## 1.2 Interpretation

In these Rules, unless otherwise stated or the contrary intention appears:

- (a) the singular includes the plural and vice versa;
- (b) a gender includes all genders;

- (c) a reference to a document, agreement, plan or rules includes that document, agreement, plan or rules as novated, altered, supplemented, replaced or amended from time to time;
- (d) headings and boldings are for convenience only and do not affect the interpretation of these Rules;
- (e) a reference to any thing (including any amount) includes any part of that thing and a reference to a group of things or persons includes each thing or person in that group;
- (f) a reference to any legislation includes any modification or replacement of it and all regulations and statutory instruments issued under it and a reference to any provision of any legislation includes any modification or substitution of it;
- (g) a reference to these Rules includes all recitals, annexures, addendums and schedules to these Rules;
- (h) a reference to a person includes a reference to the person's executors, administrators and successors or a body corporate including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (i) the expression "person" includes an individual, the estate of an individual, the legal personal representative of an individual, a corporation or other body corporate, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership, a trust and any government agency;
- (j) a monetary amount is a reference to Australian Dollars;
- (k) in these Rules any reference to include means to include without limitation;
- (l) a reference to "writing" or "written" includes any mode of representing or reproducing word in tangible and permanently visible form, and includes email;
- (m) where any word is given a defined meaning, any other part of speech or other grammatical form in respect of such word or phrase has a corresponding meaning;
- (n) any capitalised terms in these Rules that are not defined in clause 1.1 have the meaning given to them in the Corporations Act; and
- (o) a provision of these Rules which has the effect of requiring anything to be done on or by a date which is not a Business Day is to be interpreted as if it required that thing to be done on or by the immediately preceding Business Day.

### 1.3 **Inconsistencies**

If there is any inconsistency between these Rules and an Engagement Arrangement, these Rules prevail.

### 1.4 **Income Tax Assessment Act**

This Plan, as it relates to an Award (unless otherwise set out in the Invitation relating to that Award) is a plan to which Subdivision 83A-C of the Tax Act applies (subject to the conditions in that Tax Act).



## **2. Introduction**

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### **2.1 Purpose**

The purpose of the Plan is to:

- (a) assist in the reward, retention and motivation of Participants; and
- (b) align the interests of Participants with shareholders of the Group.

### **2.2 Commencement**

The Plan will commence on the date determined by the Board.

### **2.3 Rules are binding**

The Company and each Participant are bound by these Rules.

## **3. Eligibility and grant**

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### **3.1 Invitation**

- (a) The Board may make an Invitation to an Eligible Participant on any number of occasions.
- (b) An Invitation to an Eligible Participant to apply for Awards may be made on such terms and conditions as the Board decides from time to time and may include:
  - (i) the Grant Date;
  - (ii) any Vesting Conditions;
  - (iii) the number of Awards (or the formula used to calculate the number of Awards) for which that Eligible Participant may apply;
  - (iv) the amount payable (if any) (or the formula used to calculate the amount payable) for the grant of each Award;
  - (v) the manner in which an Award may be exercised upon vesting under these Rules;
  - (vi) the Exercise Conditions;
  - (vii) the Exercise Price (if any);
  - (viii) whether the Company must fulfil a vested Award that has been exercised by acquiring Shares on market (as that term is defined in the Corporations Act) or may fulfil the vested Award by any means (including without limitation the acquisition of Shares on-market, off-market or by way of issue of allocation);

- (ix) whether the Awards, upon exercise under these Rules, must be Equity Settled, must be Cash Settled or whether, at the discretion of the Board, may be Equity Settled or Cash Settled<sup>1</sup>;
- (x) if the Board determines that a dividend equivalent payment will be paid to a Participant following the vesting and exercise of an Award, the terms of that dividend equivalent payment (including, without limitation, whether that dividend equivalent will be Equity Settled or Cash Settled); and
- (xi) any other supplementary terms and conditions considered relevant by the Board.

### 3.2 Who may apply

On receipt of an Invitation, an Eligible Participant (and, if applicable, their Nominated Affiliate) may apply for the Awards the subject of their Invitation by providing the completed Application Form and the Ancillary Documentation to the Company (or its designated officer as set out in the Application Form) by the time and date specified in the Invitation, unless otherwise determined by the Board.

### 3.3 Acceptance of Application

The Board may in its absolute discretion accept an Application from an Eligible Participant (and, if applicable, their Nominated Affiliate) in whole or in part or not at all. The Company may not grant an Award to an Eligible Participant (or, if applicable, their Nominated Affiliate) unless it has received:

- (a) a completed Application Form; and
- (b) all applicable Ancillary Documentation.

The Application Form and, where applicable, the Ancillary Documentation must be in the form included with the Invitation, and may not be made on the basis that it is subject to any terms and conditions other than those specified in the Invitation.

### 3.4 Right to nominate

- (a) Unless otherwise expressly permitted in the Invitation, an Eligible Participant may only submit an Application in the Eligible Participant's name and not on behalf of any other person or entity. If an Eligible Participant is permitted in the Invitation, the Eligible Participant may nominate another person or entity (the **Nominated Affiliate**) to be granted the Awards the subject of their Invitation. If such nomination is not permitted in the Invitation or the Board does not in its sole discretion approve the Nominated Affiliate for the Eligible Participant, the Board may reject an Application submitted in the name of that Nominated Affiliate.
- (b) If Awards and/or Resulting Shares (as the case may be) are granted to a Nominated Affiliate, then the Eligible Participant and their Nominated Affiliate must execute any documents required by the Company in order to receive the grant and, to the extent necessary to give effect to the intent of these Rules, the Company may continue to treat the Eligible Participant as the Participant.

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<sup>1</sup> Note to Company: If an Offer for an Award that may be Cash Settled is made other than in reliance on ASIC Class Order 14/1000, then the Company will need to consider the requirements of Parts 7.1 and 7.9 of the Corporations Act.

## **4. *Grant of Awards***

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Following receipt of both the relevant documentation under clause 3.3 of these Rules and the amount payable (if any) for the grant of the relevant Awards, the Company must, provided the Board has accepted such Application, grant the Eligible Participant (or, if applicable, their Nominated Affiliate) the relevant number of Awards, subject at all times to the terms and conditions set out in the Invitation, these Rules and the Ancillary Documentation.

## **5. *Terms of Awards***

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### **5.1 Participant's rights**

No Participant is entitled to:

- (a) notice of, or to vote or attend at, a meeting of the shareholders of the Company; and
- (b) receive any dividends declared by the Company,

by virtue of holding an Award. To avoid doubt, this clause does not restrict the Company from incorporating dividend equivalent payments within the terms of an Award.

### **5.2 Restriction of dealing**

A Participant may not sell, assign, transfer, grant a Security Interest over or otherwise deal with an Award that has been granted to them, unless the Board in its absolute discretion so approves or the relevant dealing is effected by force of law on death or legal incapacity to the Participant's legal personal representative. The Company may require that an Award be forfeited if a sale, assignment, transfer, dealing or grant of a Security Interest occurs or is purported to occur other than in accordance with these Rules.

### **5.3 Prohibition on hedging**

A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to an Award that has been granted to them.

### **5.4 Register of Awards**

Each Award granted under these Rules will be registered in the appropriate register of the Company.

### **5.5 Listing**

Unless determined otherwise by the Board in its absolute discretion, an Award granted under the Plan will not be quoted on the ASX or any other recognised exchange.

## **6. *Vesting***

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### **6.1 Vesting**

An Award will vest when a Vesting Notice in respect of that Award is given or is deemed to be given to the Participant.

## 6.2 **Waiver of Vesting Condition**

A Vesting Condition for an Award may, subject to any applicable laws and regulations and the Listing Rules, be waived by the Board by written notice to the relevant Participant and on such terms and conditions as determined by the Board and set out in that notice.

## 7. ***Exercise of Awards***

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### 7.1 **Exercise Conditions**

An Award may only be exercised when all Vesting Conditions and all Exercise Conditions applicable to that Award are satisfied or have been waived by the Company under clause 7.2, and the Company has provided or deemed to have been provided a Confirmation Notice to the Participant.

### 7.2 **Waiver of Exercise Conditions**

An Exercise Condition for an Award may, subject to any applicable laws, regulations and the Listing Rules, be waived by the Board by written notice to the relevant Participant and on such terms and conditions as determined by the Board and set out in that notice.

### 7.3 **Exercise of vested Award**

Where a Confirmation Notice has been given or deemed to be given by the Company to a Participant in relation to an Award, the Participant may exercise that Award using the process specified by the Board in the Participant's Invitation.

## 8. ***Delivery of Shares on Exercise of Awards or Cash Settlement***

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### 8.1 **Issue, allocation or transfer**

- (a) As soon as practicable, after the valid exercise or deemed exercise of an Award by a Participant in accordance with clause 7.3, the Company will:
  - (i) issue, allocate or cause to be transferred to that Participant the number of Shares that the Participant is entitled under these Rules (**Equity Settled**); and/or
  - (ii) where permitted in the relevant Invitation, pay a cash amount to that Participant in accordance with clause 8.5 (**Cash Settled**).

Where an Award may be Cash Settled or Equity Settled (rather than just Equity Settled), the Board may determine the preferred settlement mechanic in its absolute discretion.

- (b) Notwithstanding clause 8.1(a), if the Participant is a Director, Awards which have vested and are exercised must be satisfied by Shares that have been purchased on market, unless:
  - (i) shareholder approval is not required under the Listing Rules; or
  - (ii) shareholder approval has been obtained to the extent required under the Listing Rules.

## 8.2 Resulting Shares to rank pari passu

All Resulting Shares will rank pari passu in all respects with the Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of the allotment or transfer of the Resulting Shares.

## 8.3 Listing

If Resulting Shares are in the same class as Shares which are listed on the ASX, the Company will apply for quotation of the Resulting Shares issued (or any unquoted Resulting Shares transferred) within the time required by the Listing Rules after the date of allotment.

## 8.4 Exercise Price, Tax and superannuation considerations

Without limiting the amounts which may be deducted or withheld under applicable laws, where Awards are exercised and the Resulting Shares are to be delivered under clause 8.1 the Company may:

- (a) require the Participant to reimburse the Company for any Tax which the Company is required to withhold or any superannuation amounts (or equivalent social security contributions, if applicable) which the Company is required to withhold but does not so withhold;
- (b) sell on behalf of the Participant the number of Resulting Shares required to provide the funds required to be withheld on account of Tax or a superannuation amount (or equivalent social security contributions, if applicable);
- (c) with the prior agreement of the Participant sell on behalf of the Participant the number of Resulting Shares required to provide the funds required for the Exercise Price (if any) relating to the exercised Awards; and/or
- (d) raise the amount required to be either withheld on account of Tax or superannuation (or equivalent social security contribution, if applicable), or in relation to Exercise Price (if any) relating to the exercised Awards through any combination of the methods in paragraph (a) to (c).

## 8.5 Cash settled

Where the Board determines that any Awards will be Cash Settled in accordance with 8.1(a)(ii), the cash payment to be made to the Participant will be determined by reference to the calculation method set out in the relevant Participant's Invitation and have regard to:

- (a) the value of the Shares (as determined by the Board acting reasonably) which would otherwise have been granted to the Participant if the Awards had been Equity Settled and as set out in the relevant Invitation; and
- (b) the funds required:
  - (i) to be withheld on account of Tax or a superannuation amount (or equivalent social security contribution, if applicable); and/or
  - (ii) for the Exercise Price (to the extent not already paid) relating to the exercised Awards.

## **9. Forfeiture of Awards**

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### **9.1 Good Leaver and Other Leaver**

- (a) Unless the Participant's Invitation provides otherwise or the Board determines otherwise, if a Participant becomes a Good Leaver:
  - (i) they will retain all of their vested Awards;
  - (ii) they will retain a Relevant Proportion of their unvested Awards, with those Awards subject to terms and conditions that the Participant held those Awards prior to becoming a Good Leaver; and
  - (iii) all of their remaining unvested Awards will be forfeited on a date determined by the Board unless the Board provides express written consent that the Participant may retain any or all of their unvested Awards (in such circumstances, the Awards will be subject to the terms and conditions that the Participant held those Awards prior to becoming a Leaver, or such other terms and conditions as the Board sees fit).
- (b) Unless the Participant's Invitation provides otherwise or the Board determines otherwise, if a Participant becomes an Other Leaver:
  - (i) they will retain all of their vested Awards; and
  - (ii) all of their unvested Awards will be forfeited on a date determined by the Board unless the Board provides express written consent that the Participant may retain any or all of their unvested Awards (in such circumstances, the Awards will be subject to the terms and conditions that the Participant held those Awards prior to becoming an Other Leaver, or such other terms and conditions as the Board sees fit).
- (c) Subject to the Corporations Act and any other applicable laws and regulations, the Board may determine that some or all of the Awards retained by a Participant are deemed to have vested<sup>2</sup>.

### **9.2 Failure to satisfy Vesting Condition and Exercise Condition**

Unless otherwise stated in the Invitation or determined by the Board in its absolute discretion, an Award which has not yet been exercised will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable Vesting Condition or Exercise Condition has not been met or cannot be met by the relevant date.

### **9.3 Insolvency**

Unless otherwise determined by the Board or stated in the Invitation, all of a Participant's Awards (whether vested or unvested) will be forfeited on the date that the Board determines that the Participant has become Insolvent.

### **9.4 Material breach of these Rules**

Unless otherwise determined by the Board, where the Company notifies a Participant of a material

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<sup>2</sup> Note: The determination to accelerate the vesting of an Award in connection with a Participant's termination may be a termination payment under the Corporations Act. It is important to consider Part 2D.2 Division 2 of the Corporations Act (see clause 9.9) in these circumstances.

breach by that Participant of these Rules or the Participant's Invitation and the Participant is unable to remedy the breach to the satisfaction of the Board within 20 Business Days of receiving notice from the Company, the Board may require the Participant to forfeit any or all of their Awards on a date that the Board determines.

#### **9.5 Change of control of Nominated Affiliate**

Unless otherwise stated in the Invitation, a Participant that is a Nominated Affiliate must obtain the written consent of the Company (acting by the Board) prior to undergoing a change of control. If prior written consent is not obtained and the Board (acting reasonably) determines that the Participant has undergone a change of control, the Board may require that all of the Participant's Awards and Resulting Shares be forfeited on the date that the Board determines.

#### **9.6 Other forfeiture events**

Unless the Board otherwise determines, or as otherwise set out in these Rules;

- (a) an Award which has not yet been validly exercised in accordance with these Rules will be automatically forfeited on the Expiry Date; and
- (b) an Award held by a Participant in accordance with these Rules will also be forfeited in any other circumstances expressly set out in the Participant's Invitation.

#### **9.7 Discretion**

- (a) Notwithstanding clauses 9.1 to 9.6 (inclusive), the Board may decide (on any conditions which it thinks fit) that some or all of the Participant's Awards will not be forfeited in accordance with the relevant respective clause(s).
- (b) The Board may elect to disapply any of clauses 9.1 to 9.6 (inclusive), or add any further forfeiture terms, to a particular grant of Awards provided that such election is expressly set out in the Invitation relating to that grant.

#### **9.8 Voluntary forfeiture**

A Participant may by written notice to the Company voluntarily forfeit their Awards for no consideration.

#### **9.9 Application of Part 2D.2 Division 2 of the Corporations Act**

- (a) This clause 9.9 applies to all termination payments to which Part 2D.2 Division 2 of the Corporations Act applies.
- (b) Notwithstanding any other provision of these Rules, in the absence of shareholder approval, 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.
- (c) Any benefits required to be provided to a Participant in accordance with these Rules or an Invitation will, by operation of this clause, be reduced to ensure compliance with Part 2D.2 of the Corporations Act and the provision of such reduced benefit will constitute full satisfaction of the obligations of each member of the Group. In the event of overpayment to a Participant, the Participant must, on receiving written notice from the Board, immediately repay any monies or benefits specified in such notice to ensure compliance with Part 2D.2 of the Corporations Act.

- (d) Where clause 9.9(b) applies, the Company may seek or not seek shareholder approval in its discretion.

## ***10. Effect of Forfeiture of Awards***

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Where an Award has been forfeited in accordance with these Rules:

- (a) the Award will automatically lapse;
- (b) the Participant must sign any documents required by the Company to effect the forfeiture of that Award; and
- (c) the Company will not be liable for any damages or other amounts to the Participant in respect of that Award.

## ***11. Clawback and Malus***

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- (a) Unless varied by prior agreement with the Board or otherwise set out in a Participant's Invitation, where in the opinion of the Board:
  - (i) a Participant:
    - (A) acts, or has acted, fraudulently or dishonestly in his or her involvement with the Group;
    - (B) has committed a material breach of his or her obligations to any Group Company;
    - (C) has made a material misstatement on behalf of the Company;
    - (D) has engaged in negligence or gross misconduct;
    - (E) has done an act which could reasonably be regarded to have brought any Group Company into disrepute;
  - (ii) a Participant's Award has vested, or may vest, as a result of the fraud, dishonesty or breach of obligations of another person and, in the opinion of the Board, the Award would not otherwise have vested;
  - (iii) there is a Financial Misstatement Event which results in a benefit to a Participant under the Plan (including Awards vesting or becoming exercisable, or a disposal restriction in relation to the Awards being lifted) and, in the opinion of the Board, the Award would not otherwise have vested or become exercisable,

then the Board may deal with, or take any other actions, in relation to their Awards or relevant Resulting Shares or the proceeds of a Cash Settlement so as to ensure that no unfair benefit is obtained by the Participant as a result of such actions, including (without limitation):

- (iv) by requiring any Awards (whether vested or unvested) or Resulting Shares of the Participant to be forfeited or compulsorily divested in any manner determined by the Board and consistent with applicable laws and regulations and the Listing Rules, or else remain on foot but subject to conditions;



- (v) by requiring the number of Resulting Shares over which all or some of the Awards are exercisable be adjusted;
- (vi) where any Resulting Shares held by the Participant as a result of the exercise of one or more Awards have been sold by the Participant, by requiring the Participant to pay or repay (as the case may be) an amount equal to all or part of the net proceeds of that sale (to the extent that they exceed the Exercise Price paid by the Participant to the Company in respect of those Resulting Shares) to the Company;
- (vii) by requiring the Participant to pay or repay (as the case may be) any dividends received in respect of the Resulting Shares or any payment received under any dividend equivalent right;
- (viii) by determining that vesting and/or exercise of a Participant's Awards may be delayed or suspended, or the restrictions on Disposal of their Resulting Shares may be extended;
- (ix) by determining the Vesting Condition attaching to an Award be amended or replaced; or
- (x) by determining that the relevant Award has not vested and that the Vesting Conditions applicable to that Award will be reset in the manner determined by the Board acting reasonably.

## ***12. Disposal Restrictions***

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### **12.1 Disposal restrictions and compliance with the Securities Trading Policy**

If these Rules or a Participant's Invitation provide that any Resulting Shares are subject to any restrictions as to the disposal or other dealing by a Participant for a period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction, including but not limited to imposing an ASX Holding Lock (where applicable) on the Resulting Shares or using an employee share trust to hold the Resulting Shares during the relevant restriction period. Regardless of whether any restrictions have been imposed under this clause 12.1 all Participants must comply with the Securities Trading Policy and Constitution at all times.

### **12.2 Participant's undertaking**

For so long as a Resulting Share is subject to any disposal restrictions under this Plan, the Participant will not without the prior express written consent of the Board:

- (a) Dispose of that Resulting Share, or have a Security Interest granted over that Resulting Share; or
- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions.

## ***13. Adjustment of Awards***

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### **13.1 Reorganisation**

- (a) Subject to clause 13.7, prior to Awards vesting and being exercised by a Participant, the Board may grant additional Awards or make any adjustments it considers appropriate to the terms of an Award granted to a Participant in order to minimise or eliminate any material advantage or

disadvantage to a Participant resulting from a corporate action by, or capital reconstruction in relation to, the Company, including but not limited to any return of capital. Such adjustments may be made to:

- (i) the number of Awards to which the Participant is entitled;
  - (ii) the number of Resulting Shares to which the Participant is entitled;
  - (iii) the Exercise Price; or
  - (iv) a combination of paragraphs (i),(ii) and/or (iii).
- (b) If additional Awards are granted to a Participant under this clause 13.1, these Awards will be subject to the same terms and conditions as the original Awards granted to the Participants (including any Vesting Conditions and Exercise Conditions), unless the Board determines otherwise.

#### **13.2 Bonus Issue**

- (a) If Shares are issued by the Company pro rata to shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment), the holder of Awards is entitled, upon exercise of the Awards, to receive, in addition to the Shares in respect of which the Awards are exercised and without the payment of any further consideration, an allotment of as many additional Shares as would have been issued to a shareholder who, on the date for determining entitlements under the bonus issue, held Shares equal in number to the Shares in respect of which the Awards are exercised.
- (b) Additional Shares to which the holder of Awards becomes so entitled will, as from the time Shares are issued pursuant to the bonus issue and until those additional Shares are allotted, be regarded as Shares in respect of which the Awards are exercised for the purposes of subsequent applications of clause 13.2(b) and any adjustments which, after the time just mentioned, are made under clause 13.1 to the number of Shares will also be made to the additional Shares.

#### **13.3 Rights Issue**

Unless otherwise determined by the Board, a holder of Awards does not have the right to participate in a pro rata issue of Shares made by the Company or to receive or sell renounceable rights.

#### **13.4 No other participation**

Subject to clauses 13.1 to 13.3 (inclusive), during the currency of any Awards and prior to their exercise, the holders of Awards are not entitled to participate in any new issue of Shares of the Company as a result of their holding of Awards.

#### **13.5 Rounding**

Until an Award vests, all calculations adjusting the number of Shares must be carried out to include all fractions, but when an Award vests and is settled the number of Resulting Shares must be rounded down to the next lowest whole number.

#### **13.6 Fairness in application**

In the application of this clause 13, the Board may as far as make whatever adjustments it deems

necessary or desirable to ensure that the consequences of that application are fair as between the Participants and the holders of other securities in the Company at that time.

**13.7 Subject to applicable laws**

The application of this clause 13 is subject at all times to all applicable laws, regulations and the Listing Rules.

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**14. Irrevocable power of attorney**

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In order to ensure compliance with these Rules, each Participant must grant an irrevocable power of attorney (in the form set out in the Invitation or such other form as agreed by the Company) to any person nominated from time to time by the Board.

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**15. Trust**

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The Board may, in its discretion, use an employee share trust or other mechanism for the purposes of holding and/or delivering any Resulting Shares under these Rules on such terms and conditions as determined by the Board in its absolute discretion. For the avoidance of doubt the Board may do all things necessary for the establishment, administration, operation and funding of an employee share trust.

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**16. Change of Control Event**

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16.1 Notwithstanding any other provision of these Rules, but subject to all applicable laws, regulations, the Listing Rules and the terms of a Participant's Invitation, if:

- (a) a Change of Control Event occurs;
- (b) or the Board determines for the purpose of this Plan that such a Change of Control Event is likely to occur,

the Board may in its absolute discretion determine the manner in which any or all of the Participant's Awards (whether vested or unvested) and Resulting Shares (as applicable) will be dealt with.

16.2 In determining how to deal with a Participant's Awards and Resulting Shares under clause 16.1, the Board may (but is not obliged to):

- (a) have regard to the following factors:
  - (i) the performance of the Company against targets in the Vesting Conditions at that time;
  - (ii) the period of time that has elapsed between the Grant Date and the date of the Change of Control Event; or
  - (iii) the circumstances of the Change of Control Event; and
- (b) determine that the Participant may participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event;
- (c) determine that a Participant be required to sell their Resulting Shares into the Change of Control Event; and

- (d) if, as a result of the Change of Control Event, the Company has or will become a wholly owned subsidiary of another entity listed on an internationally recognised stock exchange (**New Head Company**), determine that a Participant's vested and/or unvested Awards be exchanged for awards issued by the New Head Company with equivalent value and (so far as is legally practicable) the same rights; and/or
  - (e) determine that a Participant's unvested Awards be cancelled for fair market value, where the Board has determined (in good faith) that it is necessary or desirable for the purposes of a Change of Control Event that all unvested Awards are cancelled prior to, or with effect from, a Change of Control Event.
- 16.3 In this clause, references to **Confirmed Awards** are to Awards in respect of which a Participant has received (or has been deemed to receive) a Vesting Notice and a Confirmation Notice and which remain unexercised on the third Business Day prior to the Change of Control Event occurring. Notwithstanding any other provision of these Rules, but subject to all applicable laws, regulations, the Listing Rules and the terms of a Participant's Invitation, if:
- (a) the Board determines for the purpose of this Plan that such a Change of Control Event is likely to occur; and
  - (b) the Change of Control Event has caused, or will cause, the Company to become a wholly owned subsidiary of a New Head Company;
- the Board may in its absolute discretion require that some or all of a Participant's Confirmed Awards:
- (c) be exchanged for awards issued by the New Head Company with equivalent value and (so far as is legally practicable) the same rights; and/or
  - (d) be cancelled for fair market value, where the Board has determined (in good faith) that it is necessary or desirable for the purposes of a Change of Control Event that all Awards are cancelled prior to, or with effect from, a Change of Control Event.

## ***17. Administration of the Plan***

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### **17.1 Board administration**

The Plan will be administered by the Board. For the avoidance of doubt, the Board may make further provisions for the operation of the Plan which are consistent with these Rules.

### **17.2 Board powers and discretions**

Any power or discretion which is conferred on the Board by these Rules may be exercised in its sole and absolute discretion. The Board does not, in exercising any power or discretion under these Rules, owe any fiduciary or other obligations to any Eligible Participant or Participant.

### **17.3 Delegation of Board powers and discretions**

Any power or discretion which is conferred on the Board by these Rules (including, without limitation, the power to invite Eligible Participants to participate in the Plan and to determine the terms and conditions of the Awards) may be delegated by the Board to:

- (a) a committee consisting of such directors, other officers, employees of, or contractors or

consultants to the Group, or any combination of such persons as the Board thinks fit;

- (b) a related body corporate of the Company; or
- (c) a third party,

for such periods and on such conditions as the Board thinks fit.

#### **17.4 Documents**

The Company may from time to time require an Eligible Participant invited to participate in the Plan, a Participant or a Nominated Affiliate to complete and return such other documents as may be required by law to be completed by that Eligible Participant, Participant or Nominated Affiliate or such other documents which the Company considers should, for legal, taxation and/or administrative reasons, be completed in order to give effect to the intent of the Plan.

#### **17.5 Decisions final**

Every exercise of a discretion by the Board (or its delegates) and any decision by the Board (or its delegates) regarding the interpretation, effect or application of these Rules and all calculations and determination made by the Board under these Rules are final, conclusive and binding in the absence of manifest error.

### ***18. Restrictions on and amendments to the Plan***

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#### **18.1 Compliance with applicable laws and regulations**

Notwithstanding these Rules or any terms of an Award, no Award may be offered, granted, vested or exercised, and no Resulting Share may be issued, allocated or transferred if to do so would:

- (a) contravene any applicable laws, regulations or the Listing Rules; or
- (b) require the Company to prepare and provide to an Eligible Participant or Participant (as applicable) a product disclosure statement (or similar disclosure document).

#### **18.2 Amendment of Plan**

- (a) Subject to clause 18.2(b), the Board may, at any time:
  - (i) amend any provisions of these Rules, including (without limitation) the terms and conditions upon which any Awards have been or will be granted under the Plan, and determine that any such amendments to these Rules be given retrospective effect, immediate effect or future effect; and
  - (ii) waive, amend or replace any Vesting Condition attaching to an Award if the Board decides that the original Vesting Condition is no longer appropriate or applicable (including if a Vesting Condition refers to a particular stock market index that is no longer published or there is a corporate action by the Company, which impacts on the Vesting Condition).
- (b) No amendment to any provision of these Rules may be made if the amendment materially adversely affects the rights of any Participant as they existed before the date of the amendment, other than an amendment:

- (i) introduced primarily:
    - (A) for the purposes of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;
    - (B) to correct any manifest error or mistake;
    - (C) to allow the implementation of an employee share trust arrangement pursuant to clause 15;
    - (D) to enable the Plan or any Group Company to comply with its constituent documents or any other applicable laws, regulations or the Listing Rules; and/or
    - (E) to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation; or
  - (ii) notified in writing to all Participants whose rights will be materially adversely affected by the amendment and agreed to in writing by Participants holding at least 50% of the Awards whose rights will be materially adversely affected by the amendment.
- (c) As soon as reasonably practicable after making any amendments to any provisions of these Rules, the Board will give notice of the amendment to each Participant affected by the amendment. Failure by the Board to notify a Participant of any amendment will not invalidate the amendment as it applies to that Participant.

## **19. Duration**

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### **19.1 Termination**

The Plan continues in operation until the Board decides to end it.

### **19.2 Suspension**

The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension.

### **19.3 Effect of Termination / Suspension**

If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

### **19.4 Cancellation of Awards**

Notwithstanding any other provisions of these Rules, but subject at all times to any applicable laws, regulations and the Listing Rules, if a Participant and the Company (acting by the Board) agree in writing that some or all of the Awards granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Awards may be cancelled in the manner agreed between the Company and the Participant.

## **20. Miscellaneous**

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### **20.1 Participants based overseas**

- (a) If a Participant is transferred to work in another country and the Participant continues to hold an office or employment with the Group, the Board may decide the appropriate treatment to apply to that participant's Awards.
- (b) The Board may adopt additional terms and conditions that will apply to a grant made to an Eligible Participant who is a resident of a jurisdiction other than Australia. The remaining provisions of these Rules will apply subject to the alterations or additions specified by the Board. To the extent of any inconsistency, any additional terms and conditions adopted by the Board under this clause will prevail over any other terms and conditions set out in these Rules in respect of the international incentive arrangements.

### **20.2 Rights of Participants**

Nothing in these Rules:

- (a) confers on any person any right or expectation to become a Participant, or the right to be invited to apply for, or be offered or to receive any Awards;
- (b) confers on any person the right to continue as an employee or officer of any member of the Group (as the case may be);
- (c) affects the rights of any member of the Group to terminate the Engagement Arrangement of an Eligible Participant;
- (d) forms part of any contract of service between an Eligible Participant and any member of the Group;
- (e) may be used to increase rights of compensation or damages in any action brought against a member of the Group in respect of any termination of an Engagement Arrangement;
- (f) confers any legal or equitable right on an Eligible Participant whatsoever to take action against any member of the Group in respect of their Engagement Arrangement; or
- (g) confers on an Eligible Participant any rights to compensation or damages in consequence of the termination of their Engagement Arrangement by any member of the Group for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination.

### **20.3 Non-exclusivity**

- (a) This Plan is not the sole means by which the members of the Group may provide incentives to Eligible Participants. Nothing in this Plan is intended to restrict any member of the Group from remunerating or otherwise rewarding employees or officers of any member of the Group outside the Plan.
- (b) Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other scheme operated by any member of the Group unless the terms of that other scheme provide otherwise.

### **20.4 Notice**

- (a) Any notice or other communication under or concerning the Plan is validly given:
  - (i) if it is in legible writing and in English;
  - (ii) to an Eligible Participant, if delivered personally to the addressee or sent by prepaid post to the Eligible Participant's last known residential address, or sent to the Eligible Participant by email at the Eligible Participant's place of work;
  - (iii) to a Participant, if delivered personally to the addressee or sent by prepaid post to the Participant's last known residential address, or sent to the Participant by email at the Participant's place of work; and
  - (iv) to the Company, if delivered or sent by prepaid post addressed to the company secretary at the Company's registered office (or any other address the Board specifies), or as otherwise notified by the Company from time to time.
- (b) Subject to clause 20.4(a), a notice or other communication will be deemed to have been served:
  - (i) if delivered by hand, at the time of delivery;
  - (ii) if sent by electronic mail, on receipt of a successful transmission notice, return receipt or such other confirmation by which the sender can reasonably verify delivery; or
  - (iii) if posted, and provided it is properly addressed and stamped, 48 hours after mailing in Australia and 7 days after mailing outside Australia.

#### 20.5 Further assurances

Each Participant must do all things reasonably necessary to give full effect to this Plan and the transactions contemplated by this Plan.

#### 20.6 Duties and taxes

- (a) The Company will be responsible for all brokerage costs payable in relation to the issue or transfer of a Resulting Share to a Participant following the exercise of an Award. Each Participant will be responsible for all costs associated with the disposal of a Resulting Share by that Participant.
- (b) Subject to clause 20.6(a), the Company:
  - (i) is not responsible for any duties, taxes or other government levy or impost which are or may become payable by any person other than the Company on:
    - (A) the acquisition and issue of an Award;
    - (B) the acquisition, allocation, issue or transfer of a Resulting Share or the payment of any cash on or following the exercise of an Award; or
    - (C) acquisition, transfer or any other dealings with a Resulting Share; and
  - (ii) may make any withholding or payment which it is required by law to make in connection with the Plan or the grant, issue, or transfer of an Award and/or Resulting Share or cash settlement of an Award; and



- (c) when transferring, allocation or issuing a Resulting Share to a Participant under the Plan, may require the Participant to provide the Company with an amount of money which the Board estimates is necessary to meet the Participant's liability (if any) to pay stamp duty or other taxes in respect of the transfer. Where the Company is provided with funds for that purpose, it must apply the funds in payment of the stamp duty or other tax, arrange for registration of the transfer on the Participant's behalf and return any excess funds to the Participant.

#### **20.7 No representation or warranty**

- (a) The Company makes no representation or warranty as to the value of Awards or Resulting Shares, or with respect to any tax, legal or financial matters affecting any Eligible Participant or Participant in connection with the Plan.
- (b) Neither the Company, nor any of its directors, officers, employees contractors or consultants are liable for anything done or omitted to be done by such person or any other person with respect to price, time, quantity or other conditions and circumstances of the issue or acquisition of Awards or Resulting Shares hereunder, with respect of any fluctuations in the market price of Resulting Shares, or in any other manner related to the Plan.

#### **20.8 Data protection**

By participating in the Plan, the Participant consents to the holding and processing of personal data provided by the Participant for the purposes of the Plan. These purposes include, but are not limited to:

- (a) administering and maintaining employee and Participant records;
- (b) providing information to Group Companies, registrars, brokers or third party administrators of the Plan (if any) or advisers to the Company; and
- (c) providing information to corporate advisers or potential future third party purchasers in connection with a sale of shares in a Group Company, or the business and assets of a Group Company.

#### **20.9 Construed against a party**

No provision or expression in these Rules is to be construed against the Company on the basis that the Company (or its advisers) was responsible for the drafting of these Rules.

#### **20.10 Rounding**

Where any calculation or adjustment to be made pursuant to these Rules produces a fraction of a cent or a fraction of an Award or Resulting Share, the fraction will be eliminated by rounding down to the nearest whole number.

#### **20.11 Governing law**

- (a) This Plan is governed by the laws of Victoria, Australia.
- (b) Each Participant submits to the non-exclusive jurisdiction of the courts of Victoria, Australia, and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought in connection with these Rules.

#### 20.12 Waiver of rights

- (a) A waiver of any right, power, authority, discretion or remedy arising upon a breach of or default under these Rules must be in writing and signed by the person granting the waiver, and may be subject to such terms and conditions as determined by the person granting the waiver.
- (b) A failure or delay in the exercise, or partial exercise, of a right, power, authority, discretion or remedy arising from a breach of or default under these Rules, does not prevent the exercise of or result in a waiver of that right, power, authority, discretion or remedy.
- (c) A person is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of these Rules or default under these Rules as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) A person may not rely on any conduct of another person as a defence to the exercise of a right, power, authority, discretion or remedy by that other person.
- (e) A waiver is only effective in the specific instance and for the specific purpose for which it is given and subject to any specific terms and conditions as specified in the waiver.
- (f) This clause may not itself be waived except in writing.