

# MainstreamBPO Limited Employee Share Plan Rules

Adopted by the Board on 12 August 2015

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## **1. Purpose**

1.1.1 The Plan is designed to allow the Board to make grants of Awards to Employees which provide the opportunity to acquire Shares in the Company to assist with:

- (a) attracting, motivating and retaining Employees;
- (b) delivering rewards to Employees for individual and Company performance;
- (c) allowing Employees the opportunity to become Shareholders; and
- (d) aligning the interests of Employees with those of Shareholders.

## **2. Operation of the Plan**

### **2.1 Grant of Awards**

2.1.1 The Board may, from time to time, in its absolute discretion, operate the Plan and:

- (a) invite an Employee to apply for a grant of; or
- (b) grant an Employee,

Awards upon the terms of the Plan and upon such additional terms and conditions as the Board determines.

2.1.2 The grant of Awards may, at the Board's discretion, be in the form of:

- (a) Rights; or
- (b) Options; or
- (c) Restricted Shares.

### **2.2 Information to be provided**

2.2.1 At the time of the invitation under rule 2.1.1(a) or grant under rule 2.1.1(b), the Board will provide each Employee with an Invitation which contains the following minimum information regarding the Awards (to the extent it is relevant):

- (a) the method and form of applying for, accepting, or rejecting a grant of Awards, as applicable;
- (b) the number or value of Awards being granted, or the method or formula for determining the number or value of Awards;
- (c) the grant date applicable to the Awards;
- (d) the type or types of Awards being granted;
- (e) any amount payable upon the grant of Awards (or, in respect of Restricted Shares, whether Restricted Shares are granted under a salary contribution arrangement and the relevant terms of that arrangement);
- (f) details of any applicable Conditions, including performance and/or service conditions, and the applicable Period (or whether Awards are being granted as Vested Awards, free of any Conditions and/or service conditions);
- (g) the time or times at which the applicable Conditions will be tested in respect of the Period (at which time, the Awards may Vest);
- (h) the period during which Rights or Options may be exercised, the manner of exercise of those Rights or Options (including whether Rights may be automatically exercised following Vesting), the Exercise Price (if applicable) and any applicable Exercise Restrictions;
- (i) details of any Trading Restriction on Restricted Shares (either vested or unvested) or on Shares allocated following the Vesting and exercise of Rights or Options, whether on a mandatory or voluntary basis;
- (j) how Awards may be treated in the event that a Participant ceases to be an Employee;
- (k) a statement as to whether Rights or Options (as applicable) may be settled in cash at the

discretion of the Board;

- (l) the time and circumstances when Rights or Options may lapse and when Shares or Restricted Shares may be forfeited; and
- (m) any other relevant terms and conditions to be attached to the Awards or Shares allocated under the Plan.

## **2.3 No payment on grant of Awards**

- 2.3.1 Unless otherwise stated in the Invitation, in accordance with rule 2.2.1(e), an Employee is not required to pay for a grant of Awards.

## **2.4 Differing terms**

- 2.4.1 The Board may decide to invite Employees to apply for, or make a grant of Awards, on terms which are different for different Employees. In making this decision, the Board may have regard to:
- (a) the Employee's length of service with the Group;
  - (b) the Employee's position and remuneration; and
  - (c) any other matter the Board considers relevant.

## **2.5 Terms of the grant of Awards**

- 2.5.1 An Employee who is granted Awards is deemed to have agreed to be bound by:
- (a) the Rules and the terms and conditions set out in the Invitation;
  - (b) the Constitution in respect of Restricted Shares, and Shares allocated upon Vesting and exercise of Rights and Options; and
  - (c) the Share Trading Policy and any other relevant Group policies, including any modifications applicable from time to time.
- 2.5.2 Unless the Board determines otherwise, a grant of Awards will not be made in part.
- 2.5.3 The Board reserves the right to reject an application for a grant of Awards- from an Employee who has received an Invitation. If the Board determines to exercise its discretion, the invitation shall be deemed never to have been made.
- 2.5.4 Nothing limits the Board's ability to treat the conduct of an Employee (including failure to return an "opt out" form or other election not to participate in the specified offer within the specified time) as valid acceptance of the relevant grant.
- 2.5.5 To the extent of any inconsistency, the terms and conditions of a grant contained within the Invitation will prevail over any other provision of these Rules.

## **2.6 Title to Awards**

- 2.6.1 Unless the Board determines otherwise:
- (a) a grant of Awards is personal to the Participant and cannot be transferred to other persons or entities (subject to rule 3.1.1); and
  - (b) Awards may only be registered in the name of the Participant or the Trustee of any Share Trust.

# **3. Prohibited dealings**

## **3.1 Restrictions on transfer of Awards**

- 3.1.1 An Award is only transferable:
- (a) with the consent of the Board; or
  - (b) by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy,
- and where the transfer is made in accordance with the Constitution and all applicable Laws.

## **3.2 Restrictions on Awards**

- 3.2.1 Subject to rule 3.1, a Participant must not enter into any scheme, arrangement or agreement (including options and derivative products) under which the Participant, in respect of Awards that remain subject to these Rules:
- (a) may alter the economic benefit to be derived from any such Awards, irrespective of future changes in the market price of Shares; and / or
  - (b) purports to mortgage, pledge, assign, encumber or create security over any interest in any such Awards; and / or
  - (c) sell, transfer, dispose of, swap, option, alienate the rights or obligations attaching to or otherwise deal with any such Awards.

## **3.3 Dealings in breach of this rule**

- 3.3.1 Where the Participant transfers an Award other than in accordance with rule 3.1, or enters, or purports to enter, into any scheme, arrangement or agreement described in rule 3.2, the Award immediately lapses or is forfeited (as applicable).

# **4. Rights and Options**

## **4.1 Shareholder entitlements**

- 4.1.1 Unless the Board determine otherwise, a Participant shall not be entitled to vote, receive dividends or have any other rights of a Shareholder in respect of Rights and / or Options granted to him or her under these Rules until the underlying Shares are allocated to the Participant following Vesting and exercise.

## **4.2 Testing of Conditions**

- 4.2.1 Rights and Options will only Vest once the Board, in its discretion, determines any relevant Conditions have been satisfied.
- 4.2.2 Subject to rule 4.2.3, following the end of the Period, the Board will:
- (a) test the applicable Conditions (including any service conditions, if relevant) and determine the extent to which the Conditions have been satisfied and Rights and / or Options Vest and become exercisable (subject to any Exercise Restriction);
  - (b) determine the time when the Rights and / or Options Vest and become exercisable (subject to any Exercise Restriction); and
  - (c) within a reasonable timeframe, notify Participants of the extent to which any applicable Conditions have been satisfied and Rights and / or Options will Vest or have Vested, and, if relevant, whether Rights and / or Options will be settled in Shares pursuant to rule 4.4, or a Cash Equivalent Value, pursuant to rule 4.5.
- 4.2.3 Notwithstanding rule 4.2.2, the Board may in its discretion, determine that Rights and / or Options Vest prior to the end of a Period. The Board also retains a discretion to adjust the performance related Conditions to ensure that Participants are neither advantaged nor disadvantaged by matters outside management's control that affect the Conditions (for example, by excluding one-off non-recurrent items or the impact of significant acquisitions or disposals).
- 4.2.4 Where a Participant remains an Employee but takes a period of authorised unpaid absence during a Period, the Board has discretion to determine that a pro-rata number (based on the proportion of the Period during which the Participant has been on authorised unpaid absence), or such other number, of the Participant's Rights and / or Options will lapse and will not be tested at the end of the applicable Period.

## **4.3 Settlement of Rights and / or Options**

- 4.3.1 Subject to the Share Trading Policy, upon the valid exercise of Vested Rights and / or Options the Company must allocate or procure the transfer of one Share for each exercised Right and / or Option to, or for the benefit of, the Participant.

- 4.3.2 A Right and / or Option is validly exercised if the Participant follows the process set out in the Invitation; and
- (a) in respect of Options only, pays the Exercise Price to the Company; or
  - (b) in respect of Rights only, where the terms provide for those Rights to be automatically exercised at a specific time or event, if the conditions for that automatic exercise have been met.

- 4.3.3 If a Participant purports to exercise Rights and / or Options in contravention of any applicable Exercise Restriction, the Rights and / or Options will be deemed to have been exercised on the first date the Exercise Restriction ceases to apply (subject, in respect of Options, to payment of the relevant Exercise Price).

#### **4.4 Shares settlement**

- 4.4.1 Subject to rule 4.5, each Vested and validly exercised Right and / or Option entitles the Participant to receive one Share for each exercised Right and / or Option.
- 4.4.2 All Shares issued under the Plan will rank equally in all respects with other Shares for the time being on issue by the Company (except as regards to any rights attaching to such other Shares by reference to a record date prior to the date of their allocation or transfer).
- 4.4.3 If the Company issues Shares to the Participant under the Plan, the Company will apply for quotation of those Shares on the ASX within the period required by the ASX.
- 4.4.4 Subject to any applicable Trading Restrictions and the terms of the Share Trading Policy, no restrictions shall apply to any Shares allocated under the Plan.

#### **4.5 Cash settlement**

- 4.5.1 Provided such discretion was stated in the Invitation pursuant to rule 2.2.1, Vested and exercised Rights and / or Options may be settled, at the discretion of the Board, in cash rather than Shares, by payment to the Participant of the Cash Equivalent Value.
- 4.5.2 In the case of Rights, the Cash Equivalent Value is equal to the gross value of the Shares that would have been allocated or transferred to the Participant if the Board chose to settle Rights in Shares.
- 4.5.3 In the case of Options, the Cash Equivalent Value is equal to the gross value of the Shares that would have been allocated or transferred to the Participant if the Board chose to settle Options in Shares, less any applicable Exercise Price.
- 4.5.4 Unless the Board determines otherwise, the Cash Equivalent Value will be inclusive of any statutory superannuation contributions that the Group is required to make on your behalf under the *Superannuation Guarantee (Administration) Act 1992* (Cth), up to the maximum contribution base.
- 4.5.5 The Board retains discretion as to how gross value of the Shares is calculated for the purposes of this rule 4.5.

#### **4.6 Lapse of Rights and / or Options**

- 4.6.1 Subject to the Board's overriding discretion, a Participant's unvested Rights and / or Options will lapse upon the earliest to occur of:
- (a) the date specified by the Board for the purposes of rule 2.2.1(l);
  - (b) an event described in any of rule 3 (Prohibited dealings), rule 6 (Ceasing employment), rule 7 (Variations of capital), rule 8 (Divestment of a material business or subsidiary), rule 9 (Change of Control), or rule 10 (Clawback and lapse or forfeiture for fraud and breach);
  - (c) failure to satisfy the Conditions by the end of the Period following testing under rule 4.2; or
  - (d) the 15<sup>th</sup> anniversary of the date of grant of the Rights and / or Options.
- 4.6.2 The Board may specify in the Invitation additional circumstances in which a Participant's Rights and / or Options may lapse.

## **5. Restricted Shares**

### **5.1 Allocation of Restricted Shares**

- 5.1.1 As soon as practicable after an award of Restricted Shares has been granted to a Participant under these Rules, the Board will allocate, or procure the transfer of, the applicable number of Restricted Shares to the Participant in accordance with these Rules and the terms and conditions determined by the Board.
- 5.1.2 The Board will determine the terms upon which a Trustee (appointed pursuant to a trust deed between the Company and trustee) may hold any Restricted Shares in a Share Trust on behalf of a Participant.
- 5.1.3 At the discretion of the Board, an allocation of Restricted Shares to a Participant under these Rules may be made on terms that comply with the requirements of Subdivision 83A-B of the Tax Act, allowing qualifying Participants to utilise the tax concession relating to the reduction in taxable income.

### **5.2 Shareholder entitlements**

- 5.2.1 Unless the Board determine otherwise, prior to Vesting of Restricted Shares, a Participant shall be entitled to vote, receive dividends and, subject to applicable Trading Restrictions, have all rights of a Shareholder in respect of unvested Restricted Shares allocated to him or her under these Rules. Whilst Restricted Shares are subject to Trading Restrictions, the rights and entitlements attaching to them must be exercised in accordance with these Rules.

### **5.3 Testing of Conditions**

- 5.3.1 Restricted Shares will only Vest once the Board, in its discretion, determines any relevant Conditions have been satisfied.
- 5.3.2 Following the end of the Period, the Board will:
  - (a) test the applicable Conditions (including any service conditions, if relevant) and determine the extent to which the Conditions have been satisfied and the Restricted Shares Vest;
  - (b) determine the time when the Restricted Shares Vest; and
  - (c) within a reasonable timeframe, notify Participants of the extent to which any applicable Conditions have been satisfied and Restricted Shares will Vest or have Vested.
- 5.3.3 Notwithstanding rule 5.3.1, the Board may in its discretion, determine that Restricted Shares Vest prior to the end of a Period. The Board also retains a discretion to adjust the performance related Conditions to ensure that Participants are neither advantaged nor disadvantaged by matters outside management's control that affect the Conditions (for example, by excluding one-off non-recurrent items or the impact of significant acquisitions or disposals).
- 5.3.4 Where a Participant remains an Employee but takes a period of authorised unpaid absence during a Period, the Board has discretion to determine that a pro-rata number (based on the proportion of the Period during which the Participant has been on authorised unpaid absence), or such other number, of the Participant's Restricted Shares will be forfeited and will not be tested at the end of the applicable Period.

### **5.4 Cessation of Trading Restrictions**

- 5.4.1 Subject to the terms of the Invitation and the Share Trading Policy, when a Restricted Share Vests, all Trading Restrictions in respect of that Restricted Share will cease.

### **5.5 Forfeiture of Restricted Shares**

- 5.5.1 Subject to the Board's overriding discretion, a Participant's unvested Restricted Shares will be forfeited upon the earliest to occur of:
  - (a) the date specified by the Board for the purposes of rule 2.2.1(l);
  - (b) an event described in any of rule 3 (Prohibited dealings), rule 6 (Ceasing employment), rule 7 (Variations of capital), rule 8 (Divestment of a material business or subsidiary), rule 9 (Change of Control), or rule 10 (Clawback and lapse or forfeiture for fraud and breach); or

(c) failure to satisfy the Conditions by the end of the Period following testing under rule 5.3.

5.5.2 The Board may specify in the Invitation additional circumstances in which a Participant's Restricted Shares may be forfeited.

## **5.6 Surrender of Restricted Shares**

5.6.1 At all times on or after the occurrence of the events described in rule 5.5, each Participant irrevocably and unconditionally appoints the company secretary of the Company at that time (or any other officer of the Group delegated by the company secretary for this purpose) as the Participant's agent to either, at the election of the Participant's agent (in his or her sole discretion):

- (a) transfer title to the Restricted Shares into the name of the entity or person the Participant's agent determines (provided that the Participant's agent has sought and obtained the prior consent of the Company to such transfer and the consideration, if any, to be paid); or
- (b) sell to any person or entity in any manner (including on market or by private placement, sale or transfer) or otherwise realise the value of the Restricted Shares (to which the Participant will have no further entitlement); and
- (c) then to apply any proceeds received from the transfer or sale under rules 5.6.1(a) and (b):
  - (1) first in satisfying any costs incurred in selling the Shares; and
  - (2) in relation to any surplus funds, to the Company.

5.6.2 Restricted Shares transferred or sold pursuant to rule 5.6.1 may not be transferred or sold to any Group Company, unless the Group Company is the Trustee of the Share Trust and is acting in its capacity as the Trustee.

5.6.3 Subject always to rule 5.6.1(a), the Participant's agent has complete discretion in respect of the sale or transfer of the Restricted Shares under the Rules and neither the Participant's agent nor the Company will be liable to a Participant in respect of the timing of, or any other circumstances, relating to the sale or transfer of Restricted Shares under rule 5.6.1.

## **6. Ceasing employment**

### **6.1 General rule**

6.1.1 Subject to rules 6.2.1 and 6.3.1, if a Participant ceases to be an Employee prior to the end of a Period:

- (a) the Participant's unvested Awards will not lapse or be forfeited, as applicable, on cessation; and
- (b) the Conditions will be tested and Awards will Vest in accordance with rules 4.2 and 5.3 (and where the Conditions include service related conditions, the service related conditions will be deemed to have been satisfied).

6.1.2 Any Awards which do not Vest following testing at the end of the Period under rule 6.1.1 will lapse or be forfeited immediately.

6.1.3 Subject to rule 6.3.1, if a Participant ceases to be an Employee due to death, all unvested Awards will be transferred to the Participant's estate in accordance with all relevant Laws, and will be treated in accordance with this rule 6.1.1.

### **6.2 Exceptions**

6.2.1 If a Participant ceases to be an Employee prior to the end of a Period by reason of:

- (a) resignation; or
- (b) fraudulent or dishonest conduct; or
- (c) termination for cause (including gross misconduct),

any Awards which have not Vested will lapse or be forfeited (as applicable) upon cessation of employment with the Company, subject to an overriding Board discretion to determine an alternate treatment in accordance with rule 6.3.



### **6.3 Board discretion to determine treatment**

- 6.3.1 If a Participant ceases to be an Employee prior to the end of a Period for any reason then the Board may, in respect of any Awards which have not Vested at the date of cessation of the Participant's employment, determine that:
- (a) a pro-rata number (based on the proportion of the Period that has elapsed at the time of cessation), or such other number, of the Participant's unvested Awards will Vest to the extent that the Conditions have been satisfied when tested at the end of the applicable Period (and where the Conditions include service related conditions, the service related conditions will be deemed to have been satisfied);
  - (b) a pro-rata number (based on the proportion of the Period that has elapsed at the time of cessation), or such other number, of the Participant's unvested Awards will Vest to the extent that the Conditions have been satisfied when tested at the time of cessation of employment;
  - (c) any applicable Conditions or Periods in respect of some or all of the Awards will be modified or waived; or
  - (d) some or all of the unvested Awards lapse or are forfeited (and that such lapse or forfeiture will occur on the date employment ceases),

and, in making any determination, the Board may have regard to any matter the Board considers relevant, including the proportion of the Period that has elapsed at the time of cessation of employment and the degree to which the Conditions have been (or are estimated to have been) achieved.

### **6.4 Vested Rights and / or Options**

- 6.4.1 Where a Participant ceases to be an employee of the Group, other than as a result of termination for cause (including gross misconduct), all Vested Rights and / or Options, including Rights and / or Options that Vest pursuant to rules 6.1, 6.2 or 6.3, must, unless the Board determines otherwise, be exercised within the later of 90 days following cessation of employment or Vesting as relevant.
- 6.4.2 Rights and / or Options which are not exercised within the period specified in rule 6.4.1 will lapse.
- 6.4.3 Where a Participant is terminated for cause (including gross misconduct or a material breach of contract), all Vested Rights and / or Options will automatically lapse, subject to the Board's discretion to apply a different treatment at the time of termination.

### **6.5 When employment ceases**

- 6.5.1 For the purposes of this Plan, a Participant will not be treated as ceasing employment until such time as the Participant is no longer an Employee.

### **6.6 Overseas transfers**

- 6.6.1 If a Participant remains an Employee but is transferred to work in another country, or changes tax residence status, and as a result would:
- (a) become subject to restrictions on his or her ability to hold or deal in Awards or Shares or receive any proceeds of sale from the sale of Shares due to the securities laws or exchange control laws of the country to which he or she is transferred; or
  - (b) suffer a tax disadvantage (or cause a member of the Group to suffer a tax disadvantage),
- the Board, in its discretion, may determine that Awards Vest on such date, to such extent and on such terms as they determine, before or after the Employee's transfer takes effect.

## **7. Variations of capital**

### **7.1 Capital reorganisations, bonus issues and rights issues**

- 7.1.1 If, prior to Vesting, there is a Variation of Capital Event then, subject to rule 7.1.4:
- (a) unless the Board determines otherwise, unvested Restricted Shares held by a Participant under this Plan will (subject to applicable Trading Restrictions) be entitled to the same

treatment on the Variation of Capital Event as other Shares; and

- (b) the number of Awards to which each Participant is entitled (or the Exercise Price) may be adjusted, including lapsing or forfeiture of Awards, in the manner determined by the Board.

7.1.2 It is intended that the Board would exercise its discretion under rule 7.1.1 to ensure that Participants do not enjoy a windfall gain and do not suffer a material detriment as a result of any corporate action.

7.1.3 If new Awards are granted as part of such an adjustment such Awards will, unless the Board determines otherwise, be subject to the same terms and conditions as the original Awards, including without limitation, any Condition.

7.1.4 In respect of Awards:

- (a) if there is a reorganisation of capital, the rights of each Participant who has been allocated Awards will be adjusted in the manner required by the Listing Rules applying at the time of the reorganisation; and
- (b) where there is an issue of new Shares:
  - (1) each Participant who has been allocated Rights and / or Options may not participate in the new issue unless his or her Rights and / or Options have Vested and been exercised in accordance with these Rules prior to the date the Board resolved to issue the new Shares; and
  - (2) the Exercise Price, or number of Shares over which the Rights and / or Options may be exercised, will, in the case of a pro-rata issue, be adjusted in accordance with Listing Rule 6.22.2 (or any replacement rule) and, in the case of a bonus issue, be adjusted in accordance with Listing Rule 6.22.3 (or any replacement rule).

## 8. Divestment of a material business or subsidiary

8.1.1 Where the Company divests, or disposes of, a business or asset designated by the Board for this purpose as 'material', the Board may make special rules that apply to Participants in relation to the Awards or Shares held pursuant to the Plan (and any other entitlements or Shares that may arise in relation to those Shares). Without limiting the Board's discretion, such rules may include:

- (a) varying the Condition applying to the Participant's Awards to take into account the divestment of the business or asset (if applicable); and
- (b) deeming the Participant to remain an Employee for a specific period.

8.1.2 In order to bind a Participant, any special rules made under this rule 8 must be notified to a Participant pursuant to rule 11.1.2.

## 9. Change of Control

### 9.1 Board discretion upon a Trigger Event

9.1.1 If a Trigger Event occurs prior to the Vesting of an Award, then the Board may, within 14 days of the Trigger Event, determine in its absolute discretion the treatment of the Participant's unvested Awards and the timing of such treatment, which may include determining that the unvested Awards:

- (a) Vest (whether subject to further Conditions or not);
- (b) lapse or are forfeited;
- (c) remain subject to the applicable Conditions and/or Period(s);
- (d) become subject to substitute or varied Conditions and/or Period(s); or
- (e) in respect of Rights and / or Options, may only be settled in cash pursuant to rule 4.5, or with shares other than Shares,

having regard to any matter the Board considers relevant, including, without limitation, the circumstances of the Trigger Event (including the value being proposed to Shareholders), the extent to which the applicable Conditions have been satisfied (or estimated to have been satisfied) at the

time of the Trigger Event and/or the proportion of the Period that has passed at the time of the Trigger Event.

- 9.1.2 Any Rights and / or Options that Vest pursuant to rule 9.1.1(a) must be exercised within 30 days from the date of the Trigger Event, or such other period as the Board determines. Any Rights and / or Options not exercised within this period will lapse.

## **9.2 Default treatment upon a Change of Control**

- 9.2.1 Subject to any specific terms overriding this treatment in an Invitation, or unless the Board determines otherwise, where the Board does not exercise a discretion pursuant to rule 9.1.1, upon a Change of Control, a pro-rata number of the Participant's unvested Awards will Vest based on the proportion of the Period that has passed at the time of the Change of Control, and the extent to which any applicable Conditions, other than service related conditions have been satisfied (or are estimated to have been satisfied). Where the Conditions include service related conditions, the service related conditions will be deemed to have been satisfied).

## **9.3 Notification to Participants**

- 9.3.1 If a Change of Control occurs, or the Board exercises its discretion pursuant to rule 9.1.1, the Company must immediately notify all affected Participants.
- 9.3.2 Where a Participant holds Vested Rights and / or Options at the date of the Change of Control (including those that Vest pursuant to rules 9.1.1 and 9.2), he or she will have 30 days from the date of the Change of Control, or such other period as the Board determines, in which to exercise the Rights and / or Options. Any Rights and / or Options not exercised within this period will lapse.
- 9.3.3 If a Right and / or Option is settled in cash, any part of the Right and / or Option that Vests pursuant to this rule 9 will be satisfied by a cash payment equivalent to the Cash Equivalent Value (net of applicable taxes and other withholdings) and the Group will, notwithstanding the terms of the Right and / or Option, be under no obligation to deliver any part of a vested Right and / or Option in the form of Shares.

## **9.4 Acquisition of securities in another Company**

- 9.4.1 If a company (**Acquiring Company**) obtains control of the Company and the Acquiring Company, the Company and the Participant agree, a Participant may be provided with awards or securities in the Acquiring Company (or its parent or its subsidiary) in substitution for the Awards, on substantially the same terms and subject to substantially the same Conditions as the awards, but with appropriate adjustments as to the number and type of awards or securities.

# **10. Clawback and lapse or forfeiture for fraud or breach**

## **10.1 Board discretion to lapse Awards generally**

- 10.1.1 Where, in the opinion of the Board, a Participant has obtained, or will obtain, an unfair benefit as a result of an act which:
- (a) constitutes fraud, or dishonest or gross misconduct in relation to the affairs of any Group Company;
  - (b) brings any Group Company into disrepute;
  - (c) is in breach of his or her obligations to the any Group Company, including compliance with applicable Group policy;
  - (d) constitutes a failure to perform any other act reasonably and lawfully requested of the Participant; or
  - (e) has the effect of delivering strong Company performance in a manner which is unsustainable or involves unacceptably high risk, and results or is likely to result in a detrimental impact on Company performance following the end of the Period,
- the Board may exercise its discretion under rule 10.3 to ensure that no unfair benefit is obtained.

## **10.2 Clawback**

10.2.1 Where, in the opinion of the Board:

- (a) an Award, which would not have otherwise Vested, Vests or may Vest as a result directly or indirectly of:
  - (1) the fraud, dishonesty or breach of obligations (including, without limitation, a material misstatement of financial information) of any person; or
  - (2) any other action or omission (whether intentional or inadvertent) of any person,the Board may make a determination under rule 10.3 to ensure that no unfair benefit is obtained by any Participant; or
- (b) an Award, which may otherwise have Vested, has not Vested as a result directly or indirectly of any circumstance referred to in this rule 10.2.1, the Board may reconsider the level of satisfaction of the applicable Conditions and reinstate and Vest any Award that may have lapsed or been forfeited to the extent that the Board determines appropriate in the circumstances or make a new grant of Awards that reflect the terms of the original Award.

## **10.3 Board's powers in relation to Awards**

10.3.1 In the circumstances set out in rule 10.2 above, the Board may, in its absolute discretion, and subject to applicable Laws, determine any treatment in relation to an Award, including, without limitation, to:

- (a) reset the Conditions and/or alter the Period applying to the Award;
- (b) deem all or any Awards which have not Vested to have lapsed or been forfeited (as relevant);
- (c) deem all or any Shares allocated under this Plan to not be subject to any further restrictions or to have been forfeited (as relevant); and / or
- (d) where Shares that have been allocated to a Participant under the Plan have been subsequently sold, require that the Participant repay the net proceeds of such a sale.

## **11. Amendments to the Plan and terms**

### **11.1 Amendments by the Board**

11.1.1 Subject to rule 11.2, the Board may at any time and from time to time in its sole discretion amend, supplement or revoke, including by way of schedule, all or any of these Rules or all or any of the rights or obligations of the Participants.

11.1.2 The Board must provide written notification to Participants affected by any amendment made pursuant to rule 11.1.1 as soon as reasonably practicable after any such amendment has been made.

11.1.3 Despite this rule 11.1, no amendment to these Rules may materially reduce the rights of any Participant attaching to Awards granted under the Plan prior to the date of the amendment or formulation, unless the amendment is made primarily for the purpose of complying with present or future Laws applicable to the Plan or a member of the Group, to correct any manifest error or mistake, or with the consent of the relevant Participants.

11.1.4 Any amendment made pursuant to this rule 11.1 may be given such retrospective effect, if so determined by the Board.

### **11.2 Listing Rules**

The exercise of any powers under these Rules by the Board is subject to any restrictions or procedural requirements relating to the amendment of the rules of an employee incentive scheme or of issued options imposed by any Law or by the Listing Rules as applicable to the Plan or Awards, as the case may be, unless those restrictions, conditions or requirements are relaxed or waived by the ASX or any of its delegates either generally or in a particular case or class of cases and either expressly or by implication.

### **11.3 Non-residents of Australia**

- 11.3.1 Notwithstanding anything in these Rules, the Board may at any time, and from time to time, amend, supplement or revoke, including by way of schedule, any of these Rules, to apply to an Employee or Participant, employed in, resident in, or who are citizens of, countries other than Australia.
- 11.3.2 Any different rules made under rule 11.3.1 shall be restricted in its application to those Employees and Participants employed in, resident in, or who are citizens of the foreign country or countries specified by the Board, and may be amended, supplemented or revoked in accordance with rule 11.1.
- 11.3.3 For the purposes of clarification, any different rules that are adopted under rule 11.3.1 may have an adverse impact upon Employees or Participants. However, any different rules that may apply must comply, to the extent legal and practicable, with the basic principles of the Plan.

## **12. General terms and conditions**

### **12.1 Awards and obligations of Participants**

- 12.1.1 Unless the subject of an express provision in an employment contract, the rights and obligations of any Participant under the terms of their office, employment or contract with the Company are not affected by their participation in the Plan.
- 12.1.2 Except where expressly contemplated, these Rules will not form part of and are not incorporated into any contract between any Participant (whether or not they are an Employee) and any Group Company. The grant of Awards on a particular basis in any year does not create any right or expectation of the grant of Awards on the same basis, or at all, in any future year.
- 12.1.3 No Participant has any right to compensation for any loss in relation to the Plan.
- 12.1.4 Each Participant appoints the company secretary of the Company (or any other officer of the Company authorised by the Board for this purpose) as his or her agent to do anything necessary to:
  - (a) allocate Awards or Shares to the Participant in accordance with these Rules; and
  - (b) execute transfers of Awards or Shares in accordance with these Rules.

### **12.2 Power of the Board**

- 12.2.1 The Board administers the Plan and has absolute and unfettered discretion in exercising any power or discretion concerning the Plan and may:
  - (a) delegate to any person for the period and on the terms it decides the exercise of any of its powers or discretions under the Plan;
  - (b) decide on appropriate procedures for administering the Plan consistent with these Rules;
  - (c) establish, implement and operate a Securities Trust, and delegate authority to a Trustee, for the purposes of delivering and holding Shares on behalf of Participants;
  - (d) resolve conclusively all questions of fact or interpretation concerning the Plan and these Rules and any dispute of any kind that arises under the Plan;
  - (e) subject to rule 11, amend, add to or waive any provision of the Plan (including this rule 12.2) or any term or condition (including a Condition or other restriction) relating to the Awards or Shares;
  - (f) determine to suspend or cease operation of the Plan at any time and take any actions required to effect the winding up of the Plan;
  - (g) act or refrain from acting at its discretion under these Rules or concerning the Plan or the Awards or Shares held under the Plan; and
  - (h) waive any breach of a provision of the Plan.
- 12.2.2 Except as otherwise expressly provided in the Plan, the Board has absolute and unfettered discretion to act or refrain from acting under or in connection with the Plan and in the exercise of any power or discretion under the Plan.

### **12.3 Waiver of terms and conditions**

Notwithstanding any other provisions of the Plan, the Board may at any time waive in whole or in part any terms or conditions (including any Condition) in relation to any Awards granted to a Participant under the Plan and the Rules.

### **12.4 Dispute or disagreement**

In the event of any dispute, disagreement or uncertainty as to the interpretation of the Plan, or as to any question or right arising from or related to the Plan or to any Awards or Shares granted under it, the decision of the Board is final and binding.

### **12.5 Personal information**

Subject to compliance with the Privacy Policy, the Privacy Act and all applicable Law, each Participant consents to the Company or its agents (and each of their Related Parties) collecting, holding and using personal information that the Participant provides in the application to participate in the Plan or otherwise provides to the Company or its agents (and each of their Related Parties) as part of their employment, in order to carry out the administration and operation of the Plan in accordance with these Rules, including providing relevant information to:

- (a) the Plan manager or another entity that manages or administers the Plan on behalf of the Company;
- (b) any broker or external service provider, including a tax or financial adviser;
- (c) the trustee of any Securities Trust;
- (d) any government department or body; and
- (e) any other person or body as required or authorised by law.

### **12.6 Notices**

A notice or other communication under or concerning the Invitation or the Rules is validly given to a Participant if:

- (a) delivered personally to the Participant;
- (b) sent by prepaid post to the Participant's last known residential address;
- (c) sent to the Participant by facsimile, email or other electronic means at the Participant's place of work; or
- (d) posted on an electronic notice board maintained by or on behalf of any Group Company and accessible by the Participant,

and will in the case of (a), (c) and (d) above, be treated as being received immediately following the time it was sent, posted, or delivered, and where it is sent by regular post it will be treated as received 48 hours after it was posted.

### **12.7 Laws governing Plan**

The Plan and any Awards granted and Shares allocated under it are governed by the laws of New South Wales and the Commonwealth of Australia. Any agreement made under the Plan is entered into in the State of New South Wales and each Participant submits to the exclusive jurisdiction of the courts of that state to herein determine matters arising under the Plan.

## 12.8 Tax

- 12.8.1 Unless otherwise required by Law, no member of the Group is responsible for any Taxes which may become payable by a Participant as a consequence of or in connection with the grant of any Awards, the allocation or transfer of any Shares or any dealing with any Awards or any Shares.
- 12.8.2 The Company or the Trustee will have the right to withhold or collect from a Participant such Taxes as any member of the Group or the Trustee is obliged, or reasonably believes it is obliged, to account for to any taxation authority. In exercising this right, the Group or the Trustee may:
- (a) require the Participant to provide sufficient funds (by way of salary deduction or otherwise); or
  - (b) sell Shares to be issued or transferred to the Participant, including the sale of sufficient Shares to cover any costs of such sale.

## 13. Interpretation and Definitions

### 13.1 Interpretation

In the Plan, the following rules apply unless a contrary intention appears:

- (a) capitalized terms have the meanings provided in rule 13.2;
- (b) headings are for convenience only and do not affect the interpretation of the Plan unless the context requires otherwise;
- (c) any reference in the Plan to any statute or statutory instrument includes a reference to that statute or statutory instrument as amended;
- (d) any words denoting the singular include the plural and words denoting the plural include the singular;
- (e) any words denoting the masculine apply equally to the feminine equivalent; and
- (f) where any word or phrase is given a definite meaning in this Plan, any part of speech or other grammatical form of that word or phrase has a corresponding meaning.

### 13.2 Definitions

ASX	Australian Securities Exchange
Award	A Right, Option or Restricted Share granted to a Participant under the Plan on the terms and conditions determined by the Board
Board	The board of directors of the Company, or any committee, person or body to which the board duly delegates its powers and authorities to under this Plan
Cash Equivalent Value	As defined in rules 4.5.2 and 4.5.3
Change of Control	Occurs where, as a result of any event or transaction, a person or entity becomes entitled to more than 50% of the Shares of the Company
Company	MainstreamBPO Limited (ACN 112 252 114)
Condition	One or more performance or service related conditions which must be satisfied before an Award Vests

Constitution	The constitution of the Company operating as a contract between the Company and its members and officers, as amended from time to time
Corporations Act	Means the <i>Corporations Act 2001</i> (Cth)
Employee	Any employee (including any executive director) of the Group or a Group Company, or any other person so designated by the Board
Exercise Price	The amount payable on exercise of an Option as determined by the Board and specified for the purposes of rule 2.2.1
Exercise Restriction	Restrictions on the ability of a Participant to exercise a Vested Right and / or Option as specified for the purposes of rule 2.2.1
Group	The Company, its subsidiaries and any other entity declared by the Board to be a member of the Group for the purposes of the Plan (and <b>Group Company</b> means any member of the Group)
Invitation	A letter or document, in any form, provided by the Company (or member of the Company) to an Employee setting out the terms and conditions of the grant of Awards, including the information set out in rule 2.2.1
Law	The laws applicable to the operation of the Plan from time to time, including any applicable securities laws of the jurisdiction in which an Employee receiving an Invitation under the Plan is located
Listing Rules	The official Listing Rules of the ASX and any other exchange on which the Company is listed as they apply to the Company from time to time
Option	An entitlement to receive a Share (or to receive a Cash Equivalent Value, at the discretion of the Board) subject to satisfaction of Conditions and compliance with the applicable exercise procedure (including payment of any applicable Exercise Price), granted to a Participant under the Plan on the terms and conditions determined by the Board
Participant	An Employee who has been granted Awards under the Plan
Period	The period or periods over which the Conditions are measured or tested as specified by the Board for the purpose of the Award
Plan	This MainstreamBPO Limited Employee Share Plan



Privacy Act	The <i>Privacy Act 1988</i> (Cth)
Privacy Policy	The privacy policy that applies to the Company (or a member of the Group) from time to time
Restricted Share	A share allocated in accordance with rule 5.1 that is subject to restrictions on dealing (as specified in rule 3) and / or Conditions or any other restrictions or conditions
Right	A performance right, being an entitlement to receive a Share (or to receive a Cash Equivalent Value, at the discretion of the Board) subject to satisfaction of Conditions and compliance with the applicable exercise procedure, granted to a Participant under the Plan on the terms and conditions determined by the Board
Rules	The rules of the Plan, as amended from time to time
Share Trust	A trust established by the Company to hold Shares on behalf of Employees
Share Trading Policy	The trading policy that applies to the Company from time to time in respect of the Shares
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A registered holder of a Share
Superannuation Act	The <i>Superannuation Guarantee (Administration) Act 1992</i> (Cth)
Takeover Bid	As defined in section 9 of the Corporations Act
Tax Act	<i>Income Tax Assessment Act 1997</i> (Cth)
Taxes	Any tax, levy, contribution or duty (including any associated penalty or interest amount), social security liability or other liability imposed by any Law, governmental, semi-governmental, judicial or other authority
Trading Restriction	Restriction on transfer imposed on Shares or Restricted Shares allocated under the Plan
Trigger Event	Means where: <ul style="list-style-type: none"> <li>(a) a Takeover Bid is made for the Company and the Board resolves to recommend the bid to Shareholders;</li> <li>(b) a court convenes a meeting of Shareholders to be held to vote on a proposed scheme of arrangement pursuant to which control of the majority of the Shares may change;</li> <li>(c) a notice is sent to Shareholders proposing a resolution for the winding up of the</li> </ul>

Company; or

- (d) any transaction or event is proposed that, in the opinion of the Board, may result in a person becoming entitled to exercise control over the Company,

and each Trigger Event is a separate event that allows the Board to exercise its discretion pursuant to rule 9

Trustee	The trustee from time to time of the Share Trust
Variation of Capital Event	<p>Means an event where one of the following occurs:</p> <ul style="list-style-type: none"><li>(a) any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company;</li><li>(b) Shares are issued to the Company's Shareholders by way of a bonus issue; or</li><li>(c) Shares are offered to the Company's Shareholders by way of a rights issue</li></ul>
Vest	<p>Means on the satisfaction (or deemed satisfaction) of Conditions a Participant becoming entitled to, subject to the Rules of the Plan:</p> <ul style="list-style-type: none"><li>(a) have the Shares underlying his or her Rights and / or Options allocated to him or her; or</li><li>(b) have all Trading Restrictions in respect of his or her Restricted Shares cease to apply,</li></ul> <p>and <b>Vested</b> or <b>Vesting</b> shall be construed accordingly.</p>