

McPherson's Limited

Employee Gift Plan

Plan Rules

Purpose

These are the rules of the Company's Employee Gift Plan. The purpose of the Plan is to provide Eligible Employees with an opportunity to be issued or acquire Shares. By doing so, the Plan seeks to provide Eligible Employees with an opportunity to share in the growth in value of the Company and to encourage them to improve the longer-term performance of the Company and its returns to shareholders. The Plan is also intended to assist the Company to attract and retain skilled and experienced employees and provide them with an incentive to have a greater involvement with and focus on the longer term goals of the Company. This Plan commences on the date the Board determines.

1 Definitions and Interpretation

1.1 Definitions

In these Rules, unless the context otherwise requires:

Acceptance Period has the meaning given to that term in Rule 3.2(e);

Acquisition Date means, in relation to Shares acquired by a Participant under the Plan, the date on which such Shares are registered in the name of the Participant;

Amendment has the meaning given to that term in Rule 15.1;

Applicable Law means any one or more or all, as the context requires, of the following to the extent that they apply to the Company or this Plan:

- (a) the Corporations Act;
- (b) tax laws;
- (c) the Constitution;
- (d) (if and for so long as the Company is listed on the ASX) the ASX Listing Rules;
- (e) any subordinate legislation, orders, rulings or other binding instruments passed or made by parliament, Australian Securities and Investments Commission or the Australian Taxation Office to clarify or expand paragraphs (a) and/or (b) of this definition;
- (f) any laws of foreign jurisdictions where Participants are resident;
- (g) any other laws;

Application Form means the form the Board determines is to be used by an Eligible Employee to apply for Shares under the Plan;

ASX means ASX Limited ACN 008 624 691 or the stock exchange which it operates, as the context requires;

ASX Listing Rules means the official listing rules of the ASX;

Board means the board of directors of the Company or a committee appointed by the board of directors of the Company for the purposes of the Plan;

Certificate means, in relation to a Share, the certificate or statement (in a form approved by the Board) issued to the Participant which discloses the number of Shares held by the Participant;

Company means McPherson's Limited ACN 004 068 419;

Constitution means the constitution of the Company, as amended from time to time;

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

Delegate means a person appointed by the Board to exercise its powers and discretions under the Rules;

Eligible Employee means:

- (a) an employee of a Group Company;
- (b) an executive director, a non-executive director or a company secretary of a Group Company; or
- (c) a person who satisfied paragraph (a) or (b) of this definition during the 12 months immediately before the date of the Offer Letter issued to that person,

other than a person who has been given notice of dismissal for misconduct from his or her employment or office with the Group (or has given notice of resignation in order to avoid such dismissal); or

- (d) a contractor or consultant (**contractor**) who provides services to a Group Company;

Employee Incentive Scheme means any employee equity scheme extended to senior managers, other employees and/or directors of or a contractor to the Company and its Related Bodies Corporate or any other person nominated by the Company, and includes the Plan;

Entitlements means any rights to acquire shares, options or other securities granted or issued by the Company or by any other company to shareholders of the Company;

Group means the Company and each Subsidiary of the Company and **Group Company** means any of them;

Holding Lock means a mechanism to prevent a Participant transferring or otherwise dealing with the Shares;

Holding Lock Period means, in relation to Shares acquired by a Participant under the Plan, the period from the Acquisition Date until the earlier of:

- (a) the date that is three years after the Acquisition Date of the Shares;
- (b) the day after the date of the Eligible Employee's cessation of employment or office or contract (including as a result of Permanent Incapacity or Retirement); or
- (c) such other date as determined by the Board in its sole and absolute discretion;

Market Price means:

- (a) if Shares are purchased on market, the market price quoted for buyers of Shares at the close of trading on the day immediately preceding the Acquisition Date as published by the ASX in the National Trading Statistics; and
- (b) if Shares are allotted and issued, the Volume Weighted Average Price of Shares;

Nominee means in respect of an Eligible Employee:

- (a) a person who is the spouse, parent, brother, sister or child (**close relative**) of the Eligible Employee;
- (b) a body corporate trust or superannuation fund in which the Eligible Employee or a close relative of the Eligible Employee has, or any two or more of the Eligible Employee and close relatives of the Eligible Employee together have, a controlling interest (including any interest that gives control); or
- (c) such other person or entity approved by the Board in its absolute discretion;

Offer Letter means an offer letter to an Eligible Employee inviting that person or his/her Nominee to participate in the Plan;

Participant means:

- (a) an Eligible Employee (or his/her Nominee) who accepts an invitation to participate in the Plan, agrees to be bound by these Rules and whose application for Shares in accordance with the invitation is accepted by the Board; or
- (b) the legal personal representative of any person referred to in (a) duly appointed on the death or legal incapacity of that person;

Permanent Incapacity means a condition the effect of which is in the opinion of the Board, to prevent a Participant from continuing to be an Employee engaged in a similar capacity as the Participant held prior to the condition arising;

Plan means the Company's Employee Gift Plan as amended from time to time and operated in accordance with these Rules;

Related Body Corporate has the meaning given to that term in the Corporations Act;

Retirement means the permanent cessation by a Participant of all gainful employment;

Rules means these Rules, as amended from time to time;

Share means a fully paid ordinary share in the capital of the Company;

Specified Value means AUD \$1,000;

Subsidiary has the meaning given to that term in the Corporations Act; and

Volume Weighted Average Price means the (five-day) volume weighted average price of Shares as traded on the ASX up to but excluding the Acquisition Date and is calculated by dividing the total value of Shares traded by the total number of Shares traded for every transaction during the five-day trading period to calculate an average price for Shares.

1.2 Interpretation

In these Rules, unless the context otherwise requires:

- (a) a gender includes all genders;
- (b) the singular includes the plural and conversely;
- (c) a reference to a person includes the legal personal representatives, successors and assigns of that person and also corporations and other entities recognised by law;
- (d) a reference to any Applicable Law includes that Applicable Law as amended, re-enacted or replaced and any law that supersedes that law; and
- (e) headings are for convenience only and do not affect the interpretation of these Rules.

2 Operation of the Plan

2.1 General

The Plan must be operated in accordance with these Rules.

2.2 Binding Rules

These Rules bind the Company, each Subsidiary of the Company and each Participant.

2.3 Assessable income reduction

The intended operation of the Plan is to satisfy the provisions of section 83A-35 of the *Income Tax Assessment Act 1997* (Cth) so as to provide an Eligible Employee with an assessable income reduction of up to the Specified Value in relation to Shares issued under the Plan.

3 Invitation

3.1 Invitation to Participate

Subject to these Rules, the Board or its Delegate may in its absolute discretion from time to time invite Eligible Employees to apply for Shares under the Plan on the terms set out in these Rules and any other terms the Board considers appropriate. In selecting Eligible Employees to apply for Shares, the Board or its Delegate will have regard to:

- (a) the position in the Group held or to be held by the Eligible Employee;
- (b) the Eligible Employee's length of service with the Group;
- (c) the contribution made by the Eligible Employee to the Group;
- (d) the potential contribution to be made by the Eligible Employee to the Group; and
- (e) any other matters which the Board or the Delegate considers relevant.

3.2 Application Form and Offer Letter

The Board must give to each Eligible Employee who is invited to apply for Shares under the Plan an Application Form together with an Offer Letter setting out the following information in relation to the Shares:

- (a) the number of Shares for which the Eligible Employee may apply;
- (b) the consideration (if any) for the issue of the Shares;
- (c) the conditions of any Holding Lock which apply to the Shares;
- (d) any other terms and conditions relating to the invitation or the Shares, which in the opinion of the Board, are fair and reasonable and not inconsistent with these Rules;
- (e) the time within which the invitation may be accepted by the Eligible Employee (**Acceptance Period**);
- (f) in respect of the initial application made by an Eligible Employee, a summary of, or a copy of, these Rules; and
- (g) any other information or documents that the Applicable Law require the Company to give to the Eligible Employee.

3.3 Participant bound by Application Form, Offer Letter, Rules and Constitution

By completing and returning the Application Form within the Acceptance Period, a Participant applies for Shares under the Plan on the terms of the Offer Letter and agrees to be bound by the terms of the Application Form, the Offer Letter, these Rules and the Constitution.

3.4 Acceptance by Nominee of Eligible Employee

- (a) An Eligible Employee may by notice to the Board nominate a Nominee in whose favour the Eligible Employee wishes to renounce an invitation received by, or any future invitation that may be made to, that Eligible Employee.

- (b) The Board may, in its discretion, elect not to allow a renunciation of an invitation in favour of a Nominee.
- (c) If the renunciation in favour of a Nominee is permitted by the Board and the Eligible Employee wishes to proceed with the renunciation in favour of its Nominee, then:
 - (i) the Eligible Employee will procure that its Nominee accepts the invitation made to that Eligible Employee;
 - (ii) both the Eligible Employee and the Nominee agree to be bound by these Rules as a Participant; and
 - (iii) the Eligible Employee must procure that the Nominee complies with the terms of the Application Form, these Rules, the Constitution as applicable.

4 Acquisition of Shares

4.1 Issue of Shares

Subject to the satisfaction of any terms or conditions set out in the Offer Letter and Application Form, following receipt of a completed and signed Application Form and the acceptance by the Board of the Application Form, the Company will as soon as practicable after the end of the Acceptance Period:

- (a) allot or issue to the Participant, on the terms of the Offer Letter, the number of Shares applied for by the Participant in the Application Form; and
- (b) complete a register of Shares in accordance with the Applicable Law.

4.2 Methods

Shares may be acquired under the Plan in any one or more following ways as determined by the Board in its absolute discretion:

- (a) by way of allotment and issue of Shares;
- (b) by acquiring Shares in the ordinary course of trading or otherwise on the ASX to be registered in the name of the Participant; and
- (c) by acquiring Shares by off-market purchases to be registered in the name of the Participant.

4.3 No payment for Shares

Unless otherwise determined by the Board, no payment is required for the issue of Shares under the Plan.

4.4 Specified Value

The maximum number of Shares that may be offered or issued to an Eligible Employee in any financial year is not to exceed in aggregate Market Price the Specified Value.

4.5 Certificate

Subject to the Applicable Law, the Company may issue a Certificate to a Participant in respect of the Shares granted to that Participant. The Company must comply with the Applicable Law with respect to the issue of the Certificate.

5 Shares

Shares issued under the Plan will rank equally in all respects with all existing Shares from the date of allotment, including in relation to:

- (a) voting rights; and
- (b) entitlements to participate in:
 - (i) distributions and dividends; and
 - (ii) future rights issues and bonus issues,

where the record date for determining entitlements falls on or after the date of allotment.

6 Restrictions on transfer

6.1 Holding Lock

- (a) A Holding Lock will be applied to all Shares granted to a Participant under the Plan for the duration of the Holding Lock Period applicable to the relevant Shares.
- (b) While a Share is subject to a Holding Lock, that Share may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered without the prior written approval of the Board.

6.2 Release of Shares

After the expiration of the Holding Lock Period, the Company will release the Shares from their Holding Lock and notify the Participant of the release of Shares.

6.3 Quotation on ASX

The Company must apply for quotation on the official list of the ASX of Shares issued under this Plan.

7 Alterations to capital and reconstructions

Subject to the Applicable Law, if the Company makes any new issue of securities or alterations to its capital by way of a rights issue, bonus issue or other distribution of capital, reduction of capital or reconstruction of capital then the Board may make adjustments to the rights attaching to those Shares on any basis it deems fit in its discretion.

8 Powers of the Board

8.1 Powers of the Board

The Plan will be managed by the Board, which will have power to:

- (a) determine appropriate procedures and make regulations for the administration of the Plan consistent with these Rules;
- (b) resolve and bind the Company and Participants absolutely regarding any question of fact, interpretation, effect or application arising in connection with the Plan;
- (c) determine matters falling for determination under these Rules in its absolute discretion having regard to the interests of and for the benefit of the Company;

- (d) exercise the discretions conferred on it by these Rules or which may otherwise be required in relation to the Plan; and
- (e) delegate to any one or more persons (for such period and on such conditions as it may determine) the exercise of any of its powers or discretions arising under the Plan.

8.2 Suspension or termination of Plan

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

9 Contracts of Employment and Other Employment Rights

9.1 Rules not part of employment contract etc

- (a) This Plan does not form part of any contract of employment or services between a Group Company, or any Related Body Corporate of a Group Company, and any Eligible Employee.
- (b) Nothing in these Rules confers on any Eligible Employee the right to receive any Shares.
- (c) It is a condition of these Rules that the Plan may be terminated at any time at the discretion of the Board and that no compensation under any employment or services contract will arise as a result.

9.2 Termination of employment

This Plan:

- (a) does not confer on any Eligible Employee or Participant the right to continue as an employee or officer or contractor of any Group Company or any Related Body Corporate of a Group Company;
- (b) does not affect any rights which a Group Company, or any Related Body Corporate of a Group Company, may have to terminate the employment or office of or contractual relations with the Eligible Employee or Participant; and
- (c) may not be used to increase damages in any action brought against a Group Company, or any Related Body Corporate of a Group Company, in respect of that termination.

10 Connection with other plans

Unless the Board otherwise determines, participation in the Plan does not affect, and is not affected by, participation in any other Employee Incentive Scheme by the Company unless the terms of that other Employee Incentive Scheme provide otherwise.

11 Notices

Any notice or direction given under these Rules is validly given if it is handed to the person concerned or sent by ordinary prepaid post to the person's last known address or given in any reasonable manner which the Board from time to time determines.

12 Plan costs and brokerage

- (a) Unless otherwise determined by the Board, the Company must pay:
 - (i) all costs, charges and expenses relating to the establishment and operation of the Plan; and
 - (ii) any brokerage for the acquisition of Shares under the Plan.
- (b) For the avoidance of doubt, the Company is not responsible for any brokerage payable in relation to the sale of Shares held by any Participant.

13 Overseas Eligible Employees

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

- (a) invite Eligible Employees who are resident outside of Australia to participate in the Plan; and
- (b) make regulations for the operation of the Plan which are not inconsistent with these Rules to apply to Eligible Employees and Participants who are resident outside of Australia.

14 General restrictions

14.1 General

Notwithstanding any Rule, Shares may not be issued, transferred or dealt with under the Plan if to do so would contravene the Applicable Law or where the compliance with any Applicable Law would in the opinion of the Board be unduly onerous or impractical.

14.2 Limit on aggregate number of Shares

Unless otherwise determined by the Board, taking into account what it considers to be all relevant factors, an offer of Shares may only be made under the Plan at any particular time, if:

- (a) the number of Shares that may be acquired, whether by exercise of rights or options on issue or otherwise, under any Employee Incentive Scheme (including the Plan) in the last three years; plus
- (b) the number of Shares which would be issued if each already issued and outstanding offer with respect to Shares and options over Shares under any Employee Incentive Scheme (including the Plan) was to be accepted,

does not exceed 5% (five percent) of the total number of issued Shares as of the time of the offer.

15 Amendment of the Rules, Vesting Conditions or terms of issue

15.1 General

Subject to Rule 15.2 and the Applicable Law, the Board may amend, add to, delete, revoke or otherwise vary any or all of the terms of issue of Shares or these Rules at any time in any manner it thinks fit in its absolute discretion (**Amendment**).

15.2 Limitation on Amendments

No Amendment to the provisions of these Rules may be made which reduces the rights of Participants in respect of Shares acquired by them prior to the date of the Amendment, other than an Amendment introduced primarily:

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

16 Governing law

These Rules are governed by and shall be construed in accordance with the laws of the State of New South Wales.