



BEGA CHEESE LIMITED

TAX EXEMPT EMPLOYEE

SHARE PLAN RULES

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BEGA CHEESE LIMITED TAX EXEMPT EMPLOYEE SHARE PLAN RULES

1. Definitions and Interpretation

1.1 Definitions

In these Rules the following terms and expressions have the meanings indicated unless the contrary intention appears:

Acquisition Date means in respect of Shares subscribed for by a Participant pursuant to the Plan, the date on which such Shares are registered in the name of the Participant, or where the Shares are acquired by the Participant other than by way of subscription on such other date as is determined by the Board, so as to ensure the Exemption Conditions are satisfied.

Acquisition Price means the issue price or purchase price of Shares offered for subscription or purchase (as the case may be) under clause 5.3.

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

- (a) the Corporations Act and its applicable regulations;
- (b) the Listing Rules (as applicable);
- (c) the Constitution;
- (d) ITAA 1997;
- (e) any practice note, policy statement, regulatory guide, class order, declaration, guideline, policy, procedure, ruling, judicial interpretation or other guidance note made to clarify, expand or amend (a), (b), (c), and (d) above; and
- (f) any other legal requirement that applies to the Plan.

Application means an application by a Qualifying Employee to participate in the Plan made in response to an Invitation Letter.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) trading as the Australian Securities Exchange.

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 any person who is provided with delegated authority by the board from time to time, which are or is appointed for the purposes of this Plan.

Bonus Share means a Share issued as part of a pro rata bonus issue to shareholders of the Company.

Company means Bega Cheese Limited (ABN 81 008 358 503).

Constitution means the constitution of the Company as amended from time to time.

Corporations Act means the *Corporations Act* 2001 (Cth) as amended from time to time.

Dividends means any dividends paid by the Company.

Employee means any full-time, part-time or casual employee of any member of the Group.

Exemption Conditions means the exemption conditions set out in section 83A-35 of the ITAA 1997.

Group means the Company and its Related Bodies Corporate.

Holding Lock means a mechanism arranged or approved by the Board and administered by the Company (including through the Company's share registry) that prevents Shares being disposed of or dealt with by a Participant during the Holding Lock Period.

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

- (a) the date three years after the relevant Acquisition Date of the Shares or such date as may be determined by the Board in its discretion so as to satisfy the Exemption Conditions; or
- (b) the day after the date on which a Participant ceases to be an Employee.

For the avoidance of doubt, a Participant who has been granted an approved leave of absence and who exercises the right to return to work, under any applicable award, enterprise agreement, other agreement, statute or regulation, will not be treated as having ceased to be employed by a member of the Group.

Invitation means an invitation to a Qualifying Employee to acquire Shares under the Plan.

Invitation Letter means a letter from the Company to a Qualifying Employee, which contains the Invitation.

ITAA 1997 means the *Income Tax Assessment Act* 1997 (Cth) as amended from time to time.

Listing Rules means the official listing rules of the ASX as amended from time to time.

Participant means a Qualifying Employee:

- (a) whose Application to participate in the Plan has been accepted by the Company; and
- (b) who subscribes for and is issued Shares pursuant to these Rules or has Shares transferred to them pursuant to the Plan.

Plan means the Bega Cheese Tax Exempt Employee Share Plan in respect of which these Rules apply.

Qualifying Employee means, subject to clause 4, an Employee or category of Employees

declared by the Board in its sole and absolute discretion to be eligible to receive grants of Shares under the Plan.

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

Remuneration means, in relation to a Qualifying Employee, the payments, emoluments and other benefits which the Qualifying Employee may become entitled to receive from time to time as remuneration for services to be provided or work to be performed by the Qualifying Employee in the course of, or in connection with, his or her employment as an employee of the Group.

Rights means any rights affecting a Share entitling the holder of the Share to acquire additional shares in the Company.

Rules means these rules in respect of the operation of the Plan as amended from time to time.

Salary Sacrifice means where the Employee agrees to contractually forgo part of their future Remuneration that they would otherwise receive in return for a benefit of a similar value.

Security Interest means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature.

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

Tranche means such number of Shares acquired by or issued to a Participant as a consequence of the acceptance of an Application by the Company.

1.2 Interpretation

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

- (a) the expression person includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (b) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation and, in the case of a trustee, includes any substituted or additional trustee;
- (c) a reference to any document (including these Rules) is to that document as varied, novated, ratified or replaced from time to time;
- (d) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (e) words importing the singular include the plural (and vice versa), and words indicating a gender include every other gender;

- (f) references to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of these Rules, and a reference to these Rules, includes any schedule, exhibit or annexure to these Rules;
- (g) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (h) the word "includes" in any form is not a word of limitation;
- (i) a reference to "\$" or "dollar" is to Australian currency;
- (j) nothing in these Rules is intended to create a mortgage or other security over Shares; and
- (k) nothing in these Rules is intended to create an agency relationship between any trustee and the Company.

1.3 Applicable Laws

These Rules, the acquisition of any Shares and the rights attaching to the Shares will at all times be subject to all Applicable Laws.

1.4 Rounding

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

1.5 Headings

Headings are inserted in these Rules for convenience only and do not affect the interpretation of these Rules.

2. Purpose

The purpose of the Plan is to:

- (a) reward Qualifying Employees for helping position the Company for its initial public offering;
- (b) assist in the reward, retention and, motivation of Employees;
- (c) align the economic interests of Qualifying Employees with shareholders by providing an opportunity to earn rewards via an equity interest in the Company based on creating shareholder value; and/or
- (d) provide a tax efficient structure for the provision of equity to Qualifying Employees.

3. Commencement of Plan

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

4. Operation of the Plan

4.1 Exemption Conditions

The Plan will be operated so that Shares acquired by Qualifying Employees under the Plan satisfy the Exemption Conditions so as to permit the application of section 83A-35 of the ITAA 1997.

4.2 Non-Discriminatory basis

Without limiting the foregoing, the Plan will be operated on a non-discriminatory basis within the meaning of that expression in section 83A-35(6) of the ITAA 1997.

5. Eligibility and grant

5.1 Participation

Subject to clause 4, the Board may from time to time in its sole and absolute discretion determine that Qualifying Employees may participate in the Plan.

5.2 Invitations to acquire Shares

- (a) Following determination that Qualifying Employees may participate in the Plan, the Board may from time to time make Invitations to Qualifying Employees to acquire Shares under the Plan.
- (b) The Invitation Letter will be in such form and contain such content as the Board determines, but will in each case specify the consideration payable (if any) in respect of the Shares and the number and/or value of Shares which are the subject of the Invitation.

5.3 Acquisition Price

The Board will determine from time to time at its discretion the Acquisition Price (if any) of Shares to be paid by Participants under the Plan. The Acquisition Price (if any) of Shares under the Plan will be specified in each Invitation.

6. Application

Unless otherwise determined by the Board in its sole and absolute discretion, a Qualifying Employee who wishes to apply to participate in the Plan in response to an Invitation must on or before the period of time allowed for acceptance of the Invitation give an Application:

- (a) to the person specified in the Invitation; and

- (b) in accordance with any instructions or conditions set out in the Invitation.

7. Employee share trust

The Board may in its sole and absolute discretion use an employee share trust or other mechanism for the purposes of holding Shares for Participants under the Plan and/or delivering Shares to Participants.

8. Acquisition of Shares

8.1 Board's discretion

The Board may determine in respect of each Invitation to Qualifying Employees the method by which Shares may be acquired under the Plan.

8.2 Methods

Shares may be acquired under the Plan in the following ways as determined by the Board from time to time:

- (a) by way of allotment and issue of Shares in the Company;
- (b) by acquiring Shares from a third party; or
- (c) by any combination of the methods set out in subclauses (a) or (b).

8.3 Payment for Shares

The method of payment for Shares will be determined by the Board from time to time, having regard to the following:

- (a) the Company may issue Shares to Participants for such amount as determined, including but not limited by issuing Shares for nil consideration;
- (b) the Company may require or invite a Qualifying Employee to pay money on account of Shares to be acquired by or issued to a Participant under the Plan, either by cash or Salary Sacrifice, in relation to any Shares to be acquired or issued. On receipt of those funds the Company will arrange for the Shares either to be issued to or acquired by the Qualifying Employee. The Company or one of its delegates will then be responsible for payment of the purchase price to the relevant party or parties (as relevant). The Company will hold funds received on trust for the Qualifying Employee concerned until the Shares are registered in the name of the Qualifying Employee; and/or
- (c) any combination of subclauses (a) or (b).

The Company will not require or invite a Qualifying Employee to deposit with or lend money to any member of the Group in connection with the Plan.

9. Limit on transfer or encumbrance

9.1 Holding Lock

A Holding Lock will be applied to each Tranche of Shares held by a Participant under the Plan for the duration of the Holding Lock Period applicable to the relevant Shares.

9.2 No transfer or encumbrance

During the Holding Lock Period applicable to any Tranche of Shares, the Shares may not be transferred and a Participant must not grant (or purport to grant) any Security Interest in or over or otherwise dispose of or deal with (or purport to otherwise dispose or deal with) that Tranche of Shares held by the Participant or any interest in that Tranche of Shares so held.

9.3 Disposal restrictions

Each Participant:

- (a) agrees that the Shares held by the Participant will be subject to a Holding Lock for the Holding Lock Period applicable to the relevant Tranche of Shares; and
- (b) undertakes not to request the removal of the Holding Lock (or permit or authorise another person to do so) other than in accordance with these Rules.

9.4 Other restrictions

The Board may in its discretion take such action as it considers necessary to enforce the Holding Lock or otherwise ensure the Exemption Conditions are satisfied.

9.5 Quotation of Shares

Upon release of Shares which were issued by the Company to a Participant from the Holding Lock, if at that time the Company is listed on the ASX, the Company will seek to have those Shares quoted on the ASX.

9.6 Disposal subject to Applicable Laws

The disposal of Shares is subject to any disposal restriction required by Applicable Laws.

10. Rights attaching to Shares

10.1 Shares rank equally

Subject to clause 9, any Shares allotted, issued or transferred to a Participant under the Plan will rank equally with all existing Shares on and from the date of issue in respect of all Rights issues, Bonus Share issues and Dividends which have a second date for determining entitlements on or after the date of allotment, issue, or transfer of those Shares.

10.2 Dividends

A Participant is entitled to all Dividends declared or paid on the Shares held by the Participant, irrespective of whether a Holding Lock continues to apply to the Shares.

10.3 Rights

A Participant is entitled to any Rights which accrue to Shares held by the Participant and may sell those Rights or accept the Rights and subscribe for the underlying securities or options in accordance with the terms of their offer.

10.4 Voting

A Participant may exercise any voting rights attaching to Shares, or may appoint a proxy to represent and vote for him or her, at any meeting of the members of the Company, irrespective of whether a Holding Lock continues to apply to the Shares.

11. Adjustments for capital reconstructions

The number of Shares held by a Participant under the Plan will be adjusted in accordance with the Listing Rules following any variation in the share capital of the Company arising from:

- (a) a reduction, subdivision or consolidation of share capital;
- (b) a reorganisation of share capital;
- (c) a distribution of assets in specie;
- (d) the payment of a dividend, otherwise than in the ordinary course, of an amount substantially in excess of the Company's normal distribution policy; or
- (e) any issue of Shares or other equity securities or instruments which convert into Shares by way of capitalisation of profits or reserves.

Upon any adjustment being made pursuant to this clause the Board will notify each Participant (or his or her legal personal representative where applicable) in writing, informing them of the number of Shares to be then held by the participant.

12. Administration of the Plan

12.1 Plan to be administered in accordance with the Rules

The Plan will be administered by the Board in accordance with these Rules. The Board may make regulations for the operation of the Plan which are consistent with these Rules.

12.2 Delegation of powers

Any power or discretion which is conferred on the Board by these Rules may be delegated by the Board for such period and upon such conditions as the Board may determine to:

- (a) a committee consisting of such directors as the Board determines; or
- (b) any one or more persons selected by the Board, including but not limited to, the company secretary of the Company as appointed from time to time.

12.3 Decisions are final, conclusive and binding

Every exercise of discretion by the Board (or its delegate) and any decision by the Board (or its delegate) as to the interpretation, effect or application of these Rules is final, conclusive, and binding.

12.4 Notice

- (a) Address for service
 - (i) Any notice required to be given under the Plan to a Participant will be sent to the address of the Participant as entered in the register unless delivered in person.
 - (ii) Any notice required to be given under the Plan to the Company will be sent to the registered office of the Company or such other address as is notified to Participants from time to time.
- (b) Delivery of notices
 - (i) Any notice to be given to Participants may be delivered by hand to the Participant or by any other means specified in the Constitution for delivery of notices to members.
 - (ii) Any notice to be given to the Company may be delivered by hand or by prepaid post. Notices may also be given to the Company by means of facsimile, e-mail or other mode of electronic delivery to such address as is notified by the Company to the Participant.
 - (iii) Notices delivered to Participants in accordance with the Constitution will be taken to be delivered in accordance with the Constitution. Notices delivered to the Company by pre-paid post will be taken to be delivered if properly

addressed and stamped, 48 hours after mailing in Australia and 7 days after mailing outside Australia. Notices delivered by facsimile, e-mail or other mode of electronic delivery will be taken to be delivered on receipt of a successful transmission notice, return receipt or such other confirmation by which the sender can reasonably verify delivery.

13. No employment contract

Nothing in these Rules:

- (a) confers upon a Qualifying Employee a right to Shares;
- (b) confers on a Qualifying Employee or a Participant the right to continue as an employee of any member of the Group;
- (c) affects the rights of any member of the Group to terminate the employment of a Qualifying Employee or a Participant;
- (d) affects the rights and obligations of any Qualifying Employee or Participant under the terms of their employment with any member of the Group;
- (e) confers any legal or equitable right on a Qualifying Employee or a Participant whatsoever to take action against any member of the Group in respect of their employment; or
- (f) confers on a Qualifying Employee or a Participant any rights to compensation or damages in consequence of the termination of their employment by any member of the Group for any reason whatsoever including ceasing to have rights under the Plan as a result of such termination.

14. Plan amendment

14.1 Amendment of Plan

- (a) Subject to the Listing Rules, the Constitution, and clause 14.1(b), the Board may at any time amend these Rules or the terms and conditions upon which any Shares have been issued under the Plan.
- (b) No amendment to these Rules or to Shares granted under the Plan may be made if the amendment materially reduces the rights of any Participant (unless agreed by the Participant) in respect of Shares granted to them prior to the date of the amendment other than an amendment introduced primarily:
 - (i) for the purposes of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;
 - (ii) to correct any manifest error or mistake;
 - (iii) for the purpose of complying with the Applicable Laws;

- (iv) to allow the Company to utilise a trust arrangement for the purposes of dealing with Shares issued or acquired under the Plan; or
 - (v) to take into consideration possible adverse taxation implications in respect of the Plan from matters 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.
- (c) The Board may determine or procure that any amendment to these Rules or the terms of Shares granted under the Plan be given retrospective effect.
 - (d) Any amendment of these Rules or the terms and conditions upon which Shares are granted under the Plan by the Board or the Company at the request of the Board will be of immediate effect unless otherwise determined by them.
 - (e) As soon as reasonably practicable after the making of any amendment to these Rules or the terms and conditions of Shares granted under the Plan the Board will give notice of the amendment to any 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.

14.2 Amendment by addendum

Subject to any other provision of these Rules, the Board may from time to time amend the terms of this Plan as they will apply in particular jurisdictions or circumstances by means of an addendum to these Rules.

15. Termination or suspension

- (a) Subject to clause 15(b), the Board may at any time terminate the Plan or suspend the operation of the Plan for such period or periods as it thinks fit.
- (b) The Board may only terminate the Plan in the event that no Holding Lock Period continues to apply to any Share held by the Participant under the Plan.

16. Expenses

Unless otherwise determined by the Board at its absolute discretion, the Company:

- (a) will be responsible for any brokerage or incidental expenses which may become payable by a Participant in connection with the issue and allotment of Shares; but
- (b) will not be responsible for any brokerage or incidental expenses which may become payable by a Participant in connection with the subsequent sale, transfer or disposal of Shares in accordance with this Plan.

17. ASIC Relief

Notwithstanding any other provisions of the Plan, every covenant or other provisions set out in an exemption or modification granted from time to time by ASIC in respect of the Plan or which applies to the Plan pursuant to its power to exempt and modify the Corporations Act and required to be included in the Plan in order for that exemption or modification to have full effect, is deemed to be contained in the Plan. To the extent that any covenant or other provision deemed by this clause 17 to be contained in the Plan is inconsistent with any other provision in the Plan, the deemed covenant or other provision will prevail.

18. Non-exclusivity

18.1 Non-exclusivity

This Plan will not be deemed to be the exclusive method of providing incentive compensation to Qualifying Employees, nor will it preclude any member of the Group from authorising or approving other forms of incentive compensation for employees of any member of the Group.

18.2 Relationship to other share plans

Participation in this Plan will not affect or be affected by any participation in any other employee equity plan operated by any member of the Group, except as specifically provided in the terms of that other plan.

19. General

19.1 No fiduciary obligation

Any power or discretion which is conferred on the Board by these Rules may be exercised by the Board in the interests, or for the benefit, of the Company, and the Board is not, in exercising any such power or discretion, under any fiduciary obligation or other obligation to any other person.

19.2 Listing Rules

While the Company remains admitted to the ASX, the provisions of the Listing Rules of the ASX will apply to the Plan, and to the extent that the Plan and the Listing Rules are inconsistent, the provisions of the Listing Rules will apply.

19.3 Governing Law

This Plan, and any Shares granted under it, is governed by, and must be construed according to, the laws of the State of New South Wales and the Commonwealth of Australia.