

**SERVCORP LIMITED**  
**ACN 089 222 506**

**EXECUTIVE SHARE OPTION SCHEME**

**AS APPROVED BY SHAREHOLDERS ON 19 OCTOBER 1999 AND 24 MAY 2001**  
**AS AMENDED BY SHAREHOLDERS ON 17 NOVEMBER 2000**  
**AS AMENDED BY SHAREHOLDERS ON 26 MAY 2008**  
**AS AMENDED BY THE BOARD ON 22 SEPTEMBER 2008**  
**AS AMENDED BY THE BOARD ON 24 MARCH 2016**

# **TERMS AND CONDITIONS OF THE SERVCORP LIMITED EXECUTIVE SHARE OPTION SCHEME**

## **Background**

The purpose of the Servcorp Limited Executive Share Option Scheme is to:

- (a) encourage participation by Eligible Executives in the Company through Share ownership; and
- (b) attract, motivate and retain Eligible Executives.

## **Terms and conditions**

The terms and conditions of the Servcorp Limited Executive Share Option Scheme are as follows:

### **1. DEFINITIONS**

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

**ASX** means ASX Limited ACN 008 624 691, or if the context so requires, one or more of its Related Bodies Corporate.

**ASX Market Rules** means the ASX Market Rules as published by the ASX, as amended from time to time.

**Board** means the board of directors of the Company.

**Bonus Date** means any date after the Issue Date and before exercise or expiry of the Outstanding Options, on which entitlements are ascertained for holders of Shares to participate in any bonus issue by the Company.

**Business Day** has the meaning given to that term in the Listing Rules.

**Change of Control Event** means a person, or a group of associated persons, becoming entitled to sufficient Shares to give that person or those persons the ability, in general meeting, to replace all or a majority of the Board.

**Class Order** means ASIC Class Order 14/1000 and/or any other legally binding instrument dealing with the same subject matter, or any amendment or replacement thereof.

**Company** means Servcorp Limited ACN 089 222 506 and any of its controlled entities.

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

**EPS** means earnings per share, as reported by the Company in the release of its audited end of year financial results to the ASX.

**EPS Performance** means the growth (expressed as a percentage) in EPS of the Company from one financial year to the next financial year. For example, the EPS Performance for the 2008 financial year would be calculated as follows:

$$P = (2008 \text{ EPS} - 2007 \text{ EPS}) \div 2007 \text{ EPS} \times 100$$

where,

"P" means EPS Performance;

"2007 EPS" means the EPS for the 2007 financial year; and

"2008 EPS" means the EPS for the 2008 financial year.

**Eligible Executive** means any person who is employed on a full or part time basis by the Company in a management role and whom the Board determines is eligible to participate in the Option Scheme. Non-Executive Directors are not eligible to participate in the Option Scheme.

**Exercise Notice** means a notice substantially in the form of Schedule 1.

**Exercise Period** means, in respect of a grant of Options, the period commencing on the date which is 36 months after the Issue Date and ending on the Expiry Date other than each period of six weeks prior to and including the date on which the Company lodges its half-year report or preliminary final report with ASX for release to the market.

**Exercise Price** means, subject to the Listing Rules and clause 8 and 10:

- (a) in relation to the Initial Options, the IPO Price; and
- (b) in relation to all Options, other than the Initial Options, the price determined by the Board on or before the date on which the Options are offered under clause 3, provided that:
  - (i) the price determined by the Board must be equal to or greater than the greater of:

- (A) the closing share price for the Shares, as published by ASX after close of the market on the trading day immediately preceding the date the Options are offered under clause 3; and
  - (B) the volume weighted average market price for sales of the Shares on ASX over the thirty trading days prior to the date on which the Options are offered under clause 3; and
- (ii) in default of the Board determining the price, it shall be an amount equal to the greater of:
- (A) the closing share price for the Shares, as published by ASX after close of the market on the trading day immediately preceding the date the Options are offered under clause 3; and
  - (B) the volume weighted average market price for sales of the Shares on ASX over the thirty trading days prior to the date on which the Options are offered under clause 3.

**Expiry Date** means, in relation to an Option, the earlier of:

- (a) five years after the Issue Date of the Option; and
- (b) the date on which the Optionholder of the Option ceases to be an employee of the Company or any of its subsidiaries, other than as a result of the death of the Optionholder or such later date as the Board in its absolute discretion determines on or before the date the Optionholder ceases to be an employee of the Company or any of its subsidiaries.

**Issue Date** means the date on which an Option is issued by the Company as set out in the Option Certificate for the Option.

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

**Offer Document** means an offer document in the form set out in Schedule 2, or such form as prescribed by the Corporations Act or the Class Order.

**Option Certificate** means the certificate issued by the Company to an Optionholder setting out the number of Options issued to the Optionholder, the Issue Date, the Exercise Price and the Exercise Period relating to those Options.

**Option Scheme** means the Servcorp Limited Executive Share Option Scheme constituted by these terms and conditions.

**Optionholder** means the person registered in the Company's register of option holders as the holder of Options.

**Options** means options over unissued Shares issued pursuant to this Option Scheme.

**Outstanding Options** means, in relation to an Optionholder, Options which remain unexercised from time to time.

**Related Body Corporate** has the meaning given to that term by the Corporations Act.

**Servcorp Employee Share Option Scheme** means the option scheme established by the Company on or about the same date as this option scheme known as the Servcorp Employee Share Option Scheme.

**Shares** means fully paid ordinary shares in the capital of the Company, or the ordinary shares into which fully paid ordinary shares are reconstructed from time to time.

**Takeover Period**, in relation to a takeover scheme or takeover announcement in respect of Shares, means the "Offer Period" as that term is defined in the Corporations Act, provided that where a takeover is publicly announced prior to the commencement of the Takeover Period, the Takeover Period will be deemed to have commenced at the time of that announcement.

**Tax Act** means the *Income Tax Assessment Act 1997* or any legislation amending or replacing the provisions of that Act relating to issue and exercise the Options.

**Vested Options** means the number of options granted to an Optionholder, that have vested in the Optionholder, with such vesting subject to the applicable EPS Performance of the Company and the corresponding Vesting Percentage as set out in Schedule 4.

**Vesting Percentage** means the percentage of Options (as detailed in Schedule 4) granted to an Optionholder, that vest (and become Vested Options), as a result of the applicable EPS Performance of the Company.

## **2. INTERPRETATION**

In these terms and conditions, unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the interpretation of these terms and conditions;
- (b) the singular includes the plural and vice versa;
- (c) the word "person" includes a firm, body corporate, unincorporated association and governmental authority;
- (d) a reference to any statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (e) a reference to a document includes an amendment or supplement to, or replacement or novation of, that document;
- (f) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (g) an agreement, representation or warranty on the part of or in favour of two or more persons binds or is for the benefit of them jointly and severally;
- (h) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (i) a reference to a currency is a reference to Australian currency unless otherwise indicated;
- (j) a reference to time is a reference to the time in Sydney, Australia; and
- (k) an expression defined in, or given a meaning for the purposes of, the Corporations Act has the same meaning where used in these terms and conditions.

## **3. OPTION ENTITLEMENT AND VESTING OF OPTIONS**

- 3.1** The Board may, from time to time, offer in writing to grant Options to Eligible Executives for a specified number of Options in accordance with these terms and conditions.

- 3.2** There shall be no option fee payable by the Eligible Executive.
- 3.3** Subject to clauses 3, 4, 5, 8 and 9, each Option entitles the Optionholder to subscribe for one Share at the Exercise Price.
- 3.4** On offer of Options to an Eligible Executive, the Company must provide the Eligible Executive with an Offer Document which, for the purpose of acceptance, must be signed by the Eligible Executive and returned to the Company. Where the Company receives a signed Offer Document in accordance with this clause the Company must, subject to the Listing Rules, grant the relevant number of Options to the Optionholder and issue the Optionholder with an Option Certificate.
- 3.5** Options granted to an Optionholder will only vest subject to the EPS Performance of the Company, and the application of the applicable Vesting Percentage (as detailed in Schedule 4) for such EPS Performance, whereupon the Options become Vested Options.
- 3.6** Any Options granted to an Optionholder which do not become Vested Options will lapse immediately.

#### **4. DURATION OF OPTIONS**

- 4.1** Options expire at 5.00pm on the Expiry Date.
- 4.2** Options not exercised on or before 5.00pm on the Expiry Date automatically lapse.

#### **5. EXERCISE OF OPTIONS**

- 5.1** For the avoidance of doubt, an Optionholder may only exercise Outstanding Options.
- 5.2** Subject to clause 5.3, an Optionholder whose exercise of Options would not be in breach of clause 12 may, at any time during the Exercise Period only, exercise Outstanding Options, in whole or in part, by lodging with the Company at its registered office:
- (a) the Option Certificate (unless the Company waives the need for its lodgement);
  - (b) a duly completed and signed Exercise Notice;
  - (c) the subscription money for the relevant Shares, being the number of Options specified in the Exercise Notice multiplied by the Exercise Price; and

- (d) any other information or documentation required by the Company acting reasonably.

**5.3** Notwithstanding clause 5.2, an Optionholder may exercise Outstanding Options:

- (a) during a Takeover Period; or
- (b) after a Change of Control Event has occurred.

## **6. LIMITATIONS ON NUMBER OF OPTIONS**

Any offer of an eligible product under the Plan in reliance of ASIC CO 14/1000 must, at the time of making the offer, have reasonable grounds to believe that the number of underlying eligible products in a class of underlying eligible products that form part of the issued capital that have been or may be issued in any of the circumstances covered by the following paragraphs will not exceed 5% of the total number of underlying eligible products in that class on issue:

- (a) underlying eligible products that may be issued under the offer;
- (b) underlying eligible products issued or that may be issued as a result of offers made at any time during the previous 3 year period under:
  - (i) an employee incentive scheme covered by ASIC CO 14/1000; or
  - (ii) an ASIC exempt arrangement of a similar kind to an employee incentive scheme.

## **7. ISSUE OF SHARES ON EXERCISE**

**7.1** Subject to clause 5, the Company must:

- (a) acquire the number of Shares which corresponds with the number of Options being exercised under clause 5 to the Optionholder; and
- (b) apply for official quotation of the Shares acquired if from a new issue on ASX,

within 15 Business Days after the date the Options are exercised.

**7.2** If the Company determines to cause the transfer of Shares to Participant, the Shares may be acquired in such manner as the Company considers appropriate, including from a trustee appointed under clause 7.3.

**7.3** The Company may appoint a trustee on terms and conditions which it considers appropriate to acquire and hold Shares, options, or other securities of the Company either on behalf of participants or for the purposes of the Plan



## **8. RECONSTRUCTIONS**

If at any time prior to the exercise by the Optionholder of any Options there is any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the Options will be reorganised in the manner required by the Listing Rules on a reconstruction of capital at the time of the reconstruction.

## **9. BONUS ISSUES**

On each Bonus Date, each Option confers on the Optionholder the right to receive, on exercise of those Options (after they have become Outstanding Options), not only one Share for each of the Outstanding Options exercised but also the additional Shares and/or other securities the Optionholder would have received had the Optionholder participated in that bonus issue as a holder of Shares of a number equal to the Shares that would have been allotted to the Optionholder had the Optionholder exercised those Outstanding Options immediately before that Bonus Date.

## **10. PARTICIPATION IN NEW ISSUES**

- 10.1** If at any time during the Exercise Period in respect of an Option, the Company makes a pro-rata offer or invitation of securities of the Company or any other entity to holders of Shares, the Company must give the Optionholder notice of such offer or invitation by the later of the Business Day after the new issue is announced to ASX and 9 Business Days before the record date to determine entitlements to receive that offer or invitation to enable the Optionholder to exercise any Outstanding Options and receive that offer or invitation in respect of the Shares to be allotted on exercise of the Outstanding Options.
- 10.2** Subject to paragraph 10.3, an Optionholder cannot (unless the Corporations Act or Listing Rules so require) participate in any new issues of securities by the Company without first exercising the Options.
- 10.3** If at any time prior to the exercise by the Optionholder of any Outstanding Options the Company gives holders of shares the right (pro-rata with existing shareholdings) to subscribe for additional securities (which for avoidance of doubt does not include a bonus issue) and the Option is not exercised before the record date to determine entitlements to receive the right, the Exercise Price of the Option after the issue of those securities is adjusted in accordance with the formula set out in Schedule 3.

## **11. PARI PASSU RANKING**

**11.1** Subject to clause 11.2, any Shares allotted pursuant to any exercise of the Options rank pari passu in all respects with other Shares of the Company on issue at the date of allotment.

**11.2** Where any Shares are allotted pursuant to the exercise of Options during a period in respect of which a dividend is declared, the holder of those Shares is only entitled to receive the dividend where the Shares were allotted on or before the relevant dividend entitlement date.

## **12. COMPLIANCE WITH LAW AND ORDERS**

**12.1** An Optionholder must not exercise any of its Options to have Shares issued to it and no purported exercise has any effect, if in doing so it would be in breach of, or would cause the Company or its related bodies corporate to be in breach of:

- (a) any provision of the Foreign Acquisitions and Takeovers Act 1975 (Cwth);
- (b) any undertaking given by the Company to the Foreign Investment Review Board at the request of the Foreign Investment Review Board from time to time;
- (c) the Listing Rules;
- (d) the Corporations Act;
- (e) the Company's Constitution; or
- (f) any other applicable law.

**12.2** For the purposes of clause 12.1, references to the *Foreign Acquisitions and Takeovers Act* means the relevant Act as it may be amended or modified or replaced by another act dealing with similar subject matter.

## **13. CALCULATIONS**

**13.1** Any calculations or adjustments which are required to be made for the purpose of any Options must be made by the auditors of the Company for the time being and will, in the absence of manifest error, be final, conclusive and binding on the Optionholder.

**13.2** The Company must notify an Optionholder of any adjustment made to the Exercise Price or the number of the Optionholder's Outstanding Options within 10 Business Days after the date of the adjustment.

#### **14. REPLACEMENT OF CERTIFICATES**

If any Option Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the registered office of the Company on payment by the claimant of the expenses incurred in connection with the replacement and on any terms as to evidence, indemnity and security as the Company may reasonably require. Mutilated or defaced Option Certificates must be surrendered before replacements will be issued.

#### **15. HEDGING UNVESTED OPTIONS**

An Optionholder must not enter into transactions or arrangements, including by way of derivatives or similar financial products, which limit the economic risk of holding unvested Options.

#### **16. TAX OR SOCIAL SECURITY CONTRIBUTIONS**

Where the Company, or a subsidiary (within the meaning of the Corporations Act) of the Company, must account for any tax or social security contributions (in any jurisdiction) for which a Participant is liable because of the issue or transfer of Shares on the vesting and exercise of the Option, either the Company or subsidiary of the Company may withhold an amount in its discretion or the Optionholder must, prior to the Optionholder's Shares being issued or transferred on vesting and being exercised, either:

- (a) pay the specified amount to the Company; or
- (b) make acceptable arrangements with the Company for the specified amount to be made available to the Company.

#### **17. ADMINISTRATION AND AMENDMENT**

This Option Scheme will be administered by the Board who have the power to:

- (a) determine procedures from time to time for administration of this Option Scheme consistent with the terms and conditions of the Option Scheme;
- (b) subject to the Listing Rules, amend or modify the terms and conditions of the Option Scheme;
- (c) subject to clause 13.1, resolve conclusively all questions of fact or interpretation arising in connection with this Option Scheme; and

- (d) delegate to any one or more persons, for any period and on any conditions determined by the Board, the exercise of any of the Board's powers or discretions arising under this Option Scheme.

## **18. NOTICES**

Any notice regarding the Options will be sent to the registered address of the Optionholder as recorded in the register of option holders maintained by the Company.

## **19. GOVERNING LAWS**

The Options are governed by and must be construed in accordance with the laws of New South Wales.

## **20. DUTIES AND TAXES**

The Company is not responsible for any duties or taxes which may become payable in connection with the issue and allotment of Shares pursuant to an exercise of the Options or any other dealing with the Options or Shares.

## **21. NO ASSIGNMENT OF OPTIONS**

The Options may not be assigned or transferred by the Optionholder to any other person. This does not prevent the exercise of the Options by the estate of a deceased Optionholder.

## **22. EFFECT ON EMPLOYEE ENTITLEMENTS**

**22.1** Participation in the Plan does not affect an Eligible Executive's terms of employment or appointment with the Company. In particular, participation in the Plan does not detract from any right the Company may have to terminate the employment or appointment of an Eligible Executive.

**22.2** Participation in the Plan, or the issuing of Options, does not form part of the Eligible Executive's remuneration for the purposes of determining payments in lieu of notice of termination of employment, severance payments, leave entitlements, or any other compensation payable to an Eligible Executive upon the termination of employment.

## **23. QUOTATION ON ASX**

The Options will not be quoted on ASX.

**SCHEDULE 1**

**SERVCORP LIMITED  
ACN 089 222 506**

**EXECUTIVE SHARE OPTION SCHEME - OPTION EXERCISE NOTICE**

I, ..... being the registered holder of the Options specified below, elect to exercise the Options as specified below in accordance with clause 5 of the terms and conditions of the Executive Share Option Scheme.

Number of Options being exercised: .....

Name and address of the Shareholder to be entered into the register of members in respect of Shares issued:

.....

.....

..... Postcode .....

Enclosed with this notice is the certificate for the Options referred to above together with the relevant exercise money being \$.....

In exercising the Options in relation to the Shares, I agree to be bound by the provisions of the constitution of Servcorp Limited. I undertake not to sell, offer or otherwise deal with the shares issued to me within 12 months of the date of such issue in circumstances where a sale, offer or other form of dealing would breach the secondary sale provisions contained in the Corporations Act (insofar as they apply to the shares to be issued to me).

Date: .....

.....

Signed by the Optionholder

## SCHEDULE 2

### OFFER DOCUMENT

[Name and address of Eligible Executive]

Dear [\*]

#### EXECUTIVE SHARE OPTION SCHEME

The board of directors of Servcorp Limited (**Company**) is pleased to make an offer to you of [\*] options pursuant to its Executive Share Option Scheme (**Scheme**).

The granting of options to you is to encourage and reward superior business performance. Consequently, the options will only vest if Earnings Per Share (**EPS**) performance hurdles are met by the Company. The "EPS Performance" is the growth (based on the audited financial results) in EPS of the Company from the [\*] financial year to the [\*] financial year.

The following table sets out the percentage of options that will vest with differing levels of EPS Performance:

EPS Performance	Percentage of options that will vest
<10%	0%
≥10% to <15%	50% to 100% determined on a pro-rata basis
≥15%	100%

Until options vest they cannot be exercised by you.

In accordance with ASIC Class Order 14/1000, the Company informs you of the following:

- (a) accompanying this letter is a full copy of the terms of the Scheme;
- (b) this offer remains open for acceptance by you for 14 days from the date of this letter (**Offer Period**);
- (c) the options under the Scheme will be granted to you for nil consideration;
- (d) the option Exercise Price of each of the options is \$[\*] and the Expiry Date is [\*]; and
- (e) the Company undertakes that during the period commencing on the date of this letter and expiring at the end of the Offer Period, it will within a reasonable period of you so requesting, make available to you the current market price of the underlying shares to which the options relate.

The Company may (at its absolute discretion) make a loan facility available to you in order to enable you (if you so wish) to borrow up to 80% of the moneys required to exercise some or all of your options. Should you wish to use the loan facility, you will be required to sign a loan agreement (a copy of which is available on request).

## Summary of Loan Terms

Under the loan agreement, the Company will have a first and paramount lien over the shares issued to you as a result of the exercise of your options. The loan is a "full recourse loan", that is, you will be liable for all monies outstanding under the loan, even if the value, or sale proceeds of the Company's shares purchased with the loaned moneys falls below the outstanding balance. Interest will be payable on the outstanding balance of the loan. You will be liable to pay the loan balance and interest at the earliest of:

- (a) 18 months after the loan agreement is entered into;
- (b) your cessation of employment with the Company or its subsidiary;
- (c) you selling, transferring or otherwise creating an encumbrance over the shares;
- (d) you committing an event of default (entering bankruptcy or attempting to do so); and
- (e) 7 days after you voluntarily elect to make early repayment.

The Company may in its discretion apply any dividend paid on the shares towards (amongst other things) the interest payable and the loan balance.

Your participation in the Scheme may have taxation consequences for you.

You should carefully consider the terms of the Scheme before accepting this offer. Please note that the information contained in this letter is general in nature and does not take into account your investment objectives, financial situation and particular needs. Before making any investment decision based on this information, you should consider consulting a financial adviser or other professional and assess whether the information is appropriate to your circumstances.

Could you please confirm your acceptance of the offer set out in this letter by completing and signing the form on the following page and returning it to the Company on facsimile number [insert].

Yours faithfully

**[\*]**

For and on behalf of

**Servcorp Limited**

**SERVCORP LIMITED**  
**ACN 089 222 506**

**EXECUTIVE SHARE OPTION SCHEME - ACCEPTANCE OF OFFER OF OPTIONS**

The Secretary  
Servcorp Limited

Mr/Mrs/Miss/Ms .....

(PLEASE USE BLOCK LETTERS)

Full Address:

.....  
.....  
..... Postcode .....

Tax File Number: .....

accept the offer for:

..... (Number in Words)

.....(Number in Figures)

options in the Servcorp Limited Executive Share Option Scheme.

I confirm that I agree to the terms and conditions set out in the Offer Document and request you to grant those options and I agree to accept them subject to the terms and conditions of the Servcorp Limited Executive Share Option Scheme.

Signature: .....

Date: .....



### SCHEDULE 3

#### ADJUSTMENT FORMULA

(Clause 10.3)

$$O^1 = O - \frac{E[P-(S+D)]}{N + 1}$$

- $O^1$  = the new Exercise Price of the Option.
- $O$  = the old Exercise Price of the Option.
- $E$  = the number of underlying securities into which one option is exercisable.
- $P$  = the average market price (weighted by reference to volume) of the Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.
- $S$  = the subscription price for a security under the pro rata issue.
- $D$  = the dividend due but not yet paid on the existing Shares (except those to be issued under the pro rata issue).
- $N$  = the number of Shares with rights or entitlements that must be held to receive a right to one new security.

## SCHEDULE 4

### EPS PERFORMANCE CRITERIA

<b>EPS Performance</b>	<b>Vested Percentage</b>
<10%	0%
≥10% to <15%	50% to 100% determined on a pro-rata basis
≥15%	100%