

# Rules of Temple & Webster Group Ltd Employee Share Plan (\$1,000 Tax Exempt)

**Sydney**

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# 1 Definitions and interpretation

## 1.1 Definitions

In these Rules unless the contrary intention appears:

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

- (a) the Corporations Act;
- (b) Corporations Regulations;
- (c) the Listing Rules;
- (d) the ASX Settlement Operating Rules;
- (e) the Tax Act;
- (f) the Tax Administration Act;
- (g) any other applicable practice note, policy statement, class order, declaration, guideline, policy, procedure, ruling or guidance note made to clarify or expand any of (a) to (f) above; and
- (h) the Constitution;

**Application Date** means the last date for receipt of Application Forms as specified in the relevant invitation to apply for Shares;

**Application Form** means the form that the Board determines is to be used by an Eligible Employee to make an offer to participate under the Plan;

**ASX Settlement Operating Rules** means the operating rules of ASX Settlement Pty Limited ACN 008 504 532;

**ASX** means ASX Limited ACN 008 624 691 or the market conducted by it (as the context requires);

**Board** means some or all of the Directors of the Company acting as a board or, where appropriate, a committee of the board;

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

**Company** means Temple & Webster Group Ltd ACN 608 595 660;

**Constitution** means the Company's constitution;

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

**Corporations Regulations** means any and all regulations made under the Corporations Act;

**Director** means a person holding the office of executive or non-executive director;

**Discount** means the total Market Price of the Plan Shares on the date issued less any amount paid in respect of the acquisition of those Plan Shares;

**Disposal Restrictions** means the conditions (if any) imposed by the Plan Committee (in addition to the restrictions in Rule 8(a)) that must be satisfied before a Participant may Dispose of a Plan Share;

**Dispose** includes sell, assign, transfer or otherwise encumber;

**Eligible Person** means an Employee selected by the Plan Committee to participate in the Plan;

**Employee** means any person who is a permanent full-time or permanent part-time employee of the Company or a Related Body Corporate of the Company (including a Director employed in an executive capacity) or an individual who provides services to a Group Company whom the Plan Committee determines to be an Employee for the purposes of the Plan;

**Group** means the Company and each Group Company;

**Group Company** means:

- (a) a Holding Company or Subsidiary of the Company; and
- (b) a Subsidiary of the Holding Company of the Company;

**Holding Lock** has the meaning given to it in Listing Rule 19.12;

**Issue Price** means the price per Plan Share to be paid by an Eligible Person as specified in the invitation and as determined in accordance with Rule 5.4;

**Listing Rules** means the ASX Listing Rules;

**Market Price**, in relation to a Share, means:

- (a) if Shares are listed on the official list of ASX or any other stock exchange approved by the Board, the volume weighted average closing sale price of Shares sold on ASX or the other stock exchange (as applicable) over the last 5 trading days immediately before the relevant date; and
- (b) otherwise, the fair market value of a Share as determined by a valuation methodology approved by the Plan Committee having regard to all customary security valuation factors considered relevant to such a valuation, including conducting the valuation on the basis of an arm's length transaction between an informed and willing seller and an informed and willing buyer under no compulsion to sell or buy, respectively, and without taking into account any Disposal Restrictions on the Shares;

**Minimum Parcel** has the meaning given to the term "Marketable Parcel" in the Listing Rules;

**Non-Discriminatory Basis** means non-discriminatory in relation to at least 75% of the Australian resident permanent Employees who have completed at least 3 years of service (whether continuous or non-continuous) with the Company or a Subsidiary of the Company;

**Participant** means an Eligible Person who agrees to be bound by these Rules and holds Plan Shares;

**Plan** means the Temple & Webster Group Ltd Employee Share Plan as constituted by these Rules;

**Plan Committee** means a committee established by the Board to which power to administer the Plan has been delegated or if there has been no delegation, the Board;

**Plan Share** means a Share acquired under this Plan;

**Product Disclosure Statement** has the meaning given to it in the Corporations Act;

**Purpose** means, in relation to the collection of personal information as contemplated by Rule 19, the facilitation of the operation and the administration of the Plan;

**Related Body Corporate, Subsidiary and Holding Company** each has the meaning given in section 9 of the Corporations Act;

**Rules** means this document, including any schedule or annexure to it;

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

**Tax Act** means the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) or both, as the context requires;

**Tax Administration Act** means the *Taxation Administration Act 1953* (Cth); and

**Trustee** means the person or entity nominated by the Plan Committee from time to time which may hold contributions from Group Companies and Shares on trust for the persons or classes of persons as set out in these Rules on the terms and conditions set out in these Rules and the trust deed.

## 1.2 Interpretation

(a) Reference to:

- (i) one gender includes the others;
  - (ii) the singular includes the plural and the plural includes the singular;
  - (iii) a person includes a body corporate;
  - (iv) a party includes the party's executors, administrators, successors and permitted assigns;
  - (v) a thing includes the whole and each part of it separately;
  - (vi) a statute, regulation, code or other Law or a provision of any of them includes:
    - (A) any amendment or replacement of it; and
    - (B) another regulation or other statutory instrument made under it, or made under it as amended or replaced; and
  - (vii) dollars means Australian dollars unless otherwise stated.
- (b) "Including" and similar expressions are not words of limitation.
- (c) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
- (d) Headings and any table of contents or index are for convenience only and do not form part of these Rules or affect their interpretation.
- (e) If an act must be done on a specified day which is not a Business Day, it must be done instead on the next Business Day.

## 1.3 Primary instruments

These Rules are to be interpreted subject to the Applicable Laws, the Listing Rules and the ASX Settlement Operating Rules (in that order of precedence).

## 2 The Plan

The purpose of the Plan is to provide Eligible Employees with an opportunity to share in the growth in value of the Shares and to encourage them to improve the performance of the Company and its return to shareholders. It is intended that the Plan will enable the Group to retain and attract skilled and experienced employees and provide them with the motivation to make the Group more successful.

## 3 Invitations

### 3.1 *Making invitations*

- (a) The Plan Committee may, subject to Rule 4, from time to time invite Eligible Persons to participate in the Plan.
- (b) Any invitation under Rule 3.1(a) must be made on a Non-Discriminatory Basis.
- (c) The Plan Committee may make the invitation to apply for Shares subject to any Disposal Restrictions or other special conditions which it considers appropriate.

### 3.2 *Minimum Parcel*

The minimum number of Shares an Eligible Person may be invited to apply for must be an amount equal to a Minimum Parcel.

### 3.3 *Maximum Discount*

Unless the Plan Committee determines otherwise, the total Discount on the Plan Shares issued to any Eligible Person must not exceed \$1,000 in any income year or, if different, the amount specified under section 83A-35(2)(a) of the Tax Act

### 3.4 *Form of invitations*

Invitations to apply for Shares made under Rule 3.1 must be made by the Plan Committee in writing and must include or be accompanied by the following information:

- (a) the date of the invitation;
- (b) the number of Shares the Eligible Person is invited to apply for;
- (c) the Issue Price or method of determining the Issue Price;
- (d) the Disposal Restrictions and special conditions (if any) applicable to the invitation;
- (e) the Application Date; and
- (f) any other information required to be specified in the invitation by the Corporations Act, the Listing Rules or considered by the Plan Committee to be relevant.

The Plan Committee must give to each Eligible Employee invited to participate under the Plan, an Application Form to complete, sign and return to the Company.

## 4 Plan limits

- (a) Subject to Rule 4(b), the number of Plan Shares the subject of an invitation to an Eligible Employee is as determined by the Plan Committee.
- (b) The Company must not invite an Eligible Employee to apply for Plan Shares, and must not issue Plan Shares pursuant to any invitation if, at the time of the invitation, the sum of the number of Plan Shares:

- (i) the subject of an invitation;
  - (ii) in the same class which would be issued if all outstanding invitations or Plan Shares issued, made or acquired under the Plan and any other employee share plan of the Company or an Associated Company were exercised or accepted; and
  - (iii) in the same class issued under the Plan or issued under any employee share and option plan of the Company or an Associated Company during the period of 5 years prior to the date of the invitation, exceeds 5% of the total number of issued Shares in that class.
- (c) For the purpose of calculating the limit in Rule 4(b), any invitation made, or Plan Shares issued by way of or as a result of:
- (i) an invitation to a person situated at the time of receipt of the invitation outside Australia;
  - (ii) an invitation that did not require disclosure to the Participant because of an exemption to disclosure contained in section 708 of the Corporations Act; or
  - (iii) an invitation that was made under a disclosure document, will be disregarded.

## 5 Application for Plan Shares

### 5.1 *Application for Plan Shares*

An Eligible Person may apply for Shares specified in an invitation in whole or in part (provided that any partial application is for at least that number of Shares equal to a Minimum Parcel).

### 5.2 *Form of application*

An Eligible Person receiving an invitation to apply for Shares and wishing to apply for Shares must deliver to the Company the Application Form, together with payment of the Issue Price in full in respect of the Shares that the Eligible Person wishes to apply for by no later than the Application Date.

### 5.3 *Offer and acceptance*

By completing, signing and returning the Application Form given to an Eligible Employee under Rule 5.2, if such Application Form is accepted by the Plan Committee, a contract is formed between the Company and the Eligible Employee on the terms and conditions of:

- (a) these Rules; and
- (b) the Application Form.

### 5.4 *Issue Price*

The Issue Price will be the amount determined by the Plan Committee on the date it resolves to issue the invitation to apply for Shares and the Plan Committee may determine that no amount is to be paid by an Eligible Person for Plan Shares.

### 5.5 *Eligible Employee becomes a Participant*

On the issue of a Plan Share to an Eligible Employee, the Eligible Employee becomes a Participant and is bound by these Rules.

### 5.6 *Lapse of Invitation*

To the extent that an Application Form is not delivered in accordance with Rule 5.2 the invitation will lapse on the date following the Application Date unless the Plan Committee determines otherwise.

## 6 Provision of information

A Participant may, before the Application Date, request the Company to provide information regarding the current Market Price of a Share on a particular date (which date must be a date prior to the date of the request). Such a request must be made to the Company in writing and the Company will respond within a reasonable time, stating the Market Price of a Share on that particular date.

## 7 Issue of Plan Shares

### 7.1 *Entitlement*

On receipt of an Application Form, the Eligible Person is entitled to be issued that number of Plan Shares (which will not exceed the maximum number of Shares specified in the invitation) set out in the Application Form.

### 7.2 *Timing of issue*

The Company must:

- (a) issue Plan Shares upon the acceptance by the Plan Committee of the offer; and
- (b) despatch a share certificate or enter the Plan Shares into the Participant's uncertificated holding, as the case may be;

within 15 Business Days of the acceptance by the Plan Committee of the offer or such other period prescribed from time to time under the Listing Rules or the Corporations Act.

### 7.3 *Ranking of Plan Shares*

Plan Shares issued following the acceptance by the Plan Committee of an offer will be credited as fully paid and rank equally in all respects with all existing fully paid Shares from the date the Plan Shares are issued to the Participant.

### 7.4 *Dividends*

The Participant will be entitled to those dividends which have a record date for determining entitlements on or after the date the Plan Shares are issued to the Participant.

### 7.5 *Plan Shares to be quoted on ASX*

If Shares of the same class as Plan Shares are quoted on the ASX, the Company will apply to the ASX for the Plan Shares to be quoted in accordance with the requirements under the Listing Rules.

## 8 Dealings with Plan Shares

A Participant must not Dispose of a Plan Share:



- (a) until the earlier of:
  - (i) the end of the period of 3 years from the date on which those Plan Shares were issued to the Participant or, if different, the period stated in section 83A-35(8)(b)(i) of the Tax Act;
  - (ii) the time when the Participant is no longer employed by:
    - (A) the Company;
    - (B) a Holding Company or Subsidiary of the Company; or
    - (C) a Subsidiary of the Holding Company of the Company;
- (b) unless all applicable Disposal Restrictions (if any) relating to the Share are satisfied.

## 9 Trustee

### 9.1 *Methods of Share Acquisition*

Shares may be acquired for the purposes of the Plan in any way lawfully permitted, including:

- (a) by way of allotment and issue of Plan Shares by the Company to the Participant or Trustee; or
- (b) by the Company or Trustee making an On-Market Acquisition.

### 9.2 *Appointment of trustee*

The Company may appoint a Trustee, on terms and conditions that it considers appropriate, to do all such things and perform all such functions as considered appropriate to enable the implementation of the Plan, including to acquire and hold Plan Shares, or other securities of the Company, on behalf of Participants, for transfer to future Participants or otherwise for the purposes of the Plan.

## 10 Terms of employment or appointment not affected

### 10.1 *Terms of office or employment or appointment not affected*

- (a) These Rules do not form part of any contract of employment or appointment, or any arrangement in respect of any such employment or appointment, between an Eligible Person and the Company or a Group Company, nor do they constitute a related condition or collateral arrangement to any such contract or arrangement.
- (b) Participation in the Plan will not in any way affect the rights and obligations of an Eligible Person under the terms under which he or she is employed or appointed.
- (c) The terms of an Eligible Person's employment or appointment with the Company or a Group Company will not in any way affect the rights and obligations of a Participant under this Plan.

### 10.2 *No claim as a consequence of termination of employment or appointment*

A Participant has no right to compensation or damages from the Company or any Group Company in respect of any loss of future rights under the Plan, as a consequence of termination of the Participant's employment or appointment for any reason.

### 10.3 *Rights of Participants*

Except as expressly provided in these Rules, nothing in these Rules confers on any person the right to receive any Plan Shares or confers on any person any expectation of becoming a Participant.

## 11 General

### 11.1 *Expenses and costs*

Subject to these Rules, the Company and its Subsidiaries must pay all expenses, costs and charges incurred in the administration of the Plan in the amounts and proportions as they shall agree.

### 11.2 *Connection with other plans*

Unless the Plan Committee determines otherwise, participation in the Plan does not affect, and is not affected by, participation in any other incentive or other plan operated by the Company unless the terms of that other plan provide otherwise.

## 12 Administration of Plan

### 12.1 *Administration*

The Plan is administered by the Plan Committee.

### 12.2 *Powers of the Plan Committee*

- (a) The Plan Committee has power to:
  - (i) determine appropriate procedures and make regulations for the administration of the Plan which are consistent with these Rules;
  - (ii) resolve conclusively all questions of fact or interpretation arising in connection with the Plan;
  - (iii) terminate or suspend the operation of the Plan at any time, provided that the termination or suspension does not adversely affect or prejudice the rights of Participants holding Plan Shares at that time;
  - (iv) delegate those functions and powers it considers appropriate, for the efficient administration of the Plan, to any person or persons whom the Plan Committee reasonably believes to be capable of performing those functions and exercising those powers;
  - (v) take and rely upon independent professional or expert advice in or in relation to the exercise of any of their powers or discretions under these Rules;
  - (vi) administer the Plan in accordance with these Rules as and to the extent provided in these Rules; and
  - (vii) make regulations for the operation of the Plan consistent with these Rules.
- (b) The Company may administer its register of members, and do all things necessary or desirable, for the purpose of preventing a contravention of Rule 8. In particular, but without limitation, the Company may apply a Holding Lock to prevent the Disposal, or refuse to register a transfer, of a Plan Share that would involve a contravention of Rule 8.

- (c) A Participant must surrender to the Company all holding statements (or share certificates) issued in respect of Plan Shares acquired by the Participant. A Participant may request the return of any holding statements (or share certificates) surrendered to the Company which are no longer the subject of any Disposal restrictions under Rule 8 and the Company must return those holding statements within a reasonable period.

### 12.3 *Exercise of powers or discretion*

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

### 12.4 *Determinations*

Where these Rules provide for a determination, decision, approval or opinion of the Plan Committee or Board, that determination, decision, approval or opinion may be made or given by the Plan Committee or Board (as applicable) in its absolute discretion.

### 12.5 *Interpretation*

The decision of the Plan Committee as to the interpretation, effect or application of these Rules is final and conclusive.

### 12.6 *Tax*

No company in the Group or any adviser to a company in the Group or the Board or the Plan Committee is liable for any Tax which may become payable by a Participant in the Plan and none of them represent or warrant that any person will gain any taxation advantage by participating in the Plan.

## 13 *Amendment of these Rules*

### 13.1 *Amendment*

Subject to Rules 13.2 and 13.3, the Company may at any time by written instrument or by resolution of the Board, amend all or any of the provisions of these Rules (including this Rule 13).

### 13.2 *Accrued Rights*

No amendment of the provisions of these Rules may reduce the accrued rights of any Participant in respect of Plan Shares issued under the Plan prior to the date of the amendment, other than:

- (a) an amendment introduced primarily:
- (i) for the purpose of complying with or conforming to present or future State, Territory or Commonwealth legal requirements governing or regulating the maintenance or operation of the Plan or like Plan;
  - (ii) to correct any manifest error or mistake;
  - (iii) to enable contributions or other amounts paid by the Company in respect of the Plan to qualify as income tax deductions;
  - (iv) to enable the Participant or the Company to reduce the amount of fringe benefits tax under the *Fringe Benefits Tax Assessment Act* 1986, the amount of tax under the Tax Act or the amount of any other tax or impost

that may otherwise be payable by the Participant or the Company in relation to the Plan;

- (v) for the purpose of enabling Participants generally (but not necessarily each Participant) to receive a more favourable taxation treatment in respect of their participation in the Plan; or
  - (vi) to enable the Company to comply with the Corporations Act, the Listing Rules or any other legal requirement; or
- (b) with the consent of Participants who between them hold not less than 75% of the total number of those Plan Shares held by all those Participants before making the amendment.

### 13.3 *Listing Rules*

No amendment may be made except in accordance with and in the manner stipulated (if any) by the Listing Rules.

### 13.4 *Retrospectivity*

Subject to the above provisions of this Rule 13, any amendment made under Rule 13.1 may be given such retrospective effect as is specified in the resolution by which the amendment is made and, if so stated, amendments to these Rules, including the terms applicable to Plan Shares issued under this Plan, have the effect of automatically amending the terms of Plan Shares issued and still subject to these Rules.

### 13.5 *Eligible Employees outside Australia*

The Plan Committee may make any additions, variations or modifications to the Rules, in relation to the implementation of the Plan and the specific application of the Rules, to Eligible Employees residing outside Australia, having regard to any securities, exchange control or taxation laws or regulations or similar factors which may apply to that Eligible Person, a company in the Group or the Plan.

## 14 Rights of Participants

Participants do not, as Participants, have any right to attend or vote at general meetings of Shareholders.

## 15 Notices

Notices may be given by the Company to Participants in any manner that the Plan Committee may from time to time determine.

## 16 Severance

If any of these Rules are void, voidable or unenforceable, that provision will be severed and the remainder of these Rules will have full force and effect.

## 17 Governing law & jurisdiction

These Rules and the rights and obligations of Participants under the Plan are governed by the law of New South Wales and the Commonwealth of Australia, and each Participant irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of New South Wales and the Commonwealth of Australia.

## 18 Advice

Eligible Employees should obtain their own independent advice at their own expense on the financial, taxation and other consequences to them of or relating to participation in the Plan.

## 19 Data protection

### 19.1 *Collection and purpose*

The Company needs to collect personal information about Eligible Employees for the Purpose. If this personal information is not provided to the Company, the Company may not be able to achieve the Purpose.

### 19.2 *Consent*

By completing and returning an Application Form, an Eligible Employee authorises and instructs each company in the Group and any agent of any company in the Group:

- (a) to collect, disclose and transfer between each other (including those located outside Australia) any personal information as the Company may request;
- (b) to disclose any personal information to the Australian Taxation Office, ASX, ASIC or any governmental agency or authority as may be required in connection with the administration of the Plan; and
- (c) to store and process personal information,

in accordance with the Purpose. An Eligible Employee may withdraw this authorisation.

### 19.3 *Access to personal information*

An Eligible Employee may access any personal information held by the Company by contacting the Company Secretary and may require any personal information to be corrected if that personal information is inaccurate or incomplete.