

Share Rights Plan Rules

Codan Limited (ABN 77 007 590 605)

Amended 16 July 2021, 23 March 2022 and 23 October 2024

Share Rights Plan Rules

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Share Rights Plan Rules

1 Rules and relationships between parties

1.1 Rules to apply

Share Rights may be granted by Codan from time to time under the Plan in accordance with these Rules.

1.2 Relationship between parties

For the avoidance of doubt, nothing in these Rules:

- (a) confers on any person any expectation to become a Participant;
- (b) confers on any Participant the right to be invited to apply for, to be offered or to receive any Share Rights;
- (c) confers on any person the right to continue as an Employee or a NED;
- (d) affects any rights which any body corporate in the Codan Group may have to terminate the employment of any person; or
- (e) may be used to increase damages in any action brought against any body corporate in the Codan Group in respect of any such termination.

2 Administration of the Plan

2.1 Administration by the Board

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

2.2 Board's power and discretion

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

2.3 Delegation by the Board

Any power or discretion which is conferred on the Board by these Rules may be delegated by the Board to:

- (a) a committee consisting of such Directors, other officers, or employees of Codan, or any combination of such persons as the Board thinks fit;
- (b) a related body corporate of Codan; or
- (c) a third party;

for such periods and on such conditions as the Board thinks fit.

2.4 Decisions are final

Except as expressly provided by these Rules, where the Rules provide for a determination, interpretation, decision, approval or opinion of Codan or the Board, such determination, interpretation, approval or opinion will be final and will be in the absolute discretion of Codan or the Board (as applicable).

2.5 Documents

Codan may from time to time require a person invited to participate in the Plan or a Participant to complete and return such other documents as may be required by law to be completed by that person or Participant, or such other documents which Codan considers should, for legal, taxation or administrative reasons, be completed by that person or Participant.

2.6 Board may suspend or cancel the Plan

The Board may from time to time suspend the operation of the Plan and may at any time cancel the Plan. The suspension or cancellation of the Plan must not prejudice the existing rights (if any) of Participants under the Plan.

2.7 Appointment of trustee

The Board may, at any time:

- (a) appoint a trustee for the purpose of acquiring Shares and holding Shares for and on behalf of the Participants in accordance with these Rules and the trust deed;
- (b) enter into a trust deed with the trustee; and
- (c) determine that funds be provided to the trustee to be applied by the trustee for the purposes of the Plan.

3 Invitation to participate in the Plan

3.1 Board may invite Eligible Participants to apply

The Board may, subject to Rule 3.2 and any approvals of the shareholders of Codan required by law or the Listing Rules, at intervals determined by the Board, invite Eligible Participants to apply for Share Rights, being either Performance Rights or NED Rights (as the case may be).

3.2 Overriding restriction

Notwithstanding any other provision of these Rules, the Board may not invite an Eligible Participant to apply for Share Rights if the aggregate of:

- (a) the number of Shares that would be issued or transferred to the Eligible Participant on the exercise of those Share Rights; and
- (b) the number of Shares held by the Eligible Participant;

is greater than or equal to five percent of the total number of issued Shares.

3.3 Terms and conditions

Any such invitation may be on such terms and conditions as the Board decides from time to time, including (as applicable) as to:

- (a) the performance hurdles and Performance Periods applicable to the relevant Employee;
- (b) the number of Performance Rights that the relevant Employee may become entitled to apply for;
- (c) the amount of potential salary, wages or fees that a NED can nominate to sacrifice or contribute towards the acquisition of NED Rights (if any);
- (d) the Contribution Period for any such NED Rights;
- (e) the time when a Performance Right that may be granted to the relevant Employee may become a Qualifying Performance Right and any criteria that needs to be satisfied;
- (f) the time when a NED Right that may be granted to the relevant NED may become a Qualifying NED Right and any criteria that needs to be satisfied;
- (g) the Exercise Period applicable to any such Share Right; and
- (h) the Exercise Price (if any) applicable to the relevant Employee's or NED's (as the case may be) Share Rights.

3.4 Contribution Plan

If the terms of an invitation under Rule 3.1 allow a NED to make regular contributions for the purposes of acquiring NED Rights under the Plan:

- (a) the NED must agree in writing to the terms of the Plan before participating in the Plan;
- (b) the NED may elect to discontinue the payments or deductions at any time by giving notice, in writing, to the Company in the form determined by the Board (**Cessation Notice**); and
- (c) if the NED provides a Cessation Notice to the Company in accordance with Rule 3.4(b) during a Contribution Period and the Cessation Notice is given:
 - (i) prior to the date that the NED Rights in respect of that Contribution Period are granted to the NED, then the NED will be refunded the full amount that the NED had already contributed to acquire the NED Rights (if any), subject to any deductions required to be made by the Company by law; and
 - (ii) after the date that NED Rights in respect of that Contribution Period are granted to the NED and:
 - (A) prior to the relevant Exercise Date, then a pro rata number of the NED Rights in respect of that Contribution Period will lapse on the date of the Cessation Notice (based on the outstanding amount the NED has not yet contributed towards the acquisition of the NED Rights in respect of that Contribution Period); or
 - (B) after the relevant Exercise Date such that the NED has already been allocated Shares in respect of the relevant NED Rights, then the NED

must irrevocably and unconditionally forfeit their entitlement to a pro rata number of the Shares that have been allocated to the NED (based on the outstanding amount the NED has not yet contributed towards the acquisition of the underlying NED Rights in respect of the relevant allocated Shares).

4 Applications to participate in the Plan

4.1 How Eligible Participants may apply

To obtain Share Rights under the Plan an Eligible Participant who has received an invitation under Rule 3.1 must make an application in the manner specified in that invitation and in accordance with these Rules.

4.2 Rules and Constitution are binding

By making the application for Share Rights, the relevant person agrees to be bound by these Rules and the Constitution.

4.3 Form of applications

The application may be in such a form as may be determined by the Board from time to time but must include a confirmation that the relevant person agrees to be bound by these Rules and the Constitution of Codan.

4.4 Grant of Share Rights

Subject to Rules 4.5 and 4.6, where an Eligible Participant makes an application for Share Rights under Rule 4.1, Codan:

- (a) will grant the Share Rights to the Participant; and
- (b) may give the Participant a certificate or statement in respect of those Share Rights.

4.5 When Applications will not be accepted

An application under Rule 4.1 will not be accepted, and no Share Rights will be granted to the Eligible Participant in respect of that application if, at the date the Share Rights would otherwise be granted:

- (a) he or she is not an Employee or a NED (as the case may be);
- (b) he or she has given Codan notice of his or her resignation as an NED;
- (c) he or she has given their employer within the Codan Group notice of his or her resignation as an Employee; or
- (d) he or she has been given notice of dismissal from employment as an Employee

4.6 Board's discretion

The Board may determine that an application under Rule 4.1 by an Eligible Participant who would otherwise be eligible to acquire Share Rights under the Plan will not be accepted.

5 Nature of Share Rights

5.1 Nature of Share Rights

Each Share Right is a right of a Participant to acquire one Share (whether by way of issue or transfer, at Codan's election), subject to these Rules. A Participant does not have a legal or beneficial interest in any Shares by virtue of acquiring or holding a Share Right. A Participant's rights under the Share Right are purely contractual and personal. In particular, a Participant is not entitled to participate in or receive any dividends or other shareholder benefits until their Qualifying Share Rights have been exercised and Shares have been allocated to the Participant as a result of the exercise of those Qualifying Share Rights.

5.2 Qualifying Share Rights

When the Share Rights held by a Participant become Qualifying Share Rights, the Participant may exercise the Qualifying Share Rights subject to these Rules.

6 Lapse of Share Rights

6.1 When Share Rights lapse

Subject to Rules 8 and 12, any Share Right that is:

- (a) not exercised within the applicable Exercise Period (including as revised in accordance with these Rules); or
- (b) transferred or purported to have been transferred without the Board's prior written consent,

will automatically lapse at the end of the relevant Exercise Period, or at the time of transfer or purported transfer (as applicable).

6.2 Effect of lapse

Upon the lapse of a Share Right under these Rules, the Participant will have no further rights or entitlements in relation to that Share Right.

7 Restrictions on transfer and dealing

7.1 Board consent required

Subject to Rule 7.2 below, Share Rights can only be transferred with the Board's prior written consent.

7.2 Death or mental incapacity

A legal personal representative of a Participant may be recognised by Codan as a holder of the Participant's Share Right in circumstances where either the Participant has died or the Participant's estate is liable to be dealt with under the laws relating to mental health, on the production to Codan of documents or other evidence which Codan may reasonably require to establish the entitlement of the legal personal representative.

8 Qualifying Share Rights

8.1 Acceleration of qualification

A Share Right (which has not otherwise lapsed under Rule 6 or Rule 12) becomes a Qualifying Share Right if:

- (a) the performance hurdles set out in the invitation made in relation to that Performance Right under Rule 3 have been met within the Performance Period;
- (b) an Event occurs; or
- (c) the Share Right has otherwise become a Qualifying Share Right under these Rules,

and the Board (in its absolute discretion) gives the Participant who holds the Share Right written notice that the Share Right may be exercised.

8.2 Event

If an Event occurs:

- (a) the Board may determine that some and not all of the Share Rights held by a Participant will become Qualifying Share Rights; and
- (b) where the Board determines that some or all of Share Rights do not become Qualifying Share Rights (as per Rule 8.2(a)), then those such Share Rights shall immediately lapse following the giving of notice as per Rule 8.1.

9 Exercise of Qualifying Share Rights

9.1 Entitlement to a Share on exercise

Each Share Right that becomes a Qualifying Share Right entitles the holder to acquire one Share (subject to any adjustment under Rule 11) when exercised in accordance with Rule 9.4.

9.2 Issue or transfer of Shares on exercise

Subject to the Corporations Act and the Listing Rules, Codan must procure the transfer or issue (at its election) of Shares on the exercise of Qualifying Share Rights in accordance with these Rules. Codan may procure the issue or transfer of these Shares directly to the relevant Participant or a person named by that Participant.

9.3 Shares rank equally

Shares transferred or issued on the exercise of Qualifying Share Rights will rank equally with all other Shares from the date of allocation of the Shares to the relevant Participant or a person named by that Participant, and that Participant or person will be entitled to receive any dividends that have a Record Date for determining entitlements on and from the date of allocation of the Shares to that Participant or person (as applicable).

9.4 How Qualifying Share Rights may be exercised

A Share Right that is a Qualifying Share Right may be exercised during the Exercise Period applicable to that Share Right, or as otherwise permitted by the Board under these Rules, by the relevant Participant:

- (a) lodging a notice of exercise of Qualifying Share Right (in the forms determined by the Board) with the Company Secretary or such other person as the Board designates from time to time; and
- (b) making payment of the applicable Exercise Price (if any) to Codan.

9.5 Minimum number for exercise

A Participant may only exercise their Qualifying Share Rights in multiples of 100, unless the Participant exercises all of the Qualifying Share Rights. The exercise of some Qualifying Share Rights only does not affect the Participant's right to exercise other Qualifying Share Rights at a later time.

10 Restriction on disposal and risk of forfeiture of Shares

10.1 Request for waiver

Shares issued or transferred on exercise of Qualifying Share Rights are subject to the restrictions under Rule 10.2, unless the Participant requests that Codan waives those restrictions under Rule 10.2 (such notice to be made at the same time the notice is provided in accordance with Rule 9.4) and that request is approved by Codan.

10.2 Restriction

Subject to Rule 10.1, any Share acquired by a Participant on the exercise of a Qualifying Share Right must not be disposed of or dealt with in any way by that Participant until the earlier of:

- (a) where a period is determined by the Board for the purpose of this Rule 10.2(a) and set out in the invitation to the Participant under Rule 3.1 to acquire the Share Right, the expiration of that period;
- (b) if the Participant is an Employee, the time when an event occurs so that the Participant is not employed by any of:
 - (i) Codan or any entity within the Codan Group; and
 - (ii) the company which employed the Participant at the time the Participant acquired the Performance Right, whether or not that company is still within the Codan Group;

or any such time following the Participant ceasing to be employed as determined by the Board in its absolute discretion for the purpose of this Rule 10.2(b) and set out in the invitation to the Participant;

- (c) if the Participant is a NED, the date which the Participant ceases to be a NED;
- (d) the date that an Event occurs;
- (e) the Board, in its sole and absolute discretion, approving a recommendation by the Board's Remuneration Committee that the restriction on disposal in this Rule 10.2 be released; and

- (f) the end of 15 years commencing on the day the Share Right was granted to the Participant or such later period as determined by the Board in its absolute discretion for the purpose of this Rule 10.2(d) and set out in the invitation to the Participant.

10.3 Enforcing the disposal restriction

Codan may make such arrangements as it considers necessary to enforce the restriction on disposal of Shares under Rule 10.2 and Participants must agree to such arrangements.

10.4 Holding Locks

Without limiting Rule 10.3, and subject to the Listing Rules, Codan may procure that a Holding Lock be put on those Shares while the Shares are subject to the restriction on disposal under Rule 10.2.

10.5 Removing the restriction

As soon as reasonably practicable after the restriction on disposal of a Share under Rule 10.2 no longer applies, Codan must procure that any restriction on dealing with that Share pursuant to these Rules no longer applies.

10.6 Removing Holding Locks

Without limiting Rule 10.5, when a Share is no longer subject to the restriction on disposal in Rule 10.2, Codan must, as soon as reasonably practicable, procure that any Holding Lock on that Share is removed.

10.7 Risk of forfeiture

A Share issued to a Participant on the exercise of a Share Right is issued to the Participant on the terms that it will be forfeited while the Shares are subject to the restriction on disposal under Rule 10.2 upon the Participant:

- (a) perpetrating fraud as against Codan or the Codan Group;
- (b) acting dishonestly to Codan or the Codan Group;
- (c) committing a breach of the Participant's obligations to Codan or the Codan Group, including those obligations that survive cessation of employment;
- (d) becoming an employee of, or providing services to, an entity considered by the Board (acting reasonably) to be a competitor of the Codan Group; or
- (e) engaging in any activity considered by the Board (acting reasonably) to be detrimental to Codan or the Codan Group.

10.8 When risk of forfeiture ceases

The right of Codan to cause a Share held by a Participant to be forfeited under rule 10.7 extinguishes at the end of the Restriction Period.

10.9 Codan to notify and record forfeiture

When a Share is forfeited under rule 10.7, Codan must:

- (a) notify the Participant that the Share is forfeited; and

- (b) record the forfeiture and date of forfeiture in the register of shareholders.

A failure to do this does not invalidate the forfeiture.

10.10 Consequences of forfeiture

The forfeiture of a Share extinguishes:

- (a) the Participant's interest in the Share; and
- (b) all claims against Codan in respect of the Share, including (without limitation) all dividends presently payable by Codan on the Share.

10.11 Disposal of forfeited Share

Subject to the Listing Rules:

- (a) the Participant grants to the Board an irrevocable power of attorney to sell, dispose, transfer or otherwise deal with a forfeited Share on any terms and in any way the Board may decide, with such power able to be exercised by the Board in the event that the Share is liable to be forfeited; and
- (b) if the Board sells, disposes, transfers or otherwise deals with a forfeited Share pursuant to rule 10.11(a), then the Participant acknowledges and agrees that he/she is not entitled to any proceeds in respect of such dealing, and the Board and Codan is not under any obligation to act in the interests of the Participant or to account to the Participant in respect of such dealing and Codan may retain all net proceeds (if any) of any such dealing.

10.12 Waiver by Board

The Board may:

- (a) waive any of the rights of Codan under this rule 10; or
- (b) before any sale, disposal, transfer or other dealing of a forfeited Share, annul the forfeiture on any terms the Board decides.

11 Participation in future issues

11.1 Participation generally

A Share Right does not entitle the holder to participate in new issues of securities to holders of Shares, unless:

- (a) that Share Right has become a Qualifying Share Right and has been exercised; and
- (b) a Share has been issued or transferred to the Participant in respect of that Share Right, before the Record Date for determining entitlements to securities under the new issue.

11.2 Notice

Codan must give notice to Participants who hold Qualifying Share Rights of any new issue of securities not less than 10 Business Days before the Record Date for determining entitlements to securities under the new issue.

11.3 Bonus issues

If:

- (a) Codan makes a bonus issue of Shares or other securities pro rata to holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment); and
- (b) a Share Right has not been exercised and a Share has not been issued or transferred in respect of that Share Right before the Record Date for determining entitlements under the bonus issue,

then the terms of that Share Right will be altered as follows:

- (c) the number of Shares to which the Participant who holds the Share Right is entitled on exercise of the Share Right will be increased by the number of Shares that the Participant would have received if the Participant had exercised the Share Right and acquired a Share in respect of that Share Right before the Record Date for the bonus issue; and
- (d) the Exercise Price (if any) of the Share Right will not be altered.

11.4 Reconstruction

If there is any reconstruction of the issued share capital of Codan, the number of Shares to which a Participant is entitled on the exercise of a Share Right will be reconstructed as required by the Listing Rules in force at the time of the reconstruction and in a manner that will not result in any benefits being conferred on the Participant that are not conferred on shareholders (subject to the provisions with respect to rounding of entitlements as sanctioned by any meeting of shareholders approving the reconstruction of capital), but in all other respects the terms for the exercise of the Share Rights will remain unchanged.

11.5 Rounding

Before a Share Right is exercised, all adjustment calculations are to be carried out inclusive of all fractions (in relation to the Shares and the Exercise Price (if any)). On the exercise by a person of a number of Share Rights, the aggregate number of Shares acquired by that person as a result of that exercise will be rounded down to the nearest whole number and the Exercise Price (if any) will be rounded to the next higher cent.

12 Cessation of employment

12.1 Termination for misconduct etc

Subject to Rules 12.3 to 12.5 below, any Qualifying Share Rights and Non-Qualifying Share Rights will lapse immediately:

- (a) if the Participant is an Employee, on termination of that Participant's employment within the Codan Group for the Participant's misconduct or any other reason justifying termination without notice; or

- (b) if the Participant is a NED, on cessation of the Participant as a NED if the Participant has been disqualified from managing corporations under Part 2D.6 of the Corporations Act.

12.2 Termination for other reasons

Subject to Rules 12.3 to 12.5 below:

- (a) a Qualifying Performance Right will lapse at the end of 30 days; and
- (b) a Non-Qualifying Performance Right will lapse immediately,

after the Participant ceases to be an Employee in the Codan Group for any reason other than a reason set out in Rule 12.1.

12.3 Contribution Plan

If the terms of an invitation under Rule 3.1 require that a NED may make regular contributions for the purposes of acquiring NED Rights under the Plan, and the Participant ceases to be a NED for any reason during a Contribution Period, then:

- (a) if the cessation occurs prior to the date that the NED Rights in respect of the Contribution Period are granted to the Participant, the Participant will be refunded the full amount that they had already contributed to acquire the NED Rights (if any), subject to any deductions required to be made by the Company; and
- (b) subject to Rules 12.4 and 12.5, if the cessation occurs after the date that the NED Rights in respect of the Contribution Period are granted to the Participant and:

- (i) the cessation occurs prior to the relevant Exercise Date, then:

- (A) a pro rata number of the Participant's Qualifying NED Rights (if any) will immediately lapse (based on the amount the Participant has not yet contributed to receive the NED Rights referred to in the invitation) and the remaining Qualifying NED Rights will lapse at the end of 30 days after the date of cessation; and

- (B) a pro rata number of the Participant's Non-Qualifying NED Rights (if any) will immediately lapse (based on the amount the Participant has not yet contributed to receive the NED Rights referred to in the invitation) and the remaining Non-Qualifying NED Rights will immediately become Qualifying NED Rights and lapse 30 days after the date of cessation; and

- (ii) the cessation occurs after the relevant Exercise Date, such that the Participant has already been allocated Shares in respect of the NED Rights, then:

- (A) where the Participant is entitled to receive a payment from Codan upon cessation, the Participant agrees that their payment in respect of their cessation may be reduced by the outstanding amount the Participant has not yet contributed towards the acquisition of the underlying NED Rights in respect of the allocated Shares;

- (B) where the Participant is not entitled to any payment described in Rule 12.3(b)(ii)(A), or where any amount payable described in Rule 12.3(b)(ii)(A) is insufficient, the Participant agrees to pay to Codan an

amount equal to the outstanding amount the Participant has not yet contributed towards the acquisition of the underlying NED Rights in respect of the allocated Shares; and

(C) where the Participant fails to pay the required amount pursuant to Rule 12.3(b)(ii)(B), the Participant must irrevocably and unconditionally forfeit their entitlement to a pro rata number of the Shares that have been allocated to the Participant (based on the outstanding amount the Participant has not yet contributed towards the acquisition of the underlying NED Rights in respect of the allocated Shares).

12.4 Death or Total and Permanent Disablement

If a Participant ceases to be an Employee or a NED, as the case may be, as a result of death or Total and Permanent Disablement:

- (a) Rules 12.1, 12.2 and 12.3(b) above will not apply to that Participant;
- (b) if the terms of an invitation under Rule 3.1 do not require that a Participant may make regular contributions for the purposes of acquiring Share Rights under the Plan, then:
 - (i) that Participant's Qualifying Share Rights will remain exercisable by that Participant's estate or legal personal representative who has been recognised by Codan as the holder of the Participant's Share Rights in accordance with Rule 7.2 until the end of the Exercise Period applicable to those Share Rights;
 - (ii) the Board will:
 - (A) determine as soon as reasonably practicable after the date of the Participant's death or Total and Permanent Disablement (as applicable) how many (if any) of that Participant's Non-Qualifying Share Rights will become Qualifying Share Rights and, if any become Qualifying Share Rights, the Exercise Period applicable to those Share Rights commencing after the date of the Participant's death or Total and Permanent Disablement (as applicable); and
 - (B) notify the Participant's estate or legal personal representative of that determination in accordance with Rule 15 below;
 - (iii) the balance of the Participant's Non-Qualifying Share Rights will lapse immediately after the determination in Rule 12.4(b)(ii) is made;
- (c) if the terms of an invitation under Rule 3.1 require that a Participant may make regular contributions for the purposes of acquiring Share Rights under the Plan, then:
 - (i) if the death or Total and Permanent Disablement occurs after the date that the Share Rights in respect of the Contribution Period are granted to the Participant, but prior to the relevant Exercise Date, then:
 - (A) a pro rata number of the Participant's Qualifying Share Rights (if any) will immediately lapse (based on the amount the Participant has not yet contributed to receive the Share Rights referred to in the invitation) and the remaining Qualifying Share Rights will remain exercisable by that Participant's estate or legal personal representative who has been recognised by Codan as the holder of the Participant's Share Rights in

accordance with Rule 7.2 until the end of the Exercise Period applicable to those Share Rights; and

(B) a pro rata number of the Participant's Non-Qualifying Share Rights (if any) will immediately lapse (based on the amount the Participant has not yet contributed to receive the Share Rights referred to in the invitation) and the remaining Non-Qualifying Share Rights will immediately become Qualifying Share Rights and the Board will determine the Exercise Period applicable to those Share Rights;

- (ii) if the death or Total and Permanent Disablement occurs after the date that the Share Rights in respect of the Contribution Period are granted to the Participant and after the relevant Exercise Date, such that the Participant has already been allocated Shares in respect of the Share Rights, then the Participant irrevocably and unconditionally forfeits their entitlement to a pro rata number of the Shares that have been allocated to the Participant (based on the outstanding amount the Participant has not yet contributed towards the acquisition of the underlying Share Rights in respect of the relevant allocated Shares).

12.5 Redundancy, retirement, cessation by agreement or sale

If a Participant is made redundant or retires, or ceases to be an Employee or NED, as the case may be, by agreement with Codan or by reason of the sale of all (or substantially all) of the shares or all (or substantially all) of the assets of a member of the Codan Group to a party outside of the Codan Group (**Special Circumstance**):

- (a) Rules 12.1, 12.2 and 12.3(b) will not apply to that Participant;
- (b) if the terms of an invitation under Rule 3.1 do not require that the Participant may make regular contributions for the purposes of acquiring Share Rights under the Plan, then:
 - (i) that Participant's Qualifying Share Rights will remain exercisable by the Participant until the end of the Exercise Period applicable to those Share Rights;
 - (ii) the Board will:
 - (A) determine as soon as reasonably practicable after the date of the Special Circumstance how many (if any) of that Participant's Non-Qualifying Share Rights will become Qualifying Share Rights and, if any become Qualifying Share Rights, the Exercise Period applicable to those Share Rights commencing after the date of the Special Circumstance; and
 - (B) notify the Participant of that determination in accordance with Rule 15 below; and
 - (iii) the balance of the Participant's Non-Qualifying Share Rights will lapse immediately after the determination in Rule 12.4(c) is made; and
- (c) if the terms of an invitation under Rule 3.1 require that a Participant may make regular contributions for the purposes of acquiring Share Rights under the Plan, then:
 - (i) if the Special Circumstance occurs after the date that the Share Rights in respect of the Contribution Period are granted to the Participant, but prior to the relevant Exercise Date, then:

(A) a pro rata number of the Participant's Qualifying Share Rights (if any) will immediately lapse (based on the amount the Participant has not yet contributed to receive the Share Rights referred to in the invitation) and the remaining Qualifying Share Rights will remain exercisable by the Participant until the end of the Exercise Period applicable to those Share Rights; and

(B) a pro rata number of the Participant's Non-Qualifying Share Rights (if any) will immediately lapse (based on the amount the Participant has not yet contributed to receive the Share Rights referred to in the invitation) and the remaining Non-Qualifying Share Rights will immediately become Qualifying Share Rights and the Board will determine the Exercise Period applicable to those Share Rights; and

- (ii) if the Special Circumstance occurs after the date that the Share Rights in respect of the Contribution Period are granted to the Participant and after the relevant Exercise Date, such that the Participant has already been allocated Shares in respect of the Share Rights, then the Participant irrevocably and unconditionally forfeits their entitlement to a pro rata number of the Shares that have been allocated to the Participant (based on the outstanding amount the Participant has not yet contributed towards the acquisition of the underlying Share Rights in respect of the relevant allocated Shares).

13 Change of tax residency

- (a) Subject to Rule 13.2, if a Participant ceases to be an Australian resident for the purposes of the Income Tax Assessment Act 1936 (Cwlth) or the Income Tax Assessment Act 1997 (Cwlth):
- (i) that Participant's Qualifying Share Rights will remain exercisable by the Participant until the end of the Exercise Period applicable to those Share Rights;
- (ii) the Board will:
- (A) determine as soon as reasonably practicable after the Participant ceases to be an Australian resident for tax purposes how many (if any) of that Participant's Non-Qualifying Share Rights will become Qualifying Share Rights and, if any become Qualifying Share Rights, the Exercise Period applicable to those Share Rights commencing after the Participant ceases to be an Australian resident for tax purposes; and
- (B) notify the Participant of that determination in accordance with Rule 14.3 below; and
- (iii) the balance of the Participant's Non-Qualifying Share Rights will lapse immediately after the determination in Rule 13(b) is made.
- (b) For the avoidance of doubt, Rule 13.1 will not apply to a Participant who is a resident of a jurisdiction approved by the Board at the time they become a Participant.

14 Calculations and determinations

14.1 Force of calculations and determinations

All calculations and determinations made by the Board for the purpose of determining whether Share Rights have become Qualifying Share Rights will be final, conclusive and binding on Participants, in the absence of manifest error.

14.2 Fractions

If a calculation performed in accordance with the steps set out in Rules 12 or 13 above results in a fractional number in respect of Share Rights, the fraction will be eliminated in the following manner:

- (a) if the resulting fraction has a value of 0.5 or more, the fraction will be rounded up to the nearest whole number; and
- (b) if the resulting fraction has a value of less than 0.5, the fraction will be rounded down to the nearest whole number.

14.3 Notice of a determination

If the Board determines that particular Share Rights are Qualifying Share Rights, that determination will take effect on the date that the Participants who hold those Share Rights are given notice that the Share Rights are Qualifying Share Rights, and the first day on which the Qualifying Share Rights can be exercised will be the first day immediately after notice is given by the Board under this Rule.

15 Record of Share Rights granted

Codan must open and maintain a record in respect of each Participant (for the purposes of book keeping only) which contains the following information:

- (a) the date on which the relevant person became a Participant;
- (b) the performance hurdles and Performance Periods applicable to the relevant person (if any);
- (c) the number of Share Rights that the relevant person may become entitled to apply for;
- (d) the number of Share Rights (if any) which the relevant person has been granted and the date of grant;
- (e) the amount (if any) that a Participant has contributed for the purposes of acquiring Share Rights under the Plan;
- (f) the time when a Share Right that has been granted to the relevant person may become a Qualifying Share Right and any relevant criteria for that to occur;
- (g) the Exercise Period applicable to that Share Right (subject to the Exercise Period being revised in accordance with these Rules);
- (h) the Exercise Price (if any) applicable to the Participant's Share Rights; and
- (i) any other related information which Codan considers appropriate to record.

Each Participant may request a summary of the record relating to their participation in the Plan by sending a notice to the Company Secretary during normal business hours. That summary will be provided to the Participant free of charge within a reasonable time of receiving that request.

16 Amendment of the Rules

Codan 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 16). No amendment to these Rules is to reduce the existing rights of any Participant in respect of any Share Rights granted to that Participant prior to the date of the amendment, other than with the consent of the Participant or where the amendment is introduced primarily:

- (a) 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 plans;
- (b) to correct any manifest error or mistake;
- (c) to address possible adverse tax implications for Participants generally or any Codan Group company arising from:
 - (i) a ruling of any relevant taxation authority;
 - (ii) a change to tax legislation (including an official announcement by any relevant taxation authority); or
 - (iii) a change in interpretation of tax legislation by a court of competent jurisdiction or by any relevant taxation authority; or
- (d) to enable Codan or any body corporate in the Codan Group to comply with the Corporations Act or the Listing Rules.

17 Definitions

The following words and phrases have these meanings in these Rules and any information booklet, invitation or notice issued or given in connection with the Plan by Codan unless the contrary intention appears:

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

Board means the board of directors of Codan.

Business Day means any day other than a Saturday, Sunday, or public holiday in which banks are open for business in Adelaide, South Australia.

Codan means Codan Limited (ABN 77 007 590 605).

Codan Group means Codan and each body corporate that is a subsidiary of Codan under Division 6 of Part 1.2 of the Corporations Act.

Company Secretary means the company secretary of Codan.

Constitution means the constitution of Codan, as amended or replaced from time to time.

Contribution Period means, in relation to a NED, if an invitation under Rule 3.1 provides that an NED may make regular contributions for the purposes of acquiring NED Rights under the Plan, the period specified in the invitation during which the NED makes contributions for the purposes of acquiring NED Rights.

Corporations Act means the Corporations Act 2001 (Cwlth).

Eligible Participant means an Employee or a NED that the Board may invite or has invited to apply for Share Rights in accordance with Rule 3.1, but who does not yet hold Share Rights.

Employee means an employee of a member of the Codan Group who is concerned, or takes part, in the management of a member of the Codan Group, as determined by the Board from time to time.

Event means a time when any of the following have occurred:

- (a) if, under a Takeover Bid or otherwise, a person together with his or her associates acquires Shares which, when aggregated with Shares already acquired by such person and their associates, comprise more than 50% of the issued Shares of the Company and, in the case of a Takeover Bid, the Takeover Bid is or has become unconditional;
- (b) pursuant to an application made to the court under section 411 of the Corporations Act, the court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company; or
- (c) Codan passes a resolution for voluntary winding up; or
- (d) an order is made for the compulsory winding up of Codan.

Exercise Date means:

- (a) in relation to an Employee, the date that the Employee's Qualifying Performance Rights have been exercised; and
- (b) in relation to a NED, the date that the NED's Qualifying NED Rights have been exercised,

and Shares have been allocated to the Participant in accordance with Rule 9.

Exercise Period means, in relation to a Share Right:

- (a) the 12 month period;
- (b) the period otherwise determined by the Board in its absolute discretion to be the Exercise Period and set out in the invitation made in respect of that Share Right under Rule 3.1; or
- (c) the period otherwise determined to be the Exercise Period under Rules 12 or 13 from time to time,

commencing on the date on which the Share Right becomes a Qualifying Share Right or as set out in Rule 14.3.

Exercise Price means the amount (if any) which is payable on the exercise of a Qualifying Share Right, as determined by the Board and set out in the invitation made in respect of the Share Right under Rule 3.1. If no determination is made, the applicable Exercise Price is nil.

Former Employee means a person who was formerly an Employee.

Former NED means a person who was formerly a NED.

Holding Lock has the meaning given to that term in the Listing Rules.

Listing Rules means the Listing Rules of ASX from time to time.

NED means a non-executive director of Codan.

NED Right means a Share Right granted to a NED.

Non-Qualifying NED Right means a NED Right which is not a Qualifying NED Right.

Non-Qualifying Performance Right means a Performance Right which is not a Qualifying Performance Right.

Non-Qualifying Share Right means a Share Right which is not a Qualifying Share Right.

Participant means an Employee, Former Employee, NED or Former NED who holds a Share Right.

Performance Period means, in relation to a Performance Right, the financial year of Codan or other period determined by the Board in respect of which the Board will assess the performance of the Participant or the Codan Group, or both (as applicable) against the performance hurdles specified in the invitation made in relation to that Performance Right under Rule 3.1.

Performance Right means a Share Right granted to an Employee.

Plan means the Codan Share Rights Plan established and operated under these Rules.

Qualifying NED Right means a NED Right which is exercisable under these Rules by a NED.

Qualifying Performance Right means a Performance Right which is exercisable under these Rules by an Employee.

Qualifying Share Right means a Share Right which is exercisable under these Rules and includes both a Qualifying NED Right and a Qualifying Performance Right.

Record Date has the meaning given to that term in the Listing Rules.

Restriction Period means the period that a Share acquired by a Participant cannot not be disposed of, or dealt with in any way, by that Participant pursuant to Rule 10.2.

Rules means these rules, adopted by the Board on *24 September 2004*, as amended from time to time.

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

Share Right means a right to acquire a Share (by transfer or issue at the election of Codan) granted under the Plan subject to the Rules, being either a:

- (a) Performance Right for an Employee; or
- (b) NED Right for a NED.

Takeover Bid has the meaning given in section 9 of the Corporations Act.

Total and Permanent Disablement means, in relation to a Participant, that the Participant has, in the reasonable opinion of the Board, become permanently incapacitated to such an extent as to render the Participant unlikely to engage in the Participant's usual occupation again.