



Notice of 2024 Annual General Meeting

Baby Bunting Group Limited
ABN 58 128 533 693

Notice of 2024 Annual General Meeting

Notice is given that the Annual General Meeting of Baby Bunting Group Limited (**Baby Bunting** or the **Company**) will be held in person at Level 11, 5 Martin Place, Sydney at 10.00am (Sydney time) on Tuesday, 15 October 2024.

Business

1. Annual Reports

To consider the Annual Report, the Financial Report and the Reports of the Directors and of the Auditor for the year ended 30 June 2024.

2. Re-election of Directors

a. To re-elect Melanie Wilson

Melanie Wilson is retiring in accordance with the Company's Constitution and, being eligible, offers herself for re-election as a Director.

b. To re-elect Francine Ereira

Francine Ereira is retiring in accordance with the Company's Constitution and, being eligible, offers herself for re-election as a Director.

c. To re-elect Stephen Roche

Stephen Roche is retiring in accordance with the Company's Constitution and, being eligible, offers himself for re-election as a Director.

3. Adoption of the Remuneration Report

To adopt the Remuneration Report for the year ended 30 June 2024.

The vote on this resolution is advisory only and does not bind the Company.

4. Approval of the grant of performance rights to the CEO under the Company's Long Term Incentive Plan

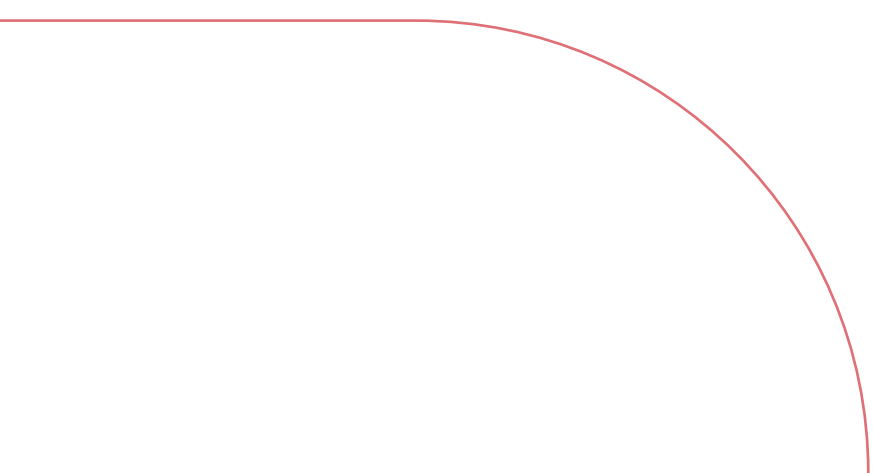
To consider and, if thought fit, pass the following as an ordinary resolution:

"That the grant of performance rights to the Company's CEO, Mark Teperson, under the Company's Long Term Incentive Plan, as described in the Explanatory Notes to this Notice of 2024 Annual General Meeting, be approved for all purposes, including for the purpose of ASX Listing Rule 10.14."

5. Approval of potential termination benefits

To consider and, if thought fit, pass the following as an ordinary resolution:

"That, for all purposes, including sections 200B and 200E of the Corporations Act, approval is given for the Company and any relevant superannuation fund to give benefits to any current or future person holding a managerial or executive office in the Company or a related body corporate of the Company, as described in the Explanatory Notes to this Notice of 2024 Annual General Meeting, in connection with the retirement of that person from that office referred to in section 200B of the Corporations Act."



Voting at the Meeting

Voting restrictions for Item 3 (Remuneration Report)

Item 3 is a resolution connected directly with the remuneration of members of the key management personnel (**KMP**) of the Company. The Corporations Act restricts KMP and their closely related parties from voting on such resolutions. 'Closely related party' is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by the member of the KMP.

The Company will disregard any votes cast on the proposed resolution in Item 3:

- by or on behalf of members of the KMP, details of whose remuneration are included in the 2024 Remuneration Report and closely related parties of those persons, regardless of the capacity in which the vote is cast; and
- as a proxy by or on behalf of a person who is a member of the KMP at the date of the Annual General Meeting (or their closely related parties).

However, the Company will not disregard votes if they are cast on Item 3 by:

- a person as proxy for a person entitled to vote on the resolution, in accordance with a direction given to the proxy or attorney to vote on the resolution in that way; or
- the Chair of the Meeting as proxy for a person entitled to vote and the Chair has received express authority to vote undirected proxies as the Chair sees fit, even though the resolution is connected with the remuneration of members of the KMP.

Voting restrictions for Item 4 (Grant of performance rights to the CEO)

The Company will disregard any votes cast in favour of the proposed resolution in Item 4 by or on behalf of the Company's CEO, Mark Teperson, or any person referred to in ASX Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Long Term Incentive Plan, or an associate of that person or persons.

However, the Company will not disregard the vote as a result of these restrictions if it is cast:

- as a proxy or attorney for a person entitled to vote in accordance with the directions given to the proxy or attorney to vote on the resolution in that way; or
- by the Chair of the Meeting as proxy or attorney for a person entitled to vote, in accordance with a direction given to the Chair to vote as the Chair decides, even though the resolution is connected with the remuneration of a member of the KMP; or

- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with the beneficiary's directions.

Voting restrictions for Item 5 (Approval of potential termination benefits)

As required by the Corporations Act, no votes on the proposed resolution in Item 5 may be cast (in any capacity) by, or on behalf of, any person who may be entitled to receive a benefit in connection with that person's retirement from office, or position of employment with the Company or its related bodies corporate, to be approved by Item 5, or any associate of such a person, other than where a vote:

- is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution; and
- is not cast on behalf of the retiree or an associate of a person specified above.

Other voting restrictions for Items 4 and 5 (Resolutions related to remuneration)

In addition to the voting restrictions referred to above, as required by the Corporations Act, a vote cast as a proxy on the proposed resolutions in Items 4 or 5 by a member of the Company's KMP at the date of the Annual General Meeting and closely related parties of members of the KMP will be disregarded, other than where the vote is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by the Chair of the Meeting as proxy for a person entitled to vote and the Chair has received express authority to vote undirected proxies as the Chair sees fit.

Chair's voting intention for undirected proxies

The Chair of the Annual General Meeting intends to vote undirected proxies (where the Chair has been appropriately authorised, having regard to the Voting Restrictions above) in favour of each item of business.

Voting at the Meeting

Continued

Entitlement to attend and vote

The Board has determined that, for the purposes of the Meeting (including voting at the Meeting), shareholders are those persons who are registered as holders of the Company's shares at 10.00am (Sydney time) on Sunday, 13 October 2024.

Eligible shareholders may attend the Meeting, ask questions and vote in person at Level 11, 5 Martin Place, Sydney.

Registration will commence at 9.30am (Sydney time).

Voting by proxy

A shareholder who is entitled to attend and cast a vote at the Meeting may appoint a proxy. A proxy need not be a shareholder. A person can appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, it must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its power as a proxy at the Meeting.

A shareholder who is entitled to cast two or more votes may appoint up to two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

Proxy appointments and any authorities under which they are signed (or certified copies of those authorities) may be:

- mailed to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Victoria 3001 Australia; or
- sent by fax to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Alternatively, proxy instructions can be submitted electronically to the Company's share registrar by visiting investorvote.com.au, and Intermediary Online subscribers only (custodians) should visit intermediaryonline.com.

To be effective, a proxy appointment and, if the proxy appointment is signed by the shareholder's attorney, the authority under which the appointment is signed (or a certified copy of the authority), must be received by the Company at least 48 hours before the commencement of the Meeting.

For more information concerning the appointment of proxies and the addresses to which proxy forms may be sent, please refer to the proxy form.

Voting by attorney

A shareholder may appoint an attorney to vote on their behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or the address listed above for the receipt of proxy appointments at least 48 hours before the commencement of the Meeting.

Corporate representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should ensure that a copy of their appointment, including any authority under which it is signed, has been provided to the Company's share registrar in sufficient time before the Meeting.

By order of the Board



Corey Lewis
Company Secretary
12 September 2024

Explanatory Notes

Item 1: Annual Reports

A copy of the Company's 2024 Annual Report, including the Financial Report and the Reports of the Directors and the Auditor for the year ended 30 June 2024, can be found on the Company's website at investors.babybunting.com.au. It was first released to ASX on 20 August 2024.

Shareholders may elect to receive by mail, free of charge, the Company's 2024 Annual Report. Please contact the Company's share registrar, Computershare, to request a hard copy. The Company mails a copy of the Annual Report only to those shareholders who have made an election to receive it.

Item 2: Re-election of Directors

Having last been re-elected at the 2021 Annual General Meeting, Melanie Wilson, Francine Ereira and Stephen Roche retire and seek re-election at the 2024 Annual General Meeting.

Each Director has specifically confirmed to the Company that they will have sufficient time to fulfil their responsibilities as a Director if re-elected.

Item 2(a): To re-elect Melanie Wilson

Melanie Wilson was first appointed a Director of the Company in February 2016.

The Board considers Melanie to be an independent non-executive director.

Melanie is Chair of the Board, having been appointed to that role in October 2021.

Melanie has over 15 years' retail experience in senior management roles. Her appointments have included Limited Brands, Starwood Hotels (New York), Woolworths and Diva/Lovisa and have covered a wide spectrum of retail including store operations, merchandise systems, online e-commerce, marketing, brand development and logistics/fulfilment.

In her most recent executive position, Melanie was Head of Online at BIG W. Prior to her retail experience, Melanie performed roles at Bain and Company (Boston) and Goldman Sachs (Hong Kong and Sydney).

Melanie holds a Bachelor of Commerce (Hons) and has a Master of Business Administration (Harvard). She is a graduate of the Australian Institute of Company Directors.

She is currently a non-executive director of JB Hi-Fi Limited (appointed in June 2020) and PropertyGuru Group Ltd (a NYSE listed entity) (appointed November 2019).

Item 2(b): To re-elect Francine Ereira

Francine Ereira was first appointed a Director of the Company in September 2021.

The Board considers Francine to be an independent non-executive director.

Francine is a member of the Remuneration and Nomination Committee.

Francine brings over 20 years' experience in areas including e-commerce, digital/technology, retail, payments, marketing and supply chain.

Most recently her appointments have included CEO at Klarna, Australia & New Zealand, General Manager Sales & Solution Delivery at Zip Co Limited, and senior management roles at Disney, Saab, Sheridan and Holden.

Francine holds a Bachelor of Business from Monash University and is a graduate of the Australian Institute of Company Directors.

She is currently a non-executive director of Brainwave Australia and an advisory Board member of Greener and InDebted.

Item 2(c): To re-elect Stephen Roche

Stephen Roche was appointed a Director of the Company in September 2021.

The Board considers Stephen to be an independent non-executive director.

Stephen is a member of the Audit and Risk Committee.

Stephen has over 15 years' experience as a director of public companies, private family offices and not-for-profit enterprises. Most recently he was Managing Director of Bridgestone Australia & New Zealand. He has also been Managing Director and CEO of Australian Pharmaceutical Industries Limited from August 2006 to February 2017.

He brings extensive experience in strategy, business development and supply chains across retail, healthcare and consumer markets.

Stephen is currently a non-executive director of GWA Group Limited (appointed in November 2022), Myer Family Investments Limited and a director of the Adelaide Football Club.

He holds a Bachelor of Business from the University of South Australia, is an alumnus of Columbia University NY and is a fellow of the Australian Institute of Company Directors.

Board recommendation:

The Board (excluding the relevant director seeking re-election because of their interest) endorses the re-election of each of Melanie Wilson, Francine Ereira and Stephen Roche as Directors.

Explanatory Notes

Continued

Item 3: Adoption of the Remuneration Report

As required by the Corporations Act, the Board presents the Remuneration Report to shareholders for consideration and adoption as a non-binding vote. Among other things, the Remuneration Report contains:

- information about the Board policy for determining the nature and amount of remuneration of the Company's Directors and other key management personnel;
- remuneration details for key management personnel for the period ended 30 June 2024; and
- details of the changes that have been made to the Company's executive remuneration arrangements since the last Meeting.

The Remuneration Report, which is part of the 2024 Annual Report, can be found on the Company's website at investors.babybunting.com.au or can be obtained by contacting the Company's share registrar, Computershare.

Board recommendation:

The Board considers that the remuneration policies adopted for the Company are appropriate and reasonable as they are structured to provide incentives and rewards that are linked to the Company's financial performance and strength. On this basis, the Board recommends that shareholders eligible to do so vote in favour of Item 3.

Item 4: Grant of performance rights to the Chief Executive Officer under the Company's Long Term Incentive Plan

The Company is asking shareholders to approve a proposed grant of 1,696,707 performance rights to the Company's Chief Executive Officer (CEO), Mark Teperson, on the terms and conditions set out below.

The grant represents two years' of his Long Term Incentive opportunity and will relate to a four-year performance period to the end of FY2028. If the proposed grant is approved, there will be no grant to the CEO under the Company's Long Term Incentive Plan in 2025.

The Board acknowledges the market practice of single annual grants, which has been the Company's practice for the last six years. Following a review of incentive arrangements and taking into account the unique circumstances and performance of the Company, as well as the Company's new strategy, the Board has chosen to structure the grant to the CEO differently. The Board wishes to provide him with a strong alignment to achieve growth in shareholder value through the execution of the Company's recently released strategy.

That strategy, announced in June 2024, is focused on growing market share, growing EBITDA and growing return on invested capital.

The Board intends to return to annual grants in FY2027 (ie at the 2026 AGM) onwards.

Long Term Incentive Plan

The Company has a Long Term Incentive Plan (LTIP) designed to align the interests of executives and senior employees more closely with the interests of the Company's shareholders by providing an opportunity for eligible employees to receive an equity interest in the Company through the grant of performance rights. If the relevant vesting conditions are satisfied, each right entitles the participant to one fully paid ordinary share in the Company.

To provide an incentive for future periods, it is proposed that long-term incentives be granted, that are measured in relation to the four-year period from the conclusion of FY2024 to the conclusion of FY2028. The proposed grant is referred to as the **FY2024–FY2028 LTIP grant**.

Proposed grant

Item 4 is a proposal to grant Mark 1,696,707 performance rights under the Company's Long Term Incentive Plan as part of the FY2024–FY2028 LTIP grant.

The number of performance rights to be granted to the CEO was determined as

$$\frac{150\% \times [\text{FY25 FAR} + \text{FY26 FAR}]}{\text{August 2024 VWAP}}$$

where FY25 FAR is the CEO's fixed annual remuneration (salary inclusive of superannuation) (FAR) of \$852,533 and FY26 FAR is that amount increased by 3%, being \$878,109. August 2024 VWAP represents the volume weighted average price of the Company's shares trading on ASX during August 2024, being \$1.53.

The Board believes that the offer of performance rights under the FY2024–FY2028 LTIP grant is an important part of the CEO's remuneration and provides alignment with the pursuit of long-term shareholder value and, specifically, the execution of the Company's new strategy.

As the above amount reflects two years' worth of the CEO's long-term incentive opportunity, there will be no grant for FY2026 to the CEO under the Company's LTIP if Item 4 is approved.

The award of performance rights means that the actual value (if any) of shares the CEO will receive from this grant is not determined until the end of the performance period and will depend on the extent to which the two performance conditions are achieved, and (if vesting occurs) the share price at the time shares are provided to him.

The terms that apply to the FY2024–FY2028 LTIP grant are described below.

Two performance conditions

For the FY2024–FY2028 LTIP grant:

- 40% of the rights will be subject to the return on funds employed (**ROFE**) condition; and
- 60% of the rights will be subject to the total shareholder return (**TSR**) compound annual growth (**CAGR**) condition.

The Board has selected these two conditions having regard to the aim to focus on:

- growing the Company's earnings in a capital efficient manner; and
- growing shareholder value as measured by share price appreciation and dividends provided.

Performance condition 1 – ROFE

ROFE will be measured as the Company's Net Operating Profit Before Tax divided by Funds Employed, expressed as a percentage.

Net Operating Profit Before Tax (**NOPBT**) will be calculated as profit before tax, after adding back interest on borrowings, deducting interest income and adding back any significant items before tax. This measure has been selected as it reflects underlying earnings and retains accountability for any significant items through the add-back to the funds employed amount. Lease related depreciation and interest costs are included in the net operating profit amount.

Funds Employed will be the sum of the opening balance of shareholders' equity, net debt and significant items after tax that have been excluded from NOPBT. The amount of any final dividend declared in respect of the year prior to the final year of the performance period (but which is paid in that final year), would also be excluded from Funds Employed. Opening Funds Employed (rather than closing or average) will be used; as returns from any capital deployed during the performance period are mostly delivered in subsequent periods. For example, investments in new store openings and refurbishments materially occur after the first year as the store's sales performance matures after the initial year of opening. However, all of the capital for the new store is deployed in advance of the store commencing trading.

The Company's ROFE calculated on the above basis has been:

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
ROFE	15.1%	20.7%	28.7%	31.8%	31.6%	18.4%	5.8%

The results for FY2020, FY2021 and FY2022 occurred during the unusual trading conditions experienced during the COVID period which saw elevated sales performance in some categories. The FY2021 ROFE calculation has been normalised for abnormally low inventory levels at the end of FY2020, driven by an unprecedented short term spike in demand following the end of the first national COVID lockdown.

The number of performance rights that vest for a performance period will be determined having regard to ROFE in FY2028, as follows:

- if FY2028 ROFE is less than 17% – no ROFE performance rights vest;
- if FY2028 ROFE is 17% – then 30% of the ROFE performance rights vest;
- if FY2028 ROFE is 24% – then 66.67% of the ROFE performance rights vest; and
- if FY2028 ROFE is 28% or more – then 100% of the ROFE performance rights vest.

If the FY2028 ROFE is between any levels above, then vesting will occur on a straight-line pro rata basis applicable to the ROFE performance between those levels.

Explanatory Notes

Continued

Performance condition 2

– TSR compound annual growth

Broadly, the TSR performance condition will assess the increase in the Company's share price (assuming dividends are reinvested). TSR will be measured as the increase in the Company's share price from a reference share price, being the volume weighted average price of the Company's shares on ASX during August 2024, being \$1.53. Growth in the Company's share price will be measured by reference to the volume weighted average price during August 2028.

The number of performance rights that vest for a performance period will be determined as follows:

- if the TSR CAGR is less than 10% – no TSR performance rights vest;
- if the TSR CAGR is 10% – then 30% of the TSR performance rights vest;
- if the TSR CAGR is 20% – then 66.67% of the TSR performance rights vest; and
- if the TSR CAGR is 30% or above – then 100% of the TSR performance rights vest.

If TSR CAGR is between two of the levels above, then vesting will occur on a straight-line pro rata basis applicable to the TSR CAGR performance between those levels.

Accelerated vesting for exceptional performance

The Board considers that the two performance conditions provide challenging measures across the four year performance period aligned to returning the Company to growth and driving shareholder value.

As an additional incentive and to reward exceptional performance, accelerated vesting may be available for up to half of the performance rights granted to the CEO. Accelerated vesting will occur if the ROFE or TSR CAGR performance conditions, as applicable, are met at the end of FY2027. For example, if ROFE at the end of FY2027 is 17%, then up to 15% of the ROFE performance rights will be available for vesting – that is, 50% of the 30% of ROFE performance rights that vest at threshold ROFE performance. The balance of the performance rights will remain on foot for testing at the end of FY2028.

Payment on vesting

No amount is payable upon exercise of a vested performance right. Upon exercise, the Company will provide the participant with a fully paid ordinary share. Shares may be issued or purchased on-market for the participant.

Once a performance right has vested, the participant will have two years in which to exercise the vested right and be provided with a fully paid ordinary share. Vested rights that have not been exercised at the end of that period will lapse.

The CEO is subject to the Company's minimum shareholding policy, under which he is required to achieve and maintain a shareholding equivalent to 100% of his FAR within five years from his date of appointment in October 2023.

Treatment on cessation of employment

Upon resignation or in instances where a participant's employment is terminated for cause or as a result of unsatisfactory performance, their unvested rights will lapse. In other circumstances, a person ceasing employment may retain unvested rights with vesting to be tested at the end of the relevant performance period. However, in all cases, the Board has discretion to permit a participant to retain unvested rights, including a discretion to reduce the number of retained unvested rights to reflect the part of the performance period for which the participant was employed. Shareholder approval is being sought for the purposes of sections 200B and 200E of the Corporations Act to permit the Company to give a benefit to a participant who holds a managerial or executive office in these circumstances (see Item 5). This approval was last obtained at the 2021 Annual General Meeting.

If employment ceases after a performance right vests, the participant remains entitled to exercise the right for the time period specified in the terms of the grant.

Treatment on change of control

In the event of a change of control of the Company, and subject to the ASX Listing Rules, the Board has discretion to determine whether a change in control has occurred and the treatment of the rights at that time. Treatment may include permitting some or all outstanding unvested rights to vest or determining that unvested rights have lapsed.

Malus and clawback

The terms of the performance rights provide for malus to be applied to unvested awards and for clawback provisions to be applied for vested awards. This is to ensure that in the event of serious misconduct or the identification of a serious adverse subsequent event, the relevant participant does not inappropriately benefit in those circumstances.

New issues and bonus issues

Subject to the ASX Listing Rules (where relevant), a participant may only participate in new issues of shares or other securities if the performance right has been exercised in accordance with its terms and shares are issued or transferred and registered in respect of the performance right on or before the record date for determining entitlements to the issue. A participant will also be entitled to receive an allocation of additional shares as an adjustment for bonus issues.

What will happen if the resolution is, or is not, approved?

If shareholder approval is obtained under ASX Listing Rule 10.14, the issue of performance rights to Mark Teperson will not count towards the Company's capacity to issue equity securities under ASX Listing Rule 7.1.

Accordingly, approval is sought for the grant of 1,696,707 performance rights (ie the maximum that could vest) to Mark Teperson under the FY2024-FY2028 LTIP grant.

If approval is not obtained, then the Board will have regard to developing alternative remuneration arrangements for Mark to provide him with an appropriate long-term incentive.

Other information

The Company provides the following additional information to shareholders in accordance with ASX Listing Rule 10.15:

- Mark Teperson is a Director of the Company and as such he comes within ASX Listing Rule 10.14.1. He is the only Director entitled to participate in the Company's Long Term Incentive Plan.
- It is proposed that Mark Teperson be issued with 1,696,707 performance rights under the FY2024-FY2028 LTIP grant, entitling him to a maximum of 1,696,707 shares in the Company if all of these performance rights subsequently vest.
- The details of the remuneration framework applying to Mark Teperson and his current remuneration consist of:
 - salary and superannuation (FAR) of \$852,533;
 - an opportunity to receive a payment of up to 100% of FAR after the conclusion of FY2025 under the Company's short-term incentive plan for FY2025. The general structure of the plan is described in the 2024 Remuneration Report. Whether a payment is received is subject to the Company achieving year-on-year growth targets as well as specific KPIs; and
 - participation in the Company's Long Term Incentive Plan.
- Following shareholder approval at the 2023 Annual General Meeting, Mark Teperson received 467,289 service rights and 612,980 performance rights at no cost, under the Company's Long Term Incentive Plan.
- It is the intention of the Board that the performance rights be granted to Mark Teperson by 30 November 2024 (but in any event, not more than three years after the date of the 2024 Annual General Meeting).

- No amount will be payable by Mark Teperson on grant or vesting of the performance rights. If vesting occurs, no amount is payable by Mark upon the exercise of vested performance rights.
- There is no loan scheme in relation to the performance rights (or the shares underlying them).
- Details of any securities issued under the scheme will be published in the relevant Annual Report, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in the Long Term Incentive Plan after this resolution is approved will not participate until approval is obtained under ASX Listing Rule 10.14 at a future meeting.

Board recommendation:

The Board (excluding Mark Teperson because of his interest) considers that the proposed grant of performance rights is appropriate and in the best interests of the Company and its shareholders. The grant strengthens the alignment of Mark's interests with shareholders and provides an incentive linked to continued growth of the Company's earnings and share price over the next four years. On this basis, the Board recommends that shareholders eligible to do so vote in favour of Item 4.

Item 5: Approval of potential termination benefits

Under the Corporations Act, subject to certain exemptions, shareholder approval must be obtained before the Company (or a related body corporate or a prescribed superannuation fund in relation to the Company) can give a 'benefit' in connection with the person's retirement from a managerial or executive office.

The Company is therefore seeking shareholder approval in relation to the benefits it can provide to persons holding managerial or executive office when they cease employment with Baby Bunting, including any benefits provided in certain circumstances under the Company's Long Term Incentive Plan. Other than the performance rights set out in Item 4, shareholders are not being asked to approve any change or increase in the remuneration or benefits or entitlements for KMP or any variations to the existing discretions of the Board and the Remuneration and Nomination Committee.

Explanatory Notes

Continued

Under the Company's Long Term Incentive Plan, eligible employees have been or may be provided with performance rights or options to acquire fully paid ordinary shares in the Company. That plan provides that if a participant ceases to be an employee before a performance right or option has vested or become exercisable due to:

- resignation (other than due to serious illness or total permanent incapacitation (as determined by the Board));
- the participant's employment being terminated with immediate effect; or
- any other circumstance (other than serious illness or total permanent incapacitation), or genuine redundancy or any other circumstance determined by the Board,

then all rights or options granted to the participant will lapse. In addition, if a participant ceases to be an employee due to a reason other than a reason referred to above, then the participant will be entitled to retain a proportion of the rights or options (equal to the proportion of the time elapsed in respect of the relevant performance period). However, the time for assessing whether any applicable vesting condition has been satisfied will be unaffected.

The Long Term Incentive Plan rules also provide that the Board has a discretion to determine a different treatment from that described above. For example, if the Board considers that the circumstances warrant it, it could determine that the participant retains some or all of their rights when they would otherwise lapse. The Board may, for example, exercise that discretion in the event of a person's death or total permanent incapacitation or where the circumstances of the participant's ceasing employment or the participant's contribution to the Company are exceptional and justify the exercise of the discretion. In this situation, the Board could determine that the rights or options (as applicable) vest with or without assessment against the relevant performance conditions.

Permitting rights or options to vest in these or similar circumstances upon a participant ceasing employment may constitute a 'termination benefit' for the purpose of Part 2D.2 of the Corporations Act. Shareholder approval may be required if the benefit is provided to a person following their retirement from a managerial or executive office. Accordingly, shareholder approval to permit the Company to provide a benefit in these circumstances, to a person who holds a managerial or executive office, is sought for the purposes of sections 200B and 200E of the Corporations Act.

Amount of the benefit

For a person who holds a managerial or executive office with the Company (or a related body corporate), if rights or options vest in connection with ceasing employment (for whatever reason), the person will receive a benefit in connection with retirement from an office, or position of employment, regulated by Part 2D.2 of the Corporations Act. The value of the benefit received will be related to the market price of the fully paid ordinary share that is received upon vesting and exercise of the right or option (less the amount of any exercise price) and the number of shares that are received at that time.

Duration of the approval

There is no time limit on approvals of this kind obtained under the Corporations Act. However, in the interests of good governance, the Board considers it appropriate to return this matter to shareholders for approval every three years.

The Company last obtained shareholder approval of the type contemplated by this Item 5 at its 2021 Annual General Meeting. At the time, the approval was obtained for the period ending at the 2024 Annual General Meeting.

Details of any termination benefits paid or provided to KMP will be set out in the Company's Remuneration Reports in accordance with law.

The approval sought in Item 5 will apply in relation to any termination benefits which may be provided during the period between the date of shareholder approval and the 2024 Annual General Meeting. The approval is not for the purpose of ASX Listing Rule 10.19.

Board recommendation:

The Board (excluding Mark Teperson because of his interest) recommends that shareholders eligible to do so vote in favour of Item 5.

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