

Australia

Employment

Labor Concerns

Employees may have rights to additional vesting or other benefits under a restricted stock or RSU plan in cases of involuntary termination. To reduce the risk of potential claims to employee entitlements, the Plan should expressly state that participation in the Plan is discretionary and that termination of employment will result in the loss of unvested rights/restricted stock.

Communications

Additional Australia-specific employee communications may be necessary depending on the securities exemption relied upon (see below). Electronic execution of award agreements may be acceptable under certain conditions.

Regulatory

Securities Compliance

Certain disclosure requirements apply to companies that offer securities unless such an offer falls within: (i) a specific exemption under the Corporations Act; (ii) a Class Order exemption issued by the Australian Securities & Investments Commission (“ASIC”); or (iii) an individual exemption granted by the ASIC. Filings and disclosure obligations may apply even if an exemption is relied upon.

Foreign Exchange

There are no foreign exchange restrictions applicable to restricted stock and RSU plans.

Data Protection

Employee consent for the processing and transfer of personal data is the recommended method of compliance with existing data privacy requirements. The Subsidiary and Issuer should implement safeguards so that (i) the use of the employees’ tax identification information is restricted to tax purposes; and (ii) the use of other personal data is restricted to specific purposes disclosed in a written consent.

Tax

Employee Tax Treatment

Where a real risk of forfeiture exists, or restricted stock is provided under a salary sacrifice arrangement, tax is payable at the deferred taxing point, which is broadly the earliest of: (i) there no longer being a real risk of forfeiture; (ii) no restriction on disposal; (iii) cessation of employment; and (iv) the seventh anniversary of grant. Otherwise, tax is payable on the market value of restricted stock or an RSU at the time of issue or grant.

When the Stock is sold, a 50% exemption on capital gains is available (after allowing for capital losses) if the Stock has been held for 12 months or more.

Social Insurance Contributions

The benefits received under a restricted stock or RSU plan are subject to a Medicare levy, and in some cases, an additional surcharge.

Withholding and Reporting

There is no obligation on the employer to withhold tax, unless an employee has failed to supply a tax file number. Employers are required to report annually the acquisition of Stock or the grant of rights and, if tax has become payable by any employee during the relevant financial year, the market value of the Stock or rights at the taxing time.

Employer Tax Treatment

In all Australian States and Territories, the Plan benefit is included in the calculation of the employer’s payroll tax. If the Subsidiary reimburses the Issuer for the cost of the Plan benefits pursuant to a written reimbursement agreement, the Subsidiary is permitted to claim a tax deduction.

This summary is intended to reflect local law and practice as at 1 May 2013. Please note, however, that recent amendments and legal interpretations of the local law may not be included in these summaries. In addition, corporate governance, administration, and plan design facts that are specific to your company may impact how the local laws affect the company’s equity based compensation plans.

With these matters in mind, companies should not rely on the information provided in this summary when implementing their stock plans.