



AGM18

CARDNO ANNUAL GENERAL MEETING

Meeting Documentation

The 2018 AGM is to be held on
Wednesday, 24 October 2018

Heritage Room
InterContinental Sydney
117 Macquarie Street
Sydney NSW 2000

Commencing at 10:00am
(Sydney time)

Cardno Limited ABN 70 108 112 303

**Making a
difference.**

Notice of Annual General Meeting

Notice is given that the 2018 Annual General Meeting of Shareholders of **CARDNO LIMITED** (ABN 70 108 112 303) ('Cardno' or 'Company') will be held on Wednesday, 24 October 2018 at the Heritage Room, InterContinental Sydney, 117 Macquarie Street, Sydney commencing at 10:00am (Sydney time).

Ordinary Business

FINANCIAL STATEMENTS AND REPORTS

To receive and consider the Company's financial reports and the report of the Directors and the Company's auditor contained in the Company's Financial Report for the financial year ended 30 June 2018.

1. RE-ELECTION OF REBECCA RANICH

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

'That Rebecca Ranich, who was appointed to the Board following the last annual general meeting of the Company, and being eligible for re-election, be re-elected as a Director of the Company in accordance with rule 19.2 of the Company's Constitution and Listing Rule 14.4.'

2. REMUNERATION REPORT

To consider and, if thought fit, to pass the following resolution as a non-binding advisory resolution in accordance with section 250R(2) of the Corporations Act:

'That the Remuneration Report contained in the Company's Financial Report for the financial year ended 30 June 2018 be adopted.'

This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

Special Business

3. APPROVAL OF THE PERFORMANCE EQUITY PLAN AND THE ISSUE OF SHARES, PERFORMANCE RIGHTS AND OPTIONS UNDER THE PERFORMANCE EQUITY PLAN

To consider and, if thought fit, pass the following as a special resolution:

'That, for the purposes of Listing Rule 7.2 (Exception 9(b)) and for all other purposes, Shareholders approve the terms of, and authorise the issue securities under, the Cardno Limited Performance Equity Plan, a summary of which is set out in the Explanatory Memorandum, as an exception to Listing Rule 7.1.'

This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

4. RESOLUTION 4 – APPROVAL OF THE GRANT OF OPTIONS TO THE MANAGING DIRECTOR, IAN BALL

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

'That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 5,600,000 Options to the Managing Director and Chief Executive Officer, Mr Ian Ball, under the Cardno Limited Performance Equity Plan, on the terms and conditions described in the Explanatory Notes to this Notice of Meeting.'

This resolution is subject to voting exclusions as set out at the end of this Notice of Meeting.

By order of the Board

Dated 17 September 2018



COURTNEY MARSDEN
Joint Company Secretary

Notes

VOTING

1. Cardno has determined that for the purpose of voting at the meeting or adjourned meeting, Shareholders who are recorded in Cardno's register of Shareholders as at 10:00am (Brisbane time) on Monday, 22 October 2018 will be taken, for the purposes of the Annual General Meeting, to be entitled to attend and vote at the meeting.

APPOINTMENT OF PROXY

2. If you are a Shareholder and you are unable to attend and vote at the meeting, and wish to appoint a proxy, please complete and return the enclosed proxy form. A proxy need not be a Shareholder of Cardno.
3. The proxy form must be completed and, together with the power of attorney (if any) under which the proxy form is signed, lodged at Cardno's share registry, Computershare Investor Services, GPO Box 242, Melbourne, Victoria, 3001 or faxed to 1800 783 447 (within Australia) and +61 3 9473 2555 (outside Australia) at least 48 hours before the meeting (i.e. lodgement must occur no later than 10:00am (Brisbane time) on Monday, 22 October 2018).
4. You can also lodge your proxy online at www.investorvote.com.au, quoting the 6-digit control number which is located on the front of the accompanying proxy form. Alternatively, you can scan the QR code with your mobile device and insert your post code.
5. Intermediary Online Subscribers (Custodians) may lodge their proxy instruction online by visiting www.intermediaryonline.com.
6. A Shareholder entitled to attend and cast two or more votes at the meeting is entitled to appoint no more than two proxies to attend and vote in their stead. Where more than one proxy is appointed, each proxy should be appointed to represent a specified proportion of the Shareholder's voting rights. Failure to apportion voting rights will result in each proxy being entitled to vote half of the Shareholder's votes.
7. A corporation may elect to appoint a representative, rather than appoint a proxy, in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

If you have any queries about how to cast your votes, then call the Company Secretary on +61 7 5409 8408 during business hours.

VOTING EXCLUSION STATEMENTS

In accordance with the Corporations Act, Cardno will disregard any votes cast by or on behalf of:

- > a member of the Key Management Personnel of the Company whose remuneration details are contained in the Remuneration Report and any Closely Related Party of such a member of the Key Management Personnel of the Company whether the votes are cast as a Shareholder, proxy or in any other capacity, in **favour** of Resolution 2; and
- > a Director of the Company (who is eligible to participate in any employee incentive scheme in relation to the Company) and any associate of those persons, in **favour** of Resolution 3 and Resolution 4; and

However, Cardno need not disregard a vote in relation to any resolution if:

- > it is cast by a person referred to above who is otherwise excluded from voting on that resolution, as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- > it is cast by the Chair of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Explanatory Memorandum

ORDINARY BUSINESS

FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires that the Company's Annual Report (which includes the report of the Directors, the report of the Company's auditor and the financial reports) be presented to the Annual General Meeting. In addition, the Constitution provides for such reports and statements to be received and considered at the Annual General Meeting.

This item does not require a formal resolution and, accordingly, no vote will be held on this item.

Shareholders will be allowed a reasonable opportunity to ask questions about, or make comments on, the management of the Company during discussions on this item.

The Company's external auditor will be present at the meeting and Shareholders will be given the opportunity to ask the auditor questions on the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company for the preparation of the financial statements and the independence of the auditor. Shareholders may also submit written questions to the auditor, which should be received by the Company no later than 5:00pm (Brisbane time) on Wednesday, 17 October 2018.

RESOLUTION 1 – RE-ELECTION OF DIRECTOR

Listing Rule 14.5 requires the Company to hold an election of Directors at every annual general meeting. Rule 19.2(b) of the Constitution and Listing Rule 14.4 provide that a Director, who is not a managing director, appointed by the other Directors since the last annual general meeting must not hold office past the conclusion of this Annual General Meeting without re-election. In accordance with Rule 19.2(b) of the Constitution and Listing Rule 14.4, Rebecca Ranich, being eligible for re-election, stands for re-election.

A full summary of Rebecca Ranich's experience and qualifications is detailed below.

Director	Experience	Special Responsibilities
Rebecca Ranich	<p>Rebecca Ranich joined Cardno Limited as a Non-Executive Director in March 2018. She has nearly 30 years of experience, and over her career, has led transformational business initiatives, forged global strategic alliances and led new market ventures in the energy and infrastructure sectors.</p> <p>Rebecca is an investor in and advisor to emerging technology companies, and is in collaboration with an international consortium (Fraunhofer Institute, New Jersey Institute of Technology and Purdue University) to develop a transformational Technology and Innovation Solution for global applications.</p> <p>Rebecca is a former Director at Deloitte Consulting, LLP where she led Energy and Sustainability Investment Advisory services for public sector clients. Prior to Deloitte, she was a Vice President at Michael Baker Corporation (Baker).</p> <p>Rebecca also serves as a Director on the board of the National Fuel Gas Corporation (NYSE: NFG, (Governance and Nominating Committee)); she is a Supervisory board member of Uniper SE (DAX: UN01); a Vice-Chairman of the board of the Gas Technology Institute (and Chair Investment Committee) and serves on the Advisory board of Yet Analytics, Inc.</p> <p>She is a member of the Baltimore Angels – an early stage investment group; the Technology Commercialization Panel for the Johns Hopkins University Applied Physics Laboratory; the 2018 World Gas Conference National Organizing Committee; and a prior member of the National Petroleum Council.</p> <p>Rebecca holds a Bachelor of Arts (B.A) and Master of Business Administration (M.B.A).</p>	<i>nil</i>

DIRECTORS' RECOMMENDATION

The Directors (other than Ms Ranich) unanimously recommend that you vote in favour of Resolution 1.

RESOLUTION 2 – DIRECTORS' REMUNERATION REPORT

The Corporations Act requires that listed companies put a resolution to their shareholders to adopt by way of a non-binding advisory vote the Remuneration Report as found in the Company's Annual Report.

The resolution of Shareholders is advisory only and **not binding** on the Directors or the Company. However, the Board and its Remuneration Committee will take the outcome of this vote into account when considering future remuneration policy for non-executive Directors and executive key management personnel. If more than 25% of the votes cast on this resolution are against the adoption of the Remuneration Report, the remuneration report for the following year must either address any comments received from Shareholders or explain why no action has been taken in response to those comments. If, at the following annual general meeting, the remuneration report is again voted against by 25% or more of votes cast, a 'spill resolution' will be put to Shareholders. If at least 50% of the votes cast are in favour of the 'spill resolution' a special meeting of the Company will be held within 90 days at which the Directors in office at the time of the second annual general meeting must resign and stand for re-election.

The remuneration report for the 2017 financial year was unanimously passed by a show of hands at the Company's 2017 annual general meeting. Further, the Company did not receive any specific feedback at that annual general meeting or during the year on its remuneration practices.

The Remuneration Report is contained in the Company's annual report, which is available on the Company's website at <http://www.cardno.com.au>. It:

- > explains the Board's policies in relation to the nature and level of remuneration paid to Directors and other KMP within the Group;
- > discusses the link between the Board's policies and the Company's performance;
- > sets out the remuneration details for each Director and for each other member of the Company's KMP; and
- > makes clear that the basis for remunerating non-executive Directors is distinct from the basis for remunerating executives, including executive Directors.

The Chairman will give Shareholders a reasonable opportunity to ask questions about, or to make comments on, the Remuneration Report at the Annual General Meeting.

DIRECTORS' RECOMMENDATION

The Directors unanimously recommend that you vote in favour of Resolution 2.

SPECIAL BUSINESS

RESOLUTION 3 – APPROVAL OF THE PERFORMANCE EQUITY PLAN AND THE ISSUE OF SHARES AND THE GRANT OF PERFORMANCE RIGHTS AND OPTIONS UNDER THE PERFORMANCE EQUITY PLAN

The Company proposes to issue Shares and grant Performance Rights and Options to Employees under the Cardno Limited Performance Equity Plan (**PEP**). Under the PEP, the Remuneration Committee of the Board will determine which Employees qualify for the issue of Shares and the grant of Performance Rights and Options.

The PEP was approved by Shareholders on 27 October 2016 at the Company's 2016 annual general meeting for the purposes of Exception 9(b) of Listing Rule 7.2. However, since the 2016 annual general meeting, the Board has approved further amendments to the terms of the PEP.

Details of the terms of the PEP are provided in Schedule 1. Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue equity securities, including Performance Rights. In effect, Shareholder approval is required before the Company may issue securities representing more than 15% of ordinary Shares on issue within a 12-month period. However, certain issues are exempt from Listing Rule 7.1 and are effectively disregarded for the purpose of calculating the number of securities which a company may issue.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme where shareholders have approved the issue of securities under the scheme as an exemption from Listing Rule 7.1 in a general meeting held not more than three years before the date of issue where the notice of meeting contains or is accompanied by certain prescribed information, as set out in Exception 9(b) of Listing Rule 7.2.

In order to take advantage of this exemption from Listing Rule 7.1 and allow the Company greater flexibility in the extent to which it may issue securities, Shareholders are requested to approve the issue of Performance Rights and the issue of Shares pursuant to the terms of the Performance Rights under the PEP for the purposes of Exception 9(b) of Listing Rule 7.2, as an exemption to Listing Rule 7.1.

Subject to there being no material amendments to the terms of the PEP, this approval will be effective to continue the exemption for three years from the date of passing of this resolution.

Prior Shareholder approval will be required before any Director can participate in the PEP.

Terms of the PEP

In accordance with Exception 9(b) of Listing Rule 7.2, details of the terms of the PEP are provided in Schedule 1.

Securities issued since last approval

Shareholders last approved the issue of securities under the PEP for the purposes of Exception 9(b) of Listing Rule 7.2 at the 2016 annual general meeting held on 27 October 2016. Since that date, the Company has granted:

- > 2,814,255 Performance Rights on 1 November 2016; and
- > 1,214,428 Performance Rights on 1 November 2017,

to Employees under the PEP.

DIRECTORS' RECOMMENDATION

The Directors unanimously recommend that you vote in favour of Resolution 3.

RESOLUTION 4 – APPROVAL OF THE GRANT OF OPTIONS TO THE MANAGING DIRECTOR, IAN BALL

ASX Listing Rule 10.14 requires the Company to obtain shareholder approval for the issue of securities to a Director under an employee incentive scheme. The Company is seeking Shareholder approval for the proposed grant of 5,600,000 Options to the Managing Director and Chief Executive Officer, Ian Ball, under the PEP on the terms and conditions set out below.

Terms of the Options

The terms of the grant of Options to Mr Ball are summarised below.

Tranche	Number of Options	Exercise Price per Option
Tranche 1	3,600,000	A\$1.18
Tranche 2	2,000,000	A\$1.90

The Options are not transferable and are subject to the other conditions in the PEP, a summary of which is attached in Schedule 1 to the Explanatory Memorandum.

Vesting Conditions

The Tranche 1 Options will vest after the 4th year anniversary of Mr Ball's commencement date, being 9 August 2018 (**Commencement Date**), and will be exercisable until the end of the 8th year anniversary of the Commencement Date. Tranche 1 Options will be cancelled for no benefit to the Mr Ball if his employment is terminated with or without cause prior to the 4th anniversary of the Commencement Date.

The Tranche 2 Options will vest after the 5th year anniversary of the Commencement Date and will be exercisable until the end of the 9th year anniversary of the Commencement Date. Tranche 2 Options will be cancelled for no benefit to the Mr Ball if his employment is terminated with or without cause prior to the 5th anniversary of the Commencement Date.

Specific information

Specific information which must be provided to Shareholders in accordance with Listing Rule 10.15 is set out below.

Maximum number of Options to be granted to Mr Ball	5,600,000 Options Each vested Option entitles Mr Ball to receive, on its exercise and subject to the payment of the Exercise Price, one fully paid Share. Accordingly, the maximum number of Shares that may be acquired by Mr Ball through his exercise of the Options is 5,600,000 Shares.
Employee incentive scheme (the PEP)	The Options will be granted under the PEP (which is subject to Shareholder approval of Item 2 at the Company's Annual General Meeting on 24 October 2018). All Employees are eligible to participate in the PEP.
Amount payable for each Option	The Options will be granted for nil consideration.
The date on which the Company will grant the Options	If Shareholder approval is obtained, the Company intends to grant the Options to Mr Ball within 5 business days after the Annual General Meeting, but in any event no later than 12 months after the Annual General Meeting.
Number of Options granted under the PEP since the last approval	Nil. This is the first meeting at which shareholder approval for a grant of Options under the PEP and the subsequent acquisition of shares is sought.
Loan arrangements	There are no loan arrangements with Mr Ball in relation to the acquisition of the Options.

Consequences if approval is not obtained

If Item 3 is not approved by shareholders, no Options will be granted to Mr Ball irrespective of the outcome of the shareholders' vote on Item 4.

If shareholder approve the updated remuneration arrangements under the PEP in Item 3, but do not approve the issue under the PEP to Mr Ball in Item 4, the proposed grant of 5,600,000 Options will not proceed and this will impact the Company's ability to incentivise the Chief Executive Officer and Managing Director, and align his interests with those of shareholders.

In either event, the Board will need to consider alternative remuneration arrangements which are consistent with the Company's remuneration principles, including achieving the necessary alignment of interests that is a key objective of the updated remuneration arrangements under the PEP.

DIRECTORS' RECOMMENDATION

The Directors (other than Mr Ball, who has an interest in the matter) recommend that you vote in favour of Resolution 4.

Glossary

Cardno Limited ABN 70 108 112 303

Annual General Meeting	means the Annual General Meeting convened by this Notice of Meeting.
Annual Report	means the annual report of the Company for the year ended 30 June 2018.
ASX	means ASX Limited ACN 008 624 691.
Board	means the board of Directors of the Company.
Closely Related Party	in relation to a member of Key Management Personnel, means: (a) a spouse or child of the member; (b) a child or the member's spouse; (c) a dependant of the member or of the member's spouse; (d) anyone in the member's family who may be expected to influence the member, or be influenced by the member, in the member's dealings with the Company; or (e) a company which the member controls.
Company or Cardno	means Cardno Limited (ABN 70 108 112 303)
Constitution	means the constitution of the Company.
Corporations Act	means <i>Corporations Act 2001</i> (Cth).
Director	means the directors of the Company.
Employee	means a person who is at any material time an employee or director of any Group Company or who is otherwise at any material time designated by the Directors in their absolute discretion as such for the purposes of the PEP.
Exercise Notice	means a duly completed and executed notice of exercise of an Option in the form approved by the Board from time to time.
Exercise Price	means the exercise price of an Option.
Explanatory Memorandum	means the explanatory statement accompanying the resolutions contained in this Notice of Meeting.
Financial Report	means the financial report set out in the Annual Report for the year ended 30 June 2018.
Group	means together the Company and its subsidiaries.
Group Company	means any company, including without limitation the Company, which is at any material time a member of the Group.
Key Management Personnel or KMP	means the key management personnel of the Company, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. It includes all Directors (executive and non-executive). The Key Management Personnel during the year ended 30 June 2018 are listed in the Remuneration Report.
Notice of Meeting	means this notice of meeting and includes the Explanatory Memorandum.

Last Exercise Date	with respect to an Option means the date specified in an invitation, or if no date is specified in the invitation, the date that is 18 months after the date on which the Option vests.
Listing Rules	means the listing rules of ASX.
Option	means an option granted pursuant to the PEP to subscribe for one Share, subject to the terms of the PEP and the terms of the offer.
Performance Equity Plan or PEP	means the performance equity plan proposed to be approved by Shareholders, a summary of which is included in Schedule 1, and which is the subject of Resolution 3 of this Notice of Meeting.
Performance Right	means a right to acquire a Share under the PEP, subject to the terms of the PEP and the terms of the offer.
Remuneration Report	means the remuneration report set out in the Annual Report for the year ended 30 June 2018.
Share	means a fully paid ordinary share in the capital of the Company.
Shareholder	means a holder of Shares.
Special Circumstance	means with respect to a Participant: (a) Total and Permanent Disablement; or (c) the death, or terminal illness, of the Participant.
Total and Permanent Disablement	means in relation to a Participant, the termination or cessation of their employment with a Group Company as a result of total and permanent disablement, as determined by the Board.

Schedule 1

Terms and conditions of the Performance Equity Plan (PEP)

Eligibility	The Board may provide an invitation to any Employee to participate in the PEP. Where such a person accepts the invitation, he or she will become a participant under the PEP (Participant).
Award / instrument	Awards may be granted in the form of Shares, or Performance Rights or Options to acquire Shares.
Terms and conditions	The Board has the discretion to determine the terms and conditions applicable to an offer under the PEP, including: <ul style="list-style-type: none">> the number or value of Shares, Performance Rights or Options being offered; and> in the case of Performance Rights and Options, the vesting conditions attaching to the Performance Rights or Options (Vesting Conditions).
Allocation of Shares	Shares allocated to a Participant under the PEP may be acquired by way of subscription for new Shares or by way of purchase of Shares already on issue (including, but not limited to, from an employee share trust established by the Company). Shares acquired under the PEP will: <ul style="list-style-type: none">> rank equally with all existing Shares from the date of acquisition in respect of all rights issues, bonus issues, dividends and other distributions to, or entitlements of, holders of existing Shares made or declared after their acquisition; and> be subject to any restrictions or other conditions determined by the Board.
Rights attaching to Performance Rights and Options	<p>In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of Performance Rights and Options will be adjusted (as appropriate) by the Board to the extent necessary to comply with the Listing Rules. In all other respects the terms for the exercise of the Performance Rights and Options shall remain unchanged.</p> <p>Until Shares are acquired pursuant to the exercise of Performance Rights or Options (as the case may be), the holder of a Performance Right or Option shall not be entitled to participate in dividends on Shares or new issues of securities by the Company.</p> <p>In the event of a pro rata bonus issue of securities by the Company, the number of Shares over which a Performance Right or Option exists will be adjusted in the manner specified in Listing Rule 6.22.3.</p> <p>Performance Rights and Options may not be transferred.</p>
Vesting Conditions	Prior to an invitation to participate in the PEP being made, the Board will determine and specify in the invitation any Vesting Conditions attaching to Performance Rights or Options.

Vesting and exercise of Performance Rights	<p>Subject to the rules of the PEP, a Performance Right will entitle the relevant Participant to acquire a Share if the Vesting Conditions applicable to the Performance Rights are satisfied at any time during the period between the 3rd and 4th anniversary of the date the Performance Rights are granted.</p> <p>Once the Vesting Conditions in respect of a Performance Right have been satisfied or waived, the Performance Rights will vest and the Participant will be notified. The Participant will be deemed to exercise the Performance Rights on the date that the Performance Rights vest and the Company will notify the Participant of the exercise and settle the Performance Right as soon as reasonably practicable following the date of notification (and in any event within 30 days). One share will be provided for each Performance Right that has vested.</p> <p>The Board may determine, at any time that Performance Rights will vest, irrespective of whether the Vesting Conditions in respect of those Performance Rights have been satisfied at that time, and give notice to the Participant accordingly.</p> <p>The Participant consents and agrees for the Company to sell enough of the Shares issued upon vesting of the Performance Rights to cover any applicable taxes, brokerage commissions and fees that the Company is liable to pay in respect of the Performance Rights that have vested. The Participant will receive the balance number of Shares.</p> <p>A Participant may elect to provide a cheque for payment of the applicable taxes, brokerage commissions and fees that the Company is liable to pay in respect of the vested Performance Rights, in which case the Participant will receive all Shares issued upon vesting of the Performance Rights.</p>
Vesting and exercise of Options	<p>Subject to the rules of the PEP, an Option will entitle the relevant Participant to acquire a Share if the Vesting Conditions applicable to the Option are satisfied and the Option is exercised before the earlier of the Option lapsing or the Last Exercise Date.</p> <p>Once the Vesting Conditions in respect of an Option have been satisfied or waived by the Board, the Option vests and the Participant will be notified. Once an Option is capable of exercise, it may be exercised at any time up until 5:00pm (AEST) on the Last Exercise Date in accordance with the terms and conditions of the invitation, by the Participant giving to the Company a signed Exercise Notice and paying to, or as directed by, the Company an amount in cleared funds equal to the Exercise Price multiplied by the number of Options which are being exercised (unless there is no Exercise Price payable in respect of the Options to be exercised). Each Option entitles the Participant, on the exercise of the Option, to receive one fully paid Share.</p> <p>The Board may determine at any time that Options will vest, irrespective of whether the Vesting Conditions in respect of those Options have been satisfied at that time, and give notice to the Participant accordingly.</p>
Change of Control	<p>If there is a Change of Control in respect of the Company, then the Company may vest a Participant's unvested Performance Rights or unvested Options (or a portion of unvested Performance Rights or unvested Options) irrespective of whether the Vesting Conditions are satisfied in respect of those Performance Rights or Options. On the vesting of Performance Rights or Options on a Change of Control, the Company will use its best endeavours to provide the Shares to the Participant before any deadline for the Participant to participate in the transaction that gives effect to the Change of Control.</p>
Shares issued on exercise	<p>Shares issued on the exercise of Performance Rights or Options will rank equally in all respects with existing Shares. If the Company's Shares are officially quoted by ASX at the time any Shares are issued pursuant to the exercise of Performance Rights or Options, the Company will apply to ASX for official quotation of such Shares issued pursuant to the exercise of the Performance Rights or Options within the time prescribed by the Listing Rules.</p>

Lapse of Performance Rights	<p>Performance Rights will lapse in the following circumstances:</p> <ul style="list-style-type: none"> > if the Board determines in its absolute discretion that any Vesting Condition applicable to a Performance Right has not been satisfied, or is not capable of being satisfied, the Performance Right will not be capable of vesting; > if at any time before the Performance Rights settle, the Participant ceases to be an Employee; > upon any Participant's resignation as an Employee or the termination of their employment, in which case, any Performance Rights that are vested but not settled will lapse; > if the Vesting Conditions applicable to the Performance Rights have not yet been satisfied and the Participant has not been notified by the Board that the Performance Rights will vest notwithstanding that the Vesting Conditions have not been satisfied, the Participant may renounce the Performance Rights by notifying the Company in writing at least 30 days prior to the Performance Rights having otherwise vested, in which case the Performance Rights will be treated as having lapsed.
Lapse of Options	<p>Options will lapse in the following circumstances:</p> <ul style="list-style-type: none"> > if the Board determines in its absolute discretion that any Vesting Condition applicable to an Option has not been satisfied, or is not capable of being satisfied, the Option will not be capable of vesting; and > if vested Options are not exercised before the 5:00pm (AEST) on the Last Exercise Date. <p>If a Participant ceases to be an Employee under any circumstances other than due to a Special Circumstance, then, subject to compliance with the Listing Rules and the Law:</p> <ul style="list-style-type: none"> > any unvested options held by the Participant will immediately lapse; and > any vested options held by the Participant that have not been exercised will lapse on the date the Participant tenders their resignation or ceases to be an Employee, which is the earlier. <p>If a Participant ceases to be an Employee due to a Special Circumstance:</p> <ul style="list-style-type: none"> > unvested options held by the Participant will immediately lapse; and > vested options held by the Participant that have not been exercised will continue in force and remain exercisable until the Last Exercise Date.
Breach, Fraud or Misconduct	<p>Notwithstanding any other Rule under the PEP, if the Board determines that a Participant (or an Employee who has accepted an invitation or made an application for Options or Performance Rights under the PEP) at any time:</p> <ul style="list-style-type: none"> > has been dismissed or removed from office for a reason which entitles a Group Company to dismiss the Participant (or Employee) without notice; > has been convicted on indictment of an offence against the Law in connection with the affairs of a Group Company; > has had a judgment entered against him or her in civil proceedings in respect of the contravention by the Participant (or Employee) of his or her duties at law, in equity or under statute in his or her capacity as an executive or director of a Group Company; > has committed an act of fraud, defalcation or gross misconduct in relation to the affairs of that body corporate (whether or not charged with an offence); > is in material breach of any of his or her duties or obligations to a Group Company; or > has done an act which brings a Group Company into disrepute, <p>the Board may determine that the Options or Performance Rights held by the relevant Participant will lapse.</p>

Clawback	<p>If the Board becomes aware of a material misstatement in the Company's financial statements or some other event has occurred which, as a result, means that the Vesting Conditions in respect of certain vested Options or Performance Rights were not, or should not have been determined to have been, satisfied, then the Participant will cease to be entitled to those vested Options (Affected Options) or vested Performance Rights (Affected Performance Rights) and the Board may:</p> <ul style="list-style-type: none"> > by written notice to the Participant cancel the relevant Affected Options or Affected Performance Rights for no consideration; and/or > adjust fixed remuneration, incentives or participation in this Plan of a relevant Participant in the current year or any future year to take account of the after tax value of the Affected Options or Affected Performance Rights.
Amendment	<p>The Directors may in their absolute discretion:</p> <ul style="list-style-type: none"> > amend, add to or waive any provision of the PEP or any restriction or other condition (including a Vesting Condition) relating to any Shares, Performance Right or Options allocated under the PEP but subject to limitations outlined below and the Listing Rules; and > waive compliance with, or any breach of, a provision of the PEP. <p>The Directors may not make any amendment to the provisions of the PEP, or to any restriction or other condition relating to any Shares, Performance Rights or Options allocated under the PEP, which adversely affects the rights attaching to the Shares, Performance Rights or Options of Participants allocated to them before the date of the amendment but may, notwithstanding this limitation, make any such amendment with the agreement of a Participant or where the primary purpose of the amendment is:</p> <ul style="list-style-type: none"> > to comply with present or future State or Commonwealth legislation or foreign laws governing or regulating the maintenance or operation of the PEP or similar plans; > to enable the Company to comply with the Corporations Act, the Listing Rules, any other Australian laws, applicable foreign laws, or a requirement, policy or practice of the Australian Securities and Investments Commission, ASX or other foreign or Australian regulatory body; > to correct any manifest error or mistake; or > to take into consideration possible adverse tax implications in respect of the PEP arising from (among other things) adverse rulings from the Commissioner of Taxation, actual or proposed changes to tax legislation or changes in the interpretation of tax legislation by a court or tribunal of competent jurisdiction. <p>Any amendments made pursuant to the above, may be given retrospective effect as specified in the written instrument or resolution by which the amendment is made.</p>
Termination and suspension	<p>Subject to the law and the Listing Rules, the PEP may be terminated or suspended at any time by the Board in its absolute discretion. A Participant may not claim any compensation as a result of the termination or the suspension of the PEP.</p>



Registered office

Cardno Limited
ABN 70 108 112 303

Level 11, North Tower
Green Square
515 St Paul's Terrace
Fortitude Valley
QLD 4006 Australia

Phone + 617 3369 9822
Fax + 617 3369 9722

cardno@cardno.com
www.cardno.com



Follow us on
www.linkedin.com/company/cardno



Follow us on
www.twitter.com/cardno



Join us on
www.facebook.com/CardnoGlobal



Watch us on
www.cardno.com/youtube