



**Reliance Worldwide Corporation Limited**  
**ACN 610 855 877**

**Notice of Annual General Meeting**

Notice is hereby given that the Annual General Meeting (**General Meeting**) of Reliance Worldwide Corporation Limited (ACN 610 855 877) (**Company**) will be held as follows:

**Date:** Thursday 28 October 2021  
**Time:** 10.00am (Melbourne time)  
**Venue:** To be held as a virtual meeting via the URL: <https://web.lumiagm.com/352407445>  
Please see below for further details.

**Online attendance and participation:** In response to Government restrictions and the potential health risks arising from the COVID-19 pandemic, this year the Company's General Meeting will again be held online. The health and safety of our shareholders, employees and the broader community are extremely important to the Company's Board and management. There will not be a physical meeting but shareholders are invited to participate in this year's General Meeting online via the live webcast or the online platform, which has facilities to ask questions and vote on resolutions. Details are set out below in this Notice of Meeting and in the online meeting guide. The online meeting guide will be lodged with the ASX and posted on the Company's website at [www.rwc.com/investors/annual-general-meeting](http://www.rwc.com/investors/annual-general-meeting).

Even if you plan to attend the General Meeting online, we encourage you to submit a directed proxy vote as early as possible so that your vote will be counted if for any reason you cannot attend (for example, if there is an issue with your internet on the day of the General Meeting). Shareholders can lodge their proxy online or complete and return a hard-copy proxy form by **10:00am (Melbourne time) on Tuesday 26 October 2021**. Details of how to lodge Proxy forms are outlined in the Important notes section below.

Shareholders can ask questions before the meeting using the online form at [www.rwc.com/investors/annual-general-meeting](http://www.rwc.com/investors/annual-general-meeting) and submitting them by no later than **10.00am (Melbourne time) on Tuesday 26 October 2021**. Shareholders who are participating online will be able to ask a question during the General Meeting by following the prompts in the Online Platform.

This Notice of General Meeting is accompanied by a Proxy Form and Explanatory Memorandum which contains an explanation of, and information regarding, the proposed resolutions. The Proxy Form and Explanatory Memorandum form part of this Notice of General Meeting.

**Online participation in the General Meeting**

Shareholders may participate in the General Meeting and watch the webcast online using one of the following methods:

Online platform

- (1) **Computer:** enter the following URL in your browser: <https://web.lumiagm.com/352407445>;
- (2) **Mobile device:** enter the following URL in your browser: <https://web.lumiagm.com/352407445>

Shareholders using either of these Lumi online platforms will be able to view the General Meeting, hear presentations from the Chairman and Group Chief Executive Officer, view presentation slides, ask questions and



vote in real time during the meeting (from commencement of the meeting until the Chairman announces that voting has closed).

You will need the latest versions of one of Chrome, Safari, Internet Explorer, Edge or Firefox. Please ensure your browser is compatible. To log onto the platform and participate in the General Meeting, you will need to provide your details to be verified as a shareholder or proxyholder. The details include your SRN/HIN if you are a shareholder or your username/password if you are a proxyholder.

Further details are set out at section (f) in the Important Notes section below.

#### Watching the webcast only

Shareholders and visitors will also be able to watch the webcast by registering as a guest via the Lumi online platform at <https://web.lumiagm.com/352407445>.

Please note that you will not be able to ask questions or vote in real time if you attend as a guest.

#### **Updates on the General Meeting**

Shareholders are encouraged to check the ASX announcements platform (ASX Code: RWC) and the Company's website for any updates in connection with the General Meeting.



## Items of Business

### Item 1: Financial Report

To receive and consider the Financial Report of the Company and the reports from the Directors and the auditor for the financial year ended 30 June 2021. Please note that no resolution or vote is required for this item of business.

### Item 2: Election or re-election of directors

#### Item 2.1: Election of Darlene Knight as a Director

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

*“That Darlene Knight, who was appointed in accordance with the terms of the Company’s Constitution, be elected as a Director of the Company.”*

#### Item 2.2: Re-election of Sharon McCrohan as a Director

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

*“That Sharon McCrohan, who retires in accordance with the terms of the Company’s Constitution, be re-elected as a Director of the Company.”*

### Item 3: Remuneration Report

To consider and, if thought fit, pass the following resolution as a non-binding, ordinary resolution:

*“That the Remuneration Report, which forms part of the Directors’ Report for the year ended 30 June 2021, be adopted.”*

Please note that:

- the vote on this resolution is advisory only and does not bind the Directors or the Company; and
- a voting exclusion statement applies in respect of this resolution (see Item 3 of the Explanatory Memorandum).

### Item 4: Award of long term incentive grant to Heath Sharp, Managing Director and Chief Executive Officer

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

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, shareholders approve and authorise the grant by the Company to Mr. Heath Sharp of rights to receive fully paid ordinary shares in the Company as his long-term incentive grant for the year ended 30 June 2022 on the terms and conditions described in the Explanatory Memorandum.”*

A voting exclusion statement applies in respect of this resolution (see Item 4 of the Explanatory Memorandum).

### Item 5: Renewal of proportional takeover approval provisions

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

*“That rule 6 of the Company’s Constitution setting out the existing proportional takeover provisions be renewed for a period of three years commencing on the day the resolution is passed.”*

Please refer to the Explanatory Memorandum for further information on these resolutions.



## Important notes

### (a) Attendance and voting eligibility

For the purposes of determining voting entitlements at the General Meeting, shares will be taken to be held by the persons who are registered as holding shares as at 7.00pm (Sydney time) on Tuesday 26 October 2021. Accordingly, share transfers registered after that time will be disregarded in determining shareholders' entitlements to attend and vote at the General Meeting.

If more than one joint holder of shares is present at the General Meeting (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

### (b) Proxy instructions

A shareholder entitled to attend and vote at the General Meeting is entitled to appoint an individual or body corporate to act as their proxy to attend and vote on the shareholder's behalf.

Shareholders entitled to cast two or more votes may appoint up to two proxies. Where more than one proxy is appointed, each proxy may be appointed to represent a specific number or proportion of the shareholder's votes. If the appointment does not specify the proportion or number of votes that each proxy may exercise, each proxy may exercise half of the shareholder's votes. A proxy may, but need not, be a shareholder.

A shareholder that is a body corporate, or a corporation which has been appointed as a proxy, is entitled to appoint any individual to act as its representative at the General Meeting. The appointment of the representative must comply with the requirements under s250D of the *Corporations Act 2001* (Cth) (**Corporations Act**). Please advise your representative of their appointment and ensure that satisfactory evidence of their appointment is provided prior to the General Meeting, in the same manner, and by the same time, as outlined below for Proxy Forms, so that they can participate in the online meeting and exercise your voting instructions. The appointed representative must contact Computershare Investor Services, the Company's share registrar, to obtain a username and password to vote online. Completed Proxy Forms must be received by the Share Registry by **10.00am (Melbourne time) on Tuesday 26 October 2021**, being no later than 48 hours before the commencement of the General Meeting. Any Proxy Form received after that time will not be valid for the scheduled General Meeting.

Proxies may be lodged by doing one of the following:

#### Online:

<http://www.investorvote.com.au>

or

<http://www.intermediaryonline.com> (for intermediary online users only)

#### Fax:

1800 783 447 within Australia or

+61 3 9473 2555 outside Australia



**Posting it to:**

Computershare Investor Services Pty Limited

GPO Box 242

Melbourne VIC 3001

Australia

The Proxy Form:

- may specify the manner in which the proxy is to vote in respect of a resolution and, where it so provides, the proxy is not entitled to vote on the resolution except as specified on the Proxy Form; and
- shall be in such form as the Directors determine and which complies with s250A of the Corporations Act and the ASX Listing Rules.

If a proxy is not directed how to vote on a resolution, the proxy may vote, or abstain from voting, as they think fit subject to any applicable voting exclusions. Should any resolution, other than the resolutions specified in this Notice of General Meeting, be proposed at the General Meeting, a proxy may vote on that resolution as they think fit.

Appointed proxies will need to contact Computershare to obtain a username and password to vote online. Further details are in the online meeting guide which will be available on the Company's website at [www.rwc.com/investors/annual-general-meeting](http://www.rwc.com/investors/annual-general-meeting).

Shareholders who return their Proxy Forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf.

If a Proxy Form is returned but the nominated proxy does not attend the General Meeting or fails to vote in accordance with the shareholder's instruction, the Chairman will act in place of the nominated proxy and vote in accordance with any instructions.

Please note that for proxy appointments exercisable by the Chairman that do not contain a direction on how to vote, the Chairman intends to vote all available proxies in favour of each of the items proposed in this Notice of General Meeting.

*Remuneration related resolutions*

If you appoint the Chairman of the meeting as your proxy, or the Chairman of the meeting is appointed as your proxy by default, and you do not mark a voting box for Items 3 and/or 4 then by submitting the Proxy Form you will be expressly authorising the Chairman of the meeting to exercise your proxy as he or she sees fit even though Items 3 and 4 are connected with the remuneration of the Company's Key Management Personnel.

If you appoint another member of the Company's Key Management Personnel (or a closely related party of such a person) as your proxy, you should direct him/her how to vote on Items 3 and 4 as such persons are not permitted to vote undirected proxies on these resolutions and any undirected proxies will not be counted in calculating the required majority.

**(c) Voting by attorney**

A shareholder entitled to attend and vote may appoint an attorney to act on his or her behalf at the General Meeting. An attorney may not vote at the General Meeting unless the instrument appointing the attorney, and any authority under which the instrument is signed or a certified copy of the authority, are received by the Company in the same manner, and by the same time, as outlined above for Proxy Forms.



**(d) Poll**

Each resolution to be considered will be voted on by conducting a poll.

On a poll, each shareholder eligible to vote and in attendance either in person, by proxy, attorney or corporate representative has one vote for every fully paid ordinary share they hold.

On a poll, if:

- a shareholder has appointed a proxy (other than the Chairman of the General Meeting) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
- that shareholder's proxy is either not recorded as attending the General Meeting or does not vote on the resolution,

the Chairman of the General Meeting will, before voting on the resolution closes, be taken to have been appointed as the proxy for the shareholder for the purposes of voting on that resolution and must vote in accordance with the written direction of that shareholder.

**(e) Submitting questions**

Shareholders entitled to vote at the General Meeting will be given a reasonable opportunity to ask questions in connection with the management of the Company. Shareholders who are participating online will be able to ask a question during the General Meeting by following the prompts in the Online Platform.

Shareholders are also encouraged to submit written questions prior to the meeting. The Chairman will endeavour to address as many of the more frequently raised relevant questions as possible. However, there may not be sufficient time available at the General Meeting to address all of the questions raised. Please note that individual responses will not be sent to any shareholder.

Written questions may also be submitted to the auditor, KPMG, prior to the General Meeting which relate to the:

- content of the auditors' report to be considered at the General Meeting; or
- conduct of the audit of the Financial Report to be considered at the General Meeting.

Written questions can be submitted ahead of the meeting by completing the online form at [www.investorvote.com.au](http://www.investorvote.com.au).

Any shareholder who wants to submit a question ahead of the meeting must do so by no later than 10.00am (Melbourne time) Thursday 21 October 2021.

The Company will provide questions to the auditor to KPMG for consideration. A list of the questions that the auditor considers relevant to the matters outlined above will be made available by the Company to shareholders at the General Meeting. However, the auditor is not obliged to provide written answers.

**(f) Online participation in the General Meeting**

Shareholders may participate in the General Meeting and watch the webcast online using one of the following

- (1) **Computer:** enter the following URL in your browser: <https://web.lumiagm.com/352407445>;
- (2) **Mobile device:** enter the following URL in your browser: <https://web.lumiagm.com/352407445>

Registration to join the meeting will commence from 9.00am (Melbourne time) on Thursday 28 October 2021 (1 hour prior to the start of the meeting).

You will need the latest versions of one of Chrome, Safari, Internet Explorer, Edge or Firefox. Please ensure your browser is compatible.



Shareholders will need the following information to join the General Meeting:

- (1) Meeting ID: 352407445
- (2) Username: the shareholder's SRN or HIN
- (3) Password: For Australian shareholders, this is the postcode registered to the shareholding. Overseas holders should refer to the meeting guide for password details.

Further information is contained in the meeting guide which is available on RWC's website at [www.rwc.com/investors/annual-general-meeting](http://www.rwc.com/investors/annual-general-meeting).

If technical difficulties arise during the General Meeting, the Chairman has discretion on how the meeting should proceed, including if it should be adjourned or postponed. In exercising his discretion, the Chairman will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. Where appropriate, the Chairman may decide to proceed with the meeting, including conducting the poll on items of business and voting in accordance with valid proxy instructions received.

Dated: 23 September 2021

By order of the Board.

A handwritten signature in blue ink, appearing to read 'D Neufeld'.

David Neufeld  
**Company Secretary**



**Reliance Worldwide Corporation Limited  
ACN 610 855 877**

**Explanatory Memorandum**

This Explanatory Memorandum has been prepared to provide shareholders with sufficient information to assess the merits of the resolutions contained in the accompanying Notice of General Meeting of the Company in respect of the General Meeting to be held at 10.00am (Melbourne time) on Thursday 28 October 2021.

The Directors recommend that shareholders read this Explanatory Memorandum carefully before making any decision in relation to the resolutions.

**Item 1 – Financial Report**

The Corporations Act requires the Company's Financial Report, including the Directors' Report and the report from the auditor, in respect of the financial year ended 30 June 2021 to be laid before the General Meeting. The 2021 Annual Report is available on the Company's website at <https://www.rwc.com/investors/financial-results>.

There is no requirement for a formal resolution to be considered on this matter.

Shareholders will be given a reasonable opportunity to ask questions about these reports and to ask questions about or make comments on the management of the Company.

The Company's auditor will attend the General Meeting and be available to answer questions about the:

- conduct of the audit;
- preparation and content of the auditor's report;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- independence of the auditor in relation to the conduct of the audit.

**Item 2 – Election or re-election of Directors**

The ASX Listing Rules require that at least one Director be elected/re-elected at each Annual General Meeting. A Director who retires from office or whose office is vacated under the Company's Constitution will be eligible for re-election to the Board at the meeting at which that Director retires from office.

**Item 2.1 – Election of Darlene Knight as a Director**

Darlene Knight was appointed by the Board as an additional Director on 14 April 2021. Appropriate background checks were undertaken prior to Ms. Knight's appointment. In accordance with rule 8.1 (c) of the Company's Constitution, Ms. Knight's appointment as a Director will cease at the conclusion of the General Meeting. Ms. Knight, being eligible, offers herself for election. The Board considers Ms. Knight to be an independent Director. Ms. Knight is a member of the Nomination and Remuneration Committee.

Ms. Knight's operational experience was gained with multi-national manufacturing businesses, primarily in the automotive sector, where she held strategic and operations focused roles. Ms. Knight has held senior leadership roles at both supplier and OEM organisations, including General Motors Corporation, EDSCHA GmbH, Johnson Controls, Inc. and Adient, Plc. She has experience in engineering, global manufacturing and quality. Her roles have included P&L responsibility. Ms. Knight holds a Master of Science in Engineering Science from Rensselaer Polytechnic Institute and a Bachelor of Science in Industrial Administration from Kettering University. Ms. Knight is based in the USA.

The Board believes that Ms. Knight's deep and diverse international business experience enhances the Board's ability to oversee the Company's performance and governance, particularly in relation to operational activities and in developing and executing strategic plans for business growth. Accordingly, each Director of the Company, with Ms. Knight abstaining, recommends that shareholders vote in favour of the resolution to elect Ms. Knight as a Director of the Company.





### **Item 2.2 – Re-Election of Sharon McCrohan as a Director**

Sharon McCrohan was appointed as a Director on 27 February 2018 and was last elected to the Board on 30 October 2018. Ms. McCrohan retires in accordance with rule 8.1 (d) of the Company’s Constitution and, being eligible, offers herself for re-election. The Board considers Ms. McCrohan to be an independent Director. Ms. McCrohan is a member of both the Audit and Risk Committee and the Nomination and Remuneration Committee.

Ms. McCrohan is an experienced media and strategic communications consultant with a career spanning almost 30 years. Ms. McCrohan has been an advisor to Federal and State government leaders and cabinets, private sector boards, sporting bodies, statutory authorities, charities and government agencies. Ms. McCrohan has extensive experience in media and communications, policy development, government and stakeholder relations and executive team leadership. Ms. McCrohan is a non-executive director of Racing Victoria Limited, the Ovarian Cancer Research Foundation Board and the Transport Accident Commission (Victoria). Ms. McCrohan holds a Bachelor of Arts (Journalism) from Royal Melbourne Institute of Technology and is a Graduate member of The Australian Institute of Company Directors.

The Board believes that Ms. McCrohan’s substantial expertise and experience enhances the Board’s ability to oversee the Company’s performance and governance, particularly in relation to policy development, stakeholder relations and business governance. Accordingly, each Director of the Company, with Ms. McCrohan abstaining, recommends that shareholders vote in favour of the resolution to re-elect Ms. McCrohan as a Director of the Company.

### **Item 3 – Remuneration Report**

Shareholders are asked to consider and vote to adopt the Remuneration Report of the Company for the financial year ended 30 June 2021. The Remuneration Report forms part of the Directors’ Report. The Remuneration Report:

- details and discusses the Company’s policies for the remuneration of defined Key Management Personnel. A revised remuneration framework is in place from 1 July 2021. A summary of key details of the revised framework are provided in the Remuneration Report; and
- sets out the remuneration arrangements in place for defined Key Management Personnel during the reporting period.

Shareholders will have an opportunity to comment on or ask questions about the Remuneration Report at the General Meeting.

The vote on this Item is advisory only in accordance with the requirements of the Corporations Act. The outcome of the vote will not bind the Company or the Directors. However, the Directors will take account of the discussion on this item of business and the outcome of the vote when considering future remuneration arrangements of Directors and senior executives.

Each Director recommends that shareholders vote in favour of the resolution to adopt the Remuneration Report.

### **Voting exclusion statement**

The Company will disregard any votes cast on Item 3:

- by or on behalf of a person who is a member of the Key Management Personnel named in the Remuneration Report for the year ended 30 June 2021 and their closely related parties (regardless of the capacity in which the vote is cast); and
- as proxy by a person who is a member of the Key Management Personnel on the date of the General Meeting and their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Item 3:

- in accordance with the directions on the Proxy Form; or



- by the person chairing the meeting, in accordance with an express authorisation in the Proxy Form to exercise the proxy even though Item 3 is connected with the remuneration of the Key Management Personnel.

#### **Item 4 – Granting of Performance Rights over shares to Mr. Heath Sharp, Managing Director and Chief Executive Officer**

Pursuant to ASX Listing Rule 10.14, the Company is seeking shareholder approval for the grant of Performance Rights to Mr. Heath Sharp, Managing Director and Chief Executive Officer (**CEO**), as part of his long-term incentive award for the year ended 30 June 2022 (**LTI offer**) as well as for the issue of any shares on vesting of the performance rights up to the Maximum Opportunity.

##### Background

The Company has introduced a revised remuneration framework which commenced on 1 July 2021 following an extensive review. Key considerations in developing and implementing the revised remuneration framework included that it be:

- Capable of being implemented consistently across the Group;
- Market competitive and US-referenced (as greater than 50% of RWC’s executives are based in the USA);
- Performance based with a focus on incentive pay linked to operational performance and shareholder value creation; and
- Aligned with shareholder expectations.

A summary of the revised remuneration framework is presented in the 2021 Remuneration Report.

Key outcomes from the review as they impact the CEO are:

- Alignment of total remuneration with market benchmarks requires adjusting fixed and variable remuneration. This will be achieved by implementing a downward adjustment of fixed remuneration by approximately 20% over a transition period of 3 years with a corresponding increase in STI and LTI opportunities;
- STI awards will be 100% cash based. This is consistent with USA practice where the CEO and greater than 50% of RWC’s executives are based. It also allows an opportunity for the CEO to earn back the fixed remuneration being foregone, subject to the terms and conditions of the STI award;
- LTI awards will be made annually. Vesting will be subject to performance conditions and a service period requirement. Details of the vesting conditions for the CEO’s proposed FY2022 award are detailed below; and
- Alignment with industry practice in the USA includes a focus on “target” remuneration and plan design maximum incentive values at 200% of target for both STI and LTI.

##### CEO’s remuneration package for FY2022

The Board has approved the following remuneration package for the CEO for FY2022. The LTI offer is subject to shareholder approval.

- Fixed remuneration – US\$1,250,000, a decrease of 7% from FY2021 fixed remuneration for the reasons set out above and in the Remuneration Report. Plus applicable contributions to pension funds, a perquisite allowance of US\$73,200pa and other approved benefits;
- STI Opportunity – Target Opportunity is US\$1,000,000, being 80% of fixed remuneration. The Maximum Opportunity is two times the Target Opportunity (US\$2,000,000). The award is subject to achievement of performance hurdles and other terms; and
- LTI Opportunity – Target Value for determining the number of Performance Rights to be granted for FY2022 is US\$1,260,000 being slightly over 100% of fixed remuneration. The Maximum Value for determining the number of Performance Rights to be granted for FY2022 is US\$2,520,000, being two times the Target Value. Details of the proposed grant are set out below.



#### FY2022 LTI offer

The LTI offer is designed to align the interests of the Managing Director and Chief Executive Officer with the interests of shareholders by providing him with the opportunity to receive an equity interest in the Company through the granting of performance rights.

If shareholder approval is obtained, Mr. Sharp will be issued up to 631,980 Performance Rights (which represents his Maximum Opportunity). Details of how the number of Performance Rights were determined are set out in the table below.

Subject to shareholder approval, the Company will issue 315,990 Performance Rights, representing the Target Opportunity (being 50% of the Maximum Opportunity), to Mr. Sharp shortly after the conclusion of the General Meeting. Additional Performance Rights up to the Maximum Opportunity will be issued subject to the outcome of the assessment of the Performance Conditions. All Performance Rights will be issued within three years of the General Meeting.

The Company grants the LTI in the form of Performance Rights because they create share price alignment between Mr. Sharp and shareholders but do not provide the full benefits of share ownership (such as dividend and voting rights) unless the Performance Rights vest.

As the Performance Rights will form part of Mr. Sharp's remuneration, they will be granted at no cost and there will be no amount payable on vesting. The Company may issue new shares or acquire shares on market to satisfy awards under the LTI offer.

If shareholder approval is not obtained, the Board, in its discretion, will consider alternative arrangements to appropriately remunerate and incentivise Mr. Sharp.

#### Details of FY2022 LTI offer

<b>Nature</b>	Performance rights ("Performance Rights"). Each Performance Right entitles Mr. Sharp to one ordinary share in the Company on vesting. Prior to vesting, Performance Rights do not entitle Mr. Sharp to any dividends or voting rights.
<b>Grant Date</b>	1 October 2021 (subject to shareholder approval of the grant)
<b>Vesting Criteria</b>	Subject to Board approval: <ul style="list-style-type: none"><li>• Continuous service period. For FY2022 grants, the continuous service period will be 3 years from Grant Date; and</li><li>• Performance conditions will apply and are described below.</li></ul> Any Performance Rights which do not vest will immediately lapse.
<b>Performance Measurement Period</b>	Commencing on 1 July 2021 and ending on 30 June 2024.
<b>Determining the number of performance rights to be granted</b>	Target Opportunity: 315,990 Performance Rights with a Target Value of US\$1,260,000 (A\$1,686,524). Independently assessed fair values of a TSR Right (A\$6.01) and an EPS Right (A\$4.80) obtained at the Performance Measurement Period commencement date were used to determine the number of Performance Rights to be granted.  The Target Opportunity = TSR Rights + EPS Rights where: TSR Rights = ((50% x Target Value) / TSR Rights fair value); and EPS Rights = ((50% x Target Value) / EPS Rights fair value).



The Maximum Opportunity of 631,980 Performance Rights is two times the Target Opportunity.

**Performance Conditions and assessment**

Performance Rights granted are subject to performance conditions in addition to a continuous service period. The Board considers these vesting conditions to be an appropriate combination of stretch financial hurdles directly linked to the Group’s performance and reflecting shareholder interests. The two performance conditions for the FY2022 grant are:

TSR Rights

TSR Rights will be subject to a relative total shareholder return (“TSR”) performance condition, which will compare the TSR performance of the Company with the TSR performance of each of the entities in a comparator group over the Performance Measurement Period (“TSR Hurdle”).

TSR measures the growth in the Company’s share price together with the value of dividends over the measurement period (assuming that all those dividends are reinvested into new shares) against the Company’s chosen comparator group, being companies comprising the ASX200 index, excluding mining and energy companies. The comparator group may be adjusted by the Board or Nomination and Remuneration Committee in their reasonable discretion to take into account corporate actions, including but not limited to takeovers, mergers, de-mergers or de-listings.

Relative TSR was chosen because, in the opinion of the Board, it provides the most direct link to shareholder return.

The number of TSR Rights which will be eligible to vest in relation to the TSR Hurdle will be determined by reference to the following schedule:

Relative TSR Ranking	% TSR Rights eligible to vest
Below 40 <sup>th</sup> percentile	Nil
40 <sup>th</sup> percentile	50%
Above 40 <sup>th</sup> and less than 60 <sup>th</sup> percentile	Pro rata straight line vesting between 40 <sup>th</sup> and 60 <sup>th</sup> percentile
60 <sup>th</sup> percentile	100% (Target Amount)
Above 60 <sup>th</sup> and less than 80 <sup>th</sup> percentile	Pro rata straight line vesting between 60 <sup>th</sup> and 80 <sup>th</sup> percentile
80 <sup>th</sup> percentile or above	200% (Maximum Amount)

EPS Rights

EPS Rights will be subject to an earnings per share compound average growth rate performance condition (“EPS Hurdle”). This condition measures earnings per share growth over the Performance Measurement Period. It was chosen as a performance condition because, in the opinion of the Board, it is a measure of the success of Senior Executives and other participants in generating continued business growth.

Earnings per share is determined by dividing net profit after tax (“NPAT”) into the weighted average number of issued shares. The EPS compound average growth rate will be measured on a point to point basis over the Performance Measurement Period.



NPAT may be adjusted at the Board’s discretion to exclude the effects of significant events deemed not appropriate to assess actual employee performance. These significant events may include:

- Acquisition related charges and other items;
- Restructuring and other charges;
- Non-cash impairments;
- Impacts resulting from material changes in foreign currency exchange rates;
- Impact of statutory tax rate changes enacted during the performance period; and
- Any other significant items deemed appropriate by the Board.

The number of EPS Rights which will be eligible to vest in relation to the EPS Hurdle will be determined by reference to the following schedule:

% growth over the Performance Measurement Period	% EPS Rights eligible to vest
4% (Threshold)	Nil
Above 4% and less than 8%	Pro rata straight line vesting from Nil to Target
8% (Target)	100% (Target Amount)
Above 8% and less than 15%	Pro rata straight line vesting from Target to Maximum
15% (Maximum)	200%

**Assessment of performance**

Achievement against performance conditions will be independently assessed following the end of the Performance Measurement Period.

**Clawback**

Defined criteria are in place to prevent inappropriate benefits being paid.

Other key terms of the LTI offer

*Cessation of employment*

Unless the Board determines otherwise:

- All performance rights granted will lapse if Mr. Sharp’s employment is terminated for cause or he resigns (or give notices of resignation) prior to the Vesting Date; or
- if Mr. Sharp ceases employment for any other reason prior to the Vesting Date, a pro rata portion of the Rights calculated based on the time served from the Grant Date to the date of cessation will remain on foot and will be tested in the ordinary course as though he had not ceased employment. The remainder of his Rights will lapse following cessation of employment.

*Change of control*

In summary, in the event of a takeover bid or other transaction, event or state of affairs that in the Board’s opinion is likely to result in a change in control of the Company or should otherwise be treated as a change of control event, the Board has a discretion to determine how the performance rights should be treated for the purpose of vesting.



### *Restrictions on dealing*

Mr. Sharp must not sell, transfer, encumber, hedge or otherwise deal with performance rights.

Mr. Sharp will be free to deal with the shares allocated on vesting of the performance rights, subject to the requirements of the Company's Securities Dealing Policy.

### Additional information

- Listing Rule 10.14 provides that a listed company must not issue securities to a Director under an employee incentive scheme unless it obtains the approval of its shareholders. Accordingly, shareholder approval is being sought for the purposes of Listing Rule 10.14 and for transparency and governance reasons, and to preserve the flexibility to issue shares on vesting of the Performance Rights.
- Mr. Sharp was granted 987,800 performance rights on 30 October 2018 following approval by shareholders at the 2018 Annual General Meeting. These performance rights were granted for nil consideration as they form part of Mr. Sharp's remuneration package. Following assessment of performance conditions, 611,201 of those performance rights remain eligible to vest. Details are contained in the Remuneration Report.
- Mr. Sharp was granted 4,000,000 options at the time of the IPO in 2016. The options were granted for nil consideration as they form part of Mr. Sharp's remuneration package. Details of the terms of this grant are contained in the Remuneration Report.
- Mr. Sharp is the only Director entitled to participate in, and receive performance rights under, the LTI offer.
- No loan will be made by the Company in relation to the acquisition of performance rights or allocation to Mr. Sharp of any shares on vesting of those rights.
- Details of any securities issued under the scheme will be published in the annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the scheme after the resolution is approved and who were not named in the Notice of General Meeting will not participate until approval is obtained under that rule.

Each Director, with Mr. Sharp abstaining, recommends that shareholders vote in favour of Item 4.

### **Voting exclusion statement**

The Company will disregard any votes on Item 4:

- cast in favour of the resolution by or on behalf of Mr. Heath Sharp or his associates (regardless of the capacity in which the vote is cast); and
- cast as proxy by a person who is a member of the Key Management Personnel on the date of the General Meeting and their closely related parties.

However, votes will not be disregarded if they are cast:

- as proxy or attorney 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
- by the chair of the meeting as proxy for a person entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - 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 directions given by the beneficiary to the holder to vote in that way.

#### **Item 5 – Renewal of proportional takeover approval provisions**

Rule 6 of the Company's Constitution contains provisions dealing with proportional takeover bids for shares in the Company. These provisions permit the Company to refuse to register a transfer of securities under a proportional (or partial) takeover offer, unless a resolution is first passed by shareholders approving the offer. The provisions are designed to assist shareholders to receive proper value for their shares if a proportional takeover bid is made for the Company.

Under the Corporations Act and clause 6.4 of the Company's Constitution, these provisions must be renewed every 3 years or they will cease to have effect. The current provisions will automatically cease to have effect after 30 October 2021 unless renewed by the proposed special resolution. These provisions must be renewed at this General Meeting in order to apply to proportional takeover bids made after 30 October 2021. If approved by shareholders, the proportional takeover provisions will be in exactly the same terms and will have effect for a further 3 years.

The Corporations Act requires that the following information be provided to shareholders when they are considering the renewal of proportional takeover provisions in a constitution.

#### Effect of the proportional takeover provisions

A proportional takeover bid is one where an offer is made to each shareholder for a proportion of that shareholder's shares.

The current provisions in the Company's Constitution state that, in the event of a proportional takeover bid being made, the Directors must hold a meeting of the shareholders entitled to vote for the purpose of considering and, if thought fit, passing a resolution to approve the proportional takeover bid. A resolution approving the bid must be voted on by the 14th day before the last day of the bid period, during which the offers under the proportional takeover bid remain open, or a later day allowed by the Australian Securities and Investments Commission. The resolution will be passed if more than 50% of votes are cast in favour of the approval. The bidder and its associates are not allowed to vote on the resolution.

The Directors will breach the Corporations Act if they fail to ensure the resolution is voted on. If no resolution is voted on by the deadline, the bid is taken to have been approved.

If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn.

If the bid is approved (or taken to have been approved), the transfers must be registered if they comply with the Corporations Act and the Company's Constitution.

The proportional takeover provisions do not apply to full takeover bids.

#### Reasons for proposing the resolution

If the proportional takeover approval provision is not in the Constitution, a proportional takeover bid may enable control of the Company to pass without shareholders having the opportunity to sell all of their shares to the bidder. Shareholders may therefore be exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium for their shares.

The proportional takeover provisions decrease this risk because they allow shareholders to decide whether a proportional takeover bid is acceptable and should be permitted to proceed.

#### No knowledge of any acquisition proposals

As at the date of this Notice of General Meeting, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.



### Review of Proportional Takeover Provisions

While proportional takeover provisions have been in effect under the Company's Constitution, no takeover bids for the Company have been made, either proportional or otherwise. Accordingly, there are no actual examples against which to assess the advantages or disadvantages of the existing proportional takeover provisions (that is, rule 6 of the existing Constitution) for the Directors and shareholders of the Company. The Directors are not aware of any potential takeover bid that was discouraged by rule 6.

### Potential advantages and disadvantages

The Directors of the Company consider that the proposed renewal of the proportional takeover provisions has no potential advantages or disadvantages for Directors because they remain free to make a recommendation on whether a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for shareholders of the Company are:

- shareholders have the right to decide by majority vote whether a proportional takeover bid should proceed;
- the provisions may assist shareholders to avoid being locked in as a minority;
- the bargaining power of shareholders is increased and this may assist in ensuring that any proportional bid is adequately priced; and
- knowing the view of the majority of shareholders assists each individual shareholder in assessing the likely outcome of the proportional takeover bid and whether to approve or reject that offer.

Some potential disadvantages for shareholders of the Company are:

- the provisions are a hurdle to, and may discourage the making of proportional takeover bids in respect of the Company;
- shareholders may lose an opportunity of selling some of their shares at a premium; and
- the chance of a proportional takeover bid being successful may be reduced.

The Board considers that the potential advantages for shareholders of the proportional takeover approval provisions outweigh the potential disadvantages. In particular, shareholders as a whole are able to decide whether or not a proportional takeover bid is successful.

Each Director recommends that shareholders vote in favour of Item 5.