



**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 26 October 2023  
**Time:** 10.00am AEST  
**Venue:** Raffles Rooms 1 & 2, Stamford Plaza Brisbane, Corner Edward and Margaret Streets, Brisbane QLD 4000

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

**In-person General Meeting**

The General Meeting will be held as an in-person meeting. If circumstances change in a way which impacts the holding of an in-person General Meeting, the Company will provide an update by announcement to the ASX and on its website. 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.

Even if you plan to attend the General Meeting, we encourage you to submit a directed proxy vote prior to the General Meeting so that your vote will be counted if for any reason you cannot vote on the day. Shareholders are also encouraged to submit written questions in advance of 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 2023. 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 Brad Soller as a Director**

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

*"That Brad Soller, 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 Russell Chenu as a Director**

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

*"That Russell Chenu, who retires in accordance with the terms of the Company's Constitution, be re-elected as a Director of the Company."*

**Item 2.3: Re-election of Ian Rowden as a Director**

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

*"That Ian Rowden, 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 2023, 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 in 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 2024 on the terms and conditions described in the Explanatory Memorandum.”*

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

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 24 October 2023. 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 meeting and exercise your voting instructions.

Completed Proxy Forms must be received by the Share Registry by **11.00am Sydney time on Tuesday, 24 October 2023**, 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.

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 Chair of the meeting as their proxy to vote on their behalf.

Please note that for proxy appointments exercisable by the Chair that do not contain a direction on how to vote, the Chair 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 Chair of the meeting as your proxy, or the Chair of the meeting is appointed as your proxy by default, and you do not mark a voting box for Items 3 and 4 then by completing and submitting the Proxy Form you will be expressly authorising the Chair of the meeting to exercise your proxy as he or she sees fit even though these Items 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 their 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 Chair 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 Chair 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, as a whole, to ask questions in connection with the management of the Company.

Shareholders are encouraged to submit written questions prior to the meeting. The Chair will endeavour to address as many of the more frequently raised relevant questions as possible during the course of the meeting. 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 11.00am Sydney time on Thursday, 19 October 2023. Individual responses will not be sent to shareholders.

The Company will provide questions to the auditor 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.

Dated: 20 September 2023

By order of the Board.

A handwritten signature in blue ink, appearing to read 'David 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 (Brisbane time) on Thursday, 26 October 2023.

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 2023 to be laid before the General Meeting. The 2023 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 Item.

Shareholders, as a whole, 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 provide that a director must not hold office (without re-election) past the third annual general meeting following the director's appointment or 3 years, whichever is longer. The Company's Constitution contains a similar rule. A Director who retires from office under the Company's Constitution and is recommended for election by the Board, will be eligible for re-election to the Board at the meeting at which that Director retires from office.

**Item 2.1 – Election of Brad Soller as a Director**

Brad Soller was appointed by the Board as an additional Director on 1 November 2022. Appropriate background checks were undertaken prior to Mr. Soller's appointment. In accordance with rule 8.1 (c) of the Company's Constitution, Mr. Soller's appointment as a Director will cease at the conclusion of the General Meeting. Mr. Soller, being eligible, offers himself for election. The Board considers Mr. Soller to be an independent Director. Mr. Soller is a member of the Audit and Risk Committee and the Nomination and Remuneration Committee. Mr. Soller will assume the role of Chair of the Audit and Risk Committee, subject to his election.

Mr Soller's career commenced with PriceWaterhouse Coopers in Johannesburg and London. He then spent over 25 years in corporate organisations, including Chief Financial Officer and other senior finance and/or leadership roles at Thorn plc, BAA McArthur Glen Limited, Lend Lease Group, David Jones and Metcash. Mr. Soller is a non-executive director and Chair of the Audit and Risk Committee of Bapcor Limited (ASX: BAP) and Big River Industries Limited (ASX: BRI). He is a Chartered Accountant (South Africa) and holds a Master of Commerce, Bachelor of Accounting and Bachelor of Commerce from the University of Witwatersrand (South Africa).



The Board believes that Mr. Soller's financial, commercial and broad international business experience enhances the Board's ability to oversee the Company's performance and governance, particularly in relation to accounting and financial discipline and risk management. His skills and expertise are particularly valuable to his role on the Audit and Risk Committee.

For the reasons set out above, each Director of the Company, with Mr. Soller abstaining, recommends that shareholders vote in favour of the resolution to elect Mr. Soller as a Director of the Company.

## **2.2 – Re-election of Russell Chenu as a Director**

Mr. Chenu was appointed as a Director on 11 April 2016 and was last re-elected to the Board on 29 October 2020. Mr. Chenu retires in accordance with rule 8.1(d) of the Company's Constitution and, being eligible, offers himself for re-election. Mr. Chenu is considered by the Board to be an independent Director. Mr. Chenu is Chair of the Audit and Risk Committee. He will step down from this role following the General Meeting, subject to the outcome of voting, but will remain a member of this Committee. He is also a member of the Nomination and Remuneration Committee.

Mr. Chenu is an experienced corporate and finance professional who held senior finance and management positions with a number of ASX listed companies. His last executive role was Chief Financial Officer of James Hardie Industries plc from 2004 to 2013. He is currently the Chair of Vulcan Steel Limited (ASX: VSL) and a Non-executive Director of CIMIC Group Limited (previously an ASX listed company, delisted in May 2022). Mr. Chenu holds a Bachelor of Commerce from University of Melbourne and an MBA from Macquarie Graduate School of Management, Australia.

The Board believes that Mr. Chenu's substantial expertise, industry knowledge and experience enhance the Board's ability to oversee the Company's performance and governance, particularly in relation to financial discipline, risk management and monitoring and reviewing management's execution of strategy. Mr. Chenu's financial, technical and operational expertise is particularly valuable in his role on the Audit and Risk Committee.

For the reasons set out above, each Director of the Company, with Mr. Chenu abstaining, recommends that shareholders vote in favour of the resolution to re-elect Mr. Chenu as a Director of the Company.

## **2.3 – Re-election of Ian Rowden as a Director**

Mr. Rowden was appointed as a Director on 6 July 2020 and was last elected to the Board on 29 October 2020. Mr. Rowden retires in accordance with rule 8.1(d) of the Company's Constitution and, being eligible, offers himself for re-election. Mr. Rowden is considered by the Board to be an independent Director. Mr. Rowden is a member of the Audit and Risk Committee, the Health and Safety Committee and the Nomination and Remuneration Committee.

Mr. Rowden is an experienced CEO and senior global executive with extensive experience in commercial, strategy, M&A and operational leadership roles with The Coca-Cola Company, The Callaway Golf Company, Wendy's International, Saatchi and Saatchi and The Virgin Group. His executive career included Australian, regional and global responsibilities based in Australia, Hong Kong, Switzerland and the USA. Mr. Rowden is currently a non-executive director and Chair of the Nomination and Remuneration Committee of Eneo Group Limited (ASX: EGG), non-executive director of Dulux International (UK) and was formerly a director of QMS Media Limited and Virgin Galactic (NYSE: SPCE). He also chairs the Marketing Council for the Murdoch Children's Research Institute and is a partner and investment advisory board member for Innovate Partners, a US based private equity/venture capital company and a senior advisor to Bowery Capital.

The Board believes that Mr. Rowden's deep and diverse international business experience enhances the Board's ability to oversee the Company's performance and governance, particularly in relation to commercial, marketing and operational activities and in developing and executing strategic plans for business growth.

For the reasons set out above, each Director of the Company, with Mr. Rowden abstaining, recommends that shareholders vote in favour of the resolution to re-elect Mr. Rowden 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 2023. 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 summary of key details of the Company's remuneration framework, including changes effective from 1 July 2023, is provided in the Remuneration Report; and
- sets out the remuneration arrangements in place for defined Key Management Personnel during the reporting period.

Shareholders, as a whole, 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 2023 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 – Award of long term incentive grant to 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 and Service Rights (together **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 2024 (**LTI offer**) as well as for the issue of any shares on vesting of the Rights up to the Maximum Opportunity. Rights entitle the CEO to receive fully paid ordinary shares in the Company subject to satisfaction of vesting conditions.

#### Background

The Company introduced a remuneration framework which commenced on 1 July 2021 following an extensive review with changes occurring over several years.

A traditional remuneration framework for ASX200 companies comprises fixed pay, STI and performance tested LTI. However, in the USA, where the majority of RWC's senior executives are based, providing a component of remuneration via service-based restricted equity is market practice and STI and LTI opportunity levels are typically much higher than in Australia while fixed pay tends to be lower than in Australia. RWC has been on a





multi-year journey to adapt our framework to ensure it remains competitive in the USA, whilst being mindful of the Australian environment where total remuneration quantum is typically more restrained.

As noted in the FY2022 remuneration report, the Nomination and Remuneration Committee advised that it had observed that, since signing a new employment agreement with Mr. Sharp in August 2021, the remuneration market for CEOs in the USA, which is the primary country the Company benchmarks itself against, had moved significantly, particularly for LTI awards. The Committee stated that it intended to review Mr. Sharp's remuneration arrangements during FY2023 focusing on, but not limited to, his LTI opportunity. That review expanded into a broader review of the remuneration framework and resulted in several changes to the remuneration framework which are effective from 1 July 2023. For the CEO, these changes include:

- Introduction of an additional performance measure, Return on Capital Employed (**ROCE**);
- A service period only component will be introduced. In the USA, where the CEO and the majority of RWC's senior executives are based, providing a component of remuneration via service-based restricted equity is market practice. The Target Value will now be allocated as 75% Performance Rights (25% TSR Rights, 25% EPS Rights and 25% ROCE Rights) and 25% service period only Rights; and
- a material increase in the target and maximum opportunities of Mr. Sharp's annual LTI grant. Details are explained below.

Key considerations in developing and implementing the remuneration framework included that it be:

- Market competitive and capable of being implemented across the business in a consistent manner;
- Performance based with a target remuneration mix focused on incentive pay linked to operational performance and shareholder value creation;
- Referenced primarily against a USA peer group to recognise that:
  - 75% of senior executives and other leaders are based there; and
  - The Group currently generates over 70% of external revenue from its Americas business in addition to having major manufacturing and distribution facilities in North America. Only about 10% of external revenue is currently generated in the APAC region; and
- Aligned with shareholder expectations.

A summary of the remuneration framework, including changes effective from 1 July 2023, is presented in the FY2023 Remuneration Report.

Key outcomes from the introduction of the framework and the changes applying from 1 July 2023 as they impact the CEO are:

- Alignment of total remuneration with market benchmarks requires adjusting fixed and variable remuneration. This has been achieved by implementing a downward adjustment of fixed remuneration by approximately 20% over a transition period of 3 years commencing from 1 July 2021 with a corresponding increase in STI and LTI opportunities;
- STI awards are paid in cash. This was and remains consistent with USA practice where the CEO and the majority of RWC's senior executives are based. It also allows an opportunity for the CEO to earn back the fixed remuneration foregone in the transition to the new remuneration framework;
- 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 FY2024 award are detailed below; and
- Alignment with industry practice in the USA, including 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 FY2024

The Board has approved the following remuneration package for the CEO for FY2024. The LTI offer is subject to shareholder approval.



- Fixed remuneration – US\$1,100,000, a decrease of 6% from FY2023 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\$1,100,000, being 100% of base fixed remuneration. The Maximum Opportunity is two times the Target Opportunity (US\$2,200,000). The award is subject to achievement of performance hurdles, including financial criteria and non-financial criteria (personal goals), and other terms. For the CEO, financial criteria represent 70% of the STI opportunity and personal goals represent 30% of the opportunity. The financial criteria target is achievement of a minimum of 90% of Budget for the financial year; and
- LTI Opportunity – Target Value for determining the number of Rights to be granted for FY2024 is US\$3,200,000, being 290% of FY2024 fixed remuneration. The Maximum Value for determining the number of Performance Rights to be granted for FY2024 is US\$5,600,000. The material increase in total target and maximum opportunities reflects the outcome of the benchmarking analysis and framework review undertaken during FY2023 and reflects a desire to continue offering market competitive remuneration packages. Details of the proposed grant are set out below.

Mr. Sharp's fixed remuneration has reduced by approximately 20% over three years from FY2021 to FY2024 and, whilst total direct compensation ("TDC") has increased, this comprises a significant portion of at-risk remuneration which is subject to meeting performance conditions and is not guaranteed. Based on the benchmarking exercise undertaken during FY2023, Mr. Sharp's TDC remains lower than the current median of his USA peers.

#### FY2024 LTI offer

The LTI offer is designed to align the interests of the CEO with the interests of shareholders by providing him with the opportunity to receive an equity interest in the Company through the granting of Rights.

If shareholder approval is obtained, Mr. Sharp will be issued up to 2,540,990 Rights (which represents his Maximum Opportunity). Details of how the number of Rights were determined are set out in the table below.

Subject to shareholder approval, the Company will issue 1,430,987 Rights, representing the Target Opportunity, to Mr. Sharp shortly after the conclusion of the General Meeting. Additional Rights up to the Maximum Opportunity will be issued subject to the outcome of the assessment of the Performance Conditions. All Rights will be issued within three years of the General Meeting.

The Company grants the LTI in the form of 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 Rights vest.

As the 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 FY2024 LTI offer

<b>Nature</b>	Each Right entitles Mr. Sharp to one ordinary share in the Company on vesting. Prior to vesting, Rights do not entitle Mr. Sharp to any dividends or voting rights.
<b>Performance Measurement Period</b>	Three years commencing on 1 July 2023 and ending on 30 June 2026.
<b>Vesting Date</b>	30 September 2026.
<b>Determining the number of Rights to be</b>	Target Opportunity: 1,430,987 Rights, comprising 1,110,003 Performance Rights and 320,984 Service Rights, with a Target Value of US\$3,200,000 (A\$4,801,920). Independently assessed fair values obtained at the Performance Measurement



granted

Period commencement date were used to determine the number of Rights to be granted:

Type of Rights	Independently assessed fair value
Total Shareholder Return (TSR)	A\$4.30
Earnings per Share (EPS)	A\$2.91
Return on Capital Employed (ROCE)	A\$2.87
Service only	A\$3.74

The Target Opportunity = Performance Rights + Service Rights

where:

- Performance Rights = TSR Rights + EPS Rights + ROCE Rights;
- TSR Rights = (25% x Target Value) / TSR Rights fair value;
- EPS Rights = (25% x Target Value) / EPS Rights fair value;
- ROCE Rights = (25% x Target Value) / ROCE Rights fair value; and
- Service Rights = (25% x Target Value) / Service Rights fair value.

The Maximum Opportunity is 2,540,990 Rights (US\$5,600,000) representing the Service Rights target opportunity plus two times the Performance Rights target opportunity.

**Vesting Conditions and Assessment**

Subject to the cessation of employment provisions outlined below, Rights will only be eligible to vest if Mr. Sharp remains continuously employed by the Group until the Vesting Date.

Performance Rights are also subject to the performance conditions set out below. 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 performance conditions for the FY2024 grant are:

TSR Rights

TSR Rights will be subject to a relative 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.

EPS 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%



### ROCE Rights

The ROCE performance measure is defined as Adjusted EBIT / Capital Employed where:

- Adjusted EBIT = Reported earnings before interest and tax (audited) adjusted for approved exceptional items. (For example: large gains/losses on sales of assets, restructuring costs, cost incurred to realise synergies, and one-time costs related to mergers and acquisitions); and
- Capital Employed = Net Intangible Assets (including Goodwill) plus Fixed Assets (including Right of Use Assets) plus defined Net Working Capital.

Adjusted EBIT and Capital Employed will both be averaged across each measurement period.

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

ROCE for a three year measurement period	% ROCE Rights eligible to vest
Below 12.5%	Nil
12.5% and less than 13.5%	Pro rata straight line vesting between 12.5% and Target
13.5% (Target)	100% (Target Amount)
Above 13.5% 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. Calculation of the performance conditions and achievement against the performance conditions will be determined by the Board in its absolute discretion, having regard to any matters that it considers relevant (including any adjustments for unusual or non-recurring items that the Board considers appropriate).

Any Rights that do not vest following testing will lapse.

### **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 Rights granted will lapse if Mr. Sharp's employment is terminated for cause or he resigns (or gives notice 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 Rights should be treated for the purpose of vesting.

#### *Restrictions on dealing*

Mr. Sharp must not sell, transfer, encumber, hedge or otherwise deal with the Rights.

Mr. Sharp will be free to deal with the shares allocated on vesting of the Rights, subject to the requirements of the Company's Securities Dealing Policy. Mr. Sharp also needs to comply with the requirements of the Company's Minimum Shareholding 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 Rights.
- Mr. Sharp has previously been granted 1,947,454 rights of which 1,570,855 rights remain eligible to vest subject to satisfaction of vesting conditions. All rights were granted for nil consideration as they form part of Mr. Sharp's remuneration arrangements. Shareholder approval was obtained for all grants. Details of the grants 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 arrangements. The options vested on 30 June 2022 and are exercisable until 30 June 2031. Details are contained in the Remuneration Report.
- Mr. Sharp is the only Director entitled to participate in, and receive Rights under, the LTI offer.
- No loan will be made by the Company in relation to the acquisition of Rights or allocation to Mr. Sharp of any shares on vesting of those Rights.
- Details of any securities issued under the employee incentive 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 the employee incentive 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
- 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
- as proxy for a person entitled to vote on the resolution by the chair of the meeting pursuant to an express authorisation to exercise the proxy as the chair of the meeting 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.

