



# Notice of 2018 Annual General Meeting

**NOTICE** is hereby given that the 2018 Annual General Meeting (**Meeting** or **AGM**) of the members of Class Limited (ACN 116 802 058) (**Company**) will be held on Monday 15 October, 2018 at 3:00pm (Sydney Time), at:

Hilton Sydney  
Level 1, 488 George Street  
Sydney NSW 2000

# Business

## Ordinary business

### **FINANCIAL REPORT, DIRECTORS' REPORT AND AUDITOR'S REPORT**

To receive and consider the Financial Report, Directors' Report and Auditor's Report for the Company and its controlled entities for the financial year ended 30 June 2018.

### **RESOLUTION 1 – RE-ELECTION OF MS KATHRYN FOSTER**

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

*"That Ms Kathryn Foster, being a director who retires by rotation pursuant to the Company's Constitution and ASX Listing Rule 14.5 and, being eligible, offers herself for re-election, be re-elected as a director of the Company."*

Details of the qualifications and experience of Ms Foster are set out in the attached Explanatory Statement.

### **RESOLUTION 2 – REMUNERATION REPORT**

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

*"That the Remuneration Report for the year ended 30 June 2018 as set out in the Company's 2018 Annual Report be adopted."*

The Remuneration Report is contained in the "Directors' Report" section of the 2018 Annual Report (pages 20 to 41). Publicly listed companies are required to submit their remuneration reports to a vote for adoption at each of their annual general meetings. Whilst the following resolution is to be determined as an ordinary resolution, it is advisory only and does not bind the Directors or the Company.

A voting exclusion statement applies to this Resolution 2 (please refer to page 7).

## **Special business**

### **RESOLUTION 3 – PERFORMANCE RIGHTS AND DEFERRED RIGHTS PLAN**

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

*“That, for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval be given to the Class Limited Performance Rights and Deferred Rights Plan and the subsequent issue of securities under that plan, on the basis set out in the Explanatory Statement accompanying this Notice of Meeting.”*

A voting exclusion statement applies to this Resolution 3 (please refer to page 9).

### **RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO MANAGING DIRECTOR**

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

*“That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue 82,547 Performance Rights to Mr Kevin Bungard, the Company’s Managing Director and Chief Executive Officer, under the Class Limited Performance Rights and Deferred Rights Plan (the plan) in respect of the Company’s FY2019 long-term incentive scheme, on the terms set out in the Explanatory Statement accompanying this Notice of Meeting and in accordance with the rules of the plan.”*

A voting exclusion statement applies to this Resolution 4 (please refer to page 13).

### **RESOLUTION 5 – APPROVAL OF POTENTIAL TERMINATION BENEFITS**

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

*“That, for the purposes of sections 200B and 200E of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the giving of benefits by the Company or any of its related bodies corporate to current or future employees who are key management personnel of the Company or who hold a managerial or executive office in the Company or a related body corporate, in connection with that person ceasing to be a director or ceasing to hold a managerial or executive office in the Company or a related body corporate, as set out in the Explanatory Statement accompanying this Notice of Meeting.”*

A voting exclusion statement applies to this Resolution 5 (please refer to page 15).

### **RESOLUTION 6 – RE-INSERTION OF PROPORTIONAL TAKEOVER PROVISIONS IN CONSTITUTION**

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

*“That the proportional takeover provisions under clause 22 of the Company’s Constitution, in the form attached to this Notice of Meeting as Annexure D, be re-inserted into the Constitution for a period of three years commencing on the day this Resolution is passed.”*

**By order of the Board**

**Glenn Day**

Company Secretary

Dated: 6 September, 2018

# Directions regarding Meeting

## Entitlement to vote

For the purpose of determining a person's entitlement to vote at the Meeting and in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), shares will be taken to be held by the persons who are the registered holders at 3:00pm (Sydney time) on Saturday, 13 October 2018. Any share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

## How to vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

## Voting in person

To vote in person, please attend the Meeting on the date, time and place set out in the Notice of Meeting.

## Voting by proxy

A shareholder entitled to attend and vote at the Meeting may appoint not more than two proxies and may specify the proportion or number of the shareholder's votes each proxy is entitled to exercise. If two proxies are appointed but no proportion or number is specified, each proxy may exercise half of the shareholder's votes. Under the Corporations Act 2001 (Cth) (Corporations Act), if a proxy has two or more appointments that specify different ways to vote on a resolution, the proxy must not vote on a show of hands.

A proxy has the same rights as a shareholder to speak at the Meeting, to vote (but only to the extent allowed by the appointment) and to join in a demand for a poll. Shareholders who have appointed a proxy may still attend the Meeting. However, that proxy's rights to speak and vote are suspended while the shareholder is present.

A proxy need not be a shareholder of the Company and may be an individual or a body corporate.

To vote by proxy, please complete and sign the enclosed Proxy Form in accordance with the instructions on it.

## Proxy voting by members of the Company's KMP

Voting restrictions apply to members of the key management personnel of the Class Limited consolidated group (**KMP**), which affect proxy voting.

The KMP (which includes each of the non-executive Directors, the Managing Director and Chief Financial Officer) and their closely related parties will not be able to vote your proxy on Resolutions 2, 3, 4 or 5 unless you direct them how to vote by marking the voting boxes on the Proxy Form for those items. The term "closely related party" is defined in the Corporations Act and includes the KMP's spouse, dependants and certain other close family members, as well as any companies controlled by the KMP.

If you intend to appoint a KMP or their closely related party as your proxy, please ensure that you direct them how to vote on Resolutions 2, 3, 4 and 5.

If you intend to appoint the Chairman of the Meeting as your proxy, you can direct him to vote by marking the relevant boxes on the Proxy Form. If you sign and return your Proxy Form and do not provide any voting directions, you will be deemed to have expressly authorised the Chairman of the Meeting (where he is appointed your proxy or becomes your proxy by default) to cast your vote on each of Resolutions 2, 3, 4 and 5 even though each of those Resolutions is connected directly or indirectly with the remuneration of a KMP.

The Chairman of the Meeting intends to vote any undirected proxies held by him in favour of all items of business.

## How to lodge a proxy

Proxy Forms (and if the appointment is signed by the appointor's attorney, the original authority under which the appointment was signed or a certified copy of the authority) must be received no later than 3:00pm (Sydney time) on Saturday, 13 October 2018.

Proxy Forms may be lodged in one of the following ways:

**Online** at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

**By mail** to Class Limited

C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

**By hand** at Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000

**By fax** to +61 2 9287 0309

## Corporate representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, will need to ensure that it appoints an individual as its corporate representative in accordance with section 250D of the Corporations Act to exercise its powers at the Meeting. A Certificate of Appointment of Corporate Representative is available from the Share Registry. The instrument appointing the representative must be provided to the Company or the Share Registry before the Meeting.

## Shareholder questions

If you would like a question to be put to the Chairman of the Meeting or the Auditor and you are not able to attend the Meeting, please email your question to the Company Secretary at [investor@class.com.au](mailto:investor@class.com.au). To allow time to collate questions and prepare answers, questions are to be received by the Company Secretary by 10:00am (Sydney time) on 8 October 2018. Questions will be collated and, during the Meeting, the Chairman or the Managing Director will seek to address (or request the Company's Auditor, Grant Thornton, to respond to) as many of the more frequently raised topics as possible. Please note that there may not be sufficient time at the Meeting to respond to all topics raised and responses to individual questions will not be provided.

Shareholders should read the Explanatory Statement accompanying, and forming part of, this Notice of Meeting for more details on the Resolutions to be voted on at the Meeting.

# Explanatory Statement

This Explanatory Statement is included in and forms part of the Notice of Meeting. It contains an explanation of, and information about, the Resolutions to be considered at the Meeting. It is given to shareholders to help them determine how to vote on the Resolutions set out in the Notice of Meeting.

Shareholders should read this Explanatory Statement in full before making any decision in relation to the Resolutions.

If you are in doubt about what to do in relation to a Resolution, you should consult your financial or other professional advisor.

## Financial Report, Directors' Report and Auditor's Report

The Financial Report, Directors' Report and Auditor's Report are contained in the 2018 Annual Report which is available on the Company's website: [www.class.com.au](http://www.class.com.au)

Shareholders are not required to vote on this item of business. During this item of business, shareholders will have the opportunity to ask questions about and comment on the Company's management, operations, financial position, business strategies and prospects.

Shareholders will also have the opportunity for direct questions to the Auditor, to the extent relevant to the conduct of the audit of the Company, the preparation and contents of the Auditor's Report, the accounting policies adopted by the Company in the preparation of its financial statements and the independence of the Auditor.

## Resolution 1 – Re-election of Ms Kathryn Foster

Ms Kathryn Foster, an Independent Non-Executive Director of the Company, was last elected in 2016. Ms Foster has been on the Board since July 2015.

The Company's Constitution provides that Directors, other than the Managing Director, must retire from office no later than the longer of the third annual general meeting of the Company or three years, following that director's last election or appointment. Although this 3-year period does not expire for Ms Foster until 2019, ASX Listing Rule 14.5 requires any entity which has directors to hold an election of directors at each annual general meeting. Clause 10.2(b) of the Company's Constitution specifies that if no Director would otherwise be required to retire pursuant to clause 10.2(a) but the ASX Listing Rules require that an election of Directors be held at an annual general meeting, the Director to retire at that meeting is the Director who has been longest in office since their last election or appointment (or, if two or more Directors have held office for the same period of time, the Director determined by lot, unless those Directors agree otherwise).

Ms Kathryn Foster is the Director who has been longest in office since her last election to the Board. Accordingly, Ms Foster will retire from office and, being eligible, offers herself for re-election.

The Board recognises that having a range of different skills, experience and expertise represented amongst its Directors is important for optimal performance of the Board. The Board uses a skills matrix to guide its assessment of the Director and to identify any gaps in the collective skills of the Board. The range of skills, experience and expertise represented on the Board is set out in the Company's Corporate Governance Statement (available on the Company's website at [www.class.com.au](http://www.class.com.au)).

Details of the qualifications and experience of Ms Foster are set out on the next page.

## Board recommendation

The Board (with Ms Foster absent and not voting) unanimously recommends that shareholders vote in favour of Resolution 1 to re-elect Ms Foster as a director of the Company.

### **Details of Ms Foster**

Ms Foster joined the Class Board in July 2015 and is the Chair of the Nomination, Remuneration and Human Resources Committee.

Ms Foster has over 20 years' experience creating and running large internet-based businesses. Ms Foster serves on the Nuheara (ASX: NUH) board and is an adviser to QSuper's Audit and Risk Committee.

Prior to becoming a professional director, Ms Foster was Senior Director of Microsoft Store online where she managed the sales and merchandising team for Microsoft Store online across 232 geographies. As the Senior Director, she was responsible for an annual revenue budget in the low billions of dollars. As Senior Director of e-commerce strategy in Supply Chain, and prior to that, for the inception of the Xbox Games Marketplace, Ms Foster set business vision, strategy and drove the technical execution around digital and physical supply chain technology and operations to enable Xbox's billion-dollar business globally.

Ms Foster has acknowledged to the Company that she will have sufficient time to fulfil her responsibilities as a Director.

## **Resolution 2 – Remuneration Report**

Section 250R(2) of the Corporations Act requires the Company to put its Remuneration Report to the vote of shareholders at each annual general meeting of the Company. However, the outcome of the shareholder's vote on the Remuneration Report is advisory only. If Resolution 2 to adopt the Remuneration Report for the year ended 30 June 2018 is not passed, the Directors are not obliged to alter any of the arrangements specified in the Remuneration Report. However, the Directors will take into account the outcome of the vote when considering the future remuneration practices and policies.

Shareholders should also note that, if 25% or more of the votes cast are against Resolution 2, the first part of the Board spill provisions contained in the Corporations Act ("two strikes rule") will be triggered. While this would not impact on the current year's Meeting, if at next year's Annual General Meeting, more than 25% of the votes cast are against the Remuneration Report for that year, then a resolution must be put to shareholders to vote on whether to hold another meeting within 90 days of that Annual General Meeting at which all of the directors (other than the Managing Director) must stand for re-election.

### **Voting exclusion statement**

A vote on Resolution 2 must not be cast, and the Company will disregard any votes cast on Resolution 2, by or on behalf of a KMP whose remuneration details are disclosed in the Remuneration Report, or their closely related parties, in any capacity (including as a proxy), unless the vote is cast as proxy for a person entitled to vote on Resolution 2:

- in accordance with the directions on the Proxy Form; or
- by the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman to exercise an undirected proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP.

### **Board recommendation**

The Board unanimously recommends that shareholders vote in favour of Resolution 2 to adopt the Remuneration Report.

## Resolution 3 – Performance Rights Plan

In 2018, the Board undertook a review of the Company's remuneration programs. This review was conducted with a purpose to align shareholder and Executive interests and to attract and retain top talent in the context of a highly competitive technology sector. During the review the Board considered feedback from shareholders and their advisers, internal experts and external remuneration specialists to develop a robust and market appropriate framework. This resulted in the Board adopting the Class Limited Performance Rights and Deferred Rights Plan (**Rights Plan**).

The Rights Plan, which took effect from 1 July 2018, aims to:

- Increase sophistication of performance and reward practices, without adding complexity;
- Create long term shareholder value by focusing KMP performance on long term growth drivers; and
- Provide a compelling remuneration package in the highly competitive technology sector to attract and retain critical talent.

This will be delivered by:

- Increasing the variable component of executive target remuneration mix to place a greater share of remuneration at risk and subject to ongoing performance hurdles;
- An enhanced short-term incentive (STI) program with the addition of a Deferred Rights component to deliver meaningful equity exposure and provide retention for key executives; and
- Replacing the existing options scheme and introducing performance rights to focus KMP on long term value creation through performance hurdles linked to the Company's earnings per share (EPS) and revenue growth.

For more details on the new framework please refer to section 8 of the Remuneration Report, on page 35 of the Class Limited 2018 Annual Report.

Under the Rights Plan, the Company may grant Performance Rights or Deferred Rights to eligible employees. A Performance Right is a right granted to an eligible employee which, on satisfaction of certain performance criteria within the relevant performance period, may entitle the eligible employee to receive a fully paid ordinary share in the capital of the Company (**Plan Share**). A Deferred Right is a right granted to an eligible employee which, on completion of a vesting period, may entitle the eligible employee to receive a Plan Share. There are no on-going performance criteria attached to Deferred Rights.

The Board believes these changes to the reward framework are aligned with positive shareholder outcomes and will deliver long term valuable growth results.



### Why shareholder approval is being sought

The Company may issue Shares, buy Shares on-market, or provide a cash payment in lieu (or do a combination of these things), to settle any obligations to provide Shares to an eligible employee under the Rights Plan.

ASX Listing Rule 7.1 provides that a listed company must not issue equity securities that total more than 15% of its fully paid ordinary shares in any rolling 12-month period without shareholder approval, or unless an exception applies (**15% Capacity**). This means that if this Resolution 3 is passed, any Performance Rights or Deferred Rights granted to eligible employees under the Rights Plan and any resulting Plan Shares issued will not use up part of the Company's 15% Capacity under ASX Listing Rule 7.1.

Under ASX Listing Rule 7.2, exception 9(b), an issue of equity securities under an employee incentive scheme is an exception to ASX Listing Rule 7.1, if in the 3 years before the issue date, shareholders have approved the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

Therefore, although shareholder approval is not required to adopt the Rights Plan, shareholder approval is being sought under Resolution 3 for the issue of securities under the Rights Plan, so that such issues would not be counted towards the Company's 15% Capacity, and that capacity would be available for other purposes.

If Resolution 3 is not approved by shareholders, the Board's intention is not to provide any securities to employees under the Rights Plan.

### Information required by ASX Listing Rules

The key terms of the Rights Plan are summarised in Annexure A and the complete plan rules are available by request to the Company Secretary.

There have been no issues of securities under the Rights Plan yet, as it is a new plan recently approved by the Board. There will be no issues of securities under the Rights Plan until after the AGM.

### Voting exclusion statement

A vote on Resolution 3 must not be cast, and the Company will disregard any votes cast on Resolution 3:

- by or on behalf of each director of the Company and any of their associates in favour of Resolution 3; or
- by a KMP, or a closely related party of a KMP, as a proxy,

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

- in accordance with a direction on the Proxy Form; or
- by the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman to exercise an undirected proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP.

## Resolution 4 – Issue of Performance Rights to Managing Director

The Non-Executive Directors are of the view that it is appropriate that the Company's Chief Executive Officer and Managing Director, Mr Kevin Bungard be entitled to be granted Performance Rights under the Rights Plan pursuant to the Company's FY2019 long-term incentive scheme. The Non-Executive Directors consider that the grant of the Performance Rights is an important element of the Company's remuneration strategy for the CEO, having regard to the circumstances of the Company, the duties and responsibilities of Mr Bungard and market levels of remuneration for executives in his position in similar sized companies.

Further details of Mr Bungard's current remuneration is set out in the Remuneration Report on pages 20–41 of the Company's FY2018 Annual Report.

If Resolution 4 is passed, Mr Bungard will be granted 82,547 Performance Rights (**Performance Rights**) which will convert into the same number of Plan Shares if the Performance Criteria (see below) attached to the Performance Rights are satisfied, and subject to the terms of the Rights Plan. The number of Performance Rights has been calculated using Mr Bungard's LTI target value of \$175,000 divided by the 5 day volume weighted average price (VWAP) of the Company's Shares of \$2.12 for the period ending on 17 August 2018. The Company has the discretion to issue Plan Shares, buy Plan Shares on-market, or provide a cash payment in lieu (or do a combination of these things), to settle any obligations to provide Shares to Mr Bungard on vesting of the Performance Rights.

The Performance Criteria are set out in further detail below but will comprise the following:

- $\frac{1}{3}$  of the total Performance Rights will be subject to achievement of the Annualised Committed Monthly Revenue (ACMR) Target (**ACMR Performance Rights**);
- $\frac{1}{3}$  of the total Performance Rights will be subject to achievement of the Partnerships & New Initiatives Revenue Target (**Partnerships & New Initiatives Revenue Performance Rights**); and
- $\frac{1}{3}$  of the total Performance Rights will be subject to achievement of the EPS Growth Target (**EPS Performance Rights**).

The Performance Criteria structure ensures that Mr Bungard is incentivised to deliver EPS and revenue growth in accordance with the Company's strategic plan.

### Why shareholder approval is required

Under ASX Listing Rule 10.14, shareholder approval is required for the issue of securities to directors under an employee incentive scheme. Shareholder approval is therefore sought to issue the Performance Rights to Mr Bungard.

As mentioned above in relation to Resolution 3, ASX Listing Rule 7.1 provides that a listed company must not issue equity securities that total more than 15% of its fully paid ordinary shares in any rolling 12-month period without shareholder approval, or unless an exception applies. If approval is given by shareholders under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that if this Resolution 4 is passed, the Performance Rights granted to Mr Bungard and any resulting Plan Shares issued will not use up part of the Company's 15% Capacity under ASX Listing Rule 7.1.

As previously mentioned in relation to Resolution 3, if shareholder approval to Resolution 3 is not obtained, then the Board's intention is that it will not provide any securities to employees under the Rights Plan. This means that if Resolution 3 is not passed, Mr Bungard will not receive any Performance Rights, even if this Resolution 4 is passed. In such a circumstance, the Board will re-evaluate the remuneration strategy for the CEO.

### Key terms of the Performance Rights

The Performance Rights will have the following key terms:

#### *Performance Rights*

Performance Rights will be granted to Mr Bungard under the Rights Plan, conditional on obtaining shareholder approval pursuant to Resolution 4 and Resolution 3 being passed.

The Performance Rights will be granted for nil cash consideration and are not transferable. Each Performance Right converts into one fully paid ordinary share in the capital of the Company (**Plan Share**), subject to the satisfaction of the Performance Criteria and the terms of the Rights Plan.

#### *Performance Period*

The performance period for the Performance Rights will be 1 July 2018 to 30 June 2021.

#### *Performance Criteria*

The Board has set challenging targets for growth in Annualised Committed Monthly Revenue (ACMR), Partnerships & New Initiatives Revenue and Earnings Per Share (EPS), which align to the Company's strategic plan. The proportion of Performance Rights which will vest is assessed against the achievement of those Targets.

The specific Targets for ACMR and Partnerships & New Initiatives Revenue are not disclosed due to their commercial sensitivity. The EPS Growth Target is as outlined under section (c) below.

Whether the Targets in the Performance Criteria have been achieved will be determined by the Board in its sole discretion, with due regard to the influence management had on current and future results.

#### **(a) ACMR – Performance Rights (⅓ weighting)**

The ACMR Target is determined by the Board by reference to the following formula 'Class accounts x Average Revenue Per Fund (ARPU)' at 30 June 2021.

#### **(b) Partnerships & New Initiatives Revenue Performance Rights (⅓ weighting)**

The Partnerships & New Initiatives Revenue Target is determined by the Board by reference to an annualised dollar amount target for Partnerships and other New Initiatives revenue streams at 30 June 2021.

#### **(c) EPS Performance Rights (⅓ weighting)**

The percentage of the EPS Performance Rights which will vest is assessed against the achievement of an EPS Growth Target of 16% over the Performance Period on a compound annual basis as follows:

EPS Growth (on a compound annual basis)	Percentage of EPS Performance Rights converting into Plan Shares
Less than 90%	0%
Between 90% and 100% of Target	Between 0% and 100%, determined on a linear sliding scale
Equal to or more than 100% of Target (Target = EPS Growth of 16%).	100%

EPS means the net profit after tax divided by the weighted average number of ordinary shares and options on issue.

For the avoidance of doubt, subject to approval by the committee of persons delegated by the Board to administer the Rights Plan (**Committee**), the EPS disclosed in the Company's statutory accounts will be used and adjusted for items which are non-recurring or of a non-binding nature.

### Dividends

The Performance Rights are not entitled to dividends or voting rights.

### Plan Shares

The Plan Shares provided to Mr Bungard on vesting of the Performance Rights will be held beneficially for Mr Bungard by the trustee of the Class Limited Employee Share Trust (**Trust**) until such time as the Shares are released or forfeited in accordance with the terms of the Rights Plan.

The Plan Shares will be released on the earlier of:

- the date on which the Committee approves Mr Bungard's application to have the Plan Shares transferred to him;
- the date on which he ceases to be employed as a senior executive of the Company or a subsidiary;
- the date the Committee determines in its discretion that the Plan Shares will be released to Mr Bungard;
- the end of the holding period that Mr Bungard elects; or
- the 15th anniversary of the date the Performance Rights are granted to Mr Bungard.

Any Plan Shares still held in the Trust and not released to Mr Bungard will be forfeited if he commits a grievous action or omission (including any act of dishonesty or breach of duty).

### Other terms

Other terms which are applicable to the Performance Rights are set out in Annexure A.

### Information required by ASX Listing Rules

The Company provides the following additional information for the purposes of ASX Listing Rule 10.15:

- (a) Mr Bungard is a director of the Company.
- (b) The maximum number of securities that may be acquired by Mr Bungard under this approval is 82,547 Performance Rights. Each Performance Right, on vesting, entitles Mr Bungard to receive one Plan Share, provided that if the Company reconstructs its capital, the Performance Rights may be adjusted as the Committee considers necessary so as to provide Mr Bungard with similar rights to which he may have been entitled immediately before the reconstruction occurred (subject to any ASX Listing Rule requirements).
- (c) No issue price is payable by Mr Bungard for the grant of the Performance Rights to him. No exercise price is payable to exercise the Performance Rights (subject to the Performance Criteria being satisfied).
- (d) As the Rights Plan has only recently been adopted, no securities have currently been issued under the Rights Plan.

Approval under ASX Listing Rule 10.14 has previously been sought for the issue of securities to Mr Bungard under the Company's Employee Share Option Plan (**ESOP**). Since the last shareholder approval, no Shares or Options have been issued to Mr Bungard under the ESOP.

- (e) Only full-time and permanent part-time senior employees of the Company or any of its subsidiaries are entitled to participate in the Rights Plan. Therefore, none of the other Directors besides Mr Bungard are entitled to participate in the Rights Plan.
- (f) A voting exclusion statement for Resolution 4 is contained on page 13.
- (g) No loan has been or will be advanced by the Company in relation to the acquisition of securities the subject of Resolution 4.
- (h) If Resolution 4 is passed, the Performance Rights will be granted to Mr Bungard on 16 October 2018.

### Voting exclusion statement

A vote on Resolution 4 must not be cast, and the Company will disregard any votes cast on Resolution 4:

- by or on behalf of Mr Bungard and any of his associates in favour of resolution 4; or
- by a KMP, or a closely related party of a KMP, as a proxy,

unless the vote is cast as proxy for a person entitled to vote on Resolution 4:

- in accordance with a direction on the Proxy Form; or
- by the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman to exercise an undirected proxy even if the Resolution is connected directly or indirectly with the remuneration of a KMP.

### Board recommendation

The Board (with Mr Bungard absent and not voting) unanimously recommends that shareholders vote in favour of Resolution 4.

## Resolution 5 – Approval of Potential Termination Benefits

### Background

Under section 200B of the Corporations Act, the Company must not give a person a benefit in connection with the person's retirement from an office, or position of employment, in the Company or any of its related bodies corporate (together, **Group** and each, a **Group Company**) if:

- the office or position is a managerial or executive office; or
- the person has, at any time during the last three years before their retirement, held a managerial or executive office in a Group Company,

unless shareholder approval is obtained under section 200E of the Corporations Act for the giving of the benefit (or if a specified exception applies).

A "benefit" is defined broadly in the Corporations Act to include a payment or other valuable consideration. It also includes the accelerated or automatic vesting of share-based payments on or as a result of retirement from an office or position, a payment made in lieu of giving of notice of termination and a payment that is made as part of a restrictive covenant, restraint-of-trade clause or non-compete clause.

There are exceptions for the provision of certain kinds of benefits, such as statutory entitlements to accrued annual and long service leave and certain benefits within a monetary cap. This monetary cap is, in broad terms, equivalent to one year's annual average base salary of the relevant person over the period during which that person held a managerial or executive office (up to a period of three years).

If a termination benefit is given in excess of what is permitted under the Corporations Act, a breach of the Corporations Act can occur even if the person receiving the benefit is entitled to the benefit under their contractual arrangements with a Group Company.

Having regard to the potentially wide application of the restriction under section 200B of the Corporations Act, the Board considers it to be appropriate and prudent to seek shareholder approval under sections 200B and 200E of the Corporations Act, so that termination benefits may be paid or provided to relevant executives without breach of the Corporations Act.

### **Who does the approval relate to?**

Approval is being sought in respect of any current or future director or employee who, at the time of his or her cessation from his or her office or employment, or at any time during the last three years before his or her cessation from his or her office or employment, held a managerial or executive office in a Group Company (**Relevant Executives**). As at the date of this Explanatory Statement, the Relevant Executives include:

- Mr Kevin Bungard, Managing Director and Chief Executive Officer;
- Mr Glenn Day, Chief Financial Officer and Company Secretary,

each of whom are KMPs of the Company. Details about the remuneration of these KMPs are included in the Remuneration Report; and

- other executives who hold a “managerial or executive office” in the Company or a related body corporate. Executives who may fall into this category include those who are not KMPs but who hold a management position and also serve as a director of one or more of the Company’s subsidiaries. No person currently falls within this category, but could in the future.

It is important to note that Resolution 5 seeks approval, not just for the persons identified above, but also for any other current or future director or employee who, at the time of his or her termination or at any time in the three years prior to that date, was a KMP of the Company or held a managerial or executive office in a Group Company.

### **What is the Company seeking approval for?**

Shareholder approval is sought for the purposes of sections 200B and 200E of the Corporations Act for termination benefits that may be provided to Relevant Executives under the following agreements or plans:

- individual employment agreements or service contracts (**Employment Agreements**);
- the Class Limited Employee Share Option Plan (**ESOP**);
- the Rights Plan (including any termination benefits that may be given to Mr Bungard in respect of any Performance Rights granted to him as referred to in Resolution 4);
- the Class Limited Short Term Incentive Plan (**STIP**);
- insurance policies; and
- other practices and policies described in Annexure B.

Further information about these potential termination benefits is set out in Annexure B.

### **What is the value of the potential termination benefits?**

Under section 200E of the Corporations Act, when seeking shareholder approval of a termination benefit, shareholders must be given details of the amount or value of the proposed payment or benefit, or if that amount or value cannot be ascertained at the time of disclosure, the manner in which that amount or value is to be calculated and any matter, event or circumstance that will, or is likely to, affect the calculation of that amount or value.

The amount and value of the termination benefits that may be provided to each Relevant Executive cannot be ascertained in advance. This is because various matters, events and circumstances (including the manner in which the individual retires from their role, the length of time they have been in their role, fluctuations in the Company’s share price and the exercise of discretions by the Board or committee of the Board), some of which are not within the Company’s control, will or are likely to affect the calculation of the amount or value.

Annexure B includes information about the manner in which the amount or value of the potential benefits will be calculated, and Annexure C sets out the matters, events and circumstances that will affect the calculation of that amount or value.

Shareholder approval is being sought to allow the provision of all benefits under the Company’s remuneration framework which may be defined as termination benefits for the purposes of the Corporations Act and which are set out in this Explanatory Statement. Therefore, the amount and value of the benefits for which shareholder

approval is being sought under Resolution 5 is the maximum amount or value of the benefit that could be provided to the Relevant Executive in connection with that person ceasing to hold an office, or position of employment, in the Company or a related body corporate.

### **Approval is sought for a three year period**

If approval of Resolution 5 is obtained, it will be effective from the date of this Meeting until the conclusion of the Company's 2021 Annual General Meeting. This means that the approval will apply in respect of any termination of a Relevant Executive during that period. If considered appropriate, the Board will seek a new approval from shareholders at the Company's 2021 Annual General Meeting.

Aspects of the Employment Agreements, ESOP, Rights Plan, STIP and other employment practices and policies may be varied from time to time by the Company in line with market practice, changing governance standards and needs of the Company and its subsidiaries. Where relevant, these changes will be reported in the Company's Remuneration Report. However, it is intended that the approval set out in Resolution 5 will remain valid despite such variation, as long as the termination benefits continue to be within the scope of benefits set out in this Explanatory Statement.

### **Effect of the approval**

If shareholder approval is given to Resolution 5, then the Company will be able to provide termination benefits to Relevant Executives up to the maximum scope, amount and value described in this Explanatory Statement (including in Annexures B and C). In particular, the Board (or relevant Board committee) will be able to exercise the discretions described in Annexure B.

If approved by shareholders, these benefits may be given to current or future Relevant Executives, and under existing, varied or new arrangements.

Shareholder approval to Resolution 5 will also:

- enable the Company to remunerate Relevant Executives and generally operate a remuneration framework in a way that the Board considers is in the interests of the Company, within the scope set out in this Explanatory Statement (including, in particular, Annexures B and C); and
- increase certainty for staff regarding their current and future remuneration arrangements.

If Resolution 5 is not passed, the ability of the Company to attract and retain high quality staff may be affected.

### **Voting exclusion statement**

A vote on Resolution 5 must not be cast (in any capacity) by, or on behalf of, any person who may be entitled to receive a benefit in connection with that person's retirement from office or position of employment, the subject of Resolution 5, or an associate of such a person. However, a person is entitled to cast a vote if:

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

In addition, a vote must not be cast on Resolution 5 by a member of the KMP, or a closely related party of a KMP, acting as a proxy for a person entitled to vote, unless:

- the proxy appointment specifies the way the proxy is to vote on Resolution 5; or
- the Chairman of the Meeting is appointed as proxy, and the proxy appointment expressly authorises the Chairman to exercise an undirected proxy even if Resolution 5 is connected directly or indirectly with the remuneration of a KMP.

### **Board recommendation**

The Board (with Mr Bungard absent and not voting) unanimously recommends that shareholders vote in favour of Resolution 5.

## **Resolution 6 – Re-Insertion of Proportional Takeover Provisions in Constitution**

The Company's Constitution includes proportional takeover approval provisions (clause 22) which came into effect in September 2015 when the Company was converted from a proprietary company into a public company.

Under the Corporations Act and clause 22.2 of the Constitution, the proportional takeover approval provisions will cease to have effect after 3 years from their adoption (or last renewal).

The Board is seeking shareholder approval to renew the proportional takeover approval provisions by re-inserting clause 22 in the Constitution, in the form adopted in September 2015. Clause 22 is extracted in Annexure D.

A proportional takeover offer is a takeover offer where the offer made to each shareholder is only for a proportion of that shareholder's shares.

The Corporations Act requires that the following information is provided to shareholders when considering the renewal of provisional takeover approval provisions in the Constitution:

### **Effect of including proportional takeover approval provisions in the Constitution**

If a takeover offer is made under a proportional takeover bid, the Directors must ensure that a resolution of shareholders to approve the takeover bid is voted on more than 14 days before the last day of the bid period.

Each person who, as at the end of the day on which the first offer under the bid was made, held bid class securities is entitled to vote. Under the Constitution, each shareholder has one vote for each fully paid share held. Each partly paid share carries a fraction of a vote, reflecting the amount paid up. The vote is decided on a simple majority. The bidder and its associates are not allowed to vote. If the resolution is not passed, transfers giving effect to takeover contracts for the bid will not be registered and the offer 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 other provisions of the Corporations Act and the Constitution.

The Directors will be in breach of the Corporations Act if they fail to ensure the approving resolution is voted on. However, if the resolution is not voted on, the bid will be taken to have been approved.

The proportional takeover approval provisions set out above do not apply to full takeover offers and will only apply for 3 years after the date of renewal. The provisions may be renewed again, but only by a special resolution of shareholders.

### **Reasons for including proportional takeover approval provisions in the Constitution**

A proportional takeover bid involves an offer for only a proportion of each shareholder's securities. This may allow control of the Company to pass without shareholders having the chance to sell all their securities to the bidder. This may assist a bidder to take control of the Company without payment of an adequate control premium. Having proportional takeover approval provisions in the Constitution will allow shareholders to decide collectively if a proportional takeover offer is acceptable in principle and will assist in ensuring that any partial offer is appropriately priced.

As at the date this statement was prepared, no Director is aware of a proposal by a person to acquire (or to increase the extent of) a substantial interest in the Company.



**Potential advantages and disadvantages**

Whilst similar proportional takeover approval provisions have been in effect in the past, there have been no full or proportional takeover bids for the Company. Therefore, there has been no example against which to review the advantages or disadvantages of the provisions for the Directors and the shareholders, respectively, during this period.

While the renewal of clause 22 will allow the Directors to ascertain shareholders' views on a proportionate takeover bid, the Directors do not consider that the proportional takeover provisions have any potential advantages or disadvantages for them. The Directors remain free to make their own recommendation on whether the bid should be accepted.

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

- shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- the provisions may help shareholders to avoid being locked in as a minority;
- the bargaining power of shareholders is increased (this may help ensure that any partial offer is adequately priced); and
- knowing the view of the majority of shareholders may help each individual shareholder assess the likely outcome of the proportional takeover offer and to decide whether to accept or reject that offer.

The potential disadvantages for shareholders of the Company include:

- proportional takeover offers for securities in the Company may be discouraged;
- shareholders may lose an opportunity of selling some of their securities at a premium; and
- the chance of a proportional takeover 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.

**Board recommendation**

The Board unanimously recommends that shareholders vote in favour of Resolution 6.

# Annexure A

## Summary of Performance Rights and Deferred Rights Plan

<b>Eligibility</b>	<p>Unless the Committee (being the persons nominated by the Board to administer the Rights Plan) determines otherwise, only full-time or permanent part-time senior employees who are employed by the Company or a subsidiary as at 1 July in each calendar year during the term of the Rights Plan are entitled to be invited to participate in the Rights Plan (<b>Eligible Employee</b>).</p> <p>An invitation to participate in the Rights Plan is in the absolute discretion of the Committee.</p>
<b>Performance Rights and Deferred Rights</b>	<p>Performance Rights or Deferred Rights may be granted under the Rights Plan.</p> <p>A Performance Right is a right granted to an Eligible Employee which, on satisfaction of certain performance criteria within the relevant performance period, may entitle the Eligible Employee to receive a fully paid ordinary share in the capital of the Company (<b>Plan Share</b>) (or a cash payment in lieu), on the terms of the Rights Plan.</p> <p>A Deferred Right is a right granted to an Eligible Employee which, on completion of a specified vesting period, may entitle the Eligible Employee to receive a Plan Share (or a cash payment in lieu), on the terms of the Rights Plan. Unless the Committee determines otherwise, Performance Rights or Deferred Rights will be granted for zero cash consideration.</p> <p>If the Company reconstructs its capital, the Performance Rights and Deferred Rights may be adjusted as the Committee considers necessary subject to any Listing Rules requirements, so as to provide the relevant Eligible Employee with similar rights to which they may have been entitled immediately before the reconstruction occurred.</p> <p>In the event of any reorganisation of the issued share capital of the Company, the number of Plan Shares held in the Trust under this Rights Plan on behalf of each Participant will be adjusted to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.</p> <p>The Committee may at any time amend all or any of the provisions of the Rights Plan and the terms and conditions of the grant of Performance Rights, Deferred Rights and Plan Shares, subject to the Listing Rules.</p>
<b>Performance Criteria</b>	<p>The Committee may prescribe the performance criteria that must be satisfied as a condition before the Eligible Employee is entitled to be allocated Plan Shares (or receive a cash payment in lieu), and the performance period during which such performance criteria must be satisfied.</p>
<b>Deferred Rights Vesting Period</b>	<p>The Committee may, in respect of a Deferred Right, prescribe a vesting period for that Deferred Right.</p>

<b>Cessation of Employment</b>	<p>Where an Eligible Employee ceases their employment for a Qualifying Reason during a performance period or vesting period, the Committee has the discretion to determine that any of the Eligible Employee's Performance Rights or Deferred Rights:</p> <ul style="list-style-type: none"> <li>• will all covert, or partly convert, into Plan Shares and vest in the Eligible Employee (or the Eligible Employee will receive a cash payment in lieu), and any remaining Performance Rights or Deferred Rights will be forfeited; or</li> <li>• will all be forfeited.</li> </ul> <p>Where an Eligible Employee ceases to be employed during a performance period or vesting period other than for a Qualifying Reason, their Performance Rights and Deferred Rights will be forfeited.</p> <p>A <b>"Qualifying Reason"</b> (see below) includes the retirement, death, total and permanent disability or redundancy of the relevant Eligible Employee as determined by the Board in its discretion.</p>
<b>Employee Share Trust</b>	<p>Plan Shares granted to Eligible Employees on vesting of Performance Rights or Deferred Rights will be held by a trust for the benefit of the relevant Eligible Employee (<b>Trust</b>).</p> <p>Plan Shares may be delivered to the Trust on behalf of the Eligible Employee by way of issue of Plan Shares, by way of acquiring Plan Shares on-market, or a combination of these methods, as determined by the Board in its discretion.</p>
<b>Holding Period</b>	<p>The Committee may prescribe a Holding Period or allow an Eligible Employee to choose a Holding Period in respect of Plan Shares.</p> <p>A "Holding Period" in respect of a Plan Share is:</p> <ul style="list-style-type: none"> <li>• the period commencing on the date that the Plan Share is registered in the name of trustee of the Trust for the benefit of the Eligible Employee (<b>Date of Acquisition</b>) and expiring when the Plan Share vests in the Eligible Employee or is forfeited in accordance with the terms of the Rights Plan;</li> <li>• such other period determined by the Committee; or</li> <li>• in the case of an election made by the Eligible Employee, the period as elected by the Eligible Employee ending no later than 15 years after the Date of Acquisition.</li> </ul>

<b>Rights attaching to Plan Shares</b>	<p>From the Date of Acquisition, the relevant Eligible Employee is entitled to receive any dividends paid on Plan Shares registered in the name of the trustee of the Trust for the benefit of that Eligible Employee.</p> <p>An Eligible Employee may exercise voting rights attaching to the Plan Shares allocated to that Eligible Employee by appointing the trustee of the Trust as its proxy.</p> <p>Any bonus shares to be issued or rights issues awarded in respect of Plan Shares that are allocated to an Eligible Employee are to be granted to the Trust to hold on behalf of that Eligible Employee.</p>
<b>Restrictions and Vesting of Plan Shares</b>	<p>Eligible Employees must not sell, transfer, encumber or otherwise dispose of or deal with any Plan Shares held by the Trust for their benefit until they have vested in the Eligible Employee.</p> <p>Generally, Plan Shares vest in the relevant Eligible Employee at the earliest of:</p> <ul style="list-style-type: none"> <li>• the date approved or determined by the Committee;</li> <li>• the Eligible Employee ceasing to be employed on a full-time or part-time basis by the Company or a subsidiary; or</li> <li>• the 15th anniversary of the date the Performance Rights or Deferred Rights (as the case may be) were granted to the Eligible Employee.</li> </ul> <p>If an Eligible Employee commits a grievous action or omission (including any act of dishonesty or breach of duty) at any time during the Holding Period, the Plan Shares allocated to the Eligible Employee which have not vested will be forfeited.</p>
<b>Change of control</b>	<p>If a change of control event occurs in relation to the Company, then:</p> <ul style="list-style-type: none"> <li>• the Plan Rights and Deferred Rights which have not been converted to Plan Shares may be converted to Plan Shares to the extent the Committee, at its discretion, considers appropriate having regard to the performance of the Eligible Employee and the Company, and the performance criteria; and</li> <li>• any Plan Shares held by the Trust on behalf of an Eligible Employee will immediately vest on announcement to the ASX of the change of control event.</li> </ul>

## Annexure B

### Summary of potential termination benefits for which approval is being sought

Agreement/Plan	Potential benefits/treatment on cessation of employment (including manner of calculation of the amount or value of benefit)
<b>Employment Agreements</b>  All of the Relevant Executives are employed under Employment Agreements. Further details about the Employment Agreements of those Relevant Executives who are KMP are contained in the Remuneration Report.	<b>Payment in lieu of notice</b>  The Employment Agreements typically contain or will contain the ability for the Company or the relevant Group Company that is the employer to make a payment to the Relevant Executive in lieu of some or all of the applicable termination notice period (which may be up to 12 months).  Where payment in lieu of notice is made, the payment will be calculated by reference to the Relevant Executive's base remuneration.
	<b>Accrued benefits</b>  Accrued, but untaken base remuneration, annual leave, long service leave and other leave, and reimbursement for incurred expenses will be paid out on cessation of employment.  Leave will be accrued and paid out in accordance with contractual obligations and the law, as well as any applicable Group policy.  Although genuine accrued benefits payable under a law are excluded from the termination benefits provisions and no shareholder approval is required to pay such benefits, some Relevant Executives may accrue benefits under Group policy which are in excess of what is strictly required by the law. The payment of such accrued benefits will be calculated by reference to the Relevant Executive's base remuneration.
	<b>Payment for restrictive covenants</b>  The Company may elect to impose a non-compete covenant on Relevant Executives of up to 12 months, in which case, the Company will make a payment calculated on the Relevant Executive's base remuneration in consideration for such covenant.

Agreement/Plan	Potential benefits/treatment on cessation of employment (including manner of calculation of the amount or value of benefit)
<p><b>Employee Share Option Plan</b></p> <p>Under the Company's Employee Share Option Plan (ESOP), Relevant Executives may be granted options, which vest according to a time based vesting schedule and may be subject to performance conditions. Further details of the ESOP are contained in Remuneration Report on pages 20-41 of the Company's FY2018 Annual Report.</p>	<p>Relevant Executives may be entitled to participate in the Company's ESOP.</p> <p>Generally, unvested options granted under the ESOP will lapse if the Relevant Executive ceases to be an employee before the vesting date of the options. However, this does not apply if the Relevant Executive is the subject of "Special Circumstances".</p> <p>A Special Circumstance is where the Relevant Executive suffers a total and permanent disablement, dies or is made redundant. The Board (or the relevant committee of the Board) (<b>Plan Committee</b>) also has the discretion to determine that any other circumstance constitutes a Special Circumstance and therefore, the unvested options of the Relevant Executive will not lapse.</p> <p>Vested options of a Relevant Executive will lapse on a determination of the Plan Committee that the options should lapse because, in the Plan Committee's opinion, the Relevant Executive (amongst other circumstances) has been dismissed or removed from office for a reason which entitles a Group Company to dismiss the Relevant Executive without notice. The Plan Committee may exercise its discretion not to determine that the vested options of a Relevant Executive who has been dismissed in these circumstances should lapse.</p> <p>The vested options of a Relevant Executive will also lapse on the date determined by the Plan Committee (which in no event will be more than 12 months) after the date of termination of employment of the Relevant Executive with the Group (other than due to the occurrence of a Special Circumstance). The Plan Committee has the discretion to determine that a Relevant Executive is the subject of a Special Circumstance and therefore, their vested options should not lapse.</p> <p>The vesting of options granted to a Relevant Executive may be subject to one or more performance conditions. The Board (or Plan Committee) may have discretion as to whether to waive any of those performance conditions on termination of the Relevant Executive's employment.</p> <p>The Plan Committee has the discretion to specify that a holding lock may be applied to shares provided on exercise of options for up to 3 years from the grant date of the options. The shares may be released from the holding lock if the Relevant Executive's employment terminates. If the termination is for reasons other than a Special Circumstance, only 50% of the shares will be released from the holding lock, with the remaining 50% subject to a holding lock until the earlier of 12 months after the date of termination and expiry of the original holding lock period. If the termination is due to a Special Circumstance, all of the shares will be released from the holding lock upon the date of cessation of the Relevant Executive's employment (or as soon as practicable thereafter). The Plan Committee has the discretion to determine that a circumstance constitutes a Special Circumstance and therefore, that all of the Relevant Executive's shares should be released from the holding lock.</p> <p>The exercise of any of the discretions by the Board or Plan Committee referred to above may be a termination benefit.</p> <p>The manner in which the value will be calculated would be the difference between the exercise price of the relevant option and the Company's share price on the date of exercise.</p>

Agreement/Plan	Potential benefits/treatment on cessation of employment (including manner of calculation of the amount or value of benefit)
<p><b>Performance Rights and Deferred Rights Plan</b></p> <p>Under the Company's Performance Rights and Deferred Rights Plan (<b>Rights Plan</b>), Relevant Executives may be granted Performance Rights and Deferred Rights. Further details (including descriptions of capitalised terms used in this row) are set out in Annexure A.</p>	<p>Relevant Executives may be entitled to participate in the Company's Rights Plan.</p> <p>Where a Relevant Executive ceases to be an employee during the performance period or vesting period of a Performance Right or Deferred Right due to a "Qualifying Reason", the Committee has the discretion to determine that the Performance Rights and Deferred Rights of that Relevant Executive will wholly or partly convert into Plan Shares and vest in the Relevant Executive (or the relevant executive will receive a cash payment in lieu), and the remaining Performance Rights and/or Deferred Rights will be forfeited.</p> <p>A Qualifying Reason means the retirement, death, total and permanent disability or redundancy of the Relevant Executive as determined by the Board in its absolute discretion; the Relevant Executive ceasing to be employed by a company within the Group as a result of a Group Company ceasing to be a member of the Group, or a Group Company ceasing to conduct a business it presently conducts; or any other reason as determined by the Committee in its discretion.</p> <p>Generally, Relevant Executives must remain an employee in a full-time or permanent part-time position until the Plan Shares acquired for the benefit of the Relevant Executive under the Rights Plan have vested in the Relevant Executive. However, if the performance criteria and vesting period for the Relevant Executive's Plan Rights and Deferred Rights have been satisfied, and the Relevant Executive has been granted Plan Shares as a result, any of those Plan Shares that have not vested in the Relevant Executive will be taken to have vested at the date the Relevant Executive ceases employment (other than by reason of a grievous action or omission, including any act of dishonesty or breach of duty, by the Relevant Executive).</p> <p>The above provisions, including the exercise by the Committee of the discretions referred to above, may constitute a termination benefit.</p> <p>The value of such benefit would be the Company's share price as at the relevant vesting date.</p>
<p><b>Short Term Incentive Plan</b></p> <p>Under the Company's Short Term Incentive Plan (<b>STIP</b>), Relevant Executives may be paid a cash-based or equity-based (by way of Deferred Rights) incentive. Further details of the STIP are detailed in the Remuneration Report on pages 20-41 of the Company's FY2018 Annual Report.</p>	<p>Relevant Executives may be entitled to participate in the Company's STIP.</p> <p>Deferred Rights granted to Relevant Executives under the STIP are subject to the terms of the Rights Plan.</p> <p>In addition to the terms of the Rights Plan, if a Relevant Executive ceases to be an employee due to a "Qualifying Reason" (as described above), the Board has the discretion to determine that any STIP award that has been made to the Relevant Executive which has not been paid will be:</p> <ul style="list-style-type: none"> <li>• paid as if all of the conditions for the payment of the award to the Relevant Executive have been met (on a "Target" level basis); or</li> <li>• paid in part on a pro-rata basis (taking into account performance up to the date of cessation of employment), with the remainder of the award forfeited.</li> </ul> <p>The exercise of the discretion by the Board to pay an STIP award in the circumstances described above may be a termination benefit.</p> <p>The value of such benefit would be the amount of the STIP award (if it is cash-based) or the Company's share price at that time (if the award is equity-based).</p>

Agreement/Plan	Potential benefits/treatment on cessation of employment (including manner of calculation of the amount or value of benefit)
<b>Insurance premiums and pay-outs</b>	<p>The Company (or a Group Company) pays insurance premiums to obtain death and disability cover for Relevant Executives.</p> <p>The types of insurance policies that the Group currently takes out and pays the premiums for include:</p> <ul style="list-style-type: none"> <li>• travel and transportation insurance policies, which may include a death and disability benefit; and</li> <li>• statutory workers' compensation arrangements, which include a death and disability benefit.</li> </ul> <p>The Group may also from time to time take out and pay the premium for death and disability policies for certain Relevant Executives.</p> <p>The payment of these insurance premiums by the Group to an insurer so that the insurer pays an amount upon the death or disablement of a Relevant Executive could potentially result in the premium and/or the pay-out to be considered a termination benefit.</p> <p>Under some of these policies, the pay-out by the insurer will be made to the Company (or Group Company) by the insurer and that amount is then paid to the insured Relevant Executive or his or her beneficiaries by the Company (or Group Company).</p> <p>The amount of such benefits would be the amount of the relevant insurance premiums and/or pay-outs.</p>
<b>Other benefits</b>	<p>At the discretion of the Board, the Company or a Group Company may pay or give other reasonable termination benefits under the Group's policies from time to time or in accordance with the Relevant Executive's Employment Agreement, such as relocation benefits and payment of reasonable professional fees (such as for legal or tax advice). In some cases, after cessation of their employment, Relevant Executives may also be permitted to keep the mobile phones, computers, tablets or other electronic devices that had been provided to them by the Company (or a Group Company) or acquire their company vehicle.</p> <p>The value of such benefits would be the amount of the relocation costs, amount of the relevant electronic devices, and value of the relevant Company vehicles.</p>



# Annexure C

## Matters, events and circumstances which will, or are likely to, affect the calculation of the amount or value of the benefits

Agreement/Plan	Matter, event or circumstance
Employment Agreements	<p>The following are the matters, events and circumstances which will, or are likely to, affect the calculation of the amount or value of the potential termination benefits that may be given under the Employment Agreements for the Relevant Executives:</p> <ul style="list-style-type: none"> <li>• The circumstances of the Relevant Executive's cessation of employment (for example, whether the employment is terminated immediately or with notice, or by the Group Company or the Relevant Executive, and for what reason).</li> <li>• The Relevant Executive's length of service.</li> <li>• The length of the notice period and whether the Group's operational requirements at the time require the Relevant Executive to work through all or part of their notice period.</li> <li>• The amount of annual and other leave accrued by the Relevant Executive at the time of cessation of employment.</li> <li>• The Relevant Executive's base remuneration at the time of cessation of employment.</li> <li>• The Group's policies as applicable at the relevant time.</li> <li>• The duration of the non-compete covenant that the Company elects to impose.</li> <li>• The manner in which the Board (or a committee of the Board) exercises its discretion (for example, in relation to payment of a pro-rata bonus or for non-compete covenants).</li> <li>• To the extent that the Employment Agreement provides for any termination benefits which are awards under the Employee Incentive Plan, the matters, events and circumstances referred to in this table below in relation to the Employee Incentive Plan are also relevant.</li> </ul>

Agreement/Plan	Matter, event or circumstance
<b>ESOP, Rights Plan and STIP</b>	<p>The following are the matters, events and circumstances which will, or are likely to, affect the calculation of the amount or value of the potential termination benefits that may be given under the ESOP, Rights Plan or STIP (<b>Employee Incentive Plans</b>):</p> <ul style="list-style-type: none"> <li>• The circumstances of the Relevant Executive's cessation of employment (for example, whether the cessation of employment arises due to termination by the Group Company or the Relevant Executive, and for what reason).</li> <li>• The Relevant Executive's entitlement under the relevant Employee Incentive Plan at the time of cessation of employment and the conditions of such entitlement.</li> <li>• The number of options, Performance Rights, Deferred Rights or Plan Shares held by, or the amount of the STIP award granted to, the Relevant Executive at the time of cessation of employment, and the conditions (if any) of vesting of such options, rights, shares or awards.</li> <li>• Any applicable performance measures and other vesting conditions, and the achievement of such conditions.</li> <li>• If any performance measures are applicable, the personal performance of the Relevant Executive and the performance of the Company.</li> <li>• The portion of the performance period or vesting period served by the Relevant Executive up to the cessation of employment.</li> <li>• The market price of the Company's shares on the ASX at the relevant time.</li> <li>• The manner in which the Board (or the relevant committee or delegate of the Board) exercises its discretion.</li> </ul>
<b>Insurance premiums and pay-outs</b>	<p>The following are the matters, events and circumstances which will, or are likely to, affect the calculation of the amount or value of the potential termination benefits that may be given in respect of the insurance policies:</p> <ul style="list-style-type: none"> <li>• The type of insurance policy and the coverage under that policy.</li> <li>• The role, age, salary and any pre-existing condition of the insured Relevant Executive.</li> <li>• The circumstances of the Relevant Executive's cessation of employment (for example, due to accidental death, workplace injury or health disability).</li> </ul>
<b>Other benefits</b>	<p>The following are the matters, events and circumstances which will, or are likely to, affect the calculation of the amount or value of the potential termination benefits that may be given in respect of the other benefits described in the last row of the table in Annexure B:</p> <ul style="list-style-type: none"> <li>• The Group's policies as applicable at the relevant time.</li> <li>• The applicable market practice.</li> <li>• The value of the services, benefits and items that the Relevant Executive is provided or entitled to keep.</li> <li>• The circumstances of the Relevant Executive's cessation of employment.</li> <li>• The manner in which the Board exercises its discretion.</li> </ul>

# Annexure D

## Proportional Takeover Provisions (Clause 22 of Constitution)

### 22. Proportional Takeover Approval Provisions

#### 22.1 Application of this clause

This clause 22 only applies if Chapter 6 of the Corporations Act applies to the Company.

#### 22.2 Refusal to Register Transfers

- (a) The Company must refuse to register a transfer of Shares giving effect to a takeover contract resulting from acceptance of an offer made under a proportional takeover bid in respect of a class of Shares unless and until a resolution to approve the proportional takeover bid is passed in accordance with clause 22.3.
- (b) This clause 22.2 and clause 22.3 cease to have effect on the day which is three years after the later of their adoption or last renewal in accordance with the Corporations Act.

#### 22.3 Approval Procedure

- (a) Where offers are made under a proportional takeover bid, the Board must, subject to the Applicable Law, call and arrange to hold a meeting of persons entitled to vote on a resolution to approve the proportional takeover bid.
- (b) Subject to this Constitution, in the case of a proportional takeover bid, each person (other than the bidder under a proportional takeover bid or an associate of that bidder) who, as at the end of the day on which the first offer under that bid was made, held bid class securities for that bid:
  - (i) is entitled to vote on the resolution referred to in clause 22.3(a) and
  - (ii) has one vote for each Share in the bid class securities that the person holds.
- (c) The provisions of this Constitution concerning meetings of Shareholders apply to a meeting held pursuant to clause 22.3(a) with any modifications that the Board resolves are required in the circumstances.
- (d) A resolution referred to in clause 22.3(a) that has been voted on is passed if more than 50% of votes cast on the resolution are in favour of the resolution and otherwise is taken to have been rejected.
- (e) If a resolution referred to in clause 22.3(a) has not been voted on as at the end of the day before the 14th day before the last day of the takeover bid period under the proportional takeover bid, then that resolution is taken to have been passed.



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Class Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



### BY FAX

+61 2 9287 0309



### BY HAND

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138; or  
Level 12, 680 George Street, Sydney NSW 2000



### ALL ENQUIRIES TO

Telephone: 1300 554 474 Overseas: +61 1300 554 474



X99999999999

## PROXY FORM

I/We being a member(s) of Class Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

☐

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **3:00pm (Sydney time) on Monday, 15 October 2018 at Hilton Sydney, Level 1, 488 George St, Sydney NSW 2000 (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolutions 2, 3, 4 and 5:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 2, 3, 4 and 5, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒

#### Resolutions

For Against Abstain\*

For Against Abstain\*

1 Re-Election of Ms Kathryn Foster

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5 Approval of Potential Termination Benefits

☐☐☐

2 Remuneration Report

☐☐☐

6 Re-Insertion of Proportional Takeover Provisions in Constitution

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3 Performance Rights and Deferred Rights Plan

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4 Issue of Performance Rights to Managing Director

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\* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Joint Shareholder 2 (Individual)

Joint Shareholder 3 (Individual)

Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

CL1 PRX1801C

## HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, all shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **3:00pm on Saturday, 13 October 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MAIL

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Sydney South NSW 1235  
Australia



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#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138  
or  
Level 12  
680 George Street  
Sydney NSW 2000

\* in business hours (Monday to Friday, 9:00am–5:00pm)

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**