



# PRO-PAC PACKAGING LIMITED

ACN 112 971 874

## NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY NOTES

**Date:** Thursday 26 November 2020

**Time:** 11:00am (Melbourne time)

**Place:** The meeting will be a virtual meeting

## Chairman's Letter

19 October 2020

Dear Fellow Shareholder,

On behalf of the directors of Pro-Pac Packaging Limited (**Company** or **PPG**), I am pleased to invite you to the Annual General Meeting of Shareholders to be held on Thursday 26 November 2020, beginning at 11am. This year's Annual General Meeting will be held virtually and further details on how to attend and vote are contained in the meeting notice.

This event is an opportunity for you to share your views directly with the PPG board, and to hear from them about your Company's progress and plans for the future.

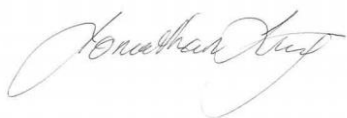
The business of the Annual General Meeting is set out in the enclosed Notice of Meeting. It includes seeking shareholder approval for:

- the adoption of the Remuneration report as set out on pages 16 to 23 of the PPG 2020 Annual Report;
- the election of Mr Darren Brown and Ms Leonie Valentine as directors of the Company;
- the enhancement of the placement capacity for the Company;
- an increase to the non-executive director fee pool; and
- the issue of securities to Mr Tim Welsh, Chief Executive Officer and Managing Director, under the Company's Performance Rights Plan,

each on the basis fully outlined in the enclosed Explanatory Notes.

Your Board considers that the Resolutions proposed are in the Company's best interests of and will be for the benefit of all Shareholders.

I look forward to welcoming you to our 2020 AGM.



Jonathan Ling  
Chairman

## Notice of Meeting

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (AGM) of the Shareholders of Pro-Pac Packaging Limited (**Company** or **PPG**) will be held at 11:00am (Melbourne time) on Thursday 26 November 2020 via Lumi.

Attending the meeting online enables shareholders to view the AGM live and to also ask questions and cast votes at the appropriate times whilst the meeting is in progress.

Shareholders who wish to participate in the AGM online may do so:

1. From their computer, by entering the URL into their browser;
2. From their mobile device by either entering the URL in their browser; or
3. by using the Lumi AGM app, which is available by downloading the app from the Apple App Store or Google Play Store.

If you choose to participate in the AGM online or through the app, you can log in to the meeting by entering:

1. The meeting ID, which is **341-711-423**
2. Your username, which is your Boardroom S number (located on any recent statement or documentation)
3. Your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the user guide for their password details
4. If you have been nominated as a third-party proxy, please contact the share registry, Boardroom on 1300 737 760

### **Items of Business**

#### **Item 1 – Financial Report, Directors Report and Auditors Report**

To receive and consider the Financial Report of the Company and of the Consolidated Entity for the year ended 30 June 2020 and the Reports by Directors and Auditors thereon.

#### **Resolution 2 – Remuneration Report**

To receive, consider and adopt the Remuneration Report of the Company and Consolidated Entity for the year ended 30 June 2020.

*Note: The vote on Resolution 2 is advisory only and does not bind the Directors or the Company (section 250R(3) of the Corporations Act.*

#### **Resolution 3 – Election of a Director – Mr. Darren Brown**

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

*"That, for the purposes of clause 6.1 of the Company's Constitution and for all other purposes, Shareholder approval is given to the election of Mr. Darren Brown as a director of the Company."*

#### **Resolution 4 – Election of a Director – Ms Leonie Valentine**

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

*"That, for the purposes of clause 9.2 of the Company's Constitution and for all other purposes, Shareholder approval is given to the election of Ms Leonie Valentine as a director of the Company."*

#### **Resolution 5 – Increase Placement Capacity**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

*"That, in accordance with ASX Listing Rule 7.1A and for all other purposes, Shareholder approval is given to the issue, on one or more occasions, of such number of ordinary shares in the Company that is cumulatively equal to up to 10% of the issued share capital of the Company, at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2, at a price determined in accordance with ASX Listing Rule 7.1A.3, on the terms and conditions in the Explanatory Notes accompanying the notice convening this Annual General Meeting."*

#### **Resolution 6 – Increase annual limit for Directors' fees**

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

*"That, for the purposes of ASX Listing Rule 10.17, clause 39 of the Company's Constitution and for all other purposes, Shareholder approval is given to increase the maximum aggregate annual remuneration that may be paid by the Company to its non-executive Directors as remuneration for their services as Directors from \$600,000 to \$800,000, with effect from the date of this meeting."*

#### **Resolution 7 – Issue of Performance Rights to Mr Tim Welsh**

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

*"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, shareholder approval is given to the issue and annual allotment of 3,446,154 Performance Rights (and Shares on exercise of such Performance Rights) to Mr. Tim Welsh, the Company's Chief Executive Officer and Managing Director, under the Company's Performance Rights Plan and otherwise on the terms set out in the Explanatory Notes accompanying this Notice of Annual General Meeting."*

Further information in relation to the Resolutions is set out in the Explanatory Notes which accompany and form part of this Notice of Meeting.

By order of the Board



Kathleen Forbes  
Company Secretary

19 October 2020

## 1. Voting Exclusions

### *Resolution 2*

In accordance with the Corporations Act, the Company will disregard any votes cast in respect of Resolution 2:

- (a) by or on behalf of a member of the Key Management Personnel (KMP) of the Company whose remuneration is disclosed in the Remuneration Report; and
- (b) any associate or proxy of any KMP of the Company.

However, this does not apply to a vote cast in favour of a resolution by:

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

The Chair intends to vote all available proxies in favour of this Resolution 2.

### *Resolution 6*

In accordance with the Corporations Act and ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 6 by:

- (a) any director of the Company; and
- (b) any associate or proxy of a person referred to in (a) above.

However, this does not apply to a vote cast in favour of a resolution by:

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

The Chair intends to vote all available proxies in favour of this Resolution 6.

#### *Resolution 7*

In accordance with the Corporations Act and ASX Listing Rules, the Company will disregard any votes cast in favour of Resolution 7 by:

- (a) any director of the Company who is eligible to participate in the employee incentive scheme in respect of which the approval is sought and, if ASX has expressed an opinion under rule 10.14.3 that approval is required for participation in the employee incentive scheme by anyone else, that person; and
- (b) any associate or proxy of a person referred to in (a) above.

However, this does not apply to a vote cast in favour of a resolution by:

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

The Chair intends to vote all available proxies in favour of this Resolution 7.

## **2. Documents**

A proxy form accompanies these documents.

## **3. Persons entitled to vote/ Record Date**

Under regulation 7.11.37 of the Corporations Regulations, the Directors have determined that the shareholding of each member for the purposes of ascertaining their voting entitlements at the Annual General Meeting will be as it appears in the Share register at 8:00pm (Melbourne time) on 24 November 2020.

## **4. How to Vote**

If you are eligible, you may vote by attending the Annual General Meeting virtually or by proxy or attorney. A member who is a body corporate may appoint a representative to attend and vote on its behalf.

## **5. Voting**

To vote on the Resolutions, Shareholders will need to do one of the following:

Either: Virtually Attend the Meeting and vote, Or

Complete the enclosed Proxy Form and return it in accordance with the instructions specified on the form. The completed Proxy Form must be received, or the online registration must have occurred, by no later than 11:00am (Melbourne time) on 24 November 2020.

If you require an additional proxy form, the Company will supply it on request.

Voting on all proposed resolutions at the meeting will be conducted by poll initiated by the Chair.

## **6. Proxies**

A Shareholder who is entitled to vote at the Annual General Meeting may appoint:

- one proxy if the member is only entitled to one vote; or
- one or two proxies if the member is entitled to more than one vote.

Where the Shareholder appoints 2 proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded.

A proxy need not be a Shareholder of the Company.

The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by a corporation must be executed in accordance with the Corporations Act and the constitution of that corporation.

The proxy form and the power of attorney or other authority (if any) under which it is signed or a certified copy, must be received by the Company at least 48 hours before the time for holding of the Annual General Meeting or any adjourned meeting (or such lesser period as the Directors may permit):

- by email to [proxy@boardroomlimited.com.au](mailto:proxy@boardroomlimited.com.au);
- online at [www.votingonline.com.au/ppgagm2020](http://www.votingonline.com.au/ppgagm2020);
- by post to Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 Australia;
- in person to Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000 Australia; or
- the following fax number at the Company's share registry's office: + 61 2 9290 9655.

## **7. Voting by Attorney**

A Shareholder may appoint an attorney to act on the Shareholder's behalf at the Annual General Meeting. The power of attorney or such other evidence of the attorney's appointment and authority to the satisfaction of the Directors must be received by the Company at least 48 hours before the time for holding of the Annual General Meeting or any adjourned meeting.

## **8. Corporate Representative**

A body corporate that is a Shareholder and entitled to attend and vote at the Annual General Annual General Meeting, or that has been appointed as proxy of a Shareholder entitled to attend and vote at the Annual General Meeting, may appoint an individual to act as its representative at the Annual General Meeting. The appointment must comply with section 250D of the Corporations Act. The representative must bring to the Annual General Meeting adequate evidence of his or her appointment, including any authority under which the appointment is signed, unless that evidence has previously been provided to the Share Registry.

## Explanatory Notes

These Explanatory Notes have been prepared for the information of Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 11:00am (Melbourne time) on Thursday 26 November 2020 via Lumi.

### Item 1 – Financial Report

In accordance with the Corporations Act and the Constitution of the Company, the Financial Report of the Company and of the Consolidated Entity for the period ended 30 June 2020 and the Reports by Directors and Auditors thereon are to be laid before the Annual General Meeting.

There is no formal Resolution to be put in respect of this matter. However, Shareholders will be given the opportunity to make comments and ask questions of the Board and the Auditor in respect of the reports. In addition, Shareholders are able to submit questions to the Company for the Auditor prior to the meeting. The list of any such questions will be presented at the meeting for discussion and response.

### Resolution 2 – Remuneration Report

In accordance with section 250R(2) of the Corporations Act, a resolution must be put to the Shareholders that the remuneration report of the Company, as included in the Directors' Report, be adopted. A copy of this report can be found on pages 16 to 23 of the Company's annual report and can also be found on the Company's website at [www.ppgaustr.com.au](http://www.ppgaustr.com.au).

While the Corporations Act (section 250R(2)) requires a listed company to put a resolution to its members at its annual general meeting that its remuneration report be adopted, the Corporations Act expressly provides that the vote on any such resolution is advisory only (meaning that while such vote provides guidance to the directors, it does not bind the Directors or the Company). However, the Directors recognise the vote as an indication of shareholder sentiment and will have regard to the outcome of the vote and any discussion when setting the Company's remuneration policies.

The Remuneration Report forms part of the Directors' Report for the year ended 30 June 2020 and is made in accordance with a unanimous resolution of the Directors. While noting that each Director has a personal interest in his remuneration, as described in the Remuneration Report, the Board unanimously recommends that Shareholders vote in favour of adopting the Remuneration Report. Resolution 2 is put to the Shareholders at the Meeting in fulfilment of the obligations of the Company under section 250R(2) of the Corporations Act. Shareholders attending the Meeting will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

### Resolution 3 – Election of a Director – Mr. Darren Brown

Clause 6.1 of the Company's constitution requires that, at each annual general meeting, one-third of the Directors must retire from office, or if their number is not a multiple of three, then the number nearest to but not exceeding one-third of the Directors must retire from office. The Managing Director (Mr. Tim Welsh) is exempt under clause 6.7 of the Company's constitution from the requirement to retire by rotation and not included in the total number of directors to retire. The retirement of Directors by rotation is also subject to the requirement, in clause 6.1 of the Company's constitution, that a Director must retire from office at the conclusion of the third annual general meeting after the Director was last elected. Clauses 6.4 and 6.5 of the Company's constitution provide that a retiring Director remains in office until the end of the meeting and will be eligible for re-election at the meeting.

Mr Darren Brown will retire by rotation at the AGM. Mr Brown is eligible for re-election and is seeking re-election as Director at the AGM. Biographical details of Mr Brown are set out below:

#### **Darren Brown B Business, Grad Dip Fin & Investment, CA**

Mr Brown is a Non-Executive Director and was appointed to the board on 2 July 2018.

Mr Brown is an experienced finance and business professional, with a career spanning over 30 years in a variety of commercial and financial roles. He has significant packaging industry experience gained over several years as Chief Financial Officer of publicly listed Pact Group Holdings Limited, Southcorp Packaging and Amcor. Mr Brown is currently Commercial Director at Kin Group.



Mr Brown is the Chair of the Audit, Business Risk and Compliance Committee.

Mr Brown is a non-executive director. As an employee of Kin Group Pty Limited, which wholly owns and controls the Company's majority shareholder, Bennamon Pty Limited, Mr Brown is not classified as an independent director. The Board supports the election of Mr. Brown and recommends that Shareholders vote in favour of this Resolution.

#### Resolution 4 – Election of a Director – Ms Leonie Valentine

Ms Leonie Valentine will also retire by rotation at the annual general meeting. Ms Valentine is eligible for re-election and is seeking re-election as Director at the annual general meeting. Biographical details of Ms Valentine are set out below:

Leonie Valentine B Science, M Arts (Communication), Exec Cert B Admin, GAICD, FT NED Diploma Asia

Ms Valentine was appointed to the Board on 1 August 2018.

Ms Valentine is an IT&T executive with over 25 years' experience in sales, marketing and operations. Ms Valentine is currently Managing Director, Sales & Operations of Google Hong Kong. Ms Valentine is a Board member of Save the Children (HK) and Governor for the American Chamber of Commerce HK. She actively supports The Women's Foundation in Hong Kong, serving on the Women on Boards Advisory Panel (30% Club) and the Girls Go Tech Advisory Committee from 2014-2019.

Ms Valentine is a member of the Remuneration and Nomination Committee. She is an independent director. The Board unanimously supports the election of Ms Valentine and recommends that Shareholders vote in favour of this Resolution.

#### Resolution 5 – Enhanced Placement Capacity

##### (a) Approval under the ASX Listing Rules

ASX Listing Rule 7.1A enables eligible entities to issue shares up to 10% of its issued share capital through placements over a 12-month period after the annual general meeting (**Enhanced Placement Capacity**). This Enhanced Placement Capacity is in addition to the eligible entity's 15% placement capacity under ASX Listing Rule 7.1.

On the date of the Annual General Meeting, the Company expects to be an eligible entity for the purposes of ASX Listing Rule 7.1A because it will not be included in the S&P/ASX300 Index and it will have a market capitalisation equal to or less than \$300 million.

If Shareholders approve Resolution 5, the number of securities the Company may issue under the Enhanced Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

##### (b) Information for Shareholders required by ASX Listing Rule 7.1A and 7.3A

###### **A statement of the minimum price at which the equity securities may be issued for the purposes of rule 7.1A.3**

The issue price of Shares issued under the Enhanced Placement Capacity will not be less than 75% of the volume weighted average price of Shares in the same class, calculated over the 15 trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the Shares are to be issued is agreed; or
- if the Shares are not issued within 10 trading days of the date on which the price at which the Shares are to be issued is agreed, the date on which the Shares are issued.

###### **A statement of the risk of economic and voting dilution of existing ordinary security holders that may result from an issue of equity securities under rule 7.1A.2**

###### *Dilution risks*

If Resolution 5 is passed by Shareholders and the Company issues Shares under the Enhanced Placement Capacity, the voting power of existing Shareholders who do not receive any Shares under the issue will be diluted.

###### *Economic risks*

	<p>There is a risk that:</p> <ul style="list-style-type: none"> <li>the market price for the Company's Shares may be significantly lower on the date of the issue of the Shares than on the date of the Annual General Meeting; and</li> <li>the Shares may be issued at a price that is at a discount to the market price for the Company's Shares on the issue date.</li> </ul> <p>If Shares are issued at a discount to the net tangible asset value per share (<b>NTA</b>), there may be a negative impact on NTA.</p> <p>The table at section 1.1(c) shows the potential dilution of existing Shareholders as required by ASX Listing Rule 7.3A.2.</p>
<b>The date by which the equity securities may be issued</b>	<p>Shares will only be issued under the Enhanced Placement Capacity from the date of the Annual General Meeting if approval is obtained until the date that is the earlier of:</p> <p>(a) The date that is 12 months after the date of the annual general meeting at which the approval is obtained; and</p> <p>(b) The time and date of the Company's next annual general meeting..</p> <p>However, Shareholder approval will cease to be valid prior to this date in the event that Shareholders approve a transaction under ASX Listing Rule 11.1.2 or 11.2.</p>
<b>A statement of the purposes for which the equity securities may be issued, including whether the eligible entity may issue any of them for non-cash consideration</b>	<p>The Company may issue Shares under the Enhanced Placement Capacity in order to:</p> <ul style="list-style-type: none"> <li>provide additional funding to support the Company's activities;</li> <li>to make new investments into or acquisitions of packaging businesses; and</li> <li>to fund general working capital.</li> </ul>
<b>Details of the eligible entity's allocation policy for issues under the approval</b>	<p>The allotted of the Shares to be issued under the Enhanced Placement Capacity have not yet been determined. The Company will determine the allottees at the time of the issue under the Enhanced Placement Capacity on a case-by-case basis, having regard to a range of factors including but not limited to:</p> <ul style="list-style-type: none"> <li>the purpose of the issue;</li> <li>alternative methods of raising funds available to the Company at that time, including methods such as an entitlement issue where existing Shareholders may participate;</li> <li>the effect of the issue of the Shares on the control of the Company;</li> <li>the circumstances of the Company, including but not limited to the financial position and solvency of the Company;</li> <li>prevailing market conditions; and</li> <li>advice from professional advisers.</li> </ul>

<b>If the eligible entity has previously obtained approval under ASX Listing Rule 7.1A</b>	The Company obtained approval under ASX Listing Rule 7.1A at the annual general meeting held 27 November 2017.
<b>A voting exclusion statement</b>	No voting exclusion statement is included in this Notice of Meeting. As at the date of this Notice of Meeting, the Company has not invited any existing Shareholder to participate in any issue of Shares under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 5.

**(c) Potential dilution of existing Shareholders**

The following table describes the potential dilution of existing Shareholders on the basis of three different assumed issue prices and numbers of Shares on issue, being:

- (i) an example using the current market price of Shares<sup>1</sup> and estimated number of Shares<sup>2</sup> on issue at the date of the Annual General Meeting where approval for this Resolution 5 will be sought (variable "A");
- (ii) two examples of where the number of Shares has increased by 50% and 100%; and
- (iii) an example where the issue price of Shares has decreased by 50% and increased by 100% as against the current market price of Shares.

Number of Shares on issue (Variable A)	Dilution			
	Issue price (per Share)	\$0.09 (50% decrease in issue price)	\$0.17 (issue price)	\$0.34 (100% increase in issue price)
Variable A	Shares issued	81,110,729 Shares	81,110,729 Shares	81,110,729 Shares
	Funds raised	\$7,299,966	\$13,788,824	\$27,577,648
50% increase in Variable A	Shares issued	121,666,094 Shares	121,666,094 Shares	121,666,094 Shares
	Funds raised	\$10,949,949	\$20,683,236	\$41,366,472
100% increase in Variable A	Shares issued	162,221,458 Shares	162,221,458 Shares	162,221,458 Shares
	Funds raised	\$14,599,931	\$27,577,648	\$55,155,295

**Note:** this table has been prepared on the following assumptions:

- The Company issues the maximum number of Shares available under the Enhanced Placement Capacity.
- The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- The table does not show any example of dilution that may be caused to a particular Shareholder by reason of placements under the Enhanced Placement Capacity, based on that Shareholder's holding at the date of the Annual General Meeting.
- The table shows only the effect of issues of Shares under ASX Listing Rule 7.1A, not under the 15% Placement Capacity under ASX Listing Rule 7.1 or as a result of the issue of Shares that do not require Shareholder approval.
- The issue price is \$0.17, being the closing price of the Shares on the ASX on 2 October 2020.

<sup>1</sup> The estimated market price of Shares on issue at the date of the Annual General Meeting is determined from the closing Share price of \$0.17 on 2 October 2020.

<sup>2</sup> The estimated number of Shares on issue at the date of the Annual General Meeting is equal to the issued capital as at 2 October 2020, which is 811,107,285 Shares

## Recommendation of the Directors

The Board supports the proposal to put Resolution 5 to Shareholders for their approval and recommends that Shareholders vote in favour of this Resolution.

### Resolution 6 – Increase annual limit for Directors' fees

#### (a) Background

The Company is seeking the approval of Shareholders in accordance with ASX Listing Rule 10.17 and clause 39 of the Company's Constitution to increase the maximum aggregate remuneration payable to non-executive Directors by way of Directors' fees (**NED Fee Pool**).

The following matters have been considered in determining the proposed increase to the NED Fee Pool:

- (i) The pool was last increased in 2017, and since that time, an additional director has been added to the Board;
- (ii) approval to increase the NED Fee Pool is being sought to ensure that an appropriate mix of knowledge and experience is carried forward and represented on the Board, and to ensure that the Company maintains the ability to attract and retain high calibre non-executive Directors; and
- (iii) the Board considers the increased NED Fee Pool (if approved) is consistent for a company of PPG's scale, complexity and market capitalisation. The increase sought will provide flexibility in succession planning, flexibility in recruiting additional Directors and scope for adjustment of fees in future to meet market benchmarks.

#### (b) Approval under the ASX Listing Rules

Pursuant to ASX Listing Rule 10.17, an entity must not increase the total aggregate amount of Directors' fees payable to all of its non-executive Directors without the approval of holders of its ordinary securities.

#### (c) Information for Shareholders under ASX Listing Rule 10.17

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to ASX Listing Rule 10.17:

<b>The amount of the increase</b>	The Company is seeking approval to increase the NED Fee Pool by \$200,000.
<b>The maximum aggregate amount of directors' fees that may be paid to all of the entity's non-executive directors</b>	If approval is obtained, the maximum aggregate of the NED Fee Pool will increase to \$800,000.
<b>Details of any securities issued to a non-executive director under ASX Listing Rule 10.11 or 10.14 with the approval of the holders of the entity's ordinary securities at any time within the preceding three years</b>	No securities have been issued to non-executive Directors under ASX Listing Rule 10.11 or 10.14 with Shareholder approval in the past three years.
<b>A voting exclusion statement</b>	A voting exclusion statement is set out on page 5 of this Notice of Meeting.

## Resolution 7 – Issue of Performance Share Rights to Mr Tim Welsh

### (d) Background

On 16 April 2019, the Company announced that the Board had appointed Mr. Tim Welsh as Chief Executive Officer (CEO) and entered into an employment agreement with Mr. Welsh, pursuant to which the Company had agreed to provide a long-term incentive (LTI) under the Company's Performance Rights Plan (PRP), subject to Shareholder approval. Resolution 7 seeks Shareholder approval for the grant of Performance Rights to Mr. Welsh as LTI under the PRP for the purposes of the ASX Listing Rules.

After careful consideration, the Board considers the grant of the Performance Rights as proposed and the other elements of Mr. Welsh's remuneration as specified below to be appropriate and reasonable remuneration, recognising the Company's circumstances and the responsibilities involved in Mr. Welsh's role as CEO and Managing Director.

The Company is seeking the approval of Shareholders in accordance with ASX Listing Rule 10.14.

### (e) Mr. Welsh's Remuneration

Mr. Welsh's base remuneration package is \$560,000 per annum ("Base Remuneration"), plus \$21,694.20 superannuation contributions and \$30,000 car allowance, which may be reviewed from time to time in accordance with Company policy. In addition, Mr Welsh is entitled to a short-term incentive (STI) benefit equal to his base remuneration, conditional upon the achievement of various key performance indicators. The board has also implemented an over achievement on the STI such that Mr Welsh may overachieve his key performance indicators, and if he does so, receive up to 200% of his STI benefit. In order for Mr Welsh to achieve an STI of that magnitude the Company's financial performance would need to materially exceed expectations.

Mr. Welsh is also entitled to an LTI with a value equal to his base pay of \$560,000 each year, which, subject to shareholder approval, the board proposes to grant using the Company's PRP, and on the basis set out below.

The board, after careful consideration, considers the grant of the Performance Rights and Shares as proposed together with the other elements of Mr. Welsh's remuneration as specified above, to be reasonable remuneration recognising the Company's circumstances and the responsibilities involved on Mr. Welsh's part in the role of CEO and Managing Director.

### (f) Approval under the ASX Listing Rules

Pursuant to ASX Listing Rule 10.14, an entity must not, without the approval of holders of ordinary securities, allow any of the following persons to acquire securities under an employee incentive scheme:

- (i) a director of an entity;
- (ii) an associate of a director of an entity; or
- (iii) a person whose relationship with the entity itself, a director or an associate of a director of an entity is such that ASX forms the opinion that shareholder approval should be obtained.

### (g) Information for Shareholders under ASX Listing Rule 10.14 and 10.15A

The following information is provided to Shareholders in respect of obtaining Shareholder approval pursuant to ASX Listing Rules 10.14 and 10.15A:

**If the person is not a director, a statement of the relationship between the person and the director that requires the approval to be obtained**

Mr. Welsh is a Director.

<p><b>The maximum number of securities that may be acquired by all persons for whom approval is required</b></p>	<p>Under Mr Welsh's employment contract, the Company has agreed to grant to Mr Welsh an LTI to the value of \$560,000 per annum, the vesting of which is subject to Performance Hurdles set by the board. The reference Share price for the determination of Mr. Welsh's entitlements as an LTI under the PRP is the Company's VWAP for the 5 day period following its full year results release, which is \$0.1625, and therefore the number of Performance Rights to be issued in 2020 with a nominal value of \$560,000 is 3,446,154.</p> <p>Under the PRP, the Board has the absolute discretion to determine the maximum number of Performance Rights that eligible employees are entitled to receive so long as the number of underlying Shares issued pursuant to the offer and the number of Performance Rights and Shares issued in the previous 3 year period under the PRP, will not exceed 5% of the total number of Shares on issue.</p>
<p><b>The price (including a statement whether the price will be, or be based on, the volume weighted average market price or closing market price), or the formula for calculating the price, for each security to be acquired under the scheme</b></p>	<p>The LTI Performance Rights will be granted at nil issue price and vested Performance Rights may be exercised at nil exercise price.</p> <p>The reference Share price for the determination of Mr. Welsh's entitlements as an LTI under the PRP is the Company's VWAP for the 5-day period following its full year results release. which is \$0.1625, and therefore the number of Performance Rights to be issued in 2020 with a nominal value of \$560,000 is 3,446,154.</p>
<p><b>The names of all persons referred to in ASX Listing Rule 10.14 who received securities under the scheme since the last approval, the number of securities received, and acquisition price for each security</b></p>	<p>No Directors or their associates have received securities under the PRP except for the grant of Performance Rights approved at last year's Annual general meeting on 25 November 2019 for the issue of Performance Rights to Mr Tim Welsh. 3,333,333 performance rights were issued as a result of that approval at Nil issue price.</p>
<p><b>The names of all persons referred to in rule 10.14 entitled to participate in the scheme</b></p>	<p>In respect of the PRP, Mr. Tim Welsh, Chief Executive Officer and Managing Director.</p> <p>The Rules of the PRP also permit participation by directors, although the board does not currently propose such participation. The names of the current directors are:</p> <p>Jonathan Ling Darren Brown Marina Go Rupert Harrington Leonie Valentine</p>
<p><b>A voting exclusion statement</b></p>	<p>A voting exclusion statement is set out on page 6 of this Notice of Annual General Meeting.</p>
<p><b>The terms of any loan in relation to the acquisition</b></p>	<p>None.</p>

<b>A statement as required by ASX Listing Rule 10.15A.8</b>	<p>Details of any securities issued under the PRP will be published in each annual report of the Company relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under ASX Listing Rule 10.14.</p> <p>If any Director becomes entitled to participate in the PRP after this Resolution 7 is approved and that person is not named in this Notice of Meeting, then that person will not participate in the PRP until the Company's Shareholders approve such participation for the purposes of ASX Listing Rule 10.14.</p>
<b>The date by which the entity will issue the securities, which must be no later than 3 years after the meeting</b>	<p>The Performance Rights will be issued in December 2020.</p>

**(h) Additional Information for Shareholders- Conditions applicable to the vesting of Performance Rights**

Performance Rights will be granted to Mr. Welsh with vesting conditional upon the achievement of certain performance conditions, as outlined below. Each Performance Right will entitle Mr. Welsh to subscribe for one share.

***Performance period***

The Performance Rights granted as an LTI under the PRP will be subject to vesting conditions. The achievement of those vesting conditions will be measured over a three-year performance period commencing 1 July 2020 and ending 30 June 2023. , The satisfaction of vesting conditions will be assessed at the end of this three-year period. Mr. Welsh will have a 6-month period in which to exercise such Performance Rights as have vested, after which any unexercised vested Performance Rights will lapse.

***Vesting conditions***

Vesting of the LTI Performance Rights will be dependent upon the Total Shareholder Return (TSR) of the Company relative to a peer group of approximately 100 companies comprising the Small Ordinaries Index (modified to exclude resources, mining and materials stocks). If the Company's TSR equals the median TSR of the peer group, Mr Welsh will receive 50% of his maximum entitlement, increasing up to 100% if the Company equals or exceeds the 75th percentile of its peer group. The Performance Rights will vest in a progressive increment from median performance up to 75th percentile performance.

TSR will be calculated based on movements in the Company's Share price and total dividends paid during the three-year performance period.

Vesting of the LTI Performance Rights is also dependent upon Mr Welsh continuing to be the Chief Executive Officer of the Company from the date of grant until vesting.

**(i) Additional information**

None of the Directors has an interest in the outcome of this Resolution. However, as the Directors are "Key Management Personnel" for the purposes of the Corporations Act, a voting exclusion statement applies as set out on page 6 of this Notice of Meeting. For those reasons, the Directors will not be making recommendations as to voting on this Resolution 7.

-Ends-



#### All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993  
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)
- ☎ **By Phone:** (within Australia) 1300 737 760  
(outside Australia) +61 2 9290 9600

## YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 11:00am (Melbourne Time) on Tuesday 24 November 2020.**

### 📱 To Register your Proxy Online

### 📱 BY SMARTPHONE

**STEP 1: VISIT** <https://www.votingonline.com.au/ppgagm2020>

**STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**

**STEP 3: Enter your Voting Access Code (VAC):**



Scan QR Code using smartphone  
QR Reader App

### TO VOTE BY COMPLETING THE PROXY FORM

#### STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

##### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities 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.
- return both forms together in the same envelope.

#### STEP 2 VOTING DIRECTIONS TO YOUR PROXY

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

##### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### STEP 3 SIGN THE FORM

The form **must** be signed as follows:

**Individual:** This form is to be signed by the securityholder.

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

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

#### STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **11:00am (Melbourne Time) on Tuesday 24 November 2020.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** <https://www.votingonline.com.au/ppgagm2020>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By eMail** [proxy@boardroomlimited.com.au](mailto:proxy@boardroomlimited.com.au)
- ✉ **By Mail** Boardroom Pty Limited  
GPO Box 3993,  
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited  
Level 12, 225 George Street,  
Sydney NSW 2000 Australia



# Pro-Pac Packaging Limited

ACN 112 971 874

☐

## Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

**Please note, you cannot change ownership of your securities using this form.**

## PROXY FORM

### STEP 1 APPOINT A PROXY

I/We being a member/s of **Pro-Pac Packaging Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

**OR** if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held **Virtually on Thursday, 26 November, 2020 at 11:00am (Melbourne Time)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 2,6 and 7, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolutions 2,6 and 7 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolutions 2,6 and 7). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

### STEP 2 VOTING DIRECTIONS

\* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 2	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of a Director – Mr Darren Brown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Election of a Director – Ms Leonie Valentine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Increase Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Increase annual limit for Directors fee's	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Performance Rights to Mr Tim Welsh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2020