



SERVICE STREAM LIMITED

# NOTICE OF ANNUAL GENERAL MEETING

2019





## Notice of Annual General Meeting

**Notice** is given that the annual general meeting of members of Service Stream Limited (**Company**) will be held at the RACV City Club — Level 2, 501 Bourke Street, Melbourne, Victoria on Wednesday 23 October 2019 at 10.00am.

### Annual financial and other reports

To receive the Company's financial report, directors' report and auditor's report for the financial year ended 30 June 2019.

#### Resolution 1 — Adoption of remuneration report

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

“That the remuneration report for the year ended 30 June 2019 be adopted.”

**Note:** The remuneration report is set out on pages 15 to 24 of the Company's 2019 annual report. The vote on this resolution is advisory only and does not bind the directors of the Company.

#### Resolution 2 — Re-election of Greg Adcock

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

“That Greg Adcock (who retires by rotation in accordance with rule 7.1(f) of the Company's constitution and (being eligible) stands for re-election) be re-elected as a director of the Company.”

#### Resolution 3 — Election of Tom Coen

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

“That Tom Coen who having been appointed as a director of the company (in accordance with rule 7.1(d) of the Company's constitution) since the last Annual General Meeting be elected as a director of the Company (in accordance with rule 7.1(c)(2) of the Company's constitution).”

#### Resolution 4 — Increase in maximum annual remuneration pool for Non-Executive Directors

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

“Approve the increase in the maximum aggregate annual remuneration pool of Non-Executive Directors (NED fee pool) from \$750,000 to \$1,000,000 for the purposes of rule 7.3(b) of the Company's constitution and ASX Listing Rule 10.17.”

**Resolution 5 – Acquisition of securities by Leigh Mackender or his associate, under the FY20 Tranche of the Company’s Long-Term Incentive Plan**

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

“That the acquisition by Leigh Mackender or his associate of 238,544 performance rights under the FY20 Tranche of the Company’s Long-Term Incentive Plan (and up to 238,544 fully paid ordinary shares in the Company underlying, and issued in accordance with the terms of, those performance rights) on the terms summarised in the explanatory statement accompanying the notice of this meeting, be approved for the purpose of rule 10.14 of the ASX Listing Rules and for all other purposes.”

**Resolution 6 – Refresh of the exemption from the 15% threshold of securities issued under the Service Stream ESOP**

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

“That the issue of securities in the Company under the Service Stream employee share ownership plan 2007 (Service Stream ESOP), the terms of which are summarised in the explanatory statement accompanying the notice of this meeting, be approved for the purposes of rule 7.1 of the ASX Listing Rules, for the purposes of exception 9 of rule 7.2 of the ASX Listing Rules and for all other purposes.”

**By order of the Board:**



**Chris Chapman**  
**Company Secretary**

**Date 18 September 2019**

**Notes:**

1. A member entitled to attend and vote at this meeting is entitled to appoint one proxy or, if the member is entitled to cast two or more votes at the meeting, two proxies to attend and vote on behalf and instead of the member.
2. Where two proxies are appointed, the proxies may vote only if each proxy is appointed to represent a specified proportion of the member's voting rights.
3. A proxy need not be a member.
4. A proxy form accompanies this notice. To be valid, the proxy form together with the power of attorney or other authority (if any) under which the form is signed, or a certified copy of that power or authority, must be:
  - a) received by the Company's share registrar, Computershare Investor Services Pty Limited by:
    1. hand delivery to "Yarra Falls", 452 Johnston Street, Abbotsford, Victoria 3067;
    2. post to GPO Box 242, Melbourne, Victoria, 8060; or
    3. facsimile on 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)before 10.00am (Melbourne time) on Monday 21 October 2019; or
  - b) received by the Company (addressed to the attention of Mr Chris Chapman, Co -Company Secretary):
    1. at its office at Level 4, 357 Collins Street, Melbourne, Victoria, 3000; or
    2. by facsimile on +61 3 9677 8877;before 10.00am (Melbourne time) on Monday 21 October 2019.
5. A proxy may also be appointed electronically by:
  - a) visiting [www.investorvote.com.au](http://www.investorvote.com.au) and following the instructions provided;
  - b) scanning the QR code with your mobile device; or
  - c) visiting [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions (for Intermediary Online subscribers (custodians) only);before 10.00am (Melbourne time) on Monday 21 October 2019. A proxy cannot be appointed online if they are appointed under power of attorney or similar authority.
6. The Company has determined that those persons who are registered as the holders of shares in the Company at 7.00pm (Melbourne time) on Monday 21 October 2019 will be taken to be the holders of shares for the purposes of determining voting entitlements at this meeting.

### **Voting exclusion statement**

The Company will disregard any votes cast in favour of:

1. Resolution 1 (adoption of remuneration report) by:
  - a) (a) or on behalf of a member of the key management personnel for the Company (details of whose remuneration are included in the remuneration report, including each director) (**KMP Member**), or a closely related party of a KMP Member; or
  - b) (b) any KMP Member as at the date of the meeting (and their closely related parties) as proxy for another shareholder.
2. Resolution 4 (increase in maximum annual remuneration pool for Non-Executive Directors) by:
  - a) or on behalf of a director of the Company, or an associate of a director; or
  - b) any KMP Member as at the date of the meeting (and their closely related parties) as proxy for another shareholder.
3. Resolution 5 (acquisition of securities by Leigh Mackender or his associate, under the FY20 Tranche of the Company's Long-Term Incentive Plan) by:
  - a) or on behalf of any director of the Company, or an associate of any director of the Company, who is eligible to participate in the Long-Term Incentive Plan; or
  - b) any KMP Member as at the date of the meeting (and their closely related parties) as proxy for another shareholder.
4. Resolution 6 (refresh of the exemption from 15% threshold of securities under Service Stream ESOP) by:
  - a) or on behalf of any director of the Company, or an associate of any director of the Company, who is eligible to participate in the ESOP; or
  - b) Any KMP Member as at the date of the meeting (and their closely related parties) as proxy for another shareholder.

However, the Company need not disregard a vote in relation to each of the resolutions above if:

- a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides (and the appointment expressly authorises the Chair to vote in accordance with a direction on the proxy form to vote as the proxy decides).

**The Chairman intends to vote undirected proxies held by him in favour of each resolution. Please refer to the proxy form accompanying this notice of meeting for more information.**

**Questions from Shareholders**

Your questions relating to Service Stream that may be relevant to the 2019 Annual General Meeting are important to us. Shareholders eligible to vote at this meeting may submit written questions in advance of the AGM via email to [AGM@servicestream.com.au](mailto:AGM@servicestream.com.au). Any questions must be received by no later than 5.00pm (Melbourne time) on Wednesday 16 October 2019. We will attempt to respond to as many of the more frequently asked questions as possible in the Chairman's and Managing Director's addresses at the 2019 Annual General Meeting. Due to the large number of questions we may receive, we will not be replying on an individual basis. You will also be able to listen to the addresses made at the 2019 Annual General Meeting within 2 days after the meeting at <http://www.servicestream.com.au/investors/annual-general-meetings>

## Explanatory statement

### General information

This explanatory statement is an important document and should be read carefully. It comprises part of, and should be read in conjunction with, the notice of the annual general meeting (**AGM**) of members of Service Stream Limited to be held on Wednesday 23 October 2019.

If you have any questions regarding the matters set out in this explanatory statement (or elsewhere in the notice of AGM), please contact the Company, or your stockbroker or other professional adviser.

### Resolution 1 – adoption of remuneration report

There will be an opportunity for shareholders at the meeting to comment on and ask questions about the remuneration report, which appears on pages 15 to 24 of the Company's 2019 annual report. The vote on the proposed resolution adopting the remuneration report is advisory only and will not bind the Company nor its directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration policy and practices.

The Corporations Act contains a 'two strikes' rule in relation to remuneration reports. Briefly, if at two consecutive AGMs 25% or more votes were cast against the resolution that the Company's remuneration report be adopted, a 'spill resolution' must be put to the vote at that AGM. If 50% or more shareholders vote in favour of a "spill" then the entire Board (except the Managing Director) are required to stand for re-election at a further general meeting which must take place within 90 days.

At the Company's 2018 AGM, approximately 4% of votes were cast against the resolution that the remuneration report be adopted. Accordingly, there is no requirement to allow for a possible spill resolution at this year's AGM.

The directors recommend that shareholders vote in favour of resolution 1.

### Resolution 2 – Re-election of Greg Adcock

The Company's constitution states the Company must hold an election of directors at each annual general meeting (rule 7.1(h)) and further that no director who is not a managing director may hold office beyond the third AGM following the meeting at which the director was last elected or re-elected (whichever is the later) (rule 7.1(f)). In determining the number of directors to retire, no account is to be taken of the Managing Director or of a director appointed as an addition to the existing directors and who only holds office until the next annual general meeting. A retiring director is eligible for re-election. In accordance with these requirements, Greg Adcock retires by rotation at this year's annual general meeting and, being eligible, stands for re-election.

Greg Adcock was appointed as Non-Executive Director of Service Stream Limited in November 2015. Greg brings commercial and operational expertise developed from senior executive roles at Telstra Corporation where his career spanned more than 20 years, and more recently at nbn co where he was the Chief

Operating Officer responsible for the key operational and commercial elements of Australia's largest infrastructure project.

Greg is Chair of the Sustainability, Safety, Health & Environment Committee and is a member of the Remuneration and Nomination Committee.

Greg is currently a Non-Executive Director of Opticomm Limited.

Greg has held no other listed company directorships in the last three years.

The directors (other than Mr. Adcock) recommend that shareholders vote in favour of resolution 2.

### **Resolution 3 – Election of Tom Coen**

Rule 7.1(d) of the Company's constitution states that the directors may appoint any natural person, not otherwise disqualified from holding office, to be a director, either to fill a casual vacancy or as an addition to the existing directors. Any director so appointed, other than the Managing Director, only holds office until the next general meeting and must then retire from office.

In February 2019, Tom Coen was appointed as a director of the Company in connection with the acquisition of Comdain Infrastructure. In accordance with Rule 7.1(d) he retires from office at this year's AGM and, being eligible, stands for election, in accordance with rule 7.1(c)(2) of the Company's constitution.

Tom has over 35 years' experience in the Australian utility sector. He brings to Service Stream an intimate knowledge of both the water and gas sectors and provides unique insight into civil construction, procurement, program coordination, scheduling, operations management and contract management.

Tom brings to the Board a demonstrated ability to form productive and collaborative partnerships is evident in the numerous joint ventures he has successfully crafted.

Tom has no other listed company directorships and has held no other listed company directorships in the last three years.

The directors (other than Mr. Coen) recommend that shareholders vote in favour of resolution 3.

### **Resolution 4 – Increase in maximum annual remuneration pool for Non-Executive Directors**

The directors and Company currently operate within the maximum aggregate annual remuneration pool of Non-Executive Directors (**NED Fee Pool**) of \$750,000. The directors seek shareholder approval to increase the NED Fee Pool for the purposes of rule 7.3(b) of the Company's Constitution and ASX Listing Rule 10.17, by an amount of \$250,000, thus from \$750,000 to \$1,000,000. It is proposed that the increase takes effect immediately following the passing of the resolution.

The desired increase in the NED Fee Pool is due to the addition of a further Non-Executive Director, increasing the number of Non-Executive Directors from five to six. Notwithstanding the retirement of Ms. Murphy at the conclusion of the 2019 annual general meeting, it is the Board's intention that she be replaced and the number of Non-Executive Directors remain at six. It is noted that the Company's constitution permits the appointment of up to 12 Non-Executive Directors. Irrespective of the increase in the NED Fee Pool, the Company does not intend to fully utilise the increase being sought in the near future.

In addition, an external remuneration consultant was engaged in FY19, in-line with the Company's standard practice, to review the Company's Board and Committee fees, against peer companies and provide recommendations on any future changes. There was a modest increase proposed to the Non-Executive Directors' remuneration because of this review, given the increased size and complexity of the Business, which was also a factor when proposing the increase in the NED Fee Pool.

The proposed increases will provide the Company with the ability to:

- remunerate its existing Non-Executive Directors more equitably, in-line with the external benchmarking review conducted via the external remuneration consultant in FY19;
- manage any future appointments to its membership; and
- retain and attract high calibre Non-Executive Directors, by allowing for future adjustments to the annual fees payable to Non-Executive Directors, within the approved NED Fee Pool, so that the fees are competitive with those paid by comparable companies.

All remuneration paid to directors, including superannuation is taken into the account for the purposes of the pool. The proposed increase in the NED Fee Pool does not impact on the remuneration arrangements of the Managing Director. As an Executive Director of the Company, he does not receive separate directors' fees in addition to the remuneration packages he receives in his senior executive capacity. Details of remuneration paid to Non-Executive Directors in FY19 are set out in the Company's Remuneration Report along with the fees paid to the external remuneration consultant.

The directors confirm, for the purposes of ASX Listing Rule 10.17, that no securities were issued to a Non-Executive Director under ASX Listing Rules 10.11 or 10.14 at any time during the last three years. As the directors have an interest in the outcome of resolution 4, they consider it would not be appropriate to make a recommendation to shareholders as to how to vote.

#### **Resolution 5 – Acquisition of securities by Leigh Mackender or his associate, under the FY20 Tranche of the Company's Long-Term Incentive Plan**

The Company's annual report for the financial year ended 30 June 2018 noted that the share-based incentive scheme (**ESBIP**) that was established in 2014 to operate for a five-year period from FY15 concluded on 30 June 2019.

In establishing the ESBIP, the Board's aims were to recognise the efforts and loyalty of those individuals during the immediately preceding period of operating challenges and financial instability, provide a retention incentive for those Executives identified as being key to leading the Group's return to sustainable profitability, and link their reward with the creation of shareholder value.

Participation in the ESBIP was conditional on each invited Executive agreeing to forego participation in the Short-term Incentive Plan (STIP) and the Long-term Incentive Plan (LTIP) applicable to that five-year period.

The ESBIP operated via the allocation to each participating Executive a fixed number of performance rights each year that were subject to the satisfaction of EPS performance conditions for that year. Each performance right converted into one ordinary Service Stream Limited share upon vesting, with no amounts paid or payable by the participant on receipt of the performance rights.

The changes to Mr. Mackender's remuneration arrangements coincide with cessation of ESBIP. The Board has worked with external remuneration advisers to develop an appropriate remuneration program for the Managing Director and broader Executive Management Team, and the program commenced on 1 July 2019.

The Company's new executive remuneration program replaces the ESBIP with short-term and long-term incentive arrangements, and are described in further detail below.

The directors of the Company are entitled from time to time to invite Eligible Persons to acquire Securities on such terms as the directors may determine in accordance with the Service Stream ESOP.

For the financial year ended 30 June 2020, the directors determined to make available a tranche of performance rights (**FY20 LTIP Tranche**) to senior executives of the Company including Mr. Mackender as a long-term incentive. The directors have determined to make 238,544 performance rights available to Mr. Mackender under the FY20 LTIP Tranche subject to shareholder approval.

Rule 10.14 of the ASX Listing Rules relevantly states that an entity must not permit a director to acquire securities under an employee incentive scheme without the approval of holders of ordinary shares. Subject to shareholder approval, it is proposed that Mr. Mackender or his associate, will acquire 238,544 performance rights under the terms of the FY20 LTIP Tranche (and subsequently shares underlying those performance rights to the extent that they satisfy the relevant vesting criteria).

The terms of the FY20 LTIP Tranche, including those that will be applicable to Mr. Mackender, are summarised as follows:

- a) Each participating senior executive (or their nominated associate) may acquire performance rights for nil consideration. The number of performance rights offered to an executive is calculated by reference to the executive's fixed annual remuneration, a long-term incentive participation rate (75% of fixed annual remuneration for Leigh Mackender) and an issue price of \$2.8297 per share.
- b) Each performance right entitles the holder to be issued one ordinary share in the Company for nil consideration provided they remain an employee of the Company on 30 June 2022 and provided that certain other vesting conditions have been satisfied, including those described below.

The performance rights granted will each vest where the following vesting conditions are met:

- a) 80% of the performance rights granted will each vest where the Company's Adjusted Earnings Per Share (EPS) for the financial years ending 30 June 2020, 30 June 2021 and 30 June 2022 (**Performance Period**) meet the Adjusted EPS targets for each of those financial years, as determined by the Board at the commencement of each financial year (EPS Targets); and
- b) 20% of the performance rights granted will each vest where the Company's Total Shareholder Return (TSR) over the Performance Period is such that it would rank in the top quartile of a relevant peer group of companies to be determined by the Board.

Adjusted EPS is calculated by adding-back to Statutory EPS the post-tax impact of one-off / non-operational items such as transaction and integration costs associated with acquisitions; and the amortisation of customer contracts and relationships arising from acquisitions.

The performance rights are subject to proportional vesting according to the tables below where the vesting conditions specified above are not fully met.

### Earnings Per Share (80% weighting)

Percentage of performance rights that vest	EPS Target
0%	Below the previous year's Adjusted EPS (where < current year target)
40%	At the previous year's Adjusted EPS (where < current year target)
Proportional vesting	Above the previous year's Adjusted EPS (where < current year target) and less than 100% of Target
100%	100% and above

### Relative Total Shareholder Return (20% weighting)

Percentage of performance rights that vest	TSR ranking
0%	Below the 50th percentile
50%	At the 50th percentile
Proportional vesting	Above the 50th percentile, but below the 75th percentile
100%	75th percentile or above (top quartile)

The performance rights vest in accordance with the greater of:

- a) the sum of vesting arising from each of the three financial years that comprises the Performance Period (with a 1/3rd weighting per year) to the extent that the Company's EPS and Relative TSR performance meets the targets in the tables above for each year individually; and
- b) the vesting arising from the extent to which the Company's average annual EPS and Relative TSR performance meets the targets in the tables above over the entire Performance Period.

The number of shares which an executive (or his or her associate) is entitled to acquire is based on the Company's total shareholder return relative to a relevant peer group of companies (in relation to 20% of the performance rights granted), and the Company's earnings per share (in relation to the other 80% of the performance rights granted), in respect of the financial years ended 30 June 2020, 30 June 2021 and 30 June 2022.

Performance rights vest when the Company determines that the vesting conditions have been met. The shares underlying the performance rights must be issued within 14 days of the later of that date and the date on which the Company releases its results for the financial year ended 30 June 2022.

The executive (or his or her associate) will not have any rights in respect of shares in the Company underlying any performance rights acquired under the FY20 LTIP Tranche (such as dividend and voting rights) unless and until the shares are issued.

Subject to some exceptions (such as those described below), performance rights will be forfeited if the executive resigns from employment with the Company or a subsidiary, commits an act of fraud in relation to the affairs of the Company or a subsidiary, or is dismissed from employment or office with the Company or a subsidiary because of serious misconduct, material breach, gross negligence or any conduct that provides grounds for termination without notice.

If an executive resigns from the Company or a subsidiary, the directors have discretion to issue shares to that executive (or his or her associate) in respect of financial years during the Performance Period which ended before the executive's employment ceased where the directors determine that the executive performed consistently at an outstanding level.

Further, if an executive ceases employment with the Company or a subsidiary because of his or her death or permanent disability, or because the executive is aged 55 or older and retires from permanent employment, or because the executive's contract of employment is terminated due to genuine redundancy, the performance rights relating to the financial years during the Performance Period which ended before the executive's employment ceased that have not vested will not be forfeited.

If the grant of performance rights to, and acquisition of shares by Mr. Mackender or his associate, is not approved by shareholders, Mr. Mackender will be entitled to a cash payment equal to the market value of the shares that would have been issued to him (or his associate) had shareholder approval been obtained.

Rule 10.14 also states that the notice of meeting to obtain shareholder approval must comply with either rule 10.15 or 10.15A of the ASX Listing Rules. The Company has elected to prepare the notice of meeting so that it complies with rule 10.15A, and provides the following information for that purpose:

- a) The maximum number of performance rights which may be granted to Mr. Mackender or his associate, under the FY20 LTIP Tranche is 238,544 performance rights. Assuming Mr. Mackender is entitled to be issued all of the shares underlying those performance rights, he would be issued 238,544 ordinary shares.
- b) No consideration is payable by Mr. Mackender or his associate, for any performance rights granted to him (or ordinary shares underlying those performance rights issued to him) under the FY20 LTIP Tranche.
- c) No performance rights have been granted, and no ordinary shares underlying those performance rights have been issued, to Mr. Mackender or his associates, under the FY20 Tranche.
- d) Mr. Mackender or his associates are the only directors, associates of directors or other persons referred to in rule 10.14 who may be granted performance rights under the FY20 LTIP Tranche (or issued shares underlying those performance rights). As at the date of the notice of meeting, no securities have been issued under the FY20 LTIP Tranche to any director or other person referred to in rule 10.14.
- e) No loan been given by the Company in relation to the grant of performance rights or acquisition of shares.

- f) Each annual report of the Company relating to a period in which performance rights or shares have been issued, granted to, or acquired by, a director, an associate of a director or other person referred to in rule 10.14 will include:
  - 1. details of any such issue, grant or acquisition; and
  - 2. a statement that approval for the issue of those securities to those persons was obtained under rule 10.14.
- g) Any additional persons referred to in rule 10.14 who become entitled to participate in the FY20 LTIP Tranche after resolution 5 has been passed and who were not named in the notice of this meeting will not participate in the FY20 LTIP Tranche until approval is obtained under rule 10.14 of the ASX Listing Rules.
- h) If resolution 5 is passed, the performance rights will be granted immediately after the resolution is passed and in any case the securities will be issued no later than 3 years after the meeting. Any underlying shares which Mr. Mackender or his associate, is entitled to acquire will be issued within 14 days of the later of the date that the Company determines that the vesting conditions have been met and the date on which the Company releases its results for the financial year ended 30 June 2022, which date will be on or before 30 August 2022.

The directors (other than Mr. Mackender) recommend that shareholders vote in favour of resolution 5.

#### **Resolution 6 – Refresh of the exemption from the 15% threshold of securities issued under the Service Stream ESOP**

In 2007, the directors of the Company established and implemented an employee share ownership plan known as the Service Stream employee share ownership plan 2007 (Service Stream ESOP).

In 2011, the directors of the Company established a Long-Term Incentive Plan (LTIP) for qualifying senior employees to be administered under the Service Stream ESOP and subsequently issued performance rights and securities.

In 2014, the directors of the Company developed an Executive Share-based Incentive Plan (ESBIP) to also be administered under the Service Stream ESOP. The ESBIP was offered to the Managing Director and a small number of other executives of the time, replacing participation in both the STIP and LTIP for financial years commencing FY15 up to and including FY19. From FY20 the ESBIP would cease to be in operation and eligible executives would revert back to the company's traditional STIP and LTIP thereafter.

Rule 7.1 of the ASX Listing Rules requires the Company to obtain shareholder approval if it wishes to issue, or agrees to issue, equity securities in a 12-month period in excess of 15% of the ordinary securities in the Company on issue at the commencement of the 12-month period.

Rule 7.1 is subject to a number of exceptions which are set out in rule 7.2. One of the exceptions set out in rule 7.2 is where the issue has occurred under an employee incentive scheme and shareholders have approved the issue of securities under that employee incentive scheme within 3 years before the date of issue (exception 9).

At the Company's annual general meeting held on 22 October 2014, shareholders approved the issue of securities under the Service Stream ESOP as an exception to rule 7.1, and hence the ability to issue securities

under the Service Stream ESOP as an exception to rule 7.1 expired on 22 October 2017. Given the Company has been in a cash positive position, it has chosen to purchase the required shares on market to satisfy any plan vesting requirements, hence has not sought to re-refresh this exemption. However, given the recent Comdain Infrastructure acquisition it is likely that shares will be issued to satisfy any future vesting requirements. As such, the purpose of resolution 6 is to refresh the approval of shareholders for further issues of securities under the Service Stream ESOP as an exception to rule 7.1.

Exception 9 requires the notice of meeting to include a summary of the terms of the scheme, and information about the number of securities issued under the scheme since the date of the last approval by shareholders. The scheme, in this case, is the Service Stream ESOP and the terms of the scheme are summarised below.

The following is a summary of the objectives and terms of the Service Stream ESOP:

- a) Objectives: The objectives of the Service Stream ESOP are:
1. to motivate and retain employees and directors of the Company and its subsidiaries (Group);
  2. to attract quality employees and directors to the Group;
  3. to create commonality of purpose between the employees and directors and the Group; and
  4. to add wealth for all shareholders of the Company through the motivation of the Group's employees and directors,

by allowing employees and directors to share the rewards of the success of the Group as holders of securities in the Company.

- b) Participation: Any person who is:
1. an employee of the Group; or
  2. a director of the Company who holds a salaried employment or office in the Group.

(Eligible Person) is eligible to participate in the Service Stream ESOP. Participation by an eligible director would currently require separate specific shareholder approval under rule 10.14 of the ASX Listing Rules except where the participation is by way of a purchase of securities on the stock market of ASX Limited by, or on behalf of, the eligible director. Participation is by invitation of the directors only.

- c) Acquisition of securities: The Service Stream ESOP provides for the acquisition by, or for the benefit of, Eligible Persons of ordinary shares in the Company, options over ordinary shares and/or rights to or interests in such shares or options (Securities). The acquisition may be made directly by the Eligible Person (or his or her approved nominee) or the Company may arrange for a trust to be established for the benefit of Eligible Persons and for the trustee to acquire and hold the Securities on trust for the Eligible Persons.
- d) Acquisition price: Securities may be offered for acquisition by, or for the benefit of, an Eligible Person under the Service Stream ESOP at any price determined by the board of directors of the Company, including for nil consideration. This provides the Company with the greatest flexibility to reward Eligible Persons, including allowing the Company to provide shares to Eligible Persons for no consideration as a bonus. Payment for the acquisition of Securities may be provided by the Company through the provision of loans (see (q) and (r) below), by Eligible Persons or by a combination of both.

- e) Restrictions: Under the Service Stream ESOP, the directors of the Company may make the allocation or acquisition of Securities by, or on behalf of, an Eligible Person subject to satisfaction of performance, eligibility or other vesting criteria (Vesting Criteria) where failure to satisfy any Vesting Criteria may result in the forfeiture of the Eligible Person's entitlement, in whole or in part. The application of Vesting Criteria (if any) is at the discretion of the directors. In addition, the directors may impose restrictions on dealing in Securities which are acquired under the Service Stream ESOP.
- f) Control of Securities: Where an Eligible Person participates in the Service Stream ESOP and Securities are acquired by, or for the benefit of, the Eligible Person, the terms of participation may authorise the Company to do all that is necessary or appropriate for the Company to ensure the Securities are not disposed of or encumbered prior to the satisfaction of any Vesting Criteria or the cessation of any restrictions on dealing, including by applying a holding lock in respect of the Securities (if they are uncertificated) or by retaining the certificates in respect of the Securities (if they are certificated).
- g) Nomination: If approved by the Company, an Eligible Person may nominate an associate to take up or apply for any Securities or loan that the Eligible Person is offered, allocated or invited to apply for under the Service Stream ESOP.
- h) No limit on issues: There is no maximum limit on the number of Securities that may be acquired by Eligible Persons under the Service Stream ESOP.
- i) Ranking of shares: Unless the board of directors of the Company otherwise provides, all new fully paid ordinary shares issued to, or for the benefit of, Eligible Persons under the Service Stream ESOP will rank from the date of issue equally with the other fully paid ordinary shares in the Company then on issue.
- j) Nature of options: Any options acquired under the Service Stream ESOP will, when the option becomes exercisable, entitle the holder, on payment of the exercise price, to have issued to the holder 1 ordinary share in the Company.
- k) Terms of options: The number of any options to be issued, any consideration for the issue of options, the exercise period and the exercise price will be determined by the directors of the Company. The directors are also given the power to specify vesting conditions which must be satisfied before options can be exercised.
- l) Ordinary shares issued on exercise of options: The ordinary shares issued on the exercise of any options under the Service Stream ESOP will from the date of their issue rank equally with all other fully paid ordinary shares in the Company then on issue.
- m) Variation to the number and exercise price of options: A holder of any options issued under the Service Stream ESOP will, in accordance with the ASX Listing Rules, be entitled to have the number of options, the exercise price of the options and/or the number of shares underlying the options varied in the event of a bonus issue, rights offer or reconstruction of the share capital of the Company.
- n) Termination of options: Any options which are not exercised by their expiry date will terminate. Any options that are the subject of a vesting condition will also terminate if the vesting condition is

not met or cannot be met. Further, the Company may impose any other termination event for any options at the time of acquisition, and also has the power to waive a termination event or vesting condition, or to postpone termination.

- o) Amendments to the rules of the Service Stream ESOP: The Company may amend the rules of the Service Stream ESOP, subject to any requirements of the Corporations Act 2001 (Cth) and subject to obtaining any approval of shareholders required under the ASX Listing Rules.
- p) Suspension or termination of the Service Stream ESOP: The Company may suspend the operation of the Service Stream ESOP or terminate it at any time. Suspension or termination would not prejudice the existing rights of any person who previously acquired Securities under the plan.
- q) Provision of loans: The Service Stream ESOP also allows the Company to provide loans to Eligible Persons to fund:
  - 1. the subscription for, or other acquisition of, Securities offered or allocated to, or for the benefit of, Eligible Persons; and/or
  - 2. the exercise of any options or other rights issued to, or for the benefit of, Eligible Persons.
- r) Terms of loans: The loans that may be provided to Eligible Persons to fund the acquisition of Securities or exercise of options or other rights that are Securities are to be on such terms as are determined by the directors of the Company. Further, the Service Stream ESOP specifically provides that a loan provided to an Eligible Person may be:
  - 1. interest free;
  - 2. non-recourse or limited recourse;
  - 3. satisfied by payment to the Company of the proceeds of the sale of the Eligible Person's Securities or by the transfer of those Securities to the Company or its nominee; and
  - 4. secured (including by the Company taking security over the shares in the Company acquired by the Eligible Person under the Service Stream ESOP) or unsecured.

Further, where a loan is provided to fund the acquisition of Securities, subject to the terms of the relevant loan agreement, the Securities may not, without the prior written consent of the Company, be sold, transferred, mortgaged, charged or otherwise disposed of or encumbered prior to repayment of the loan.

A copy of the Service Stream ESOP may be inspected at the Company's office at Level 4, 357 Collins Street, Melbourne, Victoria, 3000. Please contact the Company Secretary, Mr. Chris Chapman, on 03 9677 8892 if you have any questions or wish to make arrangements to inspect the plan.

During the period commencing on 22 October 2014 (being the date the Service Stream ESOP was last approved by shareholders) and the date of the notice of meeting, the Company has:

- a) issued or transferred 4,469,440 shares to senior employees in respect of performance rights that vested under the FY15, FY16 and FY17 LTIP Tranches;
- b) issued 2,974,779 performance rights to senior employees and executives (including those issued to Mr. Mackender under the FY20 LTIP Tranche) under the FY18, FY19 and FY20 LTIP Tranches (that remain subject to vesting);
- c) issued or transferred 1,737,032 shares to eligible employees who elected to participate in the Employee Share Ownership Plans for FY15, FY16, FY17 and FY18; and

d) issued or transferred 23,950,000 shares to executives (including those issued to Mr. Mackender) in respect of performance rights that vested under the FY15, FY16, FY17, FY18 and FY19 ESBIP Tranches, under the Service Stream ESOP.

The directors (other than Mr. Mackender) recommend that shareholders vote in favour of resolution 6. As Mr Mackender is eligible to participate in incentive arrangements that are administered under the Service Stream ESOP and, subject to obtaining any necessary shareholder approval, will do so, he does not consider it appropriate for him to make a recommendation in relation to resolution 6.



## **CORPORATE DIRECTORY**

### **DIRECTORS**

Brett Gallagher  
Leigh Mackender  
Peter Dempsey  
Greg Adcock  
Tom Coen  
Raelene Murphy  
Deborah Page AM

### **COMPANY SECRETARY**

Vicki Letcher  
Chris Chapman

### **REGISTERED OFFICE**

Level 4  
357 Collins Street  
Melbourne Victoria 3000  
  
Tel: +61 3 9677 8888  
Fax: +61 3 9677 8877  
[www.servicestream.com.au](http://www.servicestream.com.au)

### **BANKERS**

Australia & New Zealand Banking Group  
HSBC Bank Australia Limited

### **SHARE REGISTRY**

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnston Street  
Abbotsford Victoria 3067  
  
Tel: 1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)  
Fax: +61 3 9473 2500

### **AUDITORS**

PricewaterhouseCoopers



SSM

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Need assistance?



**Phone:**  
1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**  
[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **10:00am (AEDT)** Monday, 21 October 2019.

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

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

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, 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 sign in the appropriate place to indicate the office held. Delete titles as applicable.

## ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Use your computer or smartphone to appoint your proxy and vote at [www.investorvote.com.au](http://www.investorvote.com.au) or scan your personalised QR code below using your smartphone.

Your secure access information is



**Control Number: 999999**  
**SRN/HIN: I9999999999**  
**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Service Stream Limited hereby appoint

the Chairman of the Meeting OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Service Stream Limited to be held at RACV City Club, Level 2, 501 Bourke Street, Melbourne, Victoria on Wednesday 23 October 2019 at 10:00am (AEDT) and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 4, 5 and 6 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1, 4, 5 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 4, 5 and 6 by marking the appropriate box in step 2.

## Step 2 Items of Business

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

	For	Against	Abstain
Resolution 1 Adoption of remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Greg Adcock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Election of Tom Coen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Increase in maximum annual remuneration pool for Non-Executive Directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Acquisition of securities by Leigh Mackender or his associate, under the FY20 Tranche of the Company's Long-Term Incentive Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Refresh of the exemption from the 15% threshold of securities issued under the Service Stream ESOP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1  Securityholder 2  Securityholder 3  / /  
 Sole Director & Sole Company Secretary Director Director/Company Secretary Date

**Update your communication details** (Optional)

Mobile Number  Email Address   
 By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

