

## SELECT HARVESTS LIMITED

ABN 87 000 721 380

### NOTICE OF ANNUAL GENERAL MEETING

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**NOTICE IS GIVEN** that the Annual General Meeting (**AGM**) of Select Harvests Limited (the **Company**) will be held online at 11:00am (Melbourne time) on Friday, 26 February 2021.

In response to the global COVID-19 pandemic and government restrictions on physical gatherings, the AGM will be held as a virtual meeting (online only). There will be no physical meeting where shareholders and proxies can attend in person. A virtual general meeting is permitted by amendments to the *Corporations Act 2001* (Cth) made under section 5 of the Corporations (Coronavirus Economic Response) Determination (No. 3) 2020 issued by the Commonwealth Treasurer dated 21 September 2020.

#### ORDINARY BUSINESS

##### Financial Statements and Reports

To receive and consider the financial statements of the Company and its controlled entities for the financial year ended 30 September 2020 and the related Directors' Report and Auditors' Report.

#### RESOLUTIONS

##### 1. Remuneration Report

To consider and, if thought fit, to pass the following resolution:

To adopt the Remuneration Report for the financial year ended 30 September 2020, submitted as part of the Directors' Report for the financial year ended 30 September 2020, pursuant to sections 250R(2) and 250R(3) of the *Corporations Act 2001* (Cth).

Please note that the vote on this item is advisory only and does not bind the Directors of the Company or the Company. This resolution is subject to voting exclusions as set out below.

##### 2. Election of Directors

To consider and, if thought fit, to pass the following resolutions:

- (a) That Mr Michael Iwaniw, who retires and, being eligible, offers himself for re-election, be re-elected as a Director
- (b) That Mr Fred Grimwade, who retires in accordance with rule 63.1 of the Company's Constitution and the ASX Listing Rules and, being eligible, offers himself for re-election, be re-elected as a Director.

##### 3. Approval of issued securities

To consider and, if thought fit, to pass the following resolution:

That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue of securities by the Company pursuant to the placement undertaken by the Company in October 2020 (**Placement**), as more fully described in the Explanatory Memorandum accompanying and forming part of the Notice of this Meeting, is approved and ratified.

4. **Participation by the Managing Director in the Long-Term Incentive Plan**

To consider, and if thought fit, to pass the following resolution:

That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given to permit Paul Thompson (Managing Director) to acquire Awards under the Select Harvests Limited Long Term Incentive Plan as set out in the Explanatory Memorandum accompanying and forming part of the Notice of this Meeting.

This resolution is subject to voting exclusions as set out below. If approval is given under ASX Listing Rule 10.14 (by passing this resolution) approval is not required under ASX Listing Rule 7.1.

**By Order of the Board**

**Brad Crump**  
**Company Secretary**

**Melbourne**  
**25 January 2021**

## NOTES

### Proxies

1. A member is entitled to appoint not more than two proxies to attend the virtual AGM and vote on behalf of such member. A proxy need not be a member of the Company and may be an individual or body corporate.
2. A body corporate appointed as a proxy will need to appoint a representative to exercise the powers that body corporate may exercise as the member's proxy at the Annual General Meeting, in accordance with section 250D of the *Corporations Act 2001* (Cth) ("**Corporations Act**") and provide a "Certificate of Appointment of Representative" to the Company prior to the commencement of the Annual General Meeting. A form of the certificate may be obtained from the Company's Share Registry, Computershare Investor Services Pty Limited.
3. A member who appoints two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If the proportion or number of votes that each proxy may exercise is not specified, then each proxy may exercise half of the votes (any fractions will be disregarded).
4. If the chairman of the meeting is appointed by a member as the member's proxy without a direction as to how to vote, then, subject to applicable voting restrictions, the chairman will (and is taken to be expressly authorised to) vote in favour of all resolutions set out in this Notice of Annual General Meeting even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company.
5. A proxy document or form is valid if it is signed by the member of the Company making the appointment and contains the member's address, the Company's name, the proxy's name or the name of the office held by the proxy and the meeting at which the appointment may be used and is received in accordance with notes 6 and 7 below.
6. For the appointment of a proxy, the Proxy Form enclosed with this Notice of Annual General Meeting may be used. In order for the appointment of a proxy to be valid, the proxy form must be received by the Company at least 48 hours prior to the commencement of the Annual General Meeting. If the proxy form is signed by the appointor's attorney, the authority (or certified copy of the authority) under which the appointment was signed must be received at least 48 hours prior to the commencement of the Annual General Meeting.
7. Duly-signed proxy forms (and, if applicable, authorities) must be received by the Company either:
  - (a) at the Registered Office of the Company:  
360 Settlement Road, Thomastown, Victoria, 3074; or
  - (b) at the Company's Share Registry:  
Computershare Investor Services Pty Limited,  
GPO Box 242  
Melbourne, Victoria, 3001; or
  - (c) by facsimile at either of the following fax numbers:  
03 9474 3588 (Company); or  
(Computershare Investor Services Pty Limited) on the following numbers:

03 9473 2555 (overseas)

1800 783 447 (within Australia); or

- (d) electronically at [www.investorvote.com.au](http://www.investorvote.com.au), by following the instructions provided; or
- (e) for Custodians, by lodging proxy forms online by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com).

In the case of joint holders of shares any one of such persons may vote at any meeting as if they were solely entitled to do so, but if more than one of such joint holders tenders a vote the vote of the first named of the joint holders in the Register of Members, whether tendered in person or by proxy or by attorney or in any other approved means, will be accepted to the exclusion of the votes of the other joint holders.

If a member is a corporation and wishes to appoint a proxy, the proxy form must be executed under its common seal or, in the absence of a common seal, must be signed by:

- (a) two Directors of the corporation; or
- (b) a Director and a Company Secretary of the corporation; or
- (c) if the corporation is a proprietary company that has a sole Director who is also the sole Company Secretary – that Director and Secretary; or
- (d) the corporation's appointed attorney under the power of attorney.

### **Shareholders Entitled to Vote**

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 7.00 p.m. (Melbourne time) on Wednesday, 24 February 2021. All voting at the AGM will be by way of a poll.

### **Guide to participating in the virtual AGM**

Please see the cover letter (which accompanies and forms part of this Notice of Meeting) and the guide which is set out as Attachment A to the Explanatory Memorandum (which accompanies and forms part of this Notice of Meeting) for additional information regarding the various requirements and helpful tips to guide you to participating in the virtual AGM.

### **Voting Exclusion Statements**

#### **Resolution 1**

The Company will disregard any votes cast on the proposed resolution for the adoption of the Remuneration Report (Resolution 1 in the Notice of Meeting) by or on behalf of:

- a member of the Company's key management personnel, details of whose remuneration are included in the Remuneration Report ("KMP"); or
- a closely related party of a KMP,

whether the votes are cast as a shareholder, proxy or in any other capacity.

However, the Company will not disregard a vote cast by a KMP or closely related party of a KMP if:

- the vote is cast as a proxy;
- the proxy:
  - is a person appointed by writing that specifies how the proxy is to vote on Resolution 1; or
  - is the chairman of the meeting and the appointment of the chairman as proxy:
    - does not specify the way the proxy is to vote on the resolution; and
    - expressly authorises the chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the company; and
- the vote is not cast on behalf of a KMP or a closely related party of a KMP.

A closely related party of a member of the Company's KMP includes any of the following:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependant of the member or of the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealings with the entity; or
- a company the member controls.

The proxy form accompanying this Notice contains detailed instructions regarding how to complete the proxy form if a shareholder wishes to appoint the chairman as their proxy and to authorise the chairman to vote on the resolution to adopt the Remuneration Report. You should read those instructions carefully.

**If you are a member of the KMP (other than the chair of the meeting acting as a proxy) or a closely related party of a member of the KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.**

### **Resolution 3**

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of:

- a person who participated in the issue of securities under the Placement; or
- an associate of that person or those persons.

However, this does not apply to a vote cast in favour of Resolution 3 by:

- 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;
- 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
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## Resolution 4

The Company will disregard any votes cast:

- (a) on Resolution 4 (participation by the Managing Director in the Long Term Incentive Plan) as proxy by a person if:
  - (i) the person is either:
    - (A) a member of the key management personnel for the Company; or
    - (B) a closely related party of such a member; and
  - (ii) the proxy appointment does not specify the way the proxy is to vote on the resolution; or
- (b) in favour of Resolution 4 by or on behalf of:
  - (i) A director of the Company, or other person referred to in ASX Listing Rule 10.14.1, 10.14.2 or 10.14.3, who is eligible to participate in the Select Harvest Limited Long Term Incentive Plan; or
  - (ii) an associate of such a director or other person.

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

- (c) it is cast by 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) it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote, in accordance with a direction on the proxy form to vote, as the proxy or attorney decides even though the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel for the Company; or
- (e) it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (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.

## **EXPLANATORY MEMORANDUM**

This Explanatory Memorandum accompanies and forms part of the Notice of Annual General Meeting.

### **Financial Statements and Reports**

Pursuant to the Corporations Act, the Directors of a public company that is required to hold an Annual General Meeting must make available the financial statements and reports of the Company for the previous financial year for download and viewing by the the members attending that Annual General Meeting.

Shareholders have been provided with all relevant information concerning the Company's financial statements in the Annual Report of the Company for the financial year ended 30 September 2020. A copy of the Annual Report has been forwarded or made available to each Shareholder. A copy of the financial statements and the associated reports will also be available for download and viewing by those attending meeting.

Shareholders should note that the sole purpose of making available the financial statements of the Company at the Annual General Meeting is to provide the shareholders with the opportunity to be able to ask questions or discuss matters arising from the financial statements at the Meeting. It is not the purpose of the meeting that the financial statements be accepted, rejected or modified in any way. Further, as it is not required by the Corporations Act, no resolution to adopt the Company's financial statements will be put to the shareholders at the meeting.

Shareholders will be allowed a reasonable opportunity to ask questions about, or make comments on, the management of the Company.

It is proposed that the Company's auditors will be present at the meeting. Shareholders present at the meeting will be allowed a reasonable opportunity to ask the auditors questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the auditor's report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditors in relation to the conduct of the audit.

### **Resolution 1 - Remuneration Report**

Section 300A of the Corporations Act requires that the Directors' Report must contain a Remuneration Report containing prescribed information about the Board's policy for determining the nature and amount of the remuneration of Directors and senior management. The Remuneration Report must also explain the relationship between the remuneration policy of the Board and the Company's performance. The Remuneration Report is set out in pages 28 to 39 of the Company's 2020 Annual Report. The Corporations Act requires that the Remuneration Report be submitted to shareholders for adoption by a non-binding resolution.

Shareholders present in person or by proxy at the meeting will be allowed a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

The Remuneration Report contains information regarding such matters (among others) as:

- the Board's policy for determining the nature and levels of remuneration of the Company's senior management personnel;
- the relationship between the Board's remuneration policy and the Company's performance;
- prescribed information regarding each of the relevant senior management personnel, and each of the Company executives named as the executives who were paid the highest remuneration in the financial year, including the amount of remuneration paid to those personnel; and
- where any element of the remuneration of a member of the senior management personnel depended on the satisfaction of a performance condition, a summary of that performance condition and an explanation of why it was adopted in relation to the relevant personnel.

In accordance with section 250R(3) of the Corporations Act, the vote on Resolution 1 is advisory only and does not bind the Directors of the Company or the Company. However, if at least 25% of the votes cast on the resolution to adopt the Remuneration Report are against adoption of the report, then:

- if comments are made on the report at the Annual General Meeting, the Company's Remuneration Report for the next financial year will be required to include an explanation of the Board's proposed action in response or, if no action is proposed, the Board's reasons for this; and
- if, at the Company's next Annual General Meeting, at least 25% of the votes cast on the resolution for adoption of the Remuneration Report for the relevant financial year are against its adoption, the Company will be required to put to shareholders a resolution proposing that a general meeting ("**Spill Meeting**") be called to consider the election of Directors of the Company ("**Spill Resolution**"). The Spill Meeting must be held within 90 days of the date of the next Annual General Meeting. For any Spill Resolution to be passed, more than 50% of the votes cast on the resolution must be in favour of it. If a Spill Resolution is passed, all the Directors (other than any Managing Director) will cease to hold office immediately before the end of the Spill Meeting unless re-elected at that meeting.

Noting that each Director has a personal interest in their remuneration from the Company, as described in the Remuneration Report, which forms part of the Directors' Report, each of the Directors unanimously recommends that the Shareholders vote in favour of adopting the Remuneration Report.

### **Resolutions 2(a) and 2(b) – Election of Directors**

Pursuant to rule 63.1 of the Company's Constitution (and the ASX Listing Rules), at each Annual General Meeting, no Director, who is not the Managing Director, may hold office for a continuous period in excess of three years or until the third annual general meeting following the Director's appointment or election, whichever is the longer, without submitting for re-election. If no such director would be required to submit for re-election but the ASX Listing Rules require an election of Directors to be held, the Director to retire will be the Director who has been longest in office since their last election, but, as between persons who became Directors on the same day, the one to retire will (unless they otherwise agree among themselves) be determined by lot.

### **Resolution 2(a) – Mr Michael Iwaniw (non-executive director)**

Mr Iwaniw will retire at the Annual General Meeting. As he is eligible for re-election, he seeks re-election as a Director of the Company at the Meeting.



Mr Iwaniw was appointed to the board on 27 June 2011 and appointed Chair on 3 November 2011. He began his career as a chemist with the Australian Barley Board (ABB), became managing director in 1989 and retired 20 years later. During these years he accumulated extensive experience in all facets of the company's operations, including leading the transition from a statutory authority and growing the business from a small base to an ASX 100 listed company. Instrumental in the successful merger of ABB Grain, AusBulk Ltd and United Grower Holdings Limited to form one of Australia's largest agribusinesses. He has a Bachelor of Science, a graduate diploma in business administration and is a member of the Australian Institute of Company Directors. Michael is the immediate past Chair of Australian Grain Technologies and has extensive non-executive director experience with several listed and private companies. He is a member of the Remuneration and Nomination Committee.

The Board (with Mr Iwaniw abstaining) unanimously recommends that shareholders vote in favour of the re-election of Mr Iwaniw.

### **Resolution 2(b) – Mr Fred Grimwade (non-executive director)**

Mr Grimwade will retire in accordance with the requirements of the Company's Constitution (and the ASX Listing Rules) at the Annual General Meeting. As he is eligible for re-election, he seeks re-election as a Director of the Company at the Meeting.

Mr Grimwade was appointed to the board on 27 July 2010. Mr Grimwade is a Principal and Director of Fawkner Capital, a specialist corporate advisory and investment firm. He is Chair of CPT Global Ltd (ASX: CGO, director since October 2002) and XRF Scientific Ltd (ASX: XRF, director since May 2012) as well as being a director of Australian United Investment Company Ltd (ASX: AUI, director since March 2014) and AgCap Pty Ltd. He was formerly Chair of Troy Resources Ltd (2013-2017), a non-executive director of AWB Ltd., and has held general management positions with Colonial Agricultural Company, Colonial Mutual Group, Colonial First State Investments Group, Western Mining Corporation and Goldman Sachs and Co. He is a member of the Audit and Risk Committee.

The Board (with Mr Grimwade abstaining) unanimously recommends that shareholders vote in favour of the re-election of Mr Grimwade.

### **Resolution 3 – Approval of securities issued**

#### *Background*

On 13 October 2020 (**Issue Date**), the Company issued 7,737,716 fully paid ordinary shares in the Company to professional and institutional investors (**Placement Securities**) to fund the acquisition of the Piangil Almond Orchard (including transaction costs) and associated on-farm capital projects, and maintain balance sheet strength. (**Placement**).

#### *Why shareholder approval is being sought*

Generally, and subject to a number of exceptions, under ASX Listing Rule 7.1, a company may, in any 12 month period, issue up to 15% of its share capital in any 12-month rolling period without shareholder approval.

ASX Listing Rule 7.4 permits a company to obtain subsequent approval of a prior issue of securities from its shareholders. Such subsequent approval means the prior issue of securities is treated as having been made with shareholder approval for the purposes of ASX Listing Rule 7.1, and thereby refreshes the Company's ability in the future to issue up to 15% of its share capital without obtaining prior shareholder approval to the extent of the number of shares being approved under this resolution.

The issue of the Placement Securities under the Placement did not breach ASX Listing Rule 7.1 and has not previously been approved by shareholders. The Company now seeks shareholder approval for the issue of the Placement Securities pursuant to ASX Listing Rule 7.4.

As noted above, the effect of passing Resolution 3 will be to refresh the Company's 15% capacity under ASX Listing Rule 7.1 so that its capacity would be the same as if the Placement Securities had been issued with prior shareholder approval or the Placement Securities had been issued pursuant to an exception to ASX Listing Rule 7.1. If Resolution 3 is passed, the issue of the Placement Securities under the Placement will be excluded in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

The resolution, if passed, will increase the Company's financial flexibility in the future. Currently, the Company does not intend to undertake any further issue of securities in the event that approval is received from shareholders in respect of Resolution 3. The board will only decide to issue further equity securities if it considers it is in the best interests of the Company to do so.

If Resolution 3 is not passed by shareholders, the issue of the Placement Securities under the Placement will be included in calculating the Company's 15% limit in ASX Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

<b>Disclosure requirement</b>	
The names of the persons to whom the Company issued or agreed to issue the Placement Securities or the basis on which those persons were identified or selected	Professional and institutional investors who were clients of Bell Potter Securities Ltd, Pac Partners Pty Ltd and Select Equities Pty Ltd  <i>Note – ASX will expect a placee to be specifically named if it was a related party, a member of SHV's key management personnel, a substantial holder of SHV, an adviser to SHV or an associate of any of the above and, in each case they were issued more than 1% of SHV's then current issued capital.</i>
The number and class of Placement Securities the Company issued	7,737,716 fully paid ordinary shares in the Company ranking equally with existing fully paid ordinary shares in the Company
The date or dates on which the Placement Securities were issued	13 October 2020
The price the Company has received for the issue	\$5.20 per share representing gross proceeds of \$40,236,123.20
The purpose of the issue, including the use or intended use of any funds raised by the issue	To fund the acquisition of the Piangil Almond Orchard (including transaction costs) and associated on-farm capital projects, and maintain balance sheet strength

The Board unanimously recommends that shareholders vote in favour of Resolution 3.

## **Resolution 4 – Participation by the Managing Director in the Long Term Incentive Plan**

### **Total Executive Reward**

The executive pay and reward framework for Mr Paul Thompson has three components:

- 1) fixed remuneration (including superannuation and salary sacrifice arrangements);
- 2) short term incentive – a variable reward opportunity dependent upon successful performance over the annual operating cycle that is paid in cash; and
- 3) long term incentive – a variable reward opportunity dependent upon successful performance over a three year operating cycle that is paid in Company shares.

Together, these three components form Mr Thompson’s total remuneration opportunity. A summary of the key terms of the proposed grant of Awards to Mr Thompson under the LTIP is set out below.

### **Grant to Mr Thompson**

Under ASX Listing Rule 10.14.1, no director can acquire securities under an employee incentive scheme without shareholder approval.

Resolution 4 is proposed for the purpose of approving the participation by Mr Thompson (Managing Director) in the LTIP.

The Company proposes to issue to Mr Thompson Awards with a full vested face value of \$423,000. The number of Awards issued will be determined by dividing that full vested face value by the volume weighted average market price (as defined in the ASX Listing Rules) of fully paid ordinary shares in the Company over the 10 days preceding the date of the AGM (26 February 2021).

The \$423,000 face value reflects a base case maximum opportunity value from the LTIP.

Each Award will constitute the right to acquire, for nil consideration, one (1) fully-paid ordinary share in the Company, if the Award vests and becomes exercisable as described below. No amount is payable by Mr Thompson on either the grant or the exercise of an Award. Awards are also known as 'Performance Rights', which term is used interchangeably with 'Awards', which is the term used in the LTIP rules.

If approved, the Awards will be issued to Mr Thompson as soon as practical following Shareholder approval and expected by 12 March 2021.

The Performance Period of the Awards commenced on 1 October 2020 and concludes on 30 September 2023.

Testing in respect of a Performance Period will be undertaken as soon as practical after the end of that Performance Period, but not before the Company’s Auditors have completed their audit of the Company’s accounts and financial statements for the final year of the Performance Period.

### **Justification and Reasonableness**

The non-executive directors believe that the continued success of the Company will depend in large measure on the skills, motivation and leadership of Mr Thompson in overseeing the management of the Company’s operations and strategy. The non-executive directors have taken into account the nature of Mr Thompson’s position, the function and purpose of the long term incentive component of the Company’s remuneration strategy, benchmarking against the practices of its Australian peer companies and other relevant information provided by external remuneration consultants. The non-executive directors consider that the grant of these Awards is an appropriate form of incentive remuneration and is part of a reasonable total reward package (taking into account the Company’s and Mr Thompson’s respective circumstances).

**Performance Criteria – Total Shareholder Return Comparative Ranking and Earnings Per Share Growth**

The ability of Mr Thompson to exercise the Awards proposed to be issued to him is subject to satisfaction of Conditions comprising the performance criteria that is based on the Company’s performance over the relevant Performance Period and determined by reference to the following criteria:

- 1) Total Shareholder Return (TSR) performance of the Company over the Performance Periods when compared with the TSR for each company in a group of peer companies.

The Company’s TSR will be measured against the TSR of a comparator group comprising all companies in the S&P/ASX 200 Index but not in the S&P/ASX 100 Index excluding energy, metals and mining, and financial services companies and real estate investment trusts. A peer company continues to be included in the comparator group if it meets these criteria for the entire Performance Period.

In order for the TSR Performance Condition to be satisfied, the Company's absolute TSR performance over the applicable Performance Period must also be positive.

- 2) Absolute Earnings Per Share (EPS) growth over the Performance Period.

In order for the EPS Performance Condition to commence being satisfied Compound Annual Growth in Earnings Per Share must reach 5% and to be fully satisfied must reach 20%.

**Measuring Performance and Connecting Reward**

- 1) The Company’s TSR performance ranking within the group of peer companies at the end of each Performance Period determines how many Awards may be exercised by Mr Thompson, as follows:

<b>Performance Ranking Hurdle</b>	<b>Proportion That Vests</b>
At or above 75 <sup>th</sup> percentile	One-half (i.e. 50%)
51 <sup>st</sup> to 74 <sup>th</sup> percentile	Pro rata vesting
50 <sup>th</sup> percentile	One-quarter (i.e. 25%)
Below 50 <sup>th</sup> percentile	None (i.e. 0%)

- 2) The Company’s EPS growth at the end of each Performance Period must at least reach the target set by the Board. The growth in EPS determines how many Awards may be exercised by Mr Thompson, as follows:

<b>Compound Annual Earnings Growth Hurdle</b>	<b>Proportion That Vests</b>
20% or higher per annum	One-half (i.e. 50%)
5.1% to 19.9% per annum	Pro rata vesting
5.0% per annum	One-quarter (i.e. 25%)
Below 5.0% per annum	None (i.e. 0%)

## Exercise of Award

Any Award that vests may be exercised after the performance measurement calculation is made which will follow the release of the audited financial report of the Company consolidated entity for the final year of the three year Performance Period. Any Awards that do not vest because they do not satisfy applicable Performance Conditions will lapse.

In the event of any capital reconstruction (such as a bonus issue or rights issue, demerger, share split or consolidation), the number of Awards may be adjusted, at the discretion of the Board, in proportion to the impact of the capital reconstruction. Where the Company raises capital to fund growth initiatives, the Board does not expect any adjustments to be made, as such initiatives are expected to be value per Share accretive.

Shareholder approval for the grant of the Awards is sought for the purposes of ASX Listing Rule 10.14 which provides that a Company must not permit a director to acquire securities under an employee incentive scheme without the approval of Shareholders, where that acquisition of securities is by way of an issue of new securities.

Approval under ASX Listing Rule 10.14 is an exception to the prohibition on a Company issuing shares to related parties under Listing Rule 10.11. If approval is given for the purposes of ASX Listing Rule 10.14 approval is not required under ASX Listing Rule 7.1 (i.e. the 15% Rule).

Subject to Shareholder approval, the Awards will be granted on the terms and conditions set out in this Explanatory Memorandum.

## Requirements of the ASX Listing Rules

In accordance with the requirements of ASX Listing Rule 10.15, the following information is provided to Shareholders to allow them to assess the proposed grant of Awards:

- (a) Mr Thompson's current remuneration package consists of:
  - (i) Fixed Remuneration (including superannuation) of \$640,928.
  - (ii) Potential Short Term Incentive of up to 50% of Fixed Remuneration based on agreed performance measures.
  - (iii) Potential Long Term Incentive of up to 66% of Fixed Remuneration based on agreed performance measures.
- (b) Mr Thompson falls under the listing rule of 10.14.1 as he is the Managing Director of the Company;
- (c) if approval is granted for the proposed Awards issue to Mr Thompson, then it is intended to make grants of smaller amounts of Awards under identical performance conditions to selected executives under the LTIP;
- (d) the issue of Awards to be made pursuant to the LTIP will be made on or around 12 March 2021;
- (e) a total of 1,254,660 Awards have previously been issued to Mr Thompson under the LTIP and a total of 533,700 fully paid ordinary shares in the Company have previously been issued to Mr Thompson under the LTIP upon exercise of these Awards, noting that no amount was payable by Mr Thompson to acquire these Awards (other than the provision of services to the Company) or upon the exercise of an Award (but the relevant performance criteria must first have been satisfied before Awards could have been exercised);

- (f) the maximum number of Awards that may be acquired by Mr Thompson will be calculated by dividing \$423,000 by the volume weighted average market price (as defined in the ASX Listing Rules) over the 10 days preceding the date of the AGM (26 February 2021) (**10 Day VWAP**).
- (g) if all of the performance hurdles applicable to Mr Thompson during the three year performance period are achieved, and Mr Thompson seeks to exercise each of his Awards, he would receive the maximum of \$423,000 divided by the 10 Day VWAP up to 26 February 2021 shortly after the release of the audited financial statements of the Company consolidated entity for the year ending 30 September 2023;
- (h) no amount is payable by Mr Thompson to acquire the Awards (other than the provision of services to the Company) or upon the exercise of an Award (but the relevant performance criteria must first be satisfied before Awards can be exercised);
- (i) a voting exclusion statement is included in the Notice of Meeting (of which this Explanatory Memorandum forms part);
- (j) no loan is being made available to Mr Thompson by the Company in connection with this LTIP arrangement;
- (k) in the non-executive directors' shared view, it is in the best interests of shareholders to approve the share-based LTIP arrangement for the Company's Managing Director, Mr Thompson, because it will align appropriately his potential total remuneration with shareholder returns due to the challenging performance hurdles the Company must achieve for the LTIP components to become exercisable; and
- (l) details of any securities issued under the LTIP will be published in the annual report of the entity relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14. Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the LTIP after the resolution is approved and who are not named in the notice of meeting will not participate until approval is obtained under that rule.

### **Summary of key terms of the LTIP**

This summary applies to the LTIP terms applicable to the proposed issue of Awards to Mr Thompson.

### **Holding of Awards**

The Board imposes restrictions on dealing by a Participant with vested Awards or Shares. The Board has determined that, in respect of the Awards proposed to be issued pursuant to Resolution 4, the Participant may not dispose of more than 50% of their Shares issued on exercise of Awards until the Participant's holding is equal to the Participant's fixed annual remuneration, or the Participant ceases employment with the Company. The Board may waive or vary this restriction at its discretion, for example in the case of illness or other hardship.

### **Board discretion**

The Board may waive, amend or replace any performance measure in a Performance Condition attaching to an Award if the Board determines that the original Performance Condition is no longer appropriate or applicable or results in the interests of the Participant no longer being aligned with that of Shareholders provided that the interests of the relevant Participant are not, in the opinion of the Board, materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant.

The performance hurdles may be adjusted by the Board so that they fairly and reasonably reflect the effect of any reconstruction on the Company's growth targets.

The Board may also alter the terms of the LTIP following a share issue or capital reconstruction to ensure Participants are not unfairly diluted.

Shareholders should note that the Board is likely to exercise this discretion to make adjustments to the Earnings Per Share measure to account for the impact of the changes to the Lease Accounting Standard AASB16. Qualifying operating lease expenses will be replaced with a depreciation and finance charge. There will also be changes to the expense profile over the life of the lease with higher costs in the earlier years and lower costs in the later years. In accordance with principles set out above the Board will make adjustments to the Earnings per Share calculations to ensure "like for like" treatment of Leases across the three year Performance Period. The Company commenced application of the standard from October 2019.

### **Cessation of a Participant's employment**

In usual circumstances Participants forfeit their Awards on cessation of employment with a Group company. Notwithstanding this the Board retains discretion to determine whether Awards either vest, lapse or are forfeited on cessation of a Participant's employment in unusual circumstances such as where some compassion is appropriate.

Awards will lapse or be forfeited where the Participant has acted fraudulently, dishonestly or in breach of his or her obligations to Select Harvests.

### **Change in control**

If a change of control event occurs, such as a successful takeover bid for the Company, a scheme of arrangement or other compromise (**Change of Control Event**), the Board may determine that all or a specified number of a Participant's Awards will vest, having regard to the performance criteria applicable to the grant of the Awards (**Accelerated Vesting**).

If a Change of Control Event occurs and the Board does not make a determination that Awards will vest or determines that some but not all of the Awards granted to a Participant will vest, any Awards that have not vested will lapse, unless the Board determines otherwise.

The non-executive directors unanimously recommend that shareholders vote in favour of Resolution 4.

## Attachment A – Virtual AGM Guide

Shareholders must use the Lumi online platform to attend and participate in the AGM online. Online registration will open from 10.00am (Melbourne time) on Friday, 26 February 2021.

If you choose to participate online on the day of the meeting you will be able to view a live webcast of the meeting, ask the Directors questions online and submit your vote in real time. To participate visit <https://web.lumiagm.com> on your smartphone, tablet or computer. You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible.

You will need the following information to participate in the meeting in real-time:

1. The meeting ID for the Select Harvests Ltd AGM which is **393-701-641**;
2. Your username, which is your SRN/HIN; and
3. Your password, which is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the online meeting user guide (link below) for their password details.

For further instructions on how to participate online please view the online meeting user guide at [www.computershare.com.au/virtualmeetingguide](http://www.computershare.com.au/virtualmeetingguide).





## SELECT HARVESTS

Select Harvests Limited  
ABN 87 000 721 380

### 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 **11:00 am (Melbourne time) on Wednesday, 24 February 2021.**

# 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.

### PARTICIPATING IN THE MEETING

#### Corporate Representative

If a representative of a corporate securityholder or proxy is to participate in 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:

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 184944**

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.

**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.

# Proxy Form

Please mark  to indicate your directions

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

I/We being a member/s of Select Harvests 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 Select Harvests Limited to be held virtually on Friday, 26 February 2021 at 11:00am (Melbourne time) 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 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 & 4 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 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	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2a	Re-election of Director - Mr Michael Iwaniw	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2b	Re-election of Director - Mr Fred Grimwade	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval of issued securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Participation by the Managing Director in the Long-Term Incentive Plan	<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

