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29 September 2022

## Notice of Annual General Meeting

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Southern Cross Electrical Engineering Limited (“SCEE Group”) will hold its 2022 Annual General Meeting at 9:00am WST on Monday 31 October 2022 at Parmelia Hilton Perth, Fremantle Room, 14 Mill Street, Perth WA.

Pursuant to ASX Listing Rule 3.17.1 a copy of the Notice of Annual General Meeting and accompanying Proxy Form and Notice and Access Letter dispatched to shareholders are attached.

**Authorised for release by the Board of Directors**

**Contact:**

SCEE Group Head Office  
Level 15, 225 St Georges Terrace  
Perth WA 6000  
T: +61 8 9236 8300

Graeme Dunn  
CEO & Managing Director  
E: [graeme.dunn@scee.com.au](mailto:graeme.dunn@scee.com.au)

Colin Harper  
Company Secretary  
E: [colin.harper@scee.com.au](mailto:colin.harper@scee.com.au)



## SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

ABN 92 009 307 046

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### NOTICE OF ANNUAL GENERAL MEETING

and

### EXPLANATORY STATEMENT

and

### PROXY FORM

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Date of Meeting: Monday 31 October 2022  
Time of Meeting: 9:00am (WST)  
Place of Meeting: Parmelia Hilton Perth  
Fremantle Room  
14 Mill Street  
Perth WA 6000

***This Notice of Meeting and Explanatory Statement should be read in their entirety. If you are in doubt as to how you should vote, you should seek advice from your accountant, solicitor or other professional adviser prior to voting.***

# SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

ABN 92 009 307 046

## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Southern Cross Electrical Engineering Limited ABN 92 009 307 046 (**Company**) will be held at 9:00am (WST) on Monday, 31 October 2022 at the Parmelia Hilton Perth, Fremantle Room, 14 Mill Street, Perth, Western Australia.

The Explanatory Statement that accompanies and forms part of the Notice of Meeting describes the various matters to be considered at the Annual General Meeting. This also includes a glossary of terms used. Shareholders should read the Explanatory Statement in full before deciding how to vote.

## AGENDA

### FINANCIAL REPORTS

To receive and consider the financial report of the Company and the reports of the Directors and auditor for the year ended 30 June 2022.

### RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass as a non-binding ordinary resolution:

*That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, the Remuneration Report for the year ended 30 June 2022 be adopted.*

**Note** – The vote on this Resolution is advisory only and does not bind the Directors or the Company.

#### Voting prohibition

A vote must not be cast on Resolution 1 in any capacity (and the Company will disregard any such vote) by, or on behalf of, a member of the Key Management Personnel whose remuneration is disclosed in the Remuneration Report or their Closely Related Parties.

However, a person (the **voter**) described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution 1; or
- (b) the voter is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on Resolution 1 and expressly authorises the Chairman to exercise the proxy even through Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### RESOLUTION 2: RE-ELECTION OF MR DEREK PARKIN AS DIRECTOR

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

*That, for the purpose of clause 13.3 of the Company's Constitution, Listing Rule 14.5 and for all other purposes, Mr Derek Parkin, who retires in accordance with Clause 13.3 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company.*

### **RESOLUTION 3: ISSUE OF PERFORMANCE RIGHTS TO MR GRAEME DUNN FOR THE 2022/2023 FINANCIAL YEAR**

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

*That, for the purposes of Listing Rule 10.14 and for all other purposes, Shareholders approve, as further described in the Explanatory Statement, the grant of 1,004,348 Performance Rights (and the issue of Shares following any vesting of the Performance Rights) in accordance with the Plan to a Director of the Company, Mr Graeme Dunn (or his nominee), in relation to the 2022/2023 financial year.*

#### **Voting exclusion**

The Company will disregard any votes cast in favour of Resolution 3 by or on behalf of Mr Graeme Dunn (or his nominee) or an associate of that person (or those persons).

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

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chairman as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
- (c) 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 the directions given by the beneficiary to the holder to vote that way.

#### **Voting prohibition**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution 3 if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

The above prohibition does not apply if:

- (a) the proxy is the Chairman; and
- (b) the appointment expressly authorises the Chairman to exercise the proxy even though this Resolution 3 is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**By Order of the Board**



**Colin Harper**  
**Company Secretary**  
**29 September 2022**

## Important information for Shareholders

### Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it. The glossary at the end of the Explanatory Statement contains definitions of capitalised terms used in this Notice of Meeting and the Explanatory Statement.

### Required majorities

All at the Meeting are ordinary resolutions. An ordinary resolution requires a simple majority of votes cast by Shareholders present (in person, by proxy or representative) and entitled to vote on the Resolution.

All Resolutions will be decided on a poll.

### Proxies

All Shareholders who are entitled to attend and vote at the Meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a Shareholder. Shareholders holding two or more Shares can appoint either one or two proxies. If two proxies are appointed, the appointing Shareholder can specify what proportion of their votes they want each proxy to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes, each proxy may exercise one-half of the votes (disregarding fractions).

To vote by proxy, please complete and return the Proxy Form enclosed with this Notice of Meeting as soon as possible.

Details for sending your Proxy Form are as follows:

By Mail:                   Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001, Australia

Facsimile:               Australia: 1800 783 447 / International: +61 3 9473 2555

For online voting:      Visit [www.investorvote.com.au](http://www.investorvote.com.au)

By mobile:               Scan the QR Code on your proxy form and follow the prompts

Custodian voting:      For Intermediary Online subscribers only (custodians) please visit [www.intermediaryonline.com](http://www.intermediaryonline.com) to submit your voting intentions

For all enquiries call 1300 307 262 (within Australia) or +61 3 9415 4671 (outside Australia).

To be effective, a completed Proxy Form must be received by **no later than 9.00am (WST) on Saturday, 29 October 2022**, being not less than 48 hours prior to the commencement of the meeting. Proxies received after this time will be invalid.

Where the Proxy Form is executed under power of attorney, the power of attorney must be lodged in the same way as the Proxy Form.

The Chairman of the Meeting intends to vote all undirected proxies **in favour** of each item of business, provided the Chairman of the Meeting is entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. These rules are explained in this Notice. However, in exceptional circumstances, the Chairman of the Meeting may change his voting intention, in which case an ASX announcement will be made.

### **Corporate representatives**

A body corporate which is a Shareholder, or which has been appointed as a proxy, may appoint an individual as its representative to attend and vote at the meeting and exercise any other powers the body corporate can exercise at the meeting. The appointment may be a standing one. The representative should bring to the meeting evidence of his or her appointment as the body corporate's representative, including any authority under which the appointment is signed, with their Appointment of Corporate Representative form, unless it has previously been given to the Company. An appointment form is included with the meeting materials.

Where a body corporate appoints a proxy, the proxy form must be signed by a duly appointed attorney or by a director jointly with either another director or a company secretary or, for a proprietary company that has a sole director who is also the sole company secretary, that director.

### **Voting entitlements**

The Board has determined that, for the purpose of voting at the Meeting, Shareholders are those persons who are the registered holders of the Company's Shares at 9.00am (WST) on Saturday 29 October 2022.

### **Further information**

If you need any further information about this Notice of Meeting or attendance at the Annual General Meeting please contact Mr Colin Harper, the Company Secretary, on 08 9236 8300.

# SOUTHERN CROSS ELECTRICAL ENGINEERING LIMITED

ABN 92 009 307 046

## EXPLANATORY STATEMENT TO SHAREHOLDERS

### INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be transacted at the Annual General Meeting of the Company to be held at 9.00am (WST) on Monday, 31 October 2022. The Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

### FINANCIAL REPORTS

The Corporations Act requires the Company to lay before the Annual General Meeting the financial report, the Directors' report (including the Remuneration Report) and the auditor's report for the last financial year that ended before the Annual General Meeting.

No resolution is required for this item, but Shareholders will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports. The Company's auditor will also be present at the Meeting and Shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

The Company's 2022 Annual Report is available on the ASX website and the Company's website at [www.scee.com.au](http://www.scee.com.au).

### RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with section 250R(2) of the Corporations Act. The Remuneration Report details the Company's policy on the remuneration of non-executive Directors, the Managing Director and senior executives and is set out in the Company's 2022 Annual Report. The vote on the adoption of the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Shareholders will be provided with a reasonable opportunity to ask questions and make comments on the Remuneration Report at the Annual General Meeting.

The Directors recommend that Shareholders vote in favour of Resolution 1.

### RESOLUTION 2: RE-ELECTION OF MR DEREK PARKIN AS DIRECTOR

Mr Parkin was last re-elected as a Director of the Company on 24 November 2020. Pursuant to clause 13.3(c)(iii) of the Company Constitution, if no person is standing for election or re-election due to having held office for a period in excess of 3 years or beyond the third annual general meeting following that Director's election, then the Directors who have been in office the longest since their election must retire at an annual general meeting. Accordingly, Mr Parkin is required to resign and being eligible, has offered himself for re-election as a Director of the Company.

Mr Parkin has been a Non-Executive Director of SCEE since March 2011 and was appointed Chairman of the Board in May 2015. He is also the Chairman of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee.

Mr Parkin is a Fellow of the Institute of Chartered Accountants Australia and New Zealand (**CAANZ**) and a Fellow of the Australian Institute of Company Directors.

Mr Parkin's accounting experience has spanned over 40 years and four continents, primarily in the public company environment. He was most recently Professor of Accounting at the University of Notre Dame Australia, having previously been an assurance partner with Arthur Andersen and Ernst & Young. Mr Parkin's other non-executive directorships to date have primarily been in the non-listed sphere and he has also chaired a number of advisory committees in both the government and not-for-profit sectors.

Mr Parkin is a past national Board member of the Institute of Chartered Accountants Australia (**ICAA**) and has served on a number of the ICAA's national and state advisory committees. In 2011, he was a recipient of the ICAA's prestigious Meritorious Service Award and in 2015 was awarded the Medal of the Order of Australia for services to accountancy.

The Board has considered Mr Parkin's independence and considers that he is an independent Director.

### **Directors' recommendation**

The Directors (other than Mr Parkin) support the re-election of Mr Parkin and recommend that Shareholders vote in favour of Resolution 2. The Board considers that Mr Parkin provides an important contribution to the Board, given his role as independent Chair of the Board and of the Audit and Risk Committee and as a member of the Nomination and Remuneration Committee. The Directors also highlight the significant experience Mr Parkin brings to the Board particularly in the areas of accounting and finance.

### **RESOLUTION 3: ISSUE OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR FOR THE 2022/2023 FINANCIAL YEAR**

#### **Background**

Resolution 3 seeks Shareholder approval for the grant of 1,004,348 Performance Rights to Mr Graeme Dunn, a Director of the Company, (or his nominee(s)) with respect to the 2022/2023 financial year under the Plan.

The Company's executive remuneration structure is set out in more detail in the Remuneration Report in the 2022 Annual Report.

Based on the Plan and as set out below, Shareholder approval is being sought to issue to Mr Dunn (or his nominee) 1,004,348 Performance Rights with respect to the 2022/2023 financial year. These Performance Rights are subject to specific vesting conditions (as set out below) and will not vest until such time as the performance conditions are met.

#### **The Plan**

The Plan was last approved by Shareholders at the 2021 Annual General Meeting. The main features of the Plan that are relevant to the issue of Performance Rights are summarised in Schedule 1.

#### **Performance Conditions**

Subject to Shareholder approval of Resolution 3, the Performance Rights to be granted to Mr Dunn for the 2022/2023 financial year will not vest (and the underlying Shares will not be issued and cash paid) unless certain performance conditions have been satisfied. The grant of Performance Rights is designed to reward long term sustainable business performance which is aligned to the long term strategic objectives of the Company.

It is proposed that 50% of Mr Dunn's performance conditions for the 2022/2023 financial year will be performance tested against total shareholder return (**TSR**) performance, and the other 50% be tested against



earning per share (EPS) performance over a 3 year period from a Start Date of 30 June 2022 to a Test Date of 30 June 2025.

### Absolute TSR

TSR measures the return received by shareholders from holding shares in a company over a particular period. TSR is calculated by taking into account the growth in a company's share price over the period as well as the dividends received during that period. The formula for calculating TSR is:

$$\frac{(\text{Share Price at Test Date} - \text{Share Price at Start Date}) + (\text{Dividends Received})}{\text{Share Price at Start Date}}$$

A volume weighted average share price (VWAP) will be used to determine Share Price at the Start Date and Share Price at the Test Date. The VWAP for the Share Price at Start Date will be based on the VWAP over the five trading days prior to the start of the relevant performance period and the VWAP for the Share Price at the Test Date will be based on the VWAP over the five trading days prior to the end of the relevant performance period.

Mr Dunn's TSR performance conditions will include:

- a threshold target of 8% per annum (compounded over the period from the Start Date to the Test Date); and
- a stretch performance of 12% per annum (compounded over from the Start Date to the Test Date).

The percentage of Mr Dunn's Performance Rights that are tested against TSR which vest will be determined as follows:

<b>TSR performance over relevant Performance Period</b>	<b>Performance vesting outcomes (applied to 50% of the total Performance Rights granted)</b>
Less than 8% per annum compounded	0% vesting
8% per annum compounded	50% vesting
Between 8% and 12% per annum compounded	Pro-rata vesting between 50% and 100%
At or above 12% per annum compounded	100% vesting

### EPS

The Company's EPS performance will be measured in the 2025 financial year. EPS measures the portion of a company's profit allocated to each outstanding ordinary share and serves as an indicator of a company's profitability.

For the purposes of performance testing the Performance Rights, EPS in the 2025 financial year will be the Basic EPS for the year, as prescribed by the accounting standards and set out in the Company's financial reports, adjusted to remove the following items from the calculation of profit or loss attributable to ordinary shareholders in the year, in order to reflect the company's underlying profitability:

- (a) amortisation of acquired intangibles;
- (b) unwinding of interest on deferred acquisition consideration payments;

- (c) adjustments to the assessment of deferred consideration payable; and
- (d) acquisition costs.

A threshold target and a stretch target will also be used for Mr Dunn’s EPS targets. Mr Dunn will only receive Performance Rights that are tested against EPS if he achieves at least the threshold target. The Performance Rights that are tested against EPS will vest as set out in the following table.

<b>EPS performance in 2024 financial year</b>	<b>Performance vesting outcomes (applied to 50% of the total Performance Rights granted)</b>
Less than 9.70 cents per Share	0% vesting
9.70 cents per Share	50% vesting
Between 9.70 and 10.82 cents per Share	Pro-rata vesting between 50% and 100%
At or above 10.82 cents per Share	100% vesting

### **Regulatory information**

#### **Related party transaction**

The grant of the Performance Rights to Mr Dunn, a Director of the Company, is a financial benefit for the purposes of the related party provisions in Chapter 2E of the Corporations Act. However, the Directors (other than Mr Dunn) have determined that the remuneration package for Mr Dunn, including the grant of the Performance Rights, constitutes reasonable remuneration having regard to the circumstances of the Company and Mr Dunn (including the responsibilities involved in his office). Accordingly, and in reliance on this statutory exception to the related party requirements, Shareholder approval under Chapter 2E of the Corporations Act is not being sought in this case.

#### **Listing Rule 10.14**

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme without the approval of the holders of its ordinary securities:

- 10.14.1 a director of the company;
- 10.14.2 an associate of a director of the company; or
- 10.14.3 a person whose relationship with the company or a person referred to in Listing Rules 10.14.1 to 10.14.2 is such that, in ASX’s opinion, the acquisition should be approved by its shareholders.

The grant of Performance Rights to Mr Dunn falls within Listing Rule 10.14.1 and therefore requires the approval of the Company’s Shareholders under Listing Rule 10.14.

Resolution 3 seeks the required Shareholder approval to the grant of the Performance Rights to Mr Dunn under and for the purposes of Listing Rule 10.14.

#### **Technical information required by Listing Rule 14.1A**

If Resolution 3 is passed, the Company will be able to issue the Performance Rights to Mr Dunn (or his nominee(s)) within three years after the date of the Meeting (or such later date as permitted by any ASX

waiver or modification of the Listing Rules). As approval pursuant to Listing Rule 7.1 is not required for the grant of the Performance Rights (because approval is being obtained under Listing Rule 10.14), the grant of the Performance Rights to Mr Dunn will not be included in the 10% or 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Performance Rights to Mr Dunn under the Plan.

#### **Technical information required by Listing Rule 10.15**

In accordance with Listing Rule 10.14, the acquisition of securities by a Director under an employee incentive scheme requires shareholder approval. The following information is provided for the purposes of Listing Rule 10.15:

- (a) The Performance Rights will be granted to Mr Graeme Dunn (or his nominee(s)).
- (b) Mr Dunn falls within the category set out in Listing Rule 10.14.1 by virtue of him being a Director.
- (c) The maximum number of Performance Rights (being the nature of the financial benefit being provided) to be granted to Mr Dunn is 1,004,348 Performance Rights for the 2022/2023 financial year.
- (d) Under his employment agreement as Managing Director and Chief Executive Officer, Mr Dunn is entitled to receive a current total remuneration package for the financial year ending 30 June 2023 comprising a base salary (inclusive of superannuation) of \$770,000, a variable Short Term Incentive cash bonus of up to 75% of his base salary, being \$577,500, depending on the achievement of certain short term objectives. Subject to the approval of Resolution 3, Mr Dunn will also be entitled to participate in the FY23 Long Term Incentive scheme in the form of Performance Rights in relation to the Company's performance over the period from 30 June 2022 to 30 June 2025 (refer to Schedule 2 for an indicative valuation of these Performance Rights).

Shareholders have previously approved Mr Dunn's participation in the FY21 and FY22 Long Term Incentive Schemes and the Performance Rights which have been granted to Mr Dunn under these schemes are being performance tested over the periods from 30 June 2020 to 30 June 2023 and 30 June 2021 to 30 June 2024 respectively. The maximum value received should all of these Performance Rights vest, based on the fair value ascribed to these Performance Rights at grant date, would be \$313,799 in respect of the FY21 Performance Rights and \$308,969 in respect of the FY22 Performance Rights, recognised over the respective three year performance periods for each grant.

The Remuneration Report sets out further details of Mr Dunn's remuneration.

- (e) Since the Plan was last approved by Shareholders at the 2021 AGM, the Company has issued 605,821 Performance Rights and no Options to Mr Dunn for nil consideration under the Plan.
- (f) A summary of the material terms of the Performance Rights to be granted to Mr Dunn are set out above.
- (g) The Company has agreed to issue the Performances Rights to Mr Dunn, subject to Shareholder approval, for the following reasons:
  - (i) it is appropriate to provide Mr Dunn with a long term incentive element in his remuneration package;
  - (ii) Performance Rights, rather than Options, are viewed as a better alternative to remunerate executives who are tasked with achieving certain specific strategic outcomes;

- (iii) the grant of Performance Rights is intended to align Mr Dunn's performance with successful Company outcomes for the benefit of Shareholders and also to provide him with an incentive to remain in the Company;
  - (iv) the remuneration for Mr Dunn, including the proposed grant of Performance Rights, is reasonable having regard to the circumstances of the Company, the duties and responsibilities of the Managing Director and Chief Executive Officer of the Company and market levels of remuneration for Managing Directors and Chief Executive Officers of similar companies;
  - (v) the Performance Rights are unquoted securities. Accordingly, the grant of the Performance Rights has no immediate dilutionary impact on Shareholders; and
  - (vi) it is not considered that there are any significant opportunity costs to the Company or benefits foregone by the Company in granting the Performance Rights on the terms proposed.
- (h) The fair value of the Performance Rights will be determined at the date the Performance Rights are granted to Mr Dunn. In order to provide the information required by Listing Rule 10.15 an indicative valuation has been calculated using the valuation methodology set out in Schedule 2.
  - (i) The Performance Rights will be granted to Mr Dunn no later than 3 years after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Performance Rights will be issued on one date.
  - (j) The issue price of the Performance Rights will be nil. The price payable on the vesting of each Performance Right is nil and no price is payable for any Shares issued on exercise of the Performance Rights.
  - (k) A summary of the material terms of the Plan is set out in Schedule 1.
  - (l) There is no loan proposed to be provided in relation to the proposed grant of the Performance Rights to Mr Dunn under the Plan.
  - (m) Details of any Performance Rights granted under the Plan will be published in the annual report of the Company 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.
  - (n) Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Plan after Resolution 4 is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.
  - (o) A voting exclusion statement is included in Resolution 3 of this Notice.

#### **Directors' recommendation**

The Directors (other than Mr Dunn who declines to make a recommendation based on his interest in the outcome of this Resolution) recommend that Shareholders vote in favour of Resolution 3.

## GLOSSARY

The following terms and abbreviations used in this Explanatory Statement have the following meaning:

<b>2021 AGM</b>	means SCEE's annual general meeting held on 26 October 2021.
<b>ASX:</b>	means the Australian Securities Exchange or ASX Limited, as appropriate.
<b>Board:</b>	means the board of directors of the Company.
<b>Change of control:</b>	means if: <ul style="list-style-type: none"><li>(a) if a person becomes a legal or beneficial owner of 50% or more of the issued capital of the Company; or</li><li>(b) a person becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued share capital of the Company.</li></ul>
<b>Closely Related Parties:</b>	means those parties of the Key Management Personnel are as defined in the Corporations Act and include certain of their family members, dependents and companies they control.
<b>Company or SCEE:</b>	means Southern Cross Electrical Engineering Limited (ABN 92 009 307 046).
<b>Constitution:</b>	means the constitution of the Company.
<b>Corporations Act:</b>	means the Corporations Act 2001 (Cth).
<b>Director:</b>	means a current member of the Board.
<b>Explanatory Statement:</b>	means this Explanatory Statement.
<b>FY21</b>	means the financial year ending 30 June 2021.
<b>FY22</b>	means the financial year ending 30 June 2022.
<b>FY23</b>	means the financial year ending 30 June 2023.
<b>Incentive Securities</b>	means Options and/or Performance Rights.
<b>Key Management Personnel:</b>	means the Directors of the Company and those other persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The Remuneration Report identifies the key management personnel for the financial year ended 30 June 2022.
<b>Listing Rules:</b>	means the listing rules of the ASX and any other rule of the ASX which are applicable while the Company is admitted to the official list of the ASX, each as amended or replaced from time to time, except to the extent of any express, written waiver by ASX.
<b>Managing Director:</b>	means the managing director of the Company.
<b>Meeting or</b>	

<b>Annual General Meeting:</b>	means the meeting convened by the Notice.
<b>Notice or Notice of Meeting:</b>	means the notice convening the Annual General Meeting which accompanies this Explanatory Statement.
<b>Option:</b>	means an option to acquire the value of a Share subject to payment of an exercise price and satisfaction of any other conditions.
<b>Performance Right:</b>	means an entitlement to the value of one Share, subject to vesting and satisfaction of performance conditions, granted in accordance with the Plan.
<b>Plan:</b>	means the Southern Cross Electrical Engineering Limited Rules of the Senior Management Long Term Incentive Plan approved at the Company's 2021 AGM.
<b>Proxy Form:</b>	means the proxy form accompanying this Notice.
<b>Related Party:</b>	means a "related party" as defined in section 9 of the Corporations Act.
<b>Remuneration Report:</b>	means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2022.
<b>Resolution:</b>	means a resolution included in the Notice.
<b>Shares:</b>	means fully paid ordinary shares in the capital of the Company.
<b>Shareholders:</b>	means holders of Shares.
<b>Trading Day</b>	has the meaning given to that term in the Listing Rules.
<b>WST:</b>	means Western Standard Time, being the time in Perth, Western Australia.

## Schedule 1 - Summary of the Plan

### *Participation*

As part of the Company's strategy, the Board wishes to be in a position to grant Options and/or Performance Rights (**Incentive Securities**) under the Plan to senior management or an approved nominee to achieve the objectives outlined above.

### *Common Rules*

The main features of the Plan as approved at the Company's 2021 AGM have been summarised below:

1. **Eligible Participants:** All full-time employees and permanent part-time employees (including the Executive Directors and the Managing Director) of the Group whom the Board have determined are in a senior management role, are eligible participants under the Plan. Shareholder approval is required before any Director or related party of the Company can participate in the Plan;
2. **Limits on Entitlements:** The maximum number of Incentive Securities that are issuable under the Plan, when combined with the number of Shares issued during the previous three years pursuant to the Plan on exercise of the Incentive Securities or any other employee incentive scheme of the Company but disregarding any offer made, or Incentive Securities acquired or Shares issued by way of or as a result of:
  - (a) an offer to a person situated at the time of receipt of the offer outside Australia;
  - (b) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
  - (c) an offer made under a disclosure document,must not exceed 5% of the total number of the Company's issued Shares.
3. **Individual Limits:** The Plan does not set out a maximum number of Shares that may be made issuable to any one person or company.
4. **Amendments to Plan:** The Board may at any time and from time to time by resolution alter the Plan. However, any amendment to the Plan is subject to any restrictions or procedural requirements relating to the amendment or the rules of an employee incentive scheme imposed by the Listing Rules or applicable securities laws. Generally amendments to the Plan will not affect the terms of Incentive Securities that have already been issued under the Plan unless the resolution specifically says otherwise.
5. **Disposal of Incentive Securities:** Without the approval of the Board, no Incentive Securities issued under the Plan may be transferred, be made the subject of an option or a third party right (such as a charge or security), or otherwise be dealt with or disposed of by the eligible participant. If an eligible participant contravenes this requirement of the Plan, the Incentive Securities will lapse.
6. **Forfeiture:** If an eligible participant acts fraudulently, dishonestly or has wilfully breached his or her obligations to the Company Group, the Board will have the discretion to determine that any Incentive Securities granted to the eligible participant will lapse.
7. **Suspension or Termination:** The Board may suspend or terminate the Plan at any time, without notice, but the suspension or termination will not affect any Incentive Securities already granted.

8. **Alteration in Share Capital:** If there is a reorganisation of the share capital of the Company, including consolidation, subdivision, reduction or return of issued capital, the number of or exercise price of an Incentive Security will be adjusted in the way specified by the Listing Rules from time to time.
9. **Bonus Issue:** If there is a bonus issue of Shares to Shareholders:
  - (a) in relation to the Incentive Securities that are to be settled in Shares, the number of shares, to which an eligible participant is entitled to receive upon the exercise of an Incentive Security will be increased by the number of Shares which the eligible participant would have received if the Incentive Security, as applicable, had been exercised before the record date for the bonus issue; and
  - (b) in relation to the Incentive Securities that are to be settled in cash, the cash amount payable by the Company to the Participant will be adjusted by adding to the amount payable the value equal to the Market Price less the Exercise Price (if any) multiplied by the number of Shares which the holder of the Incentive Security would have received if the Incentive Security had been exercised before the record date for the bonus issue.
10. **No Participation Rights:** There are no participation rights or entitlements inherent in the Incentive Securities. An eligible participant will only be entitled to participate in new issues of capital offered to Shareholders to the extent that the Incentive Securities have been exercised and the eligible participant has become a Shareholder.

#### ***Rules for granting Incentive Securities***

The Board may issue a written invitation to an eligible participant to receive a grant of Incentive Securities (**Invitation**).

The Invitation will set out the terms on which the Incentive Securities will be granted and exercised. Participation in the Plan is subject to the acceptance of the Invitation by the eligible participant (or their nominee) within a specified period. In accordance with the requirements of the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the issue of Incentive Securities under the Plan.

The main features of the Plan (and the terms and conditions to be attached to the Plan) as approved at the Company's 2021 AGM which are particular to the issue of Incentive Securities are summarised as follows:

1. **Consideration Payable:** the Board will have the discretion to determine if any consideration is payable for the grant of the Incentive Securities. The amount of consideration payable, if any, will be set out in the Invitation.
2. **Exercise of Incentive Securities:** An eligible participant can exercise the Incentive Securities at any time before the date on which they lapse, provided this date is outside of a Closed Period specified under the Company's securities trading policy (unless the Board otherwise approves) by issuing a notice to the Board setting out the number of Incentive Securities to be exercised, paying the exercise price nominated in the Invitation for each Incentive Security that is being exercised. At the election of the participant, up to 50% of vested Incentive Securities held by Participants in respect of a given performance period to be settled on exercise by the payment of cash instead of through the issue or transfer of Shares. The Board also has the discretion to impose conditions on the Incentive Securities (other than the payment of an exercise price) which must be satisfied either before the Incentive Securities are exercised or before the Incentive Securities vest. If such conditions are set out in the Invitation they must be met in accordance with the terms of the Invitation.
3. **Exercise Price:** The exercise price for each Incentive Security will be set out in the Invitation. The exercise price in respect of an Incentive Security may be reduced in accordance with the terms of the



Plan if a pro rata issue of Shares is made to Shareholders before the Incentive Security is exercised. The Company will only change the exercise price in accordance with the Listing Rules.

4. **Vesting:** Subject to the satisfaction of any conditions attaching to the Incentive Securities, within 10 business days of the exercise of the Incentive Securities, the Company must:
  - (i) to the extent the Incentive Securities are to be settled in Shares, issue Shares to the eligible participant (or, if applicable, their nominee) without any further action being required on the part of the eligible participant; or
  - (ii) to the extent the Incentive Securities are to be settled in cash, the Company must pay the Participant the Market Price less the Exercise Price multiplied by the number of Incentive Securities to be settled in cash as specified in the exercise notice.
5. **Market Price:** The market price used in the calculation of cash to be paid by the Company to the extent Incentive Securities are to be settled in cash is the weighted average sale price of the Shares recorded on the ASX over the 5 consecutive Trading Days immediately preceding, the earlier of:
  - (i) the day the Participant provides a valid exercise notice; and
  - (ii) the date the Participant ceases to be a senior manager on the event that Vested Incentive Securities have not been exercised prior to this date; or

in circumstances where there has been no trading in the Shares during 5 consecutive Trading Days immediately preceding the Price Date, the last sale price recorded for Shares on the ASX.

6. **Term and Lapse:** The term of the Incentive Securities is determined by the Board in its absolute discretion and will be specified in the Invitation. Incentive Securities will lapse if they are not exercised by the expiry date set in the Invitation. The Incentive Securities may also lapse if the eligible participant's employment is terminated for cause.
7. **Ceasing to be a Senior Manager:** Under the Plan, within 30 days of the eligible participant ceasing to be a senior manager, the eligible participant (or their nominee or legal representative as applicable) may exercise the Incentive Securities provided the vesting conditions have been satisfied. All remaining Incentive Securities will lapse. However, the Board retains a discretion in the event of Redundancy, Retirement, Permanent Disablement or Death to waive the vesting conditions for some or all of the Incentive Securities or allow them to continue to be exercisable until the expiry date upon the satisfaction of the applicable conditions.
8. **Restriction on dealing with Shares:** All Shares issued to a participant under the Plan will be subject to the Company's Securities Trading Policy. In addition, the Board has the discretion to impose further restrictions on Shares issued to a participant under the Plan in the Invitation.
9. **Takeover Bid or Change of Control:** In the event of:
  - (a) a Change of Control of the Company; or
  - (b) approval by the court of a merger of the Company by way of scheme of arrangement,

all Incentive Securities which have not been exercised by the eligible participant will vest and may be exercised notwithstanding the conditions set out in the Invitation, other than the payment of the Exercise Price.

## Schedule 2 - Valuation of Performance Rights

The fair value of the Performance Rights proposed to be granted to Mr Graeme Dunn pursuant to Resolution 3 will be determined at the date the Performance Rights are granted using the Monte Carlo Simulation (TSR component) and Binomial Tree (EPS component) valuation methodologies. For the purposes of complying with Listing Rule 10.15 an indicative fair value has been calculated using these methodologies and the assumption that the Performance Rights had been granted on 9 September 2022 and that all Performance Rights subsequently vest.

The key inputs used in determining the indicative fair values were as follows:

Variable	Input
Illustrative grant date	9 September 2022
Vesting date	30 June 2025
Share price at illustrative grant date	\$0.73
Expected life	2.8 years
Volatility	32%
Risk free interest rate	3.10%
Dividend yield	5.9%

Based on the above, the Company has calculated an indicative value of all Performance Rights to be granted to Mr Dunn pursuant to Resolution 3 is \$512,218, comprising:

	TSR component	EPS component
Number of Performance Rights	502,174	502,174
Fair value per Performance Right	\$0.40	\$0.62
<b>Total</b>	<b>\$200,870</b>	<b>\$311,348</b>

Any change in the inputs applied in the Monte Carlo Simulation and Binomial Tree valuation methodologies between the date of the indicative valuation (9 September 2022) and the date the Performance Rights are granted would have an impact on their value.



Southern Cross Electrical Engineering Ltd  
ABN 92 009 307 046

## Need assistance?



**Phone:**  
1300 307 262 (within Australia)  
+61 3 9415 4671 (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 **9:00am (AWST) on Saturday, 29 October 2022.**

# 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". A form may be obtained from Computershare or online at [www.investorcentre.com/au](http://www.investorcentre.com/au) and select "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: 181417**

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.

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.

**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 Southern Cross Electrical Engineering 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 Southern Cross Electrical Engineering Limited to be held at the Parmelia Hilton Perth, Fremantle Room, 14 Mill Street, Perth, WA 6000 on Monday, 31 October 2022 at 9:00am (AWST) 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 and 3 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 and 3 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 and 3 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 Mr Derek Parkin as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Issue of Performance Rights to Mr Graeme Dunn for the 2022/2023 financial year	<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





Southern Cross Electrical Engineering Ltd  
ABN 92 009 307 046

## Need assistance?



**Phone:**  
1300 307 262 (within Australia)  
+61 3 9415 4671 (outside Australia)



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

SXERM

MR RETURN SAMPLE  
123 SAMPLE STREET  
SAMPLE SUBURB  
SAMPLETOWN VIC 3030



# Southern Cross Electrical Engineering Limited Annual General Meeting

The Southern Cross Electrical Engineering Limited Annual General Meeting will be held on Monday, 31 October 2022 at 9:00am (AWST). You are encouraged to participate in the meeting using the following options:



## MAKE YOUR VOTE COUNT

To lodge a proxy, access the Notice of Meeting and other meeting documentation visit [www.investorvote.com.au](http://www.investorvote.com.au) and use the below information:



**Control Number: 999999**

**PIN: 99999**

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

For your proxy appointment to be effective it must be received by 9:00am (AWST) on Saturday, 29 October 2022.



## ATTENDING THE MEETING IN PERSON

The meeting will be held at:  
The Parmelia Hilton Perth, Fremantle Room, 14 Mill Street, Perth, WA 6000

You may elect to receive meeting-related documents, or request a particular one, in electronic or physical form and may elect not to receive annual reports. To do so, contact Computershare.