

Notice of Annual General Meeting

Location: Capri by Fraser, 80 Albert Street, Brisbane, QLD, 4000

Virtual Attendance: <https://meetnow.global/M2FWYHP>

Date: Tuesday, 22 November 2022

Time: Commencing at 1:00PM AEST (Brisbane Time)

Verbrec Limited (ASX : VBC)

Level 14, 200 Mary Street

Brisbane QLD 4000

ACN: 127 897 689

verbrec.com

Key Dates

The key dates for the Annual General Meeting are set out below:

Key Dates	
EVENT	DATE
Last day for receipt of proxies #	Sunday, 20 November 2022 1:00PM Australian Eastern Standard Time (Brisbane Time)
Snapshot time for eligibility to vote	Sunday, 20 November 2022 6:00PM Australian Eastern Standard Time (Brisbane Time)
Annual General Meeting	Tuesday, 22 November 2022 1:00PM Australian Eastern Standard Time (Brisbane Time)

Proxy forms received after 1:00PM AEST (Brisbane Time) on Sunday, 20 November 2022 will be disregarded.

Questions

Shareholders are invited to contact the Company Secretary at Investors@verbrec.com if they have any questions regarding the AGM.

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Verbrec Limited (ACN: 127 897 689) (ASX : VBC) will be held on Tuesday, 22 November 2022 commencing at 1:00PM Australian Eastern Standard Time (Brisbane Time). Shareholders may attend the meeting by attending the location or following the virtual attendance link below:

Location: Capri by Fraser, 80 Albert Street, Brisbane, QLD, 4000

Virtual Attendance: <https://meetnow.global/M2FWYHP>

Shareholders will be able to attend physically or virtually at this Hybrid Annual General Meeting.

The Explanatory Statement, which accompanies and forms part of this Notice, contains information to assist Shareholders including access and registration, and to decide how to vote on the matters to be considered at the AGM.

Terms used in this Notice are defined in the Glossary in the Explanatory Statement.

Ordinary Business

Financial Report

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

Resolution 1: Adoption of Remuneration Report

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

'That for the purposes of section 250R(2) of the Corporations Act, the remuneration report contained in the Director's report for the year ended 30 June 2022 be adopted by the Company.'

Note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

Resolution 2: Re-election of Mr Phillip Campbell as a Director

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

'That, for the purposes of Listing Rule 14.4 and 14.5, and clause 9.2 of the Company's constitution, Mr Phillip Campbell, being a Director of the Company appointed as chairperson of the Board, who retires by rotation, and being eligible, is re-elected as a Director of the Company.'

Resolution 3: Re-election of Mr Brian O'Sullivan as a Director

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

'That, for the purposes of Listing Rule 14.4 and 14.5, and clause 9.2 of the Company's constitution, Mr Brian O'Sullivan, being a Director of the Company appointed as an addition to the Board, who retires by rotation, and being eligible, is re-elected as a Director of the Company.'

Special Business

Resolution 4: Approval for the Granting of Rights to a Director: Mr Linton Burns, CEO and Managing Director

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

'That approval is given for the purposes of ASX Listing Rule 10.14, and all other purposes, for the issue of 1,968,750 Performance Rights, in relation to FY2023 long term variable remuneration, to the Managing Director, Mr Linton Burns, under the Verbrec Limited Rights Plan (the Plan) on the terms and conditions described in the Explanatory Statement to this Notice of Meeting.

The Rights will be granted within one month of the Annual General Meeting being held.'

Note: if approval is obtained under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1 or 10.11 as set out in the Explanatory Statement.

Resolution 5: Amendment to the Constitution of Verbrec Limited

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

'That in accordance with section 136(2) of the Corporations Act 2001 (Cth), the constitution of the Company be amended in the manner outlined in the Explanatory Statement, effective from the close of this AGM.'

Shareholders can request a marked up copy of the Constitution showing the proposed changes by contacting the Company Secretary at Investors@verbrec.com

To be passed, this special resolution requires approval of at least 75% of the votes cast by shareholders entitled to vote on this resolution.

By Order of the Board

Joel Voss



Company Secretary

Verbrec Limited

19 October 2022

Proxy Appointment, Voting and Meeting Instructions

Meeting details and how to register, vote and ask questions

The Annual General Meeting of shareholders of the Company will be held both physically and virtually (hybrid) at **1:00pm Australian Eastern Standard Time (Brisbane time) on Tuesday, 22 November 2022.**

Location: Capri by Fraser, 80 Albert Street, Brisbane, QLD, 4000

You may register to attend the webcast by following the link below:

Virtual Attendance: <https://meetnow.global/M2FWYHP>

You will be able to vote live during the Annual General Meeting by:

- filling in a voting card provided at the venue
- visiting www.investorvote.com.au on a smartphone, tablet or computer (using the latest version of Chrome, Safari, Microsoft Edge or Firefox) as per the instructions on the attached Proxy Form.

Online voting registration will commence 30 minutes prior to the start of the Annual General Meeting and close 5 minutes after the last item of business. For full details on how to log on and vote online, please refer to the user guide, available online at: www.computershare.com.au/onlinevotingguide.

You can also lodge your proxy online, by post or by facsimile in accordance with the instructions contained in the proxy form accompanying this notice.

The Board strongly encourages lodgement of proxy votes and submission of questions prior to the Annual General Meeting so the meeting can be held in an efficient manner.

Lodgement of Proxy Form

The Proxy Form (and any power of attorney or other authority, if any, under which it is signed) or a copy or facsimile which appears on its face to be an authentic copy of the Proxy Form (and the power of attorney or other authority) must be lodged no later than **1:00pm Australian Eastern Standard Time (Brisbane time) on Sunday, 20 November 2022.** Any Proxy Form received after that time will not be valid for the Annual General Meeting. The Proxy Form may be lodged in one of the following ways:

- | | |
|-----------------|--|
| Online: | Follow the directions on the Proxy Form |
| By hand: | Level 14, 200 Mary Street, Brisbane QLD 4000 |
| 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) |

Appointment of a Proxy

A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy may, but need not be, a member of the Company.

If you wish to appoint the Chairperson of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairperson of the Meeting, please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairperson of the Meeting will be your proxy. A proxy need not be a Shareholder of the Company.

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by emailing the Company Secretary at Investors@verbrec.com or you may photocopy the Proxy Form.

To appoint a second proxy, you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights that are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

The Chairperson of the Annual General Meeting acting as proxy

If a member directs the Chairperson how to vote on an item of business, the Chairperson must vote in accordance with the direction.

For proxies without voting instructions that are exercisable by the Chairperson, **the Chairperson intends to vote all available proxies in favour of each Resolution.**

In relation to the remuneration-related resolution (being Resolution 1), if you appoint the Chairperson of the meeting as your proxy, or the Chairperson is appointed as your proxy by default, then unless you mark one of the voting instruction boxes for the relevant Resolution, **you will be taken to have expressly authorised the Chairperson to vote in favour of that Resolution.**

Corporate Shareholders

Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:

- two directors of the company;
- a director and a company secretary of the company; or
- for a proprietary company that has a sole director who is also the sole company secretary – that director.

Votes on Resolution

You may direct your proxy how to vote by placing a mark in one of the boxes opposite the Resolutions. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on the Resolutions by inserting the percentage or number of Shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the Resolutions, and your proxy is not the Chairperson, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on the Resolutions will be invalid.

Corporate Representatives

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act, in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The certificate of appointment must be lodged with the Company or the Company's share registry, Computershare Investor Services, before the Meeting or at the registration desk on the day of the Meeting. Certificates for the appointment of corporate representatives are available at www.computershare.com or on request by contacting Computershare Investor Services on telephone number 1300 552 270 (within Australia) or +61 3 9415 4000 (outside Australia).

Voting Entitlement (Snapshot Time)

The Company's Directors have determined that all Shares of the Company that are quoted on ASX at **6:00pm Australian Eastern Standard Time (Brisbane time) on Sunday, 20 November 2022** will, for the purposes of determining voting entitlements at the Annual General Meeting, be taken to be held by the persons registered as holding the Shares at that time. Transactions registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Questions from Shareholders

At the Meeting the Chairperson will allow a reasonable opportunity for Shareholders to ask questions or make comments on the management of the Company and the remuneration report.

Cameron Smith of Grant Thornton, as the auditor responsible for preparing the auditor's report for the year ended 30 June 2022 (or his representative), will attend the Meeting. The Chairperson will also allow a reasonable opportunity for Shareholders 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 in relation to the preparation of financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

To assist the Board and the auditor of the Company in responding to questions please submit any questions you may have in writing no later than **3:00pm Australian Eastern Standard Time (Brisbane time) on Monday, 14 November 2022**:

By Email: Investors@verbrec.com

By hand: Level 14, 200 Mary Street, Brisbane QLD 4000

By mail: PO Box 3291, Brisbane GPO QLD 4000

By fax: +61 7 3058 7111

As required under section 250PA of the Corporations Act, at the Meeting, the Company will distribute a list setting out any questions directed to the auditor received in writing by **1:00pm Australian Eastern Standard Time (Brisbane time) on Tuesday, 15 November 2022**, being questions that the auditor considers relevant to the content of the auditor's report or the conduct of the audit of the financial report for the year ended 30 June 2022. The Chairperson will allow reasonable opportunity to respond to the questions set out on this list.

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company that is material to a decision on how to vote on the Resolutions in the accompanying Notice of Annual General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

Financial Report

The Corporations Act requires the Directors' report, auditor's report and the financial statements of the Company for the year ended 30 June 2022 to be tabled at the Annual General Meeting.

Neither the Corporations Act nor the constitution requires a vote of Shareholders on the reports or financial statements. However, Shareholders will be given reasonable opportunity to raise questions on the reports and ask questions of the Company's auditor.

Resolution 1: Adoption of Remuneration Report

The remuneration report is set out in the Directors' report in the Company's FY2022 Annual Report on pages 27 to 34), which is available on the Company's website at https://verbrec.com/investor_centre_category/company-reports/

The remuneration report contains information regarding:

- the remuneration policy of the Company;
- the structure of the remuneration of Directors and senior executives and how it aligns with the Company's performance; and
- the remuneration of Directors and senior executives for the year ended 30 June 2022.

The Corporations Act requires the Company to put a resolution to Shareholders that the remuneration report be adopted. Under section 250R(3) of the Corporations Act, the vote on the Resolution is advisory only and does not bind the Directors or the Company.

In accordance with Division 9 of Part 2G.2 of the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the remuneration report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors must go up for re-election.

Voting prohibition statement

In accordance with section 250R of the Corporations Act, a vote on this Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- a member of the Key Management Personnel whose remuneration details are included in the remuneration report; or
- a Closely Related Party of such member.

however, the above persons may cast a vote on Resolution 1 if:

- the person does so as a proxy;
- the vote is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the remuneration report or a Closely Related Party of such a member; and,

either:

- the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1; or
- the voter is the Chairperson of the Annual General Meeting and the appointment of the Chairperson as proxy does not specify the way the proxy is to vote on Resolution 1 and expressly authorises the Chairperson to vote as the proxy even if the Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company or, if the Company is part of a consolidated entity, for the entity.

Director's recommendation

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

Resolution 2: Re-election of Mr Phillip Campbell as a Director

Listing Rule 14.4 provides that a Director of the Company must not hold office (without re-election) past the third Annual General Meeting following the Director's appointment or three years, whichever is longer. Furthermore, Listing Rule 14.5 states that an election of Directors of the Company must be held at each Annual General Meeting and that this rule applies where no Director is required to stand for re-election under Listing Rule 14. At least one Director must stand for re-election, who will either volunteer or be determined by ballot. This rule is consistent with the Company's constitution under clause 9.2.

Mr Phillip Campbell retires on the basis of tenure limitation in accordance Listing Rule 14.4 and clause 9.2(a) of the Company's constitution and stands for re-election in accordance with clause 9.2(b)(iii) of the Company's constitution.

Mr Phillip Campbell was appointed to the Board on 22 October 2019 as an Independent, Non-Executive Director and appointed as Chairperson of the Board on 26 February 2020. Mr Phillip Campbell's background and experience are contained on page 21 of the FY2022 Annual Report.

Director's recommendation

The Directors (excluding Mr Campbell) unanimously recommend that Shareholders vote in favour of Resolution 2.

Resolution 3: Re-election of Mr Brian O'Sullivan as a Director

Listing Rule 14.4 provides that a Director of the Company must not hold office (without re-election) past the third Annual General Meeting following the Director's appointment or three years, whichever is longer. Furthermore, Listing Rule 14.5 states that an election of Directors of the Company must be held at each Annual General Meeting and that this rule applies where no Director is required to stand for re-election under Listing Rule 14. At least one Director must stand for re-election, who will either volunteer or be determined by ballot. This rule is consistent with the Company's constitution under clause 9.2.

Mr Brian O'Sullivan retires on the basis of tenure limitation in accordance Listing Rule 14.4 and clause 9.2(a) of the Company's constitution and stands for re-election in accordance with clause 9.2(b)(iii) of the Company's constitution.

Mr Brian O'Sullivan was appointed to the Board on 28 June 2019 as an Executive Director and transitioned to a Non-Executive Director role on 28 September 2020. Mr Brian O'Sullivan's background and experience are contained on page 22 of the FY2022 Annual Report.

Director's recommendation

The Directors (excluding Mr O'Sullivan) unanimously recommend that Shareholders vote in favour of Resolution 3.

Resolution 4: Approval for the Granting of Rights to a Director: Mr Linton Burns, CEO and Managing Director

ASX Listing Rule 10.14 requires Verbrec Limited (**Verbrec** or the **Company**) to obtain approval from shareholders of Verbrec (Shareholders) for the issue of securities to a director under an employee incentive scheme. The Company is seeking Shareholder approval for the proposed grant of FY2023 long term variable remuneration (**LTVR**) Performance Rights to Mr Linton Burns, Managing Director and CEO, as set out below.

The Verbrec Limited Rights Plan (**LRP** or **Plan**) has been designed to facilitate the Company adopting modern best-practice remuneration equity structures for executives. A key component of effective remuneration for executives is equity interests, in the form of LTVR to drive shared performance objectives, link remuneration to Company performance and align interests with sustainable value creation for Shareholders.

The features of the proposed FY2023 LTVR Invitations to apply for Performance Rights to the Director are summarised below:

LTVR Feature Summary

ASPECT	DETAILS
Instrument	<p>If this resolution is approved, Mr Linton Burns will be invited to apply for FY2023 LTVR in the form of Performance Rights (Rights). These Rights may vest when performance-based Vesting Conditions are satisfied. The Rights are indeterminate Rights which are an entitlement to the value of a Share (less any Exercise Price) which may be settled either in cash and/or in Shares (at the Board's discretion). Generally, it is expected that vested Rights will be settled in Shares (including Restricted Shares, which are Shares subject to a disposal restriction).</p> <p>The value that may be realised is a function of performance against Vesting Conditions and the market value of a Share at the time of sale of any Shares that result from exercising Rights. The type of equity proposed to be granted has been selected because it creates a strong link between performance and reward.</p>
Value of Rights	<p>The value of the Rights, ignoring vesting conditions, is equal to the share price when a Black-Scholes Option Pricing Model is applied to the Rights. For the purposes of calculating the number of Rights to be granted the share price was calculated as the volume weighted average share price over the 10 trading days on the ASX following the announcement of FY2022 annual results. This value was \$0.1198.</p> <p>LTVR Performance Rights at Target of \$157,500 being 50% of the Stretch/Maximum value of \$315,000 being 70% of Fixed Pay.</p>

ASPECT	DETAILS																					
Terms and Conditions	<p>The Board has the discretion to set the terms and conditions on which it will offer Rights under the Plan, including the terms of Invitations.</p> <p>The terms and conditions of the Plan include those aspects legally required as well as terms addressing exceptional circumstances, such as a de-listing, a major return of capital to shareholders, as well as the treatment of Rights and Restricted Shares on termination of employment.</p> <p>The Plan contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the Plan.</p>																					
Variation of Terms and Conditions	To the extent permitted by the Listing Rules, the Board retains the discretion to vary or amend the terms and conditions of the Plan.																					
Term	Rights that are the subject of this Resolution will have a term of 15 years from the Grant Date and if not exercised within the Term the Rights will lapse.																					
Number of Rights	<p>It is proposed that Mr Linton Burns will be invited to apply for one Tranche of Rights being 1,968,750 Performance Rights with an Earnings Per Share Vesting Condition, When added to the other remuneration elements the FY2023 grant of LTVR will produce a total remuneration package that is market competitive and appropriate given the Company's circumstances for FY2023, based on market benchmarking and the current Verbrec executive remuneration policy.</p> <p>As 100% of Rights to be granted will only vest when stretch performance goals are achieved it is expected that a lesser percentage will actually vest unless exceptional performance outcomes occur. The Target and expected level of vesting is 50%.</p> <p>It should be noted that the actual value of the Rights can only be determined for accounting purposes, as at the Grant Date.</p>																					
Cost of Rights	No amount is payable by Mr Linton Burns for the Rights as their value forms a significant portion of the variable remuneration in his total remuneration package for FY2023.																					
Exercise Price	The Exercise Price for the Rights is nil.																					
Measurement Period	The Measurement Period is the period over which the Vesting Condition will be assessed will be from 1 July 2022 to 30 June 2025.																					
Vesting Conditions	<p>Vesting Conditions are conditions that are used to determine the extent, if any, of vesting of Rights.</p> <p>The selected vesting conditions is earnings per shares growth (EPSG) using statutory reported EPS and the following vesting scale will be applied.</p> <table><tr><th>Performance Level</th><th>CAGR for EPS Growth Over Measurement Period</th><th>Vesting % of Tranche</th></tr><tr><td>Stretch</td><td>≥ 20%</td><td>100%</td></tr><tr><td>Between Target & Stretch</td><td>> 15% & < 20%</td><td>Pro-rata</td></tr><tr><td>Target</td><td>15%</td><td>50%</td></tr><tr><td>Between Threshold & Target</td><td>> 10% & < 15%</td><td>Pro-rata</td></tr><tr><td>Threshold</td><td>10%</td><td>25%</td></tr><tr><td>Below Threshold</td><td>< 10%</td><td>0%</td></tr></table> <p>To calculate the compound annual growth rate (CAGR) for Verbrec the EPS achieved for FY2025 (Final EPS) will be compared to the EPS achieved for FY2021 (Base EPS), then the CAGR required to move from the Base EPS to the Final EPS over the 3 year Measurement Period will be calculated.</p>	Performance Level	CAGR for EPS Growth Over Measurement Period	Vesting % of Tranche	Stretch	≥ 20%	100%	Between Target & Stretch	> 15% & < 20%	Pro-rata	Target	15%	50%	Between Threshold & Target	> 10% & < 15%	Pro-rata	Threshold	10%	25%	Below Threshold	< 10%	0%
Performance Level	CAGR for EPS Growth Over Measurement Period	Vesting % of Tranche																				
Stretch	≥ 20%	100%																				
Between Target & Stretch	> 15% & < 20%	Pro-rata																				
Target	15%	50%																				
Between Threshold & Target	> 10% & < 15%	Pro-rata																				
Threshold	10%	25%																				
Below Threshold	< 10%	0%																				
Gates	A gate of total shareholder return (TSR) needing to be positive over the Measurement Period applies to the proposed grant of Performance Rights. Thus, if Verbrec' TSR over the Measurement Period is not positive then none of the Performance Rights will vest irrespective of EPSG performance.																					

ASPECT	DETAILS
Exercise of Vested Rights	<p>Vested Rights may be exercised at any time between the Vesting Date and the end of their Term, by the Participant submitting an Exercise Notice, otherwise they will lapse.</p> <p>Upon exercise of vested Rights the Exercised Rights Value will be calculated as follows and will be either be paid in cash, converted into Shares based on the then Share price, or a combination of cash and Shares, as determined by the Board:</p> <p>Exercised Rights Value = Number of Rights Exercised x Share Price at Exercise</p> <p>Generally, it is expected that the Exercised Rights Value will be settled in Shares. Such Shares will often be Restricted Shares as they will be subject to disposal restrictions if the exercise occurs during a period in which trading in Shares is prohibited under the Verbrec securities trading policy.</p>
Disposal Restrictions	<p>Rights may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered, except by force of law.</p> <p>Shares acquired from the exercise of vested Rights will be subject to disposal restrictions due to:</p> <ul style="list-style-type: none"> - The Company's securities trading policy, and - The insider trading provisions of the Corporations Act. <p>Shares resulting from the exercising of Rights that may not be traded due to the foregoing will be Restricted Shares while they are so restricted. Verbrec will ensure that such restrictions are enforced due to the presence of CHESS holding locks or alternatively via holding of the Restricted Shares in an appropriate Employee Share Trust.</p>
Termination of Employment	<p>Generally, if termination of employment occurs within the first year of the Measurement Period, Rights will be forfeited in the proportion that the remainder of the first year of the Measurement Period bears to a full year, commensurate with the annual nature of LTVR grants. Remaining Rights will then continue to be held for testing for vesting at the end of the Measurement Period. Any Rights that do not vest following the assessment of the Vesting Conditions will be forfeited.</p> <p>Vested Rights held after a Participant's termination of office or employment with the Company will be automatically exercised 90 days after the date on which the Participant ceases to hold any unvested Rights and all Exercise Restrictions have elapsed.</p> <p>If Rights are exercised after the termination of employment and the Share price is lower at the date of exercise than on the date of termination, then the Exercised Rights Value will be settled in cash unless otherwise determined by the Board, in order to ensure an appropriate taxation outcome for the Participant.</p> <p>It should be noted that the Plan contains clauses that address fraud, misconduct, inappropriate benefits and clawback which will result in the forfeiture of unvested and unexercised rights equivalent to traditional "Bad Leaver" approaches, but which may apply at any time including during employment.</p>
Delisting	<p>In the event the Board determines that the Company will be subject to a de-listing, the Vesting Conditions specified in an Invitation for Rights will cease to apply and:</p> <ul style="list-style-type: none"> - Unvested Performance Rights in each tranche will vest in accordance with the following formula: $\text{Number of Performance Rights to Vest} = \text{Unvested Performance Rights} \times \frac{\% \text{ of First Year of Measurement Period Elapsed}}{\frac{(\text{Share Price at the Effective Date} - \text{Share price at Measurement Period Commencement})}{\text{Share price at Measurement Period Commencement}}}$ <ul style="list-style-type: none"> - Remaining Performance Rights may vest or lapse as determined by the Board
Major Return of Capital or Demerger	<p>In the event that the Board forms the view that a major part of the Company's assets or operations will imminently cease to be owned by the Group due to an intention to sell or separately list those assets or operations, or in the event of a major return of capital to Shareholders, the Board has discretion to vest, lapse or adjust the terms of Rights such that Participants are neither advantaged nor disadvantaged by the corporate action.</p>

ASPECT	DETAILS
	Restricted Rights will cease to be subject to Exercise Restrictions and Specified Disposal Restrictions prior to the return of capital or demerger, on the date determined by the Board.
Board Discretion, Preventing Inappropriate Benefits, Fraud and Misconduct	<p>The Board has discretion to adjust the number of Rights that ultimately vest if it forms the view that the unadjusted outcome is not appropriate to the circumstances that prevailed over the Measurement Period and/or to the contribution of a Participant to outcomes over the Measurement Period.</p> <p>The Board has sole discretion to determine that some or all unexercised Rights held by a Participant lapse on a specified date, if allowing the Rights to be retained would, in the opinion of the Board, result in an inappropriate benefit to the Participant. Such circumstances include joining a competitor or actions that harm the Company's stakeholders.</p> <p>In the case of fraud or misconduct, Participant will forfeit all unvested Rights.</p>
Bonus Issues, Rights Issues, Voting and Dividend Entitlements	<p>The number of Rights held by Participants will be proportionately adjusted to reflect bonus issues and/or the Exercise Price adjusted so that no advantage or disadvantage arises for the Participant. Right holders will not participate in Shareholder rights issues but may, subject to the ASX Listing Rules, be offered options on similar terms to the rights issue.</p> <p>Rights do not carry voting or dividend entitlements. Shares (including Restricted Shares) issued when Rights are exercised carry all entitlements of Shares, including voting and dividend entitlements.</p>
Quotation	Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the Plan, in accordance with the ASX Listing Rules.
Issue or Acquisition of Shares	Shares allocated to a Participant when Rights are exercised under the Plan may be issued by the Company or acquired on or off market by a trustee whose purpose is to facilitate the operation of the plan.
Cost and Administration	The Company will pay all costs of issuing and acquiring Shares for the purposes of satisfying exercised Rights, as well as any brokerage on acquisitions of Shares for this purpose and all costs of administering the Plan.
Hedging	The Company prohibits the hedging of Rights or Shares subject to disposal restrictions by Mr Linton Burns.

Summary of ASX Listing Rule 10.14:

Verbrec is proposing to issue performance rights under the Verbrec Limited Rights Plan ("Issue"). ASX Listing Rule 10.14 provides that the Company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- A Director of the Company (ASX Listing Rule 10.14.1);
- An associate of a Director of the Company (ASX Listing Rule 10.14.2); or
- A person whose relationship with the Company or a person referred to in ASX Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The Issue falls within ASX Listing Rule 10.14.1 above and therefore requires the approval of the Company's Shareholders under Listing Rule 10.14.

Resolution 4 seeks the required Shareholder approval to the Issue under and for the purposes of Listing Rule 10.14.

If Resolution 4 is passed, Verbrec will be able to proceed with the Issue and the performance rights will be awarded to Mr Linton Burns.

If Resolution 4 is not passed, Verbrec will not be able to proceed with the Issue and the performance rights will not be awarded to Mr Linton Burns.

For the purposes of ASX Listing Rule 10.15, as at the date of the preparation of this resolution, Mr Linton Burns is the only person that is entitled to participate in the LRP that is subject to ASX Listing Rule 10.14, as he is a Director of the Company.

A grant to Mr Linton Burns of:

- 1,968,750 Performance Rights was approved by Shareholders at the AGM held on 27 November 2020; and
- 2,254,122 Performance Rights was approved by Shareholders at the AGM held on 26 November 2021.

Subject to Shareholder approval, the Rights must be granted within three years of the date of the General Meeting at which approval is obtained and will in practice be granted within one month of the meeting.

Mr Linton Burns' current Total Remuneration Package is set out below:

- Fixed Pay of \$450,000
- Short Term Incentive of up to \$225,000 being 50% of Fixed Pay
- Long Term Variable Remuneration at Target of \$157,500 being 50% of the Stretch/Maximum value of \$315,000 being 70% of Fixed Pay

The Total Remuneration Package at Target is therefore up to a maximum of \$990,000.

Summary of the material terms of the Verbrec Limited Rights Plan:

- The LRP is open to eligible participants (including employees, executives, executive or managing directors and consultants) of the Company or any of its subsidiaries who the Board designates as being eligible. Non-executive directors are not eligible to participate in the plan.
- Performance rights will be offered to eligible participants for no consideration under the Plan. The offer must be in writing and specify, amongst other things, the number of performance rights for which the participants may accept, the date on which the performance rights vest and any conditions to be satisfied before vesting, and any other terms attaching to the rights.
- The performances rights vest subject to the satisfaction of any vesting conditions or any other conditions contained in the offer and upon which each performance right shall entitle an eligible participant to receive one share after the vesting date.
- The Board may decide, in its absolute discretion to substitute the issue of Shares on the vesting of Performance Rights for the payment of a cash amount.
- Unless the Board determines otherwise, unvested performance rights shall lapse upon the occurrence of specified events contained in the Plan rules, including termination of employment, resignation or redundancy.
- Performance rights issued under the Plan do not entitle the holder to notice of, or to vote at, or attend Shareholders' meetings, or to receive any dividends declared by the Company. Should the Company undergo a reorganisation or reconstruction of capital or any other such change, the terms of the rights will be correspondingly changed to the extent necessary to comply with the ASX Listing Rules.

- In the event of a change of control, the Board shall have discretion to deal with the performance rights, including allowing accelerated vesting of the rights.
- Performance rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the Plan. Performance rights are not transferable or assignable without the prior written approval of the Board.
- The Plan will be administered by the Board which has an absolute discretion to determine appropriate procedures for its administration and resolve questions of fact or interpretation and formulate special terms and conditions (subject to the ASX Listing Rules) in addition to those set out in the Plan.
- The Plan may be terminated or suspended at any time by the Board. To the extent permitted by the Corporations Act and the ASX Listing Rules, the Board retains the discretion to vary the terms and conditions of the Plan except where the amendment would have the effect of materially adversely affecting or prejudicing the rights of any participant holding performance rights.
- Details of any securities issued under the LRP will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX 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 LRP after the resolution is approved and who are not named in a notice of meeting will not participate until approval is obtained under that rule.

As outlined previously, Shareholder approval must be sought, in accordance with ASX Listing Rule 10.14, for the grant of these Rights to Mr Burns. Listing Rule 10.14 provides that a company must not issue equity securities to a director of the company under an employee incentive scheme unless the issue has been approved by holders of ordinary securities. Once approval is obtained pursuant to Listing Rule 10.14, the Company is entitled to rely on Listing Rule 10.12 (exception 8) as an exception to any requirement that may otherwise apply requiring shareholder approval under Listing Rule 10.11. Similarly, approval will not be required under ASX Listing Rule 7.1.

For the purposes of ASX Listing Rule 10.15.11, details of any securities issued under the scheme will be published in the subsequent Annual Report of Verbrec relating to the period in which the securities were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered under ASX Listing Rule 10.14 who become entitled to participate in an issue under the Verbrec Limited Rights Plan after the resolution is approved and who were not named in this notice of meeting will not participate until approval is obtained under that rule.

For the purposes of ASX Listing Rule 14.1A, if Resolution 4 is approved the effect that the vesting of the Performance Rights will have on the interests of Mr Burns relative to other Shareholders' interests is set out in the following table. The table assumes no further issues of shares in, or reconstruction of the capital of the Company during the time between issue and vesting of the Rights:

Relative Interests

The total number of shares on issue in the capital of the Company	221,476,170
Shares currently held by Mr Burns (including indirect interests)	6,001,844
% of shares currently held by Mr Burns	2.71%
Rights to be issued under Resolution 4	1,968,750
Existing Options or Rights held by Mr Burns	3,937,500
Shares that will be held following the vesting of all Rights and Options held by Mr Burns	11,908,094
% of Shares that would be held assuming no other Rights or Options vested	5.24%

Other information

The reason why this type of security is being issued is because of the Board's view that it is in the interests of shareholders for selected executives, Directors and other employees (the Participants) to receive part of their remuneration in the form of equity. The Plan represents a modernisation of the available equity instruments, aligned with current regulations and market best-practices, and provide appropriate, competitive and performance-linked remuneration to the executives of the Company.

Under AASB 2 (paragraphs 16 to 18), Verbrec is required to estimate the fair value of the performance rights granted using a valuation technique to estimate what the price of those equity instruments would have been on the measurement date in an arm's length transaction between knowledgeable, willing parties. The valuation technique is consistent with generally accepted valuation methodologies for pricing financial instruments, and shall incorporate all factors and assumptions that knowledgeable, willing market participants would consider in setting the price.

All Performance Rights issued by Verbrec are subject to the achievement of certain vesting conditions outlined in the table above – refer to Measurement Period and Vesting Conditions. Vesting conditions will fall into two different classes:

- Market conditions - a condition upon which the exercise price, vesting or exercisability of the performance rights depends that is related to the market price of an entity's share price - such as attaining a specified share price, or achieving a specified target linked to an entity's share price
- Non-market conditions - all those remaining conditions which do not fall into the above category.

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Any Director of the Company who is eligible to participate in the Verbrec Limited Rights Plan; or
- an associate of that Director or those Directors,

however, for the purposes of ASX Listing Rule 14.11, this does not apply to a vote cast in favour of the resolution 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:
 - o 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
 - o the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Voting prohibition statement

In accordance with the Corporations Act, the Company will disregard votes cast as proxy by Key Management Personnel or their closely related parties in contravention of section 250BD Corporations Act, unless express authorisation is provided under section 250BD(2) Corporations Act. The Company will also disregard votes cast by or on behalf of a related party of the Company to whom the resolution would permit a financial benefit to be given or an associate of such a related party in contravention of section 224 Corporations Act. The Company will also disregard votes cast by Mr Linton Burns or an associate of Mr Linton Burns in contravention of section 200E(2A) Corporations Act.

Directors' recommendation

The Directors abstain, in the interest of good corporate governance, from making a recommendation in relation to this resolution.

Resolution 5: Amendment to the Constitution of Verbrec Limited

Under section 136(2) of the Corporations Act, a company may modify or repeal its constitution of a provision of its constitution by special resolution of shareholders. A special resolution must be passed by at least 75% of the votes cast by the shareholders entitled to vote on the resolution.

The proposed amendments are detailed below and are proposed in order to:

- Allow Verbrec to, where necessary or appropriate, rely on recent amendments to the Corporations Act to modernise attendance and voting at general meetings by allowing it to hold fully virtual meetings. The amendment to the Corporations Act requires that the company's constitution specifically permit the holding of fully virtual meetings and the use of virtual meeting technology; and
- Adjust the Company's constitution in response to the proposed upcoming replacement of the ASX CHESS system

Shareholders can request a marked up copy of the Constitution showing the proposed changes by contacting the Company Secretary at investors@verbrec.com.

If the amendments are not approved by shareholders, then no amendments will be made to the Constitution.

A summary of the proposed amendments is as follows:

Proposed Amendments		
ARTICLE OF THE CONSTITUTION	PROPOSED AMENDMENT	SUMMARY OF PROPOSED AMENDMENT
2.7(a)	<p><u>Delete the words 'three persons' in clause 2.7(a) and replace with:</u></p> <p>"four persons"</p>	In preparation for the proposed replacement of CHES, the number of joint holders of a share that the Company is bound to recognise is proposed to be increased from three to four persons.
8.2	<p><u>Article 8.2 is deleted in its entirety and replaced by the following:</u></p> <p>"8.2 General meetings</p> <p>(a) A Director may convene and arrange to hold a general meeting of the Company whenever the Director thinks fit and must do so if require to do so under the Corporations Act.</p> <p>(b) The Company may hold a meeting of its members:</p> <p>(i) At one or more physical venues;</p> <p>(ii) At one or more physical venues and using virtual meeting technology; or</p> <p>(iii) Using virtual technology only,</p> <p>provided that, in each case, members are provided with a reasonable opportunity to participate in the meeting.</p> <p>Where any part of this constitution requires a person or member to be present 'in-person' at a meeting, for the avoidance of doubt, attendance utilising virtual technology meets the definition of 'in-person'.</p> <p>(c) In the case that Directors elect to use virtual meeting technology for a general meeting of the Company, the Directors shall determine the technology to be used, which may include any combination of telephone, video conferencing, messaging, smartphone application or any other audio and/or visual device which permits instantaneous communication."</p>	An amendment which allows the Directors of Verbrec to hold a meeting of the shareholders utilising any virtual meeting technology, including as appropriate, allowing for wholly virtual meeting of shareholders, provided that the shareholders are provided with reasonable opportunity to participate in the meeting.

Director's recommendation

The Directors recommend that Shareholders vote in favour of Resolution 5.

Glossary

In this Explanatory Statement, the following terms have the following meaning:

Definitions

TERM	DEFINITION
Annual General Meeting or Meeting	Annual general meeting of Shareholders of the Company or any adjournment of it, convened by the Notice.
ASIC	Australian Securities & Investments Commission.
Associates	Has the same meaning as in the Listing Rules.
ASX	ASX Limited ACN 008 624 691, trading as the Australian Securities Exchange
Board or Verbrec Board	Board of Directors of the Company.
Chairperson	The Chairperson of the Board.
Closely Related Party	Has the same meaning as in the Corporations Act.
Company or Verbrec	Verbrec Limited ACN 127 897 689.
Constitution	Means the Constitution of the Company, as amended from time to time.
Corporations Act	Corporations Act 2001 (Cth).
Director	A Director of the Company.
Explanatory Memorandum	Means the Explanatory Memorandum set out in the body of this document.
Group	The Company and its subsidiaries
Key Management Personnel or KMP	Those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.
Listing Rules	The Listing Rules of ASX.
Non-Executive Director	A Director who is not an employee of the Company.
Notice and Notice of Annual General Meeting	The Notice of Annual General Meeting, which accompanies this Explanatory Statement.
Placement Shares	The Shares that are the subject of approval under Resolution 4.
Proxy Form	The proxy form accompanying the Notice.
Resolution	A resolution set out in the Notice.
Share	A fully paid ordinary share in the issued capital of the Company and Shares means any two or more of them.
Shareholder	A registered holder of a Share.



Verbrec Limited (ASX : VBC)

Level 14, 200 Mary Street

Brisbane QLD 4000

verbrec.com

VBC

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

Need assistance?



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



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **1:00PM AEST (Brisbane time) Sunday, 20 November 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 and select "Printable Forms".

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at 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: 999999
SRN/HIN: I999999999
PIN: 99999

For Intermediary Online subscribers (custodians) go to 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.

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



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



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Verbrec 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 Verbrec Limited to be held at Capri by Fraser, 80 Albert Street, Brisbane, QLD, 4000 and virtually via <https://meetnow.global/M2FWYHP> on Tuesday, 22 November 2022 at 1:00PM AEST (Brisbane 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 and 4 (except where I/we have indicated a different voting intention in step 2) even though Resolutions 1 and 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 and 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	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr Phillip Campbell as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr Brian O'Sullivan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for the Granting of Rights to a Director: Mr Linton Burns, CEO and Managing Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Amendment to the Constitution of Verbrec Limited	<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

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

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

VBC

290874A



Computershare

