



2017/18

NOTICE OF ANNUAL  
GENERAL MEETING

The annual general meeting of the Company will be held at

**Manning Conference Room, Quest Apartments  
Fremantle, 8 Pakenham Street, Fremantle, Western  
Australia on Friday, 23 November 2018 at 10.00am  
(AWST).**

This Notice should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on **+61 8 9432 2800**.

Shareholders are urged to attend or vote by lodging the proxy form attached to this Notice.

**WELLARD LIMITED**  
ACN 607 708 190

# NOTICE OF ANNUAL GENERAL MEETING

## **Wellard Limited**

ACN 607 708190

Notice is hereby given that the annual general meeting of shareholders of Wellard Limited (**Company**) will be held at the Manning Conference Room, Quest Apartments Fremantle, 8 Pakenham Street, Fremantle, Western Australia on Friday, 23 November 2018 at 10.00am (AWST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

Terms and abbreviations used in this Notice (including the Explanatory Memorandum) are defined in Schedule 1.

# AGENDA

## **1. ANNUAL & FINANCIAL REPORTS**

To receive and consider the Company's financial reports and the reports of the Directors and the Auditor for the financial year ended 30 June 2018.

## **2. RESOLUTION 1 – CONFIRMATION OF APPOINTMENT OF DIRECTOR JOHN STEVENSON**

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

*“That, pursuant to and in accordance with article 11.3(a) of the Constitution and Listing Rule 14.4 and for all other purposes, John Stevenson, who was appointed as a casual appointment, retires and being eligible is elected as a Director on the terms and conditions in the Explanatory Memorandum.”*

## **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR PHILIP CLAUDIUS**

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

*“That, pursuant to and in accordance with article 11.7(a) of the Constitution and Listing Rule 14.4 and for all other purposes, Philip Claudius who retires by rotation and being eligible is elected as a Director on the terms and conditions in the Explanatory Memorandum.”*

## **4. RESOLUTION 3 – GRANT OF EXECUTIVE SHARE OPTIONS TO JOHN STEVENSON UNDER THE WELLARD EXECUTIVE SHARE OPTION PLAN**

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

*“That, for the purposes of Listing Rules 10.14 and 10.19, section 200E of the Corporations Act and for all other purposes, Shareholders approve the issue of up to 1,500,000 Executive Share Options to John Stevenson (or his nominee), including the issue or transfer of up to 1,500,000 Shares on exercise of those Executive Share Options, pursuant to his remuneration package and under the Wellard Executive Share Option Plan and on the terms and conditions in the Explanatory Memorandum, and the giving of benefits under the Wellard Executive Share Option Plan in connection with any future retirement from his office, directorship or position of employment with the Company, are approved.”*

# AGENDA

## 5. RESOLUTION 4 –REMUNERATION REPORT

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

*“That, pursuant to and in accordance with Section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum.”*

## 6. VOTING EXCLUSIONS

Wellard will, in accordance with ASX Listing Rule 14.11 and the Corporations Act, disregard any votes cast as set out below.

| Resolution   | Description  |
|--|--|
| <b>Resolution 3<br/>Grant of Executive Share Options to John Stevenson under the Wellard Executive Share Option Plan</b> | <p>A vote on this Resolution must not be cast in favour of this resolution by or on behalf of the Directors (except one who is ineligible to participate in any employee incentive scheme in relation to the Company), and any Director that is entitled to participate in a termination benefit, and any of their associates.</p> <p>A vote on this Resolution must not be cast in favour of this resolution by or on behalf of John Stevenson or any associates of John Stevenson.</p> <p>However, the Company need not disregard any vote if it is cast:</p> <ul style="list-style-type: none"><li>- by a person as a proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form); or</li><li>- by the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).</li></ul> <p>In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such a member and the appointment does not specify how the proxy is to vote.</p> <p>However, the Company need not disregard any vote if it is not cast on behalf of a person who is otherwise</p> |

# AGENDA

| Resolution                                      | Description  |
|---|--|
|   | <p>excluded from voting, and:</p> <ul style="list-style-type: none"><li>- the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or</li><li>- the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the Remuneration of a member of the Key Management Personnel.</li></ul>  |
| <b>Resolution 4<br/>Remuneration<br/>Report</b> | <p>A vote on this Resolution must not be cast:</p> <ul style="list-style-type: none"><li>- by or 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, regardless of the capacity in which the vote is cast; or</li><li>- by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such a member.</li></ul> <p>However, a vote may be cast by such persons if the vote is not cast on behalf of the person who is excluded from voting on this Resolution, and:</p> <ul style="list-style-type: none"><li>- the person is appointed as a proxy that specifies the way the proxy is to vote on this Resolution; or</li><li>- the person is the Chairman and the appointment of the Chairman as proxy does not specify the way the proxy is to vote on this Resolution, but expressly authorises the Chairman to exercise the proxy even if this Resolution is connected with the remuneration of a member of the Key Management Personnel.</li></ul> |

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## 7. VOTING INTENTIONS OF THE CHAIRMAN

Shareholders should be aware the Chairman of the meeting intends to vote undirected proxies in favour of each item of business.

## 8. OTHER INFORMATION

Wellard notes the following additional information:

- (a) A Shareholder entitled to attend and cast a vote at the meeting is entitled to appoint a proxy.
- (b) The proxy need not be a Shareholder of Wellard. A Shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.
- (c) Any Shareholder that wishes to appoint a proxy and is entitled to do so must complete and return the attached proxy to Wellard before 10:00 am (Perth time) 21 November 2018.
- (d) Where any KMP (or the Closely Related Party of any KMP) is appointed as a proxy and that proxy does not direct the KMP how to vote, the KMP must not vote on a resolution connected directly or indirectly with the remuneration of any KMP unless:
  - (i) the proxy is the person chairing the meeting; and
  - (ii) the proxy appointment expressly authorises the person chairing the meeting to vote undirected proxies on that resolution.
- (e) If the relevant proxy form specifies the way the proxy is to vote on a particular resolution, the proxy need not vote on a show of hands but if the proxy does so it must vote as specified in the proxy form.
- (f) If the proxy form appoints two or more individuals and specifies that each must vote differently on the resolutions, then the relevant proxies must not vote on a show of hands.
- (g) If the proxy is the chair of the meeting, the proxy must vote on a poll or must vote the way specified in the proxy form.
- (h) If the proxy is not the chair of the meeting, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote as specified in the proxy form.
- (i) If the proxy form specifies the way the proxy is to vote on a particular resolution and the proxy is not the chair of the meeting and a poll is demanded and either:

# AGENDA

(i) the proxy is not recorded as attending; or

(ii) the proxy does not vote,

the chair of the meeting is deemed to be the proxy for that resolution.

(j) A corporation may elect to appoint a representative, rather than appoint a proxy, under the Corporations Act, in which case Wellard will require written proof of the representative's appointment, which must be lodged with or presented to Wellard before the meeting.

(k) Wellard has determined under regulation 7.11.37 of the Corporations Regulations that for the purpose of voting at the Meeting or any adjourned meeting, securities are taken to be held by those persons recorded in Wellard's register of Shareholders as at 4:00 pm (Perth time) 21 November 2018.

Shareholders that have queries on how to cast their votes may contact Wellard's Company Secretary, Michael Silbert, on +61 8 9432 2800 during Western Australian business hours.

Dated: 17 October 2018

By order of the Board

A handwritten signature in black ink, appearing to read "Michael Silbert", with a stylized flourish at the end.

**Mr Michael Silbert**

Company Secretary

Wellard Limited

# EXPLANATORY MEMORANDUM

## 1. INTRODUCTION

This Explanatory Memorandum accompanies the notice of general meeting of Wellard to be held at Quest Fremantle, 8 Pakenham Street, Fremantle, on 23 November 2018 at 10:00 am (Perth time).

This Explanatory Memorandum has been prepared to assist Shareholders in determining how to vote on the resolutions proposed and ought to be read in conjunction with the Notice of Meeting.

## 2. ANNUAL & FINANCIAL REPORTS

The Corporations Act and the Constitution require the following reports in respect of the financial year ended 30 June 2018 to be laid before the Meeting:

- (a) the Financial Report (which includes the financial statements and the Directors' declaration); and
- (b) the Directors' Report and the Auditor's Report.

No resolution is required to be moved in respect of this item.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <http://www.wellard.com.au>.

In accordance with the Corporations Act, Shareholders will be given a reasonable opportunity at the Meeting to ask questions and make comments on the Annual Report and on the business, operations and management of the Company.

Shareholders will also be given a reasonable opportunity to ask the Auditor questions relevant to the conduct of the audit, the preparation and content of the independent audit report, the accounting policies adopted by the Company in relation to the preparation of the accounts and the independence of the Auditor in relation to the conduct of the audit.

The Company asks that you submit any questions for the Auditor in advance of the meeting and in writing to the Company Secretary: [cosec@wellard.com.au](mailto:cosec@wellard.com.au). Such questions should be received by no later than 5.00pm WST on 21 November 2018.



# EXPLANATORY MEMORANDUM

## **3 RESOLUTION 1 – CONFIRMATION OF APPOINTMENT OF JOHN STEVENSON AS DIRECTOR**

### 3.1 Summary

Resolution 1 is an ordinary resolution that seeks Shareholder approval for the election of John Stevenson as a director of the Company.

### 3.2 Background to Resolution 1

John Stevenson was appointed as a Director by the Board on 6 August 2018.

John Stevenson was appointed Chief Financial Officer on 7 November 2016, and an Executive Director on 6 August 2018. John has lived and worked in various countries throughout the Asian region, with over 30 years' experience in the agribusiness, consumer goods, automotive and related consumer financing sectors.

John has previously held senior management and financial positions with some of Australia's largest cattle producers and live-exporters, including Consolidated Pastoral Company Pty Ltd and Heytesbury Beef Pty Ltd. He has also previously worked for Jardine Matheson Ltd, Deloitte and PWC. John is a chartered accountant (Fellow in Australia), a CPA in Singapore, and a graduate of the Australian Institute of Directors program.

Resolution 1 seeks approval from Shareholders and confirmation of the appointment of John Stevenson.

### 3.3 ASX Listing Rule 14.4 and Constitution

ASX Listing Rule 14.4 requires that a Director appointed as an addition to the Board does not hold office (without re-election) past the next annual general meeting of the entity.

Article 11.3(a) of the Constitution provides that if a person is appointed as a Director by the Board, the Company must confirm that appointment at the next annual general meeting.

# EXPLANATORY MEMORANDUM

## 3.4 Section 201A of the Corporations Act

Section 201A of the Corporations Act provides that a public company must have at least three directors, two of which must ordinarily reside in Australia.

The ASX may suspend any company that does not meet the requirement for two resident directors under Section 201A of the Corporations Act.

John Stevenson ordinarily resides in Australia and his residency status, together with the residency status of fellow Director John Klepec, ensures the Company is in compliance with Section 201A of the Corporations Act. All other Directors reside outside Australia.

In the event that Shareholders do not approve Resolution 2, the Company will seek to appoint to the Board an alternative individual that ordinarily resides in Australia to ensure the Company's compliance with Section 201A of the Corporations Act.

## 3.5 Proxies & Directors' recommendation

The Chairman intends to exercise all available proxies in favour of Resolution 1.

As part of its ongoing performance review process, the Board has considered the contribution of John Stevenson to the Board and its committees. The Board (excluding John Stevenson) recommends that Shareholders vote in favour of Resolution 1.

## 4 **RESOLUTION 2 – RE-ELECTION OF DIRECTOR PHILIP CLAUSIUS**

### 4.1 Summary

Resolution 2 is an ordinary resolution that seeks Shareholder approval for the re-election of Philip Clausius.

### 4.2 Background to Resolution 2

Philip Clausius was appointed as a Director on 19 November 2015.

Philip Clausius is the Founder and Managing Partner of Singapore based Transport Capital Pte. Ltd., an investment management and advisory firm focused on the global shipping and transport industry. Prior to this, he was Co-Founder and CEO of the FSL Group, a Singapore-based provider of leasing services to the international shipping industry where he oversaw the acquisition and financing of approximately US\$1 billion in maritime assets as

# EXPLANATORY MEMORANDUM

well as the IPO of FSL Trust in March 2007, which raised about US\$330 million in equity proceeds in a globally marketed offering.

Philip Clausius is Chairman of the Company's Nomination and Remuneration Committee and is a Member of the Company's Audit, Risk and Compliance Committee.

Resolution 2 seeks approval from Shareholders for the re-election of Philip Clausius.

## 4.3 Constitution

The Constitution provides that one-third of the Directors (excluding any Director required to retire by virtue of being appointed under a casual vacancy and the Managing Director (if any)) must retire at each annual general meeting.

To select those Directors who must retire, the Company must identify those Directors that have held office for three or more years, or three or more annual general meetings, since last being elected.

Wellard has identified Philip Clausius as being the Director who must retire from office pursuant to the Constitution.

Article 11.7(a) of the Constitution provides that the Directors who retire from office are eligible for re-election.

## 4.4 Proxies and Directors' recommendation

The Chairman intends to exercise all available proxies in favour of Resolution 2.

As part of its ongoing performance review process, the Board has considered the contribution of Philip Clausius to the Board and its committees. The Board (excluding Philip Clausius) supports the re-election of Philip Clausius and recommends that Shareholders vote in favour of Resolution 2.

# EXPLANATORY MEMORANDUM

## **5 RESOLUTION 3 – GRANT OF EXECUTIVE SHARE OPTIONS TO JOHN STEVENSON UNDER THE WELLARD EXECUTIVE SHARE OPTION PLAN**

### 5.1 Summary

Resolution 3 is an ordinary resolution that seeks Shareholder approval for the new issue of 1,500,000 Executive Share Options to John Stevenson, a director of the Company.

### 5.2 Background to Resolution 3

John Stevenson was appointed as an executive Director on 6 August 2018.

The Company's remuneration policy for long-term incentives is included in the Company's 2018 Annual Report. The Company's remuneration policy is to ensure executive remuneration is competitive in retaining and motivating key executives. The issue of these Executive Share Options, which are subject to certain share-price performance hurdles and a continued period of employment, will provide a long-term incentive for outstanding performance and the opportunity for share ownership.

The proposed issue of the Executive Share Options under this Company-wide long-term incentive plan seeks to align John Stevenson's interests with those of Shareholders by linking his remuneration with the long-term performance of the Company.

### 5.3 Terms of Executive Share Option Plan

The Wellard Executive Share Option Plan was approved at the Company's 2016 Annual General Meeting. The material terms of the Wellard Executive Share Option Plan are summarised in Schedule 2.

The Executive Share Options to Mr Stevenson will be issued in the following tranches:

- (a) 375,000 Executive Share Options with an exercise price of \$0.25 and a term of 4 years;
- (b) 600,000 Executive Share Options with an exercise price of \$0.40 and a term of 4 years; and
- (c) 525,000 Executive Share Options with an exercise price of \$0.60 and a term of 4 years.

# EXPLANATORY MEMORANDUM

The Executive Share Options shall be convertible into Shares upon payment of their exercise price.

## 5.4 Good leaver or Corporate Action scenarios

Under the Wellard Executive Share Option Plan, if a participant ceases to be an Employee in circumstances other than as a bad leaver, the Board may determine, in its absolute discretion, whether that participant will forfeit or retain their Executive Share Options and the terms and conditions applicable to the forfeiture of those Executive Share Options.

In the event of a Corporate Action, or another event determined by the Board to be a suitably similar event, the Board may determine, in its absolute discretion and subject to applicable law, that:

- (a) a participant may transfer or otherwise dispose of their Executive Share Options; or
- (b) any applicable Disposal Restrictions will be waived.

## 5.5 Section 200B of the Corporations Act

The Corporations Act restricts the benefits which can be given to individuals that hold a managerial or executive office (as defined in the Corporations Act) in connection with the retirement from their position of employment in the Company or its related bodies corporate. A person that holds a managerial or executive office includes a member of the Key Management Personnel.

As a Director and the Company's Chief Financial Officer, John Stevenson is a member of the Key Management Personnel.

In accordance with section 200B of the Corporations Act, to give a benefit in connection with a person's retirement from an office, the Company must obtain the approval of Shareholders in the manner set out in section 200E of the Corporations Act.

A benefit includes automatic, or accelerated, vesting of share-based payments for a person or the exercise of discretion to allow a person to maintain a benefit they would not otherwise be entitled to retain, on, or as a result of, retirement from their position of employment in the company.

Under the Wellard Executive Share Option Plan, if a participant ceases to be an Employee in circumstances other than as a bad leaver, the Board may determine, in its absolute discretion, whether that participant will forfeit or retain their Executive Share Options and the terms and conditions applicable to the forfeiture of those Executive Share Options.

# EXPLANATORY MEMORANDUM

Accordingly, Shareholder approval of Resolution 3 will permit the Board, where appropriate, to deal with the Executive Share Options in accordance with the terms of the Wellard Executive Share Option Plan, including the exercise of the Board's discretion to:

- (a) allow John Stevenson to retain and not forfeit any Executive Share Options;
- (b) allow John Stevenson to transfer or otherwise dispose of his Executive Share Options; and/or
- (c) waive any Disposal Restrictions in respect of his Executive Share Options,

(the **Retirement Benefits**).

Accordingly, the Company is seeking Shareholder approval under section 200E of the Corporations Act in connection with these potential Retirement Benefits.

The value of the termination benefits connected to the Executive Share Options cannot presently be ascertained but matters, events and circumstances that will, or are likely to, affect the calculation of that value include:

- (d) the number of Executive Share Options held by John Stevenson prior to his retirement from office, or position of employment;
- (e) the reasons for John Stevenson's cessation of employment;
- (f) the length of service with the Company and the performance of John Stevenson over that period of time;
- (g) the extent to which any vesting conditions or other performance or exercise hurdles have been satisfied;
- (h) the market price of the Shares on ASX at the relevant time;
- (i) the risk-free rate of return in Australia and the estimated volatility of the Shares on ASX at the relevant time; and
- (j) any other factors the Board determines to be relevant when exercising its discretion under the terms of the Wellard Executive Share Option Plan, including to allow the retention and non-forfeiture, or accelerating the vesting conditions associated with the Executive Share Options held by John Stevenson at the relevant time.

# EXPLANATORY MEMORANDUM

The Company will calculate the value of the benefit at the relevant time based on the above factors and using the Black Scholes Pricing Model to value the Executive Share Options.

## 5.6 ASX Listing Rules 7.1, 10.14 and 10.19

In accordance with Listing Rule 10.14, the Company must not permit a Director or any of his or her associates to acquire securities under an employee incentive scheme unless it obtains Shareholder approval.

Pursuant to Listing Rule 7.2, exception 14, as Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rule 7.1 is not required. The issue of Executive Share Options (and the resultant Shares) to John Stevenson will not be included in calculating the Company's capacity to issue securities under Listing Rules 7.1 and 7.1A.

In accordance with Listing Rule 10.19, the Company must ensure no Officer of the Company or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all Officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules, unless it obtains Shareholder approval.

The Company is therefore also seeking Shareholder approval for the purposes of Listing Rule 10.19 as the Executive Share Options may, subject to the Board's discretion, vest upon termination of John Stevenson's employment. The value of the termination benefit payable to John Stevenson depends on a number of factors, including the value of the Company's equity interests, which vary over time. Accordingly, it is possible that the provision of the benefit associated with the acceleration of the vesting of Executive Share Options may exceed 5% of the equity interests at the relevant time.

## 5.7 Technical Information required by ASX Listing Rule 10.15

For the purposes of ASX Listing Rule 10.15, Wellard provides the following particulars:

|   |   |
|---|---|
| <b>Proposed Recipients</b>  | The Executive Share Options are proposed to be issued to John Stevenson (or his nominee), who is a related party of the Company by virtue of being a Director |
| <b>Maximum Number of Executive Share Options to be Issued to John Stevenson</b> | 1,500,000 Executive Share Options, being:<br>- 375,000 Executive Share Options with an exercise price of \$0.25 and a term of 4 years;                        |

# EXPLANATORY MEMORANDUM

|  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>- 600,000 Executive Share Options with an exercise price of \$0.40 and a term of 4 years; and</li> <li>- 525,000 Executive Share Options with an exercise price of \$0.60 and a term of 4 years.</li> </ul>   |
| <b>Date By Which Executive Options Will Be Issued</b>                | The Executive Share Options will be issued no later than 12 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended the issue of the Executive Share Options will occur on the same date.  |
| <b>Issue Price</b>   | The Executive Share Options are proposed to be issued for nil cash consideration.  |
| <b>Intended Use of Funds Raised</b>                                  | No funds will be raised from the issue of the Executive Share Options as they are being issued for nil cash consideration.   |
| <b>Previous Issues under the Wellard Executive Share Option Plan</b> | <p>The Company has previously approved the following Equity Securities under the Wellard Executive Share Option Plan:</p> <ul style="list-style-type: none"> <li>- Shareholders approved the issue of 500,000 Executive Share Options to Mr Mauro Balzarini at the Company's 2016 Annual General Meeting, however these Executive Share Options were never issued.</li> <li>- Shareholders approved the issue of 5,600,000 Executive Share Options to Mr Fred Troncone at the Company's 2017 Annual General Meeting, however these Executive Share Options were never issued.</li> </ul> |
| <b>Terms of Issue</b>  | The terms and conditions of the Executive Share Options are set out in Schedule 2.   |
| <b>Voting Exclusion Statement</b>                                    | A voting exclusion statement is included in the Notice for Resolution 3.   |



# EXPLANATORY MEMORANDUM

## 5.8 Section 208 of the Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

John Stevenson is a Director and is therefore a related party of the Company.

The Board has considered the application of section 208 of the Corporations Act and has resolved that the reasonable remuneration exception provided by section 211 of the Corporations Act is relevant in the circumstances, and accordingly the Company will not seek approval for the proposed issue of the Executive Share Options to John Stevenson pursuant to section 208 of the Corporations Act.

In reaching this conclusion, the Board has had regard to a variety of factors, including market practice and the remuneration offered to persons in comparable positions at comparable companies.

## 5.9 Proxies

The Chairman intends to exercise all available proxies in favour of Resolution 3.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 3, by signing and returning the Proxy Form, you are considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

## 5.10 Directors' recommendation

The Directors (excluding John Stevenson, who does not vote by virtue of his status as a KMP named in the Remuneration Report) recommend that Shareholders vote in favour of Resolution 3.

## 6 RESOLUTION 4 – REMUNERATION REPORT

### 6.1 Summary

Resolution 4 is an ordinary resolution that seeks Shareholder approval of the Company's Remuneration Report. This resolution is advisory only and does not bind the Directors or the Company.

# EXPLANATORY MEMORANDUM

## 6.2 Section 250R

Section 250R(2) of the Corporations Act provides that the Company is required to put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report, which sets out the remuneration policy for the Company and the remuneration arrangements in place for the executive Directors, specified executives and non-executive Directors.

Section 250R(3) of the Corporations Act provides that Resolution 4 is advisory only and does not bind the Directors or the Company. A failure of Shareholders to pass Resolution 4 will not require the Directors to alter any of the arrangements in the Remuneration Report.

## 6.3 Two Strikes Rule

Sections 250U and 250Y of the Corporations Act give Shareholders the opportunity to seek changes to the Board if the Remuneration Report receives a 'no' vote of 25% or more at two consecutive Annual General Meetings (**Two Strikes Rule**).

Under the Two Strikes Rule, where a resolution on the Remuneration Report receives a 'no' vote of 25% or more at two consecutive Annual General Meetings, the Company will be required to put to Shareholders at the second Annual General Meeting a resolution (**Spill Resolution**). If the Spill Resolution is passed by more than 50% of Shareholders, the Company must hold another meeting within 90 days, at which all Directors (other than the Managing Director) who were in office at the date of the Second Strike must stand for re-election.

## 6.4 Wellard's status

It is noted that at the Company's most recent Annual General Meeting (i.e. the Annual General Meeting held by the Company last year), more than 75% of the votes cast were in favour of the remuneration report and, accordingly, a Spill Resolution is not required for this Annual General Meeting.

In summary, if the Remuneration Report receives a 'no' vote of 25% or more at this year's Annual General Meeting and there is a 'no' vote of 25% or more at the next Annual General Meeting, Shareholders should be aware that it may result in the spill of the present Board and the need to consider and elect or re-elect new Board members.

The Chairman will allow a reasonable opportunity for Shareholders to ask about, or make comments on, the Remuneration Report.

# EXPLANATORY MEMORANDUM

## 6.5 Proxies

The Chairman intends to exercise all undirected proxies in favour of Resolution 4.

If the Chairman is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 4, you will be considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

# SCHEDULE 1 – DEFINED TERMS

## 1 DEFINED TERMS

- 1.1 **Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report of the Company in respect of the financial year ended 30 June 2018.
- 1.2 **ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.
- 1.3 **Auditor's Report** means the auditor's report on the Financial Report.
- 1.4 **Board** means the board of directors of the Company.
- 1.5 **Chairman** means the person appointed to chair the Meeting, or any part of the Meeting, convened by the Notice.
- 1.6 **Closely Related Party** means:
- (a) a spouse or child of the member; or
  - (b) has the meaning given in section 9 of the Corporations Act.
- 1.7 **Company** or **Wellard** means Wellard Limited (ABN 607 708 190).
- 1.8 **Constitution** means the constitution of the Company as at the commencement of the Meeting.
- 1.9 **Corporate Action** means where:
- (a) the Board determines there are circumstances which have occurred or are likely to occur which will result in significant changes to the structure or control of the Company or the Group which may adversely affect the rights of or value to participants under the Wellard Executive Share Option Plan;
  - (b) offers are made to acquire all of the Shares (or all of those that the offeror does not already have a relevant interest in) and after the announcement of the offer, the offeror acquires control of the Company or the Group or offers are made to acquire all of the Shares (or all of those that the offeror does not already have a relevant interest in) by any person who has control of the Company or the Group;
  - (c) a scheme or arrangement under the Corporations Act is proposed between the Company and its shareholders; or

# SCHEDULE 1 – DEFINED TERMS

- (d) a resolution for a members' voluntary winding up of the Company is passed.
- 1.10 **Corporations Act** means the Corporations Act 2001 (Cth).
- 1.11 **Director** means a director of the Company.
- 1.12 **Directors' Report** means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.
- 1.13 **Disposal Restrictions** means such restrictions on disposal or dealing in Executive Share Options or in Shares delivered on exercise of Executive Share Options, as determined by the Board from time to time at its absolute discretion.
- 1.14 **Employee** means:
- (a) an employee, contractor or consultant of the Group;
  - (b) a director of any Group Company;
  - (c) a person to whom an offer of employment, engagement as a contractor or engagement as a consultant to the Group has been made; or
  - (d) any individual who is otherwise engaged by the Group to provide services.
- 1.15 **Equity Securities** has the same meaning as in the Listing Rules.
- 1.16 **Explanatory Memorandum** means the explanatory memorandum which forms part of this Notice.
- 1.17 **Financial Report** means the annual financial report prepared under chapter 2M of the Corporations Act of the Company and its controlled entities.
- 1.18 **Group** means the Company and its subsidiaries and **Group Company** means any one of them.
- 1.19 **Key Management Personnel** or **KMP** means 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.
- 1.20 **Listing Rules** means the listing rules of ASX.
- 1.21 **Managing Director** means the managing director of the Company.

# SCHEDULE 1 – DEFINED TERMS

- 1.22 **Meeting** has the meaning in the introductory paragraph of the Notice.
- 1.23 **Notice** means this notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.
- 1.24 **Option** means an option that entitles the holder to subscribe for one Share.
- 1.25 **Proxy Form** means the proxy form attached to the Notice.
- 1.26 **Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.
- 1.27 **Resolution** means a resolution contained in the Notice.
- 1.28 **Retirement Benefits** has the meaning given in Section 0.
- 1.29 **Schedule** means a schedule to this Explanatory Memorandum.
- 1.30 **Section** means a section of this Explanatory Memorandum.
- 1.31 **Share** means a fully paid ordinary share in the capital of the Company.
- 1.32 **Shareholder** means a shareholder of the Company.
- 1.33 **Spill Resolution** has the meaning given in Section 6.
- 1.34 **Two Strikes Rule** has the meaning given in Section 6.
- 1.35 **Wellard Executive Share Option Plan** means the Executive Share Option Plan adopted by the Board.

## 2 INTERPRETATION

- 2.1 In this Notice and this Explanatory Memorandum, except where the context otherwise requires:
  - (a) The singular includes the plural and vice versa, and a gender includes other genders;
  - (b) another grammatical form of a defined word or expression has a corresponding meaning;
  - (c) a reference to time is to Perth time; and
  - (d) a reference to A\$, \$A, dollar or \$ is to Australian currency.

# SCHEDULE 2 – SUMMARY OF MATERIAL TERMS OF WELLARD EXECUTIVE SHARE OPTION PLAN

## 1 MATERIAL TERMS SUMMARY

A summary of the material terms of the Wellard Executive Share Option Plan approved by Shareholders at the Company's 2016 Annual General Meeting is set out below.

| Item or Material Term                | Summary of Material Term   |
|--------------------------------------|--|
| <b>PLAN DETAILS</b>                  |  |
| <b>Name of Plan</b>                  | Wellard Executive Share Option Plan.   |
| <b>1. Purpose of the Plan</b>        | To attract, reward and retain valuable employees and support the growth of the Company.  |
| <b>2. Eligibility to Participate</b> | The Employees who the Board determines, in its absolute discretion, to issue an Executive Share Option.  |
| <b>3. Option term</b>                | 10 years from the date of issue or such other date determined by the Board in its absolute discretion.   |
| <b>4. Payout alternatives</b>        | The Company may determine, in its discretion, whether to settle vested and exercised Executive Share Options in cash or Shares.                          |
| <b>5. Source of Shares</b>           | The Board may determine, in its absolute discretion, to either issue the new Shares or acquire Shares on market.   |
| <b>6. Exercise price</b>             | Executive Share Options may be granted with an exercise price as determined by the Board, including, for the avoidance of doubt, with no exercise price. |

# SCHEDULE 2 – SUMMARY OF MATERIAL TERMS OF WELLARD EXECUTIVE SHARE OPTION PLAN

| Item or Material Term                     | Summary of Material Term   |
|---|--|
| <b>VESTING CONDITIONS</b>                 |  |
| <b>7. Performance Conditions</b>          | The Executive Share Options may have milestone dates, prior to which performance conditions must be satisfied.   |
| <b>DISPOSAL RESTRICTIONS</b>              |  |
| <b>8. Disposal restrictions on Shares</b> | The Board may in its absolute discretion, determine the Disposal Restrictions that apply to some or all Shares acquired under the Wellard Executive Share Option Plan and may determine the terms and conditions of such Disposal Restrictions.  |
| <b>FORFEITURE AND TERMINATION</b>         |  |
| <b>9. Good Leaver</b>                     | <p>A good leaver is a participant under the Wellard Executive Share Option Plan who:</p> <ul style="list-style-type: none"> <li>a) ceases to be an employee as a result of genuine redundancy, death or total and permanent disablement;</li> <li>b) ceases to be an Employee and the Board determines at its sole discretion is a good leaver.</li> </ul> <p>If a participant is a good leaver:</p> <ul style="list-style-type: none"> <li>c) The number of unvested Executive Share Options that will be retained by the participant will be calculated in accordance with the following formula:</li> </ul> |



## SCHEDULE 2 – SUMMARY OF MATERIAL TERMS OF WELLARD EXECUTIVE SHARE OPTION PLAN

| Item or Material Term | Summary of Material Term   |
|-----------------------|--|
|                       | $RA = \frac{UO \times D}{TVP}$   |
|                       | <p>Where:</p> <p><b>RA</b> = The number of unvested Executive Share Options the good leaver may retain (rounded down to the nearest whole number).</p> <p><b>UO</b> = The number of unvested Executive Share Options that could have vested had the good leaver remained an Employee.</p> <p><b>D</b> = The number of months which have elapsed in the period beginning on the issue of the Executive Share Options and ending on the date that the Participant ceases to be an Employee (rounded up to the nearest whole number).</p> <p><b>TVP</b> = The number of months in the vesting period applicable to all Executive Share Options for the relevant tranche (e.g. if Executive Share Options are subject to annual vesting over a four year period, the TVP is 48); and</p> <p>d) all vested Executive Share Options will be retained by the good leaver.</p> |

## SCHEDULE 2 – SUMMARY OF MATERIAL TERMS OF WELLARD EXECUTIVE SHARE OPTION PLAN

| Item or Material Term        | Summary of Material Term   |
|------------------------------|--|
|                              | <p>Notwithstanding the above, if a participant ceases to be an Employee in circumstances other than as a bad leaver (Refer below), the Board may determine, in its absolute discretion, whether that participant will forfeit or retain their Executive Share Options and the terms and conditions applicable to the forfeiture of those Executive Share Options.</p>  |
| <p><b>10. Bad Leaver</b></p> | <p>A bad leaver is a participant under the Wellard Executive Share Option Plan who ceases to be an Employee and who:</p> <ul style="list-style-type: none"> <li>a) breaches any provision of the terms of their employment and who the Board determines is a bad leaver;</li> <li>b) breaches any provision of the Wellard Executive Share Option Plan and fails to rectify such breach within 10 days of the date the Board issues notice of such breach;</li> <li>c) is subject to an insolvency event; or</li> <li>d) the Board determines in its absolute discretion is a bad leaver,</li> </ul> <p>but does not include a participant who is a good leaver (refer above).</p> <p>If a participant is a bad leaver, all Executive Share Options held will lapse and all rights of the participant in respect of all unvested Executive Share Options, exercised Executive Share Options for which Shares are yet to be transferred, allotted or issued, and vested but unexercised Executive Share Options will cease.</p> |

## SCHEDULE 2 – SUMMARY OF MATERIAL TERMS OF WELLARD EXECUTIVE SHARE OPTION PLAN

| Item or Material Term        | Summary of Material Term   |
|------------------------------|--|
| <b>CORPORATE ACTIONS</b>     |  |
| <b>11. Corporate Actions</b> | <p>In the event of a Corporate Action or any other event determined by the Board, in its absolute discretion, subject to applicable law, the Board may determine that:</p> <ul style="list-style-type: none"> <li>a) a participant's unvested Executive Share Options will vest;</li> <li>b) a participant may transfer or otherwise dispose of their Executive share Options; or</li> <li>c) any Disposal Restrictions will be waived.</li> </ul> |
| <b>LIMITS ON CAPITAL</b>     |  |
| <b>12. Limits on capital</b> | <p>The Company will comply with such legal and regulatory limitations which limited the percentage of the capital of the Company that may be available under the Executive Share Option Plan from time to time as determined by the Board to be appropriate.</p>   |





# Wellard

ABN 53 607 708 190

## LODGE YOUR VOTE

**ONLINE**  
www.linkmarketservices.com.au

**BY MAIL**  
Wellard Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia

**BY FAX**  
+61 2 9287 0309

**BY HAND**  
Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138

**ALL ENQUIRIES TO**  
Telephone: +61 1300 554 474



X99999999999

## PROXY FORM

I/We being a member(s) of Wellard Limited and entitled to attend and vote hereby appoint

### APPOINT A PROXY

**the Chairman of the Meeting (mark box)** **OR** if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am (Perth time) on Friday, 23 November 2018 at Quest Fremantle, 8 Pakenham Street, Fremantle WA 6160 (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolutions 3 and 4:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 3 and 4, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote directed proxies in favour of each item of business.**

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overlaid before marking any boxes with an

#### Resolutions

|  | For                      | Against                  | Abstain*                 |
|--|--------------------------|--------------------------|--------------------------|
| 1 Confirmation of Appointment of Director John Stevenson   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Re-election of Director Philip Clausius  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Grant of Executive Share Options to John Stevenson under the Wellard Executive Share Option Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4 Remuneration Report  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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

### SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

| Securityholder 1 (Individual)            | Joint Securityholder 2 (Individual)     | Joint Securityholder 3 (Individual) |
|--|---|-------------------------------------|
| <input type="text"/>                     | <input type="text"/>                    | <input type="text"/>                |
| Sole Director and Sole Company Secretary | Director/Company Secretary (Delete one) | Director                            |

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

WLD PRX1801C



## HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

### APPOINTMENT OF A SECOND PROXY

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 telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either securityholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

### LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:00am (Perth time) on Wednesday, 21 November 2018**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using:



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



#### BY MOBILE DEVICE

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au) into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

#### QR Code



To scan the code you will need a QR code reader application which can be downloaded for free on your mobile device.



#### BY MAIL

Wellard Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235  
Australia



#### BY FAX

+61 2 9287 0309



#### BY HAND

delivering it to Link Market Services Limited\*  
1A Homebush Bay Drive  
Rhodes NSW 2138

\* in business hours (Monday to Friday, 9:00am–5:00pm)



### COMMUNICATIONS PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



#### ONLINE

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**