



Notice of Annual General Meeting

Melbourne, New York 5 May 2020

Fluence Corporation Limited (ASX: FLC) advises that the 2020 Annual General Meeting will be convened at 9.00am on Thursday 4 June 2020 (AEST AU).

Due to COVID-19 related restrictions on public meetings, shareholders are invited to attend by webcast.

Shareholders wishing to access the webcast must register at the following address, using your shareholding registration number.

<https://s1.c-conf.com/diamondpass/10006222-invite.html>

The webcast link will be found at:

<https://services.choruscall.com.au/webcast/fluence-200604.html>

Participants can also dial in using the following numbers:

Australia toll/international	+61 2 9007 4041
Australia toll-free	1 800 173 224
USA toll-free	(855) 336 4664
USA toll	(208) 758 0667
Israel toll-free	1809 451 891

and entering the conference ID 10006222.

The detailed Notice and Proxy Form are attached.

-ENDS-

For further information, please contact:

Investors:

Ronn Bechler
Market Eye
E: ronn.bechler@marketeye.com.au
P: +61 400 009 774

Media (Australia):

Tristan Everett
Market Eye
E: tristan.everett@marketeye.com.au
P: +61 403 789 096

Media (USA):

Erik Arfalk
Chief Marketing Officer
E: earfalk@fluencecorp.com
P: +1 914 998 3302

This announcement is authorised for lodgement on ASX by Ross Kennedy, Company Secretary, Fluence Corporation Limited.

About Fluence Corporation Limited (ASX: FLC)

Fluence is a leader in the decentralized water, wastewater and reuse treatment markets, with its pre-engineered, standardized Smart Products Solutions, including Aspiral™, NIROBOX™ and SUBRE. Fluence offers an integrated range of services across the complete water cycle, from early stage evaluation, through design and delivery to ongoing support and optimization of water related assets, as well as Build Own Operate Transfer (BOOT) and other recurring revenue solutions. With established operations in North America, South America, the Middle East, Europe and China, Fluence has experience operating in over 70 countries worldwide and enables businesses and communities worldwide to maximize their water resources.

Further information can be found at <https://www.fluencecorp.com/>.



**FLUENCE CORPORATION LIMITED
(ACN 127 734 196)**

NOTICE OF 2020 ANNUAL GENERAL MEETING

TIME: 9.00am AEST

DATE: Thursday, 4 June 2020

PLACE: Fluence Corporation Limited
Level 3, 62 Lygon Street
Carlton, Victoria 3053

AND

Via webcast as set out in the attached

This Notice of Annual General Meeting (together with the accompanying Explanatory Memorandum) should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Annual General Meeting, please do not hesitate to contact Ross Kennedy, Company Secretary at rkennedy@fluencecorp.com or +61 409 524 442.

If you have questions regarding attendance at, or questions for, the Annual General Meeting via the webcast, please contact the Company's share registry, Boardroom Limited by telephone: from within Australia 1300 737 760 or from outside Australia +61 2 9290 9600.

4 May 2020

Dear Fluence Shareholder,

On behalf of the Board of Directors of Fluence Corporation Limited (**Fluence** or the **Company**), we are pleased to present the Company's 2019 Annual Report and Notice of Annual General Meeting (**AGM**), which will be held on Thursday, 4 June 2020 in Melbourne, Australia and by webcast.

As I write to you, Fluence and the business world at large are facing unprecedented challenges stemming from the Covid-19 pandemic. We have been actively working with local governments, partners and customers around the world to ensure the safety and well-being of all our employees, which is of the outmost importance to us.

Despite the global health challenges and economic disruptions, Fluence still achieved the significant milestone of positive EBITDA in the March quarter, due in large part to the financial close of the Ivory Coast Project and for work already performed and delivered to the customer. The Company also remains on track to deliver 2020 guidance.

We have seen a reduction in activity resulting from COVID-19 and therefore have made the prudent decision to implement cash conservation strategies in all jurisdictions, including deferrals in Directors' fees and executive remuneration. Fluence is seeing the benefits of being globally diversified, with the ability to rapidly adapt to changing economic demand in individual regions. Overheads have been restructured to provide a leaner, more focused and nimbler organisation.

The COVID-19 crisis is highlighting the fundamental need for safe water supply and hygiene. We continue to strengthen our position as a leader in the global decentralised water and wastewater segment and anticipate that longer-term demand for Fluence's safe, secure water and wastewater treatment solutions will increase.

In 2019 we enjoyed a great deal of stability for the Board and Executive team with no departures. On March 31, 2020, Peter Marks, our longest serving Director, retired.

The Fluence Board and management team remain committed to riding out the current COVID-19 crisis and continuing to realise Fluence's full potential. In the interests of protecting the health of our shareholders and to comply with government regulations, shareholders will only be able to attend this year's AGM online, and voting will take place by way of proxy and poll. Please pay particular attention to the attached guidelines for registering to attend on-line and for voting on resolutions. We look forward to "virtually meeting" as many shareholders as practicable at the AGM.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Richard Irving".

Richard Irving
Non-Executive Chairman
Fluence Corporation Limited

**NOTICE OF ANNUAL GENERAL MEETING
FLUENCE CORPORATION LIMITED
(ACN 127 734 196)**

Notice is hereby given that the 2020 Annual General Meeting (**Meeting** or **AGM**) of Fluence Corporation Limited (ACN 127 734 196) (the **Company**) will be held at 9.00am (AEST) on Thursday, 4 June 2020 at the offices of Fluence Corporation Limited, Level 3, 62 Lygon Street, Carlton, Victoria 3053 and by webcast, the details of which are set out in the Important Information section of this Notice of Annual General Meeting (**Notice**).

Please note that in light of the COVID-19 crisis, in the interests of protecting the health of Shareholders, physical attendance at the AGM will be restricted to four persons (including Paul Donnelly Non-Executive Director, Ross Kennedy, Company Secretary and Phillip Hains, Shareholder), who have agreed with the Company to attend in order to meet the quorum requirements for the Meeting).

To facilitate voting by Shareholders at the AGM, the Chairman will call a poll on each of the resolutions at the Meeting (as set out below). Shareholders may vote on the poll by appointing a proxy (who must be either the Chairman or one of the three attendees above) in accordance with the requirements of this Notice. The Company encourages all Shareholders to direct their proxy votes on each of the resolutions. No other means of voting will be permitted at the AGM. Please see the information under the headings "**Voting by Poll and Proxy only**" under the section titled "**Important Information**" below for more information.

Each of the resolutions proposed to be put to Shareholders at the Meeting are set out in this Notice and further information regarding those resolutions are set out in the Explanatory Memorandum (**Explanatory Memorandum**) accompanying this Notice. The Explanatory Memorandum and Proxy Form accompanying this Notice are incorporated into, and form part of, this Notice. Terms defined in the Glossary at the end of the Explanatory Memorandum have the same meanings when used in this Notice.

At the AGM, the following matters will be considered:

ITEM 1: FINANCIAL REPORTS

To receive and consider the Financial Report of the Company and the reports of the Directors and Auditor for the financial year ended 31 December 2019.

ITEM 2: PROPOSED RESOLUTIONS

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

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

"That the Remuneration Report for the financial year ended 31 December 2019 as set out in pages 16 to 41 (inclusive) of the Annual Report be adopted."

*Note: The vote on this resolution is advisory only and does not bind the Company or the Directors. Also, a voting exclusion statement applies to this resolution. Please see the "**Important Information**" section below for further details.*

RESOLUTION 2: RE-ELECTION OF DIRECTOR – MR ARNON GOLDFARB

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

"That Mr Arnon Goldfarb, being a Director of the Company who retires in accordance with clause 4.3(c)

of the Constitution of the Company and being eligible, is re-elected as a Director of the Company.”

RESOLUTION 3: RE-ELECTION OF DIRECTOR – DR RENGARAJAN RAMESH

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

“That Dr Rengarajan Ramesh, being a Director of the Company who retires in accordance with clause 4.3(c) of the Constitution of the Company and being eligible, is re-elected as a Director of the Company.”

RESOLUTION 4: RATIFICATION AND APPROVAL OF PREVIOUS ISSUE OF PRIVATE PLACEMENT SHARES

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

*“That, for the purposes of ASX Listing Rule 7.4, Shareholders ratify and approve the issue of 81,818,181 Shares at A\$0.44 per Share which took place on 29 October 2019 by way of Private Placement (**Private Placement Shares**).*

*Note: A voting exclusion statement applies to this resolution. Please see the “**Important Information**” section below for further details.*

RESOLUTION 5: RATIFICATION AND APPROVAL OF PREVIOUS ISSUE OF SPP SHARES

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

*“That, for the purposes of ASX Listing Rule 7.4, Shareholders ratify and approve the issue of 5,381,453 Shares pursuant to a Share Purchase Plan which took place on 20 November 2019, at an issue price of A\$0.44 per Share (**SPP Shares**).*

*Note: A voting exclusion statement applies to this resolution. Please see the “**Important Information**” section below for further details.*

RESOLUTION 6: APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

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

“That, for the purposes of ASX Listing Rule 7.1A, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A and on the terms and conditions set out in the Explanatory Memorandum.”

*Note: This is a special resolution and for it to be passed, at least 75% of the votes validly cast on the resolution must be in favour of the resolution. Also, a voting exclusion statement applies to this resolution. Please see the “**Important Information**” section below for further details.*

RESOLUTION 7: AMENDMENT TO OPTION TERMS – CASHLESS CONVERSION OF OPTIONS

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

“That, for the purposes of ASX Listing Rule 6.23.4, approval is given to amend the terms of options which have been issued under the 2015 Fluence Employee Share Option Plan, to allow for non-Australian based holders of Fluence Employee Share Options to be able to elect to exercise their options using the cashless conversion method, as calculated in accordance with the formula, and on the terms

and conditions, set out in the Explanatory Memorandum.

Note: A voting exclusion statement applies to this resolution. Please see the “Important Information” section below for further details.

RESOLUTION 8: APPROVAL OF THE COMPANY’S 2020 EMPLOYEE SHARE OPTION PLAN

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

“That, for the purposes of ASX Listing Rule 7.2 (Exception 13), approval is given to approve the terms of the 2020 Fluence Employee Share Option Plan (ESOP), and that the issue of securities pursuant to the ESOP within three years from the date of this resolution be an exception to Listing Rules 7.1.”

Note: A voting exclusion statement applies to this resolution. Please see the “Important Information” section below for further details.

RESOLUTION 9A: UPDATE TO THE COMPANY’S CONSTITUTION - HYBRID MEETINGS

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

“That the Constitution of the Company be amended by deleting clause 7.5(b) and replacing it with the following:

7.5(b) The Chair may arrange for any persons attending the general meeting (including persons whom the Chair considers cannot be accommodated in the place where the meeting is notified to take place) to attend the meeting from one or more separate places using any technology that gives the Members as a whole a reasonable opportunity to participate in the meeting.

If a separate place is linked to the notified place of a general meeting by an instantaneous audio-visual communication device which, by itself or in conjunction with other arrangements:

(i) gives the general body of Members in the separate place a reasonable opportunity to participate in proceedings in the notified place; and

(ii) enables the Members in the separate place to vote on a poll,

a Member present at the separate place is taken to be present at the general meeting and entitled to exercise all rights as if he or she was present at the notified place.”

Note: This is a special resolution and for it to be passed, at least 75% of the votes validly cast on the resolution must be in favour of the resolution. Please see the “Important Information” section below for further details.

RESOLUTION 9B: UPDATE TO THE COMPANY’S CONSTITUTION - DIRECT VOTING

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

“That the Constitution of the Company be amended by inserting a new clause 7.7(n) as follows:

7.7(n) Despite anything to the contrary to this Constitution, the Directors may decide that, at any general meeting, a Member who is entitled to attend and vote on a resolution at that meeting is entitled to a direct vote in respect of that resolution. A “direct vote” includes a vote delivered to the Company by post, fax or other electronic means approved by the Directors.

The Directors may prescribe regulations, rules and procedures in relation to direct voting, including specifying the form, method and timing of giving a direct vote at a meeting in order for the vote to be valid. If a member casts a vote as a direct vote in accordance with this Constitution and any regulations, rules and procedures determined by the Directors from time to time, the Member casting the direct vote will be deemed to have been present at the meeting and have cast the vote at the meeting in person."

Note: This is a special resolution and for it to be passed, at least 75% of the votes validly cast on the resolution must be in favour of the resolution. Please see the "Important Information" section below for further details.

RESOLUTION 9C: UPDATE TO THE COMPANY'S CONSTITUTION - RESTRICTED SECURITIES

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

"That clause 11.10 of the Constitution of the Company be deleted in its entirety and replaced with the following:

11.10 Restricted Securities

11.10(a) If, at any time, any of the share capital of the Company are Restricted Securities, then despite any other provision of this Constitution:

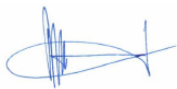
- (i) A holder of Restricted Securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX.*
- (ii) If the Restricted Securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored subregister and are to have a holding lock applied for the duration of the escrow period applicable to those securities.*
- (iii) The Company will refuse to acknowledge any disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX.*
- (iv) A holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX.*
- (v) If a holder of Restricted Securities breaches a restriction deed or a provision of this constitution restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues.*

*11.10(b) For the purpose of this clause 11.10, **Dispose** has the meaning given to it in the Listing Rules and **Disposal** has a corresponding meaning."*

Note: This is a special resolution and for it to be passed, at least 75% of the votes validly cast on the resolution must be in favour of the resolution. Please see the "Important Information" section below for further details.

Dated: 4 May 2020

By Order of the Board of Directors

A handwritten signature in blue ink, appearing to read 'Ross Kennedy', with a stylized flourish extending to the right.

Ross Kennedy
Company Secretary

IMPORTANT INFORMATION

VOTING EXCLUSION STATEMENT

Resolution 1: Adoption of Remuneration Report

The Company will disregard any votes cast (in any capacity) on this resolution by or on behalf of a member of the Company's key management personnel (**KMP**), whose remuneration details are included in the Remuneration Report, or any of their Closely Related Parties.

However, the Company need not disregard a vote on this resolution if it is cast as a proxy for a person who is entitled to vote on the resolution in accordance with a direction on the Proxy Form, or it is cast by the Chairman of the Meeting as a proxy for a person who is entitled to vote and the appointment of the Chairman as proxy does not specify the way the proxy is to vote and expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP; or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution, and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4: Ratification and Approval of Previous Issues of Private Placement Shares

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who participated in the issue of Private Placement Shares or an Associate of that person (or those persons).

However, the Company need not disregard a vote on this resolution if it is cast by a person as proxy or attorney for a person who is entitled to vote on this resolution in

accordance with a direction on the Proxy Form, or it is cast by the Chairman of the Meeting as a proxy or attorney for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the Chairman decides; or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution, and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 5: Ratification and Approval of Previous Issues of SPP Shares

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who participated in the issue of SPP Shares or an Associate of that person (or those persons).

However, the Company need not disregard a vote on this resolution if it is cast by a person as proxy or attorney for a person who is entitled to vote on this resolution in accordance with a direction on the Proxy Form, or it is cast by the Chairman of the Meeting as a proxy or attorney for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the Chairman decides; or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution, and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 6: Approval of Additional 10% Placement Capacity

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who may participate in the proposed issue and a person who might obtain a material benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, or any Associates of such persons.

However, the Company need not disregard a vote on this resolution if it is cast by a person as proxy or attorney for a person who is entitled to vote on this resolution in accordance with a direction on the Proxy Form, or it is cast by the Chairman of the Meeting as a proxy or attorney for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the Chairman decides; or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution, and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 7: Amendment to Option Terms

The Company will disregard any votes cast in favour of this resolution by or on behalf of a person who holds an Option issued under the 2015 ESOP, or any Associates of that person.

However, the Company need not disregard a vote on this resolution if it is cast by a person as proxy or attorney for a person who is entitled to vote on this resolution in accordance with a direction on the Proxy Form, or it is cast by the Chairman of the Meeting as a proxy or attorney for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the Chairman decides; or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder

that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution, and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 8: Approval of the Company's ESOP

The Company will disregard any votes cast (in any capacity) in favour of this resolution by or on behalf of a person who is eligible to participate in the 2020 ESOP (an **Employee**), or any Associates of that person.

The Company will also disregard any votes cast (in any capacity) on this resolution by or on behalf of a KMP, or any of their Closely Related Parties.

However, the Company need not disregard a vote on this resolution if it is cast as a proxy or attorney for a person who is entitled to vote on the resolution in accordance with a direction on the Proxy Form, or it is cast by the Chairman of the Meeting as a proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction on the Proxy Form to vote as the Chairman decides and expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP; or a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution, and the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

PROXY INSTRUCTIONS

A Shareholder who is entitled to vote at the Meeting may appoint:

- one (1) proxy if the Shareholder is only entitled to one (1) vote; and
- one (1) or two (2) proxies if the Shareholder is entitled to more than one (1) vote.

Where more than one (1) proxy is appointed, each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes (in which case any fraction of votes will be disregarded).

A Proxy Form is attached to this Notice.

Completed Proxy Forms (and the power of attorney or other authority, if any, under which the Proxy Form is signed) must be received by the Company's share registry, Boardroom Pty Limited, no less than 48 hours before the time of commencement of the Meeting, being 9.00am (AEST) Tuesday, 2 June 2020 by the means outlined below.

The Proxy Form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a body corporate, in accordance with Section 127 of the Corporations Act. A proxy given by a foreign body corporate must be executed in accordance with the laws of that body corporate's place of incorporation.

Shareholders may choose to appoint the Chairman of the Meeting, Paul Donnelly, or Ross Kennedy as their proxy. If you sign the Proxy Form and do not appoint a proxy, you will have been deemed to have appointed the Chairman of the Meeting as your proxy.

Completed Proxy Forms may be lodged using the enclosed reply-paid envelope or by one of the following methods:

Online	https://www.votingonline.com.au/fluenceagm2019
By Fax	+61 2 9290 9655
By Mail	Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001 Australia
In Person	Level 12, 225 George Street, Sydney NSW 2000 Australia

Completed Proxy Forms (and any necessary supporting documents) must be received by Boardroom Pty Limited no later than 9.00am (AEST) on Tuesday, 2 June 2020. Proxy Forms received after that time will not be valid.

Further instructions on completing and lodging the Proxy Form are set out in the attached Proxy Form.

HOW THE CHAIRMAN WILL VOTE UNDIRECTED PROXIES

Subject to any restrictions set out in this Notice or the Proxy Form, the Chairman of the meeting intends to vote all undirected proxies in favour of all resolutions.

If you appoint the Chairman of the Meeting (or the Chairman is taken to be appointed) as your proxy and you do not direct the Chairman how to vote on a resolution, then by completing and returning the Proxy Form, you expressly authorise the Chairman to exercise the proxy and to vote in accordance with his stated intention to vote in favour of all resolutions (subject to the voting exclusions noted above).

If you have appointed the Chairman of the Meeting (or the Chairman is taken to be appointed) as your proxy and you direct the Chairman how to vote on a resolution by marking either "for", "against" or "abstain" for a resolution, then your vote will be cast in accordance with your direction.

CORPORATE REPRESENTATIVES AND ATTORNEYS

A Shareholder, or proxy, that is a body corporate and entitled to attend and vote at the Meeting may appoint an individual to act as its corporate representative. Evidence of the appointment of a corporate representative must be in accordance with Section 250D of the Corporations Act and be lodged with the Company.

A Shareholder entitled to attend and vote at the Meeting may appoint an attorney to vote at the Meeting on the Shareholder's behalf. The power of attorney appointing the attorney must be duly signed and specify the name of each of the Shareholder, the Company and the attorney, and also specify the meetings at which the appointment may be used. The appointment may be a standing one.

A corporate representative or an attorney may, but need not, be a Shareholder of the Company.

Corporate representatives should provide to the Company appropriate evidence of appointment as a representative and proof of identity in accordance with the instructions on the Proxy Form. Attorneys are requested to provide to the Company the original or a certified copy of the power of attorney pursuant to which they were appointed and proof of identity in accordance with the instructions on the Proxy Form.

VOTING BY POLL AND PROXY ONLY

The Chairman will demand a poll on each of the resolutions to be put to Shareholders at the AGM, in accordance with clause 7.7(f) of the Constitution.

In accordance with clause 7.7(g) of the Constitution, the Chairman will require that the poll is to be taken by way of proxies delivered in accordance with the requirements set out in this notice. No other means of voting will be permitted at the AGM.

ONLINE WEBCAST

Shareholders wishing to access the webcast must register at the following address:

<https://s1.conf.com/diamondpass/10006222-invite.html>

The webcast link will be found at:

<https://services.choruscall.com.au/webcast/fluence-200604.html>

Participants can also dial in using the following numbers:

Australia toll/international	+61 2 9007 4041
Australia toll-free	1 800 173 224
USA toll-free	(855) 336 4664
USA toll	(208) 758 0667
Israel toll-free	1809 451 891

and entering the conference ID 10006222.

VOTING ENTITLEMENT

For the purposes of the Meeting, the Directors have determined that pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), Shares will be taken to be held by the persons who are the registered holders at 7.00 pm (AEST) on Tuesday, 2 June 2020. Accordingly, any Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

On a poll, Shareholders have one (1) vote for every Share held. Holders of Options are not entitled to vote.



**EXPLANATORY MEMORANDUM
FLUENCE CORPORATION LIMITED
(ACN 127 734 196)**

This Explanatory Memorandum accompanies and forms part of the Notice of Annual General Meeting issued to convene the 2020 Annual General Meeting of the Shareholders of Fluence Corporation Limited to be held at 9.00am (AEST) on Thursday, 4 June 2020 at the offices of the Company, at Level 3, 62 Lygon Street, Carlton, Victoria 3053 Australia and by webcast (see below).

A Shareholder who is entitled to cast a vote at the Meeting may submit a written question to the Company if the question is relevant to:

- (a) the resolutions the subject of the AGM; or
- (b) the business of the Company,

by giving the question to the Company:

- (c) prior to the meeting up to 9.00am on Tuesday, 2 June 2020 as part of the webcast registration process by navigating to the following address:

<https://s1.c-conf.com/diamondpass/10006222-invite.html>

- (d) during the course of the AGM, through the webcast link being used for the Meeting:

<https://services.choruscall.com.au/webcast/fluence-200604.html>

If you have questions regarding attendance at, or questions for, the AGM via the webcast, please contact the Company's share registry, Boardroom Limited by telephone: from within Australia 1300 737 760 or from outside Australia +61 2 9290 9600.

ITEM 1: FINANCIAL REPORTS

The Corporations Act requires the Financial Report and the reports of the Directors and Auditor for the financial year ended 31 December 2019 to be laid before the Meeting.

The Company's 2019 Annual Report (which includes the Financial Report, Directors' Report and Auditor's Report) is available on the Company's website at <https://www.fluencecorp.com/investor-news/>.

A copy of the Annual Report has also been sent to each Shareholder (other than those Shareholders who have previously elected not to receive the Annual Report, whether in paper form or electronically). Any Shareholder who has made this election and now wishes to receive a paper or electronic copy of the Annual Report should contact the Company Share Registry, Boardroom Limited on the phone numbers noted above.

Neither the Corporations Act nor the Constitution requires a vote of Shareholders on these reports. However, Shareholders as a whole will be given a reasonable opportunity at the Meeting to ask questions about, or make comments on, these reports and the business and management of the Company.

In addition, a Shareholder who is entitled to cast a vote at the Meeting may submit a written question to the Auditor if the question is relevant to:

- (a) the content of the Auditor's Report; or
- (b) the conduct of the audit of the Financial Report,

by giving the question to the Company as part of the webcast registration process noted above by no later than Thursday, 28 May 2020 (being the 5th business day before the day on which the Meeting is to be held). The Company will pass the questions on to the Auditor, and the Auditor will prepare a list of questions that the Auditor considers relevant to the matters outlined above, which will be made available to Shareholders at the Meeting.

ITEM 2: PROPOSED RESOLUTIONS

RESOLUTION 1: ADOPTION OF REMUNERATION REPORT

The Company's Remuneration Report for the financial year ended 31 December 2019 forms part of the Directors' Report and is set out in pages 16 to 41 (inclusive) of the Annual Report, which is available at <https://www.fluencecorp.com/investor-news/>.

The Remuneration Report includes:

- (a) a discussion of the Board's policy for determining the nature and amount of remuneration of the Company's Key Management Personnel;
- (b) a discussion of the relationship between such Board policy and the Company's performance;
- (c) a description of performance conditions associated with the remuneration of Key Management Personnel; and
- (d) the remuneration details for each of the Company's Key Management Personnel, including the value of any Options and performance rights granted to such person.

Section 250R(2) of the Corporations Act requires the Company to put a resolution to the Shareholders at the Meeting for the adoption of the Remuneration Report. The vote on this resolution is advisory only and will not bind the Company or the Directors. However, the Board will take the outcome of the vote into consideration when reviewing the Company's remuneration practices and policies.

Shareholders will be given a reasonable opportunity at the Meeting to ask questions about, or make comments on, the Remuneration Report.

Also, Shareholders should note that under the Board spill provisions contained in the Corporations Act (known generally as the "two strikes rule"), if 25% or more of the votes cast on this resolution are against the adoption of the Remuneration Report for the year ended 31 December 2019, this will be considered the "first strike". While this would not impact this Meeting, if a "second strike" is cast against the Remuneration Report for the year ended 31 December 2020 at next year's annual general meeting, this will trigger a vote on a resolution to spill the Board, and all Directors who were in office at the date of that meeting (other than the Managing Director) must stand for re-election.

Board Recommendation

The Board recommends that Shareholders vote in favour of this resolution.

RESOLUTION 2: RE-ELECTION OF DIRECTOR - MR ARNON GOLDFARB

Clause 4.3(c)(i) of the Constitution provides that one third (1/3) of the directors for the time being must retire at each annual general meeting. Under Clause 4.3(c)(ii) of the Constitution, the Directors who must retire in accordance with this rule are the Directors (other than the Managing Director) who have been longest in office since their election.

As at the date of this Notice, the Board is comprised of five (5) Directors and the Managing Director. Mr Goldfarb was elected as a Director by the Shareholders at the Annual General Meeting held on 24 May 2018. Of the five (5) Directors, Mr Goldfarb has held office for the second longest period since last being re-elected.

Accordingly, Mr Goldfarb retires and, being eligible, offers himself for re-election as a Director.

Mr Goldfarb serves as Non-Executive Director of the Company. Currently he is a partner at More Ventures and has significant entrepreneurial experience and interests in chemistry, materials and industrial processes.

Until early 2011, Mr Goldfarb served as CEO of TMB Water, a water project company active in desalination, aquaculture and water treatment efforts in Israel and abroad, and the predecessor to RWL Water. Prior to establishing TMB in 2001, Mr Goldfarb spent 17 years with Israel Chemicals Ltd., where he served as Corporate VP for Business Development and Chairman of the R&D, Fertilisers and Chemicals, and Ceramics units. He was also a director at ICL's Israel Desalination Engineering (IDE) subsidiary as well as its potash, phosphate and bromine subsidiaries.

Previously, Mr Goldfarb worked in the oil and gas industry in Israel and the US as a production and facilities engineer with Superior Oil and Israel National Oil Co., and as a production and field manager for Israel's Sadot natural gas field.

Mr Goldfarb serves as Chairman of Atlantium Technologies, as well as on the boards of TGA, a waste treatment facility, TSP, a chemical company and Hpnow, a company that provides on-site hydrogen peroxide generation solutions.

Board Recommendation

The Board (other than Mr Goldfarb, who is the subject of this resolution) recommends that Shareholders vote in favour of this resolution.

RESOLUTION 3: RE-ELECTION OF DIRECTOR – DR RENGARAJAN RAMESH

Clause 4.3(c)(i) of the Constitution provides that one third (1/3) of the directors for the time being must retire at each annual general meeting. Under Clause 4.3(c)(ii) of the Constitution, the Directors who must retire in accordance with this rule are the Directors (other than the Managing Director) who have been longest in office since their election.

As at the date of this Notice, the Board is comprised of five (5) Directors and the Managing Director. Dr Ramesh was elected as a Director by the Shareholders at the Annual General Meeting held on 14 July 2017. Of the five (5) Directors, Dr Ramesh has held office for the longest period since last being re-elected.

Accordingly, Dr Ramesh retires and, being eligible, offers himself for re-election as a Director.

Dr. Ramesh serves as a Non-Executive Director of the Company and is a Member of the Audit & Risk Committee. Dr Ramesh has been an Operating Partner at Eagletree Capital since 2010. Previously, he supported RWL Water's efforts to evaluate the best water treatment technologies and companies around the world.

Dr. Ramesh has held senior management positions at GE Water and Process Technologies, including Chief Technology Officer (CTO), a role which he held for more than four years. As CTO, Dr. Ramesh played a key role in the development and implementation of the strategy that led to the creation of GE's \$2.5 billion global water platform. While at GE, he also led the technology and engineering organisations for GE Sensing, GE Security, and GE Fanuc. He also served on the board of GE's Asia Pacific American Forum.

In addition to his role at GE, Dr. Ramesh served in numerous senior management roles over a two-decade career with A. Schulman, Inc., a global multi-billion-dollar specialty chemicals manufacturer. He also served on the International Advisory Board for the Ministry of Environment and Water, Government of Singapore from 2006-2016.

He currently serves on the board of Students2Science a non-profit organisation serving inner-city schools by providing hands on lab training to teachers and students.

Board Recommendation

The Board (other than Dr Ramesh, who is the subject of this resolution) recommends that Shareholders vote in favour of this resolution.

RESOLUTION 4: RATIFICATION AND APPROVAL OF PREVIOUS ISSUES OF PRIVATE PLACEMENT SHARES

On 29 October 2019, the Company issued 81,818,181 Shares by way of a Private Placement at an issue price of A\$0.44, comprised of 28,073,741 Private Placement Shares under Listing Rule 7.1 and 53,744,440 Private Placement Shares under Listing Rule 7.1A (**Private Placement Share Issue**).

Listing Rule 7.1 provides that, subject to certain exceptions, an entity must not issue or agree to issue more Equity Securities in any 12 month period than the amount which is equal to 15% of its fully paid ordinary securities on issue at the start of that 12 month period without the approval of its Shareholders (**15% Placement Capacity**).

Listing Rule 7.4 provides that an issue of securities made without approval of Shareholders under Listing Rule 7.1 will be treated as having been made with approval for the purposes of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the Shareholders subsequently ratify it.

Listing Rule 7.1A enables an "eligible entity" (as defined in the Explanatory Memorandum for Resolution 6 below) to issue Equity Securities up to 10% of its fully paid ordinary securities on issue (**10% Placement Capacity**) over a 12 month period after the annual general meeting at which the Shareholders approve the additional 10% placement capacity, in addition to the Company's 15% Placement Capacity. An issue of securities made in accordance with Listing Rule 7.1A can also be approved subsequently under Listing Rule 7.4.

Without Shareholder approval of the Private Placement Shares Issue pursuant to Listing Rule 7.4, the Private Placement Share Issue will be counted towards the Company's 15% Placement Capacity and the 10% Placement Capacity and will reduce the Company's capacity to issue securities in the future without obtaining Shareholder approval. On the other hand, ratification of the Private Placement Share Issue will provide the Company with flexibility in capital management and allow the Company to make further issues of Equity

Securities for working capital or other purposes as required with greater speed, without the need for further approval from Shareholders.

In accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Private Placement Shares:

- (i) **The number of Shares issued:** 81,818,181.
- (ii) **The price at which the Shares were issued:** A\$0.44 each.
- (iii) **The terms of the Shares that were issued:** The Private Placement Shares are ordinary shares which rank equally with existing Shares from the date of issue.
- (iv) **The date of issue of the securities:** 29 October 2019.
- (v) **The names of the allottees or the basis on which allottees of the Shares were determined:** Professional and sophisticated investors who participated in the institutional placement as advised to ASX on 24 October 2019.
- (vi) **The use (or intended use) of the funds raised:** The funds have been applied, or are planned to be applied, to fund business expansion, particularly in China and for general working capital purposes.
- (vii) **Voting exclusion statement:** A voting exclusion statement applies to Resolution 4 on the terms set out in the "Important Information" section of the Notice.

Board Recommendation

The Board recommends that Shareholders vote in favour of this resolution.

RESOLUTION 5: RATIFICATION AND APPROVAL OF PREVIOUS ISSUES OF SPP SHARES

On 20 November 2019, the Company issued 5,381,453 shares pursuant to a Share Purchase Plan at an issue price of A\$0.44 (**SPP Share Issue**). All SPP Shares were issued under Listing Rule 7.1.

A summary of Listing Rule 7.1 and Listing Rule 7.4 are set out in the Explanatory Memorandum for Resolution 4 above.

Without Shareholder approval of the SPP Share Issue pursuant to Listing Rule 7.4, the SPP Share Issue will be counted towards the Company's 15% Placement Capacity and will reduce the Company's capacity to issue securities in the future without obtaining Shareholder approval. On the other hand, ratification of the SPP Share Issue will provide the Company with flexibility in capital management and allow the Company to make further issues of Equity Securities for working capital or other purposes as required with greater speed, without the need for further approval from Shareholders.

In accordance with ASX Listing Rule 7.5, the following information is provided in relation to the SPP Shares:

- (i) **The number of Shares issued:** 5,381,453.
- (ii) **The price at which the Shares were issued:** A\$0.44 each.

- (iii) **The terms of the Shares that were issued:** The SPP Shares are ordinary shares which rank equally with existing Shares from the date of issue.
- (iv) **The date of issue of the securities:** 20 November 2019.
- (v) **The names of the allottees or the basis on which allottees of the Shares were determined:** Retail and institutional shareholders who applied for shares under the SPP.
- (vi) **The use (or intended use) of the funds raised:** The funds have been applied, or are planned to be applied, to fund business expansion, particularly in China and for general working capital purposes.
- (vii) **Voting exclusion statement:** A voting exclusion statement applies to Resolution 5 on the terms set out in the "Important Information" section of the Notice.

Board Recommendation

The Board recommends that Shareholders vote in favour of this resolution.

RESOLUTION 6: APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY

(a) **Additional 10% Placement Capacity under ASX Listing Rule 7.1A**

The Company is seeking Shareholder approval by way of a special resolution to have the ability, if required, to issue Equity Securities under the additional 10% Placement Capacity under ASX Listing Rule 7.1A. The Company previously obtained Shareholder approval of its additional 10% Placement Capacity at its last annual general meeting on 22 May 2019. This approval will expire, however, on 21 May 2020. Accordingly, the Company is proposing to have Shareholders approve a new additional 10% Placement Capacity.

An "eligible entity" for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of A\$300 million or less. Although the Company has been included in the S&P All Ordinaries Index, it has not yet become part of the S&P/ASX 300 Index and its market capitalisation is below the threshold. As a result, as at the date of this Notice, the Company is an eligible entity.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company currently has only one (1) class of quoted Equity Securities on issue, being the Shares.

If Shareholders approve this resolution, the number of Equity Securities which the Company may issue under the additional 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 being:

$$(A \times D) - E$$

where:

- A is the number of fully paid ordinary securities on issue 12 months before the issue date or date of agreement to issue,
 - *plus* the number of fully paid ordinary securities issued in the 12 months under an exception in ASX Listing Rule 7.2 other than exception 9, 16 or 17,

- *plus* the number of fully paid ordinary securities issued in the 12 months on the conversion of convertible securities within rule 7.2 exception 9 where:
 - the convertible securities were issued or agreed to be issued before the commencement of the 12 months; or
 - the issue of, agreement to issue, the convertible securities was approved, or taken under the rules to have been approved, under rule 7.1 or 7.4;
- *plus* the number of fully paid ordinary securities issued in the 12 months under an agreement to issue securities within Listing Rule 7.2 exception 16 where:
 - the agreement was entered into before the commencement of the 12 months; or
 - the agreement or issue was approved, or taken under the rules to be approved, under Listing Rule 7.1 or 7.4;
- *plus* the number of fully paid ordinary securities issued in the 12 months with the approval of holders of ordinary securities under ASX Listing Rules 7.1 or 7.4,
- *plus* the number of partly paid ordinary securities that became fully paid in the 12 months,
- *minus* the number of fully paid ordinary securities cancelled in the 12 months.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the issue date or date of agreement to issue that are *not* issued with the approval of holders of ordinary securities under ASX Listing Rule 7.4.

(b) Specific Information required by ASX Listing Rule 7.3A

In accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this resolution.

Minimum price

The minimum price at which the Equity Securities may be issued under the 10% Placement Capacity is determined by ASX Listing Rule 7.1A.3. That price is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within ten (10) ASX trading days of that date, the date on which the Equity Securities are issued.

Risk of dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the voting interests of Shareholders who do not receive Equity Securities under the issue and may also dilute their economic interests (for example, if the issue of the Equity Securities is at a discount to the market price of the Equity Securities or the market price for Equity Securities is significantly lower on the issue date than on the date of this approval under ASX Listing Rule 7.1A, or if the issue results in the decrease of the market price of the Equity Securities).

The table below seeks to demonstrate the potential dilution of existing Shareholders resulting from the issue of Equity Securities under the 10% Placement Capacity calculated in accordance with the formula contained in ASX Listing Rule 7.1A.2. The table does this by setting out the potential number of Shares issued and funds raised on the basis of the current number of Shares on issue as at the date of this Notice. The table assumes that the class of Equity Securities that will be issued will be Shares, as that is currently the Company's only class of quoted Equity Securities. The table also assumes a placement of 10% occurs and shows examples where:

- (i) the number of Shares on issue (variable 'A' in the formula) increases by 50% and 100%; and
- (ii) the issue price increases and decreases by 50% against the current market price of A\$0.275 as at the close of business on 21 April 2020.

Dilution				
Number of Shares on Issue (variable 'A' in formula)	Dilution Variable	\$0.138 (50% decrease in current issue price)	\$0.275 (Current issue price)	\$0.413 (50% increase in current issue price)
Variable 'A' 624,854,034 Shares	Additional 10% Shares issued	62,485,403 Shares	62,485,403 Shares	62,485,403 Shares
	Funds raised	\$8,591,743	\$17,183,486	\$25,775,229
50% increase in Variable 'A' 937,281,051 Shares	Additional 10% Shares issued	93,728,105 Shares	93,728,105 Shares	93,728,105 Shares
	Funds raised	\$12,887,614	\$25,775,229	\$38,662,843
100% increase in Variable 'A' 1,249,708,068 Shares	Additional 10% Shares issued	124,970,807 Shares	124,970,807 Shares	124,970,807 Shares
	Funds raised	\$17,183,486	\$34,366,972	\$51,550,457

* The number of Shares on issue (variable 'A' in the formula) could increase as a result of the issue of Shares that does not require Shareholder approval (such as under a pro-rata rights issue) or an issue of Shares with Shareholder approval under ASX Listing Rule 7.1.

The table above uses the following assumptions:

- (i) The current number of Shares on issue is the Shares on issue as at 21 April 2020;
- (ii) All amounts shown are in Australian dollars;
- (iii) The current issue price is the closing price of the Shares on the ASX on 21 April 2020;
- (iv) The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity;
- (v) The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, not under the 15% placement capacity under ASX Listing Rule 7.1 or under an exception under ASX Listing Rule 7.2;
- (vi) The calculations above do not show the dilution that any one (1) particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances;
- (vii) This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1; and
- (viii) Any fractions resulting from the calculations above have been rounded down.

Shareholders should note that there is a risk that:

- (i) the market price for the Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

Date of issue

If Shareholders approve this resolution, the approval will be valid, and the Equity Securities may be issued under the 10% Placement Capacity commencing on the date of this Meeting and expiring on the first to occur of the following:

- (i) the date that is 12 months after the date of this Meeting;
- (ii) the date of the Company's next Meeting; and
- (iii) the date of approval by Shareholders of any transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

Purpose of issue under 10% Placement Capacity

The Company may issue Equity Securities under the 10% Placement Capacity for various purposes, including to assist the Company in the event of a future capital raising, in raising funds for carrying out its business objectives and in particular, to pursue business development or further growth opportunities, to accelerate product development activities and otherwise for general working capital purposes.

The Directors do not intend at this stage to issue any of the Equity Securities for non-cash consideration, however in the event they are issued for non-cash consideration, the Company will provide a valuation of the non-cash consideration as required by ASX Listing Rule 7.1A.3.

Without Shareholder approval of the 10% Placement Capacity pursuant to Listing Rule 7.1A, the Company's capacity to issue securities in the future without obtaining Shareholder approval will be limited to the 15% Placement Capacity (subject to any capacity available under the Temporary Extra Placement Capacity class waiver granted by ASX on 31 March 2020 but which currently expires on 31 July 2020).

Allocation under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Previous approval under ASX Listing Rule 7.1A

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 22 May 2019.

In accordance with ASX Listing Rule 7.3A.6, because the Company has previously obtained approval under ASX Listing Rule 7.1A, the Company is required to provide the following information to Shareholders:

- (i) the total number of Equity Securities issued by the Company under ASX Listing Rule 7.1A.2 in the 12 months preceding the date of the Meeting was 53,744,440 Equity Securities, representing approximately 10% of the total number of Equity Securities on issue (which was 537,375,296) at the commencement of that 12-month period; and
- (ii) details of all issues of Equity Securities by the Company under ASX Listing Rule 7.1A.2 during the 12 months preceding the Meeting are set out in Schedule 1.

Voting exclusion

A voting exclusion statement applies to this resolution on the terms set out in the “**Important Information**” section of the Notice of Annual General Meeting. At the date of this Notice, the Company has not invited any existing Shareholder to participate in the issue of the Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholder’s vote will be excluded under the voting exclusion in the Notice.

Board Recommendation

The Board recommends that Shareholders in vote in favour of this resolution.

RESOLUTION 7: AMENDMENT TO OPTION TERMS – CASHLESS CONVERSION OF OPTIONS

ASX Listing Rule 6.23.4 requires a listed company to obtain shareholder approval for amendments to the existing terms of options where such amendments are not prohibited by ASX Listing Rule 6.23.3.

The vast majority of the Company's employees who are participating in the 2015 ESOP are based outside of Australia, in countries including China, Argentina, Brazil, USA, Israel, Italy and UAE.

The logistics for an employee outside of Australia to undertake the exercise of Employee Options is complex, involving conversion of foreign currency and meeting international banking requirements.

Approval of this resolution will allow employees, at their discretion, to be able to exercise Employee Options under the 2015 ESOP which have vested, in accordance with a cashless conversion formula. Without approval, the Company will not be able to offer this facility to employees outside of Australia which may cause the grants under the 2015 ESOP to be less effective as an incentive.

The detailed wording of the proposed addition to the terms of those options which have been issued under the 2015 ESOP, is as follows:

In lieu of paying the cash exercise price and receiving the number of Shares underlying the Options which have been exercised, a Participant who is not resident in Australia may elect to receive, without payment of a cash exercise price, the number of Shares determined in accordance with the following formula:

$$A = \frac{B \times (C - D)}{C}$$

Where:

A = the number of Shares to be issued to the Option holder pursuant to this clause 0;

B = the number of Shares otherwise issuable upon the Options being exercised;

C = the Market Value of one Share determined as of the date of delivery of the Notice of Exercise; and

D = the exercise price of the relevant Option.

Voting Exclusion

A voting exclusion statement applies to this resolution on the terms set out in the "Important Information" section of the Notice of Annual General Meeting.

Board Recommendation

The Board recommends that Shareholders vote in favour of this resolution.

RESOLUTION 8: APPROVAL OF THE COMPANY'S EMPLOYEE SHARE OPTION PLAN

ASX Listing Rule 7.1 requires a listed company to obtain shareholder approval prior to the issue of shares, or securities convertible to shares, representing more than 15% of issued share capital of that company in any rolling 12-month period.

Once of the exceptions to ASX Listing Rule 7.1 (as set out in ASX Listing Rule 7.2) is Exception 13. The relevant exception applies where an issue of Equity Securities is made under an employee incentive scheme if, within the three years before the date of issue, shareholders have approved the issue of equity securities under the employee incentive scheme as an exception to ASX Listing Rule 7.1.

To that end, the Company is seeking to adopt the 2020 ESOP and have the 2020 ESOP approved by shareholders for that purpose. Without Shareholder approval, any grants under the 2020 ESOP will be counted towards the Company's 15% Placement Capacity and will reduce the Company's capacity to issue securities in the future without obtaining Shareholder approval.

(a) *Summary of Company's 2020 ESOP*

Eligible Employees as defined in the 2020 ESOP will be eligible to receive offers under the ESOP. The offer of options to an Eligible Employee is in the discretion of the Board having regard to skills, experience, length of service, remuneration level and such other criteria as the Directors consider appropriate in the circumstances. Options may be offered under the ESOP without a prospectus subject to compliance with ASIC Class Order 14/1000.

The Options will be issued for nil consideration and generally are not transferable. The exercise price of the Options shall be as the Directors in their absolute discretion determine, provided that it shall not be less than 80% of the Market Value (as defined in the 2020 ESOP) by reference to the day on which the Directors resolve to offer the Options. Options may be issued with performance and other vesting conditions as at the discretion of the Board. In the event of a potential change of control, the Board may also allow the options to be exercised early or be transferred to an acquirer of the Company.

Participants who are not resident in Australia may elect to utilise a cashless conversion right as set out in the discussion regarding Resolution 7 above.

At all times during which Eligible Employees may subscribe for or purchase Shares upon exercise of an Option issued pursuant to the 2020 ESOP, the Company shall provide, within a reasonable period of a request by Eligible Employees, the current market price of the Shares. The Options themselves will not be listed on ASX.

The ESOP shall be administered by the Directors who shall have power to determine appropriate procedures for administration of the ESOP, resolve all questions of fact or interpretation or dispute in connection with the ESOP and delegate to any or more persons for such period and on such conditions as it may determine the exercise of any of the Directors' powers or discretions arising under the ESOP. Participants are responsible for all taxes due in respect of the issue and exercise of the Options and the Board may take action as it sees fit to ensure those taxes are paid by the Participant.

A copy of the full terms of the ESOP, is attached to this Notice as Schedule 2.

(b) *The number of Options issued under the 2015 and 2020 ESOP since the date of the last approval under Listing Rule 7.2 (Exception 13)*

There have been 27,289,000 Options granted under the 2015 ESOP since 12 July 2017 (when the 2015 ESOP was last approved under Listing Rule 7.2 (Exception 13)) and 3,279,104 of those Options have been exercised as at the date of this Notice of Meeting.

No Options have been granted under the 2020 ESOP.

- (c) *The maximum number of Options proposed to be issued under the 2020 ESOP following Shareholder approval*

The maximum number of Options that can be issued under the 2020 ESOP is not to be in excess of 6% of the total number of Shares on issue from time to time.

Voting Exclusion

A voting exclusion statement applies to this resolution on the terms set out in the “**Important Information**” section of the Notice of Annual General Meeting.

Board Recommendation

The Board recommends that Shareholders vote in favour of this resolution.

RESOLUTION 9A: UPDATE TO THE COMPANY’S CONSTITUTION - HYBRID MEETINGS

Both the Corporations Act and the Constitution already facilitate, to a certain extent, the holding of hybrid meetings (i.e. general meetings where shareholders can choose to participate in the meeting online rather than attend the physical location of the main meeting).

Amendments to the Constitution have been proposed to further clarify that the Company may conduct hybrid meetings and to clarify the status of Shareholders who attend a general meeting online.

Board Recommendation

The Board recommends that Shareholders vote in favour of this resolution.

RESOLUTION 9B: UPDATE TO THE COMPANY’S CONSTITUTION - DIRECT VOTING

New provisions are proposed that will give the Directors the power to enable Shareholders to vote directly on any resolutions considered at a general meeting (and not only where the resolutions are put to a poll). This will also assist the Company to conduct hybrid meetings in the future.

Board Recommendation

The Board recommends that Shareholders vote in favour of this resolution.

RESOLUTION 9C: UPDATE TO THE COMPANY’S CONSTITUTION - RESTRICTED SECURITIES

There were changes to the ASX Listing Rules commenced on 1 December 2019 which require a listed entity's constitution to contain certain provisions regarding Restricted Securities (as that term is defined in the ASX Listing Rules) on issue. With effect from 1 December 2019, ASX applies a two-tier escrow regime, where ASX can require more significant holders of Restricted Securities and their controllers to execute a formal escrow agreement in the form of Appendix 9A of the ASX Listing Rules, as is currently the case. However, for less significant holders of Restricted Securities, ASX instead permits entities to rely on a provision in their constitution imposing appropriate escrow restrictions on the holders of Restricted Securities and to simply give a notice to such holders in the form set out in Appendix 9B of the Listing Rules, advising them of those restrictions.

The new Listing Rule 15.12 requires the constitution of listed entities to reflect the modified escrow regime. It is proposed that the Constitution is amended so that it contains the provisions required by Listing Rule 15.12 to enable it to issue restricted securities if required in the future.

Board Recommendation

The Board recommends that Shareholders vote in favour of this resolution.

GLOSSARY

2015 ESOP	The 2015 Fluence Employee Share Option Plan which (as amended) was approved by the Shareholders at the general meeting of the Company held on 12 July 2017, as further amended from time to time
2020 ESOP	The 2020 Fluence Employee Share Option Plan as set out in Schedule 2
Annual Report	The Annual Report of the Company for the financial year ended 31 December 2019
Associate	Has the meaning given to the term by Section 12 and 16 of the Corporations Act
ASX	ASX Limited (ACN 008 624 691)
ASX Listing Rules	The Listing Rules of ASX
Auditor	BDO East Coast Partnership (ABN 83 236 985 726)
Board	The board of Directors of the Company
Chairman	The Chairman of the Meeting
Closely Related Party	Has the meaning given in Section 9 of the Corporations Act
Company or Fluence	Fluence Corporation Limited (ACN 127 734 196)
Constitution	The Company's constitution
Corporations Act	The <i>Corporations Act 2001</i> (Cth)
Director	A director of the Company
Equity Security	Has the meaning given in the ASX Listing Rules
Explanatory Memorandum	The Explanatory Memorandum accompanying and forming part of the Notice
Key Management Personnel or KMP	The key management personnel of the Company named in the Remuneration Report, including the Directors
Meeting or AGM	The Annual General Meeting of the Company to be held at 9.00am (AEST) on Thursday, 4 June 2020 at Fluence Corporation Limited, Level 3, 62 Lygon Street, Carlton, Victoria 3053 and by webcast.
Notice or Notice of Annual General Meeting	This Notice of Annual General Meeting and the Explanatory Memorandum and Proxy Form
Option	An option to be issued a Share
Proxy Form	The Proxy Form accompanying and forming part of the Notice
Remuneration Report	The Remuneration Report for the financial year ended 31 December 2019 as set out in pages 16 to 41 (inclusive) of the Annual Report
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A holder of a Share

SCHEDULE 1
ISSUES OF EQUITY SECURITIES UNDER LISTING RULE 7.1A SINCE APPROVAL AT THE 2019 AGM

Date of Appendix 3B	No. of equity securities issued	Class of equity securities issued	Allottees	Issue price (A\$)	Discount to closing market price on date of issue	Total cash consideration received	Amount Spent (A\$)
24-Oct-19	53,744,440	Fully paid ordinary shares	Placement to institutional and sophisticated investors	\$0.44	14.5%	\$23,647,554	\$23,647,554

The amount of cash detailed above was spent to fund business expansion, particularly in China and for general working capital purposes.

SCHEDULE 2
2020 FLUENCE EMPLOYEE SHARE OPTION PLAN



Fluence 2020 Employee Share Option Plan

Adopted as of April 27, 2020

The Board of Directors (the “Board”) of Fluence Corporation Limited (the “Company”), being empowered to operate the Company’s Employee Share Option Plan (the “ESOP”) in accordance with the Listing Rules (as defined below), does hereby adopt the following terms and conditions (the “T&Cs”) which shall govern the ESOP:

1. Definitions. In these T&Cs the following terms shall bear the following meanings:

“Acceptance Form” means the Acceptance Form which will accompany the invitation to the Participant to participate in the ESOP or such other form or agreement, including an option deed, as the Board may in its absolute discretion approve from time to time.

“Associated Body Corporate” has the meaning given in the Class Order.

“ASX” means ASX Limited or the securities exchange operated by ASX Limited, as the context requires.

“Board” means the Board of the Directors of the Company, collectively, or those of them who are present at a meeting at which there is a quorum.

“Business Day” means a trading day as defined in the ASX Listing Rules.

“Certificate” means a certificate for any Option issued to or for the benefit of Participants which will include all of the terms and conditions of the Option and the Notice of Exercise of Option or such other evidence of ownership that the Board may in its absolute discretion determine from time to time.

“Class Order” means ASIC Class Order 14/1000 or any replacement or supplementary instrument in respect of the same subject matter, as amended from time to time.

“Company” means Fluence Corporation Limited.

“Company Group” means the Company and its Associated Bodies Corporate.

“Corporations Act” means the *Corporations Act 2001* (Commonwealth) as amended from time to time.

“Directors” mean the directors from time to time of the Company.

“Eligible Employees” means:

- a. an “eligible participant” (as defined in the Class Order) resident in Australia in relation to the Company or an Associated Body Corporate; or
- b. any full or part time employees or consultants of the Company or its Associated Bodies Corporate resident outside of Australia.

“Fluence ESOP” means the Fluence Corporation Limited 2020 Employee Share Option Plan in which Participants may be invited to participate in accordance with these Terms and Conditions, as amended or replaced from time to time.

“Listing Rules” means the official listing rules of ASX, as amended from time to time.

“Market Value” in relation to a Share, means the volume weighted average market price (as defined in the Listing Rules) of the Shares in the five (5) business days in which sales of the Shares were recorded immediately preceding the relevant business day, or the market value determined by applying any other valuation methodology approved by the Board.

“Notice of Exercise of Option” means the Notice of Exercise of Option which will accompany the invitation to the Participant to participate in the ESOP, or any other notice of exercise approved by the Board.

“Option” means an option to be issued a Share issued in accordance with the ESOP.

“Participant” means an Eligible Employee who has been issued and holds Options under the ESOP.

“Share” means a fully paid ordinary share in the capital of the Company.

“Terms and Conditions” means these terms and conditions of the ESOP, as amended from time to time.

“Trigger Event” means:

- a. the dispatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act;
- b. the service of a bidder's statement or a like document on the Company;
- c. the date upon which a person or a group of associated person becomes entitled to voting power in more than 50% of the Shares where such ability was not already held by a person associated with such person or group of associated persons; or
- d. any other similar circumstance which the Board reasonably considers would result in a change in control of the Company.

“Trustee” means the trustee or other person or company (if any) appointed by the Company to hold Options under the ESOP and/or Shares on behalf of Participants in the ESOP. This definition does not apply to Appendix A (which has a separate definition of Trustee).

2. Offering of Options. Subject to Section 3, the Board may offer to issue Options to Eligible Employees, under the ESOP and in such manner and on such other terms and conditions as it in its absolute discretion determines. Offers of Options may be made to Directors at any time, but the Options may not be issued unless prior approval of the Company's shareholders has been obtained in accordance with the Corporations Act and the Listing Rules.
3. Board Discretion. The Board in its absolute discretion shall determine which Eligible Employees to make offers to and shall take into account skills, experience, length of service with the Company Group, remuneration level and such other criteria as the Board considers appropriate in the circumstances. An

offer is personal to the Eligible Employee to whom it is made and may only be accepted by that Eligible Employee.

4. Acceptance of Options. If the Company has offered Options to an Eligible Employee, the Eligible Employee must complete the Acceptance Form to accept the offer in accordance with the terms and conditions concerning the closing date for applications as the Board in its absolute discretion determines.
5. Prospectus Not Required. Options may not be offered under the ESOP without the issue of a prospectus in accordance with Chapter 6D of the Corporations Act, if the aggregate of the underlying shares to be issued on exercise of the Options to be issued would cause the Company to either:
 - a. breach the five percent (5%) limit in paragraph 19 of the Class Order; or
 - b. result in the aggregate of:
 - i. the number of Options to be issued;
 - ii. the number of Shares which would be issued if all the current Options issued under any employment incentive scheme were exercised;
 - iii. the number of Shares which have been issued as a result of the exercise of Options issued under any employee incentive scheme, where the Options were issued during the preceding three years; and
 - iv. all other Shares issued pursuant to any employee incentive scheme during the preceding three years,exceeding six percent (6%) of the then current number of Shares on issue.
6. Exercise Price. Options will be issued free of charge to or for the benefit of Participants. The exercise price of the Options shall be as the Board in its absolute discretion determines, provided that it shall not be less than that amount which is equal to 80% of the Market Value calculated by reference to the day on which the Board resolves to offer the Options.
7. Limit on Exercise. The Board may limit the total number of Options which may be exercised under the ESOP in any calendar year.
8. Criteria. The Board, in its absolute discretion, having regard to skills, experience, length of service with the Company Group, remuneration level and such other criteria as the Board considers appropriate in the circumstances, shall determine criteria to establish the periods during which the Options may be exercised or will vest. These criteria may incorporate performance related factors. Such factors may reflect, inter alia, profitability levels and sales targets and may, subject to Section 16 below, be amended from time to time in a manner favourable to the Participant or otherwise waived. However, such performance related factors, if included in the Option terms or so amended, shall not act in any way to constitute a breach of the Terms and Conditions.
9. Lapse. Unless the Board in its absolute discretion determines otherwise, Options shall lapse upon the earlier of:
 - a. the expiry of the exercise date;

- b. the expiry of 60 days after the Participant ceases to be employed or engaged by a member of the Company Group by reason of dismissal, resignation or termination of employment, office or services for any reason;
 - c. the expiry of 60 days after the Participant ceases to be employed or engaged by a member of the Company Group by reason of retirement;
 - d. a determination by the Board acting reasonably that the Participant has acted fraudulently, dishonestly or in breach of his or her obligations to a member of the Company Group; or
 - e. seven (7) years after the date of issue.
10. Certificate. If a Participant accepts an offer from the Company to participate in the ESOP, then the Company will evidence the issue of an Option to or for the benefit of a Participant by issuing the Option holder a Certificate or a holding statement for that Option.
11. Entitlement. Each Option entitles the holder to subscribe for and be issued with one Share (subject to adjustment under these T&Cs).
12. Share Ranking. Shares issued pursuant to the exercise of Options will in all respects, including bonus issues and new issues, rank equally and carry the same rights and entitlements as other Shares on issue at the time of issue.
13. No Participating Rights. There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least seven (7) Business Days after the issue is announced (or such shorter time as permitted under the Listing Rules). This will give Option holders the opportunity to exercise their Options prior to the record date.
14. No Quotation. The Options will not be quoted on the ASX. However, application will be made to the ASX for official quotation of the Shares issued on the exercise of the Options if the Shares are listed on the ASX at that time.
15. Adjustments. If at any time the issued capital of the Company is reconstructed, all rights of Option holders are to be changed in a manner consistent with the Listing Rules.
16. Trigger Event. Notwithstanding the T&Cs, upon the occurrence of a Trigger Event the Board may determine:
- a. that the Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Board acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event provided that the Board will forthwith advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
 - b. to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event in which case the Board shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that

period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse,

subject always that if the expected change of control arising from the Trigger Event does not occur, all actions taken under this Section 16. will be deemed to be null and void and of no effect and all Options which have been dealt with under this Section 16 shall be reinstated.

17. Transfer. An Option may not be transferred or assigned except (i) under Section 16(b); (ii) with the prior consent of the Board; or (iii) to a legal personal representative of a Participant who has died or whose estate is liable to be dealt with under laws relating to mental health will be entitled to be registered as the holder of that Option after the production to the Board of such documents or other evidence as the Board may reasonably require to establish that entitlement.
18. Exercise. An Option is exercisable by the holder lodging with the Company a Notice of Exercise of Option, and, subject to Section 19, together with a cheque for the exercise price of each Option to be exercised and the relevant Option Certificate. If not all of the holder's Options are being exercised, a holder must exercise Options in multiples of 1,000.
19. Cashless Exercise. In lieu of paying the cash exercise price as required in Section 18 and receiving the number of Shares underlying the Options which have been exercised, a Participant who is not resident in Australia may elect to receive, without payment of a cash exercise price, the number of Shares determined in accordance with the following formula:

$$A = \frac{B \times (C - D)}{C}$$

Where:

A = the number of Shares to be issued to the Option holder pursuant to this Section 19;

B = the number of Shares otherwise issuable upon the Options being exercised;

C = the Market Value of one Share determined with reference to the date of delivery of the Notice of Exercise; and

D = the exercise price of the relevant Option.

20. No Employment Rights. Neither participation in the ESOP by the Company or an Associated Body Corporate or any Participant or anything contained in these T&Cs shall in any way prejudice or affect the right of the Company or an Associated Body Corporate to dismiss any Participant or to vary the terms of employment or engagement of any Participant. Nor shall participation or the rights or benefits of a Participant under the T&Cs be relevant to or be used as grounds for granting or increasing damages in any action brought by a Participant against the Company or an Associated Body Corporate whether in respect of any alleged wrongful dismissal or otherwise.
21. Current Market Price. At all times during which Participants may subscribe for or purchase Shares upon exercise of an Option issued pursuant to the ESOP, the Company shall provide, within a reasonable period of a request by Participants, the current market price of the Shares. Participants may contact the Company Secretary to obtain this information.

22. Administrative Powers. The ESOP shall be administered by the Board who shall have power to, among other things:
- a. determine appropriate procedures for administration of the ESOP consistent with these T&Cs;
 - b. resolve conclusively all questions of fact or interpretation or dispute in connection with the ESOP and settle as the Board in its absolute discretion determines expedient any difficulties or anomalies howsoever arising with or by reason of the operation of the ESOP; and
 - c. delegate to any one or more persons for such period and on such conditions as it may determine the exercise of any of the Board's powers or discretions arising under the ESOP.
23. Taxes. Any tax consequences arising from the grant or exercise or vesting of any Options, from the payment for Shares covered thereby, or from any other event or act (of the Company, and/or a member of the Company Group, and the Trustee or the Participant) hereunder, shall be borne solely by the Participant. The Company and/or a member of the Company Group, and/or the Trustee shall be entitled to withhold taxes according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source. The Company or any member of the Company Group and the Trustee may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all taxes required by law to be withheld with respect to the Options granted, or Shares issued on exercise of the Options, under the ESOP and the exercise or vesting or sale thereof, including, but not limited, to
- a. deducting the amount so required to be withheld from any other amount then or thereafter payable to a Participant;
 - b. requiring a Participant to pay to the Company or any member of the Company Group the amount so required to be withheld as a condition of the issuance, delivery, distribution or release of any Share; and/or
 - c. by causing the exercise of an Option and/or the sale of Share held by or on behalf of a Participant to cover such liability, up to the amount required to satisfy minimum statutory withholding requirements.
- In addition, the Participants will be required to pay any amount which exceeds the tax to be withheld and remitted to the tax authorities, pursuant to applicable tax laws, regulations and rules.
24. Amendment. The Board may at any time amend these T&Cs, or waive or modify the application of these T&Cs in relation to any Participant, except that if the proposed amendment, waiver or modification would adversely affect the rights of Participants in respect of any Options then held by them, the Board must obtain the consent of Participants holding not less than 75% of the Option affected adversely by the proposed amendment, waiver or modification.
25. Israeli Participants. In addition to these T&Cs, the terms set out in Appendix A shall apply to Israeli resident Participants in the ESOP.
26. Governing Law. The ESOP and all Options granted hereunder are governed by the laws of the State of Victoria, Australia, excluding the principles of conflicts of laws thereof.

[Remainder of Page Intentionally Blank]

Appendix A

Special Provisions for Persons who are Israeli Taxpayers

1 General

- a. The provisions specified in this Appendix (the “Appendix”) shall form an integral part of the ESOP. The ESOP and this Appendix shall be read together.
- b. The provisions of this Appendix apply only to persons who are subject to taxation by the State of Israel with respect to an Award.
- c. This Appendix applies with respect to the Awards under the ESOP. The purpose of this Appendix is to establish certain rules and limitations applicable to the Award that may be granted under the ESOP to Participants from time to time, in compliance with the securities and other applicable laws currently in force in the State of Israel. Except as otherwise provided by this Appendix, all grants made pursuant to this Appendix shall be governed by the terms of the ESOP. This Appendix is applicable only to grants made after the effective date of the ESOP. This Appendix complies with, and is subject to, the ITO (as defined below) and Section 102 (as defined below).

2 Definitions

Capitalized terms not otherwise defined herein shall have the meaning assigned to them in the ESOP. The following additional definitions will apply to grants made under the ESOP subject to this Appendix:

“Award” shall include an Option granted under the ESOP.

“3(i) Award” means an award (including an Option granted under the ESOP) that is subject to taxation pursuant to Section 3(i) of the ITO which has been granted to any person who is not an Eligible 102 Participant.

“102 Capital Gains Track” means the tax track set forth in Section 102(b)(2) or Section 102(b)(3) of the ITO, as the case may be.

“102 Capital Gains Track Grant” means a 102 Trustee Grant qualifying for the special tax treatment under the 102 Capital Gains Track.

“102 Earned Income Track” means the tax track set forth in Section 102(b)(1) of the ITO.

“102 Earned Income Track Grant” means a 102 Trustee Grant qualifying for the ordinary income tax treatment under the 102 Earned Income Track.

“102 Trustee Grant” means an award granted pursuant to Section 102(b) of the ITO and held in trust by a Trustee for the benefit of the Eligible 102 Participant and includes 102 Capital Gains Track Grants or 102 Earned Income Track Grants.

“Affiliate” means any affiliate that is an ‘employing company’ within the meaning of Section 102(a) of the ITO.

“Controlling Shareholder” as defined under Section 32(9) of the ITO.

“Election” means the Company's election of the type (i.e., between 102 Capital Gains Track or 102 Earned Income Track) of 102 Trustee Grants that it will make under the ESOP, as filed with the ITA.

“Eligible 102 Participant” means an individual employed by an Israeli resident Affiliate or an individual who is serving as a director of an Israeli resident Affiliate, who is not a Controlling Shareholder.

“ITA” means the Israeli Tax Authority.

“ITO” or the ‘Ordinance’ means the Israeli Income Tax Ordinance (New Version), 5721-1961 and the rules, regulations, orders or procedures promulgated thereunder and any amendments thereto, including specifically the ITO Rules, all as may be amended from time to time.

“ITO Rules” means the Income Tax Rules (Tax Benefits in Share Issuance to Employees), 5763-2003.

“Non-Trustee Grant” means an award granted to an Eligible 102 Participant pursuant to Section 102(c) of the ITO.

“Required Holding Period” means the requisite period prescribed by Section 102 and the ITO Rules, or such other period as may be required by the ITA, with respect to 102 Trustee Grants, during which award granted by the Company and the Share issued upon the exercise or vesting of the award must be held by the Trustee for the benefit of the person to whom it was granted. As of the Effective Date, the Required Holding Period for 102 Capital Gains Track Grants is 24 months from the date the award is granted, provided that all the conditions set forth in Section 102 and related regulations have been fulfilled.

“Section 102” means the provisions of Section 102 of the ITO, as amended from time to time.

“Trustee” means a person or entity designated by the Board to serve as a trustee and/or supervising trustee and approved by the ITA in accordance with the provisions of Section 102(a) of the ITO.

“Trust Agreement” means the agreement(s) between the Company and the Trustee regarding award granted under this Appendix, as in effect from time to time.

3 Types of Grants and Section 102 Election.

- a. Grants of Awards made pursuant to Section 102, shall be made pursuant to either (a) Section 102(b)(2) or Section 102(b)(3) of the ITO as the case may be, as 102 Capital Gains Track Grants, or (b) Section 102(b)(1) of the ITO as 102 Earned Income Track Grants. The Company's Election regarding the type of 102 Trustee Grant it elects to make shall be filed with the ITA before any grant is made pursuant to such Election in accordance with Section 102. Once the Company has filed such Election, it may change the type of 102 Trustee Grant that it elects to make only after the lapse of at least 12 months from the end of the calendar year in which the first grant was made pursuant to the previous Election, in accordance with Section 102. For the avoidance of doubt, such Election shall not prevent the Company from granting Non-Trustee Grants to Eligible 102 Participants at any time.
- b. Eligible 102 Participants may receive only 102 Trustee Grants or Non-Trustee Grants under this Appendix. Participants who are not Eligible 102 Participants may be granted only 3(i) Awards under this Appendix.

- c. No 102 Trustee Grants may be made effective pursuant to this Appendix until 30 days after the requisite filings required by the ITO and the ITO Rules have been filed with the ITA.
- d. The Award agreement or documents evidencing the Award granted or option issued pursuant to the ESOP and this Appendix shall indicate whether the grant is a 102 Trustee Grant, a Non-Trustee Grant or a 3(i) Grant; and, if the grant is a 102 Trustee Grant, whether it is a 102 Capital Gains Track Grant or a 102 Earned Income Track Grant, the vesting provisions and the exercise price.

4 Terms and Conditions of 102 Trustee Grants

- a. Each 102 Trustee Grant will be deemed granted on the date stated in the applicable Board resolution, in accordance with the provisions of Section 102 and the Trust Agreement.
- b. Each 102 Trustee Grant granted to an Eligible 102 Participant shall be held by the Trustee and each certificate for Shares acquired pursuant to a 102 Trustee Grant shall be issued to and registered in the name of a Trustee and shall be held in trust for the benefit of the Eligible 102 Participant for the Required Holding Period. After termination of the Required Holding Period, the Trustee may release such award and any such Share, provided that (i) the Trustee has received an acknowledgment from the ITA that the Eligible 102 Participant has paid any applicable tax due pursuant to the ITO; or (ii) the Trustee and/or the Company withhold any applicable tax due pursuant to the ITO. The Trustee shall not release any 102 Award or Share issued thereunder and held by it prior to the full payment of the Eligible 102 Participant's tax liabilities.
- c. Each 102 Trustee Grant (whether a 102 Capital Gains Track Grant or a 102 Earned Income Track Grant, as applicable) shall be subject to the relevant terms of Section 102 and the ITO, which shall be deemed an integral part of the 102 Trustee Grant and shall prevail over any term contained in the ESOP, this Appendix or any Award agreement that is not consistent therewith. Any provision of the ITO and any approvals by the ITA not expressly specified in this Appendix or any document evidencing a grant that are necessary to receive or maintain any tax benefit pursuant to Section 102 shall be binding on the Eligible 102 Participant. The Trustee and the Eligible 102 Participant granted a 102 Trustee Grant shall comply with the ITO, and the terms and conditions of the Trust Agreement entered into between the Company and the Trustee. For avoidance of doubt, it is reiterated that compliance with the ITO specifically includes compliance with the ITO Rules. Further, the Eligible 102 Participant agrees to execute any and all documents which the Company or the Trustee may reasonably determine to be necessary in order to comply with the provision of any applicable law, and, particularly, Section 102.
- d. During the Required Holding Period, the Eligible 102 Participant shall not require the Trustee to release or sell the Award or Share and other share received subsequently following any realization of rights derived from Award or Share (including stock dividends) to the Eligible 102 Participant or to a third party, unless permitted to do so by applicable law. Notwithstanding the foregoing, the Trustee may, pursuant to a written request and subject to applicable law, release and transfer such Share to a designated third party, provided that both of the following conditions have been fulfilled prior to such transfer: (i) all taxes required to be paid upon the release and transfer of the Share have been withheld for transfer to the ITA; and (ii) the Trustee has received written confirmation from the Company that all requirements for such release and transfer have been fulfilled according to the terms of the Company's corporate documents, the ESOP, this Appendix, any applicable agreement

and any applicable law. To avoid doubt, such sale or release during the Required Holding Period will result in different tax ramifications to the Eligible 102 Participant under Section 102 of the ITO and the ITO Rules and/or any other regulations or orders or procedures promulgated thereunder, which shall apply to and shall be borne solely by such Eligible 102 Participant.

- e. In the event a stock dividend is declared and/or additional rights are granted with respect to Shares which were issued upon an exercise or vesting of an Award granted as 102 Trustee Grants, such dividend and/or rights shall also be subject to the provisions of this Section 4 and the Required Holding Period for such stock dividend and/or rights shall be measured from the commencement of the Required Holding Period for the Award with respect to which the dividend was declared and/or rights granted. In the event of a cash dividend on Award or a Share, the Trustee shall deduct all taxes and mandatory payments from the dividend proceeds in compliance with applicable withholding requirements before transferring the dividend proceeds to the Eligible 102 Participant.
- f. If an Award which is granted as a 102 Trustee Grant is exercised or vests during the Required Holding Period, the Share issued upon such exercise or vesting shall be issued in the name of the Trustee for the benefit of the Eligible 102 Participant. If such Share is issued after the Required Holding Period has lapsed, the Shares issued upon such exercise or vesting shall, at the election of the Eligible 102 Participant, either (i) be issued in the name of the Trustee, or (ii) be transferred to the Eligible 102 Participant directly, provided that the Eligible 102 Participant first complies with all applicable provisions of the ESOP, this Appendix and Section 102 and pays all taxes which apply on the Shares or to such transfer of Share.
- g. To avoid doubt, notwithstanding anything to the contrary in the ESOP, this Appendix and/or any Award agreement, no grant qualifying as a 102 Trustee Grant shall be substituted for payment in cash or any other form of consideration, including an Award or Share, in the absence of an explicit approval of the ITA in advance for such substitution.
- h. Upon receipt of 102 Trustee Grant, the Eligible 102 Participant will sign an undertaking to release the Trustee from any liability in respect of any action or decision duly taken and bona fide executed in relation with this Appendix, or any 102 Trustee Grant Share granted to him thereunder.

5 Exercise of Awards

Awards shall be exercised by the Eligible 102 Participant by giving a written notice to the Company and/or to any third party designated by the Board (the 'Representative'), in such form and method as may be determined by the Board and, when applicable, by the Trustee, in accordance with the requirements of Section 102, which exercise shall be effective upon receipt of such notice by the Company and/or the Representative and the payment of the exercise price for the number of Shares with respect to which the option is being exercised, at the Company's or the Representative's principal office. The notice shall specify the number of Shares with respect to which the option is being exercised.

6 Assignability

- a. As long as Award or Share are held by the Trustee on behalf of the Eligible 102 Participant, all rights of the Eligible 102 Participant over the Award or Share are personal, cannot be transferred, assigned, pledged or mortgaged (each a 'Transfer'), other than by will or laws of descent or as specifically otherwise allowed under the Fluence ESOP, and during the lifetime

of the Eligible 102 Participant each and all of such Eligible 102 Participant's rights to purchase Shares hereunder shall be exercisable only by the Eligible 102 Participant.

- b. Any such Transfer made directly or indirectly, for immediate or future effect, shall be void.

7 Tax Consequences

- a. Any tax consequences arising from the grant or exercise or vesting of any Award, from the payment for Shares covered thereby, or from any other event or act (of the Company, and/or its Affiliates, and the Trustee or the Participant), hereunder, shall be borne solely by the Participant. The Company and/or its Affiliates, and/or the Trustee shall be entitled to withhold taxes according to the requirements under the applicable laws, rules, and regulations, including withholding taxes at source. Furthermore, the Participant shall agree to indemnify the Company and/or its Affiliates and/or the Trustee and hold them harmless against and from any and all liability for any such tax or interest or penalty thereon, including without limitation, liabilities relating to the necessity to withhold, or to have withheld, any such tax from any payment made to the Participant. The Company or any of its Affiliates and the Trustee may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all taxes required by law to be withheld with respect to Award granted under the ESOP and this Appendix and the exercise or vesting or sale thereof, including, but not limited, to (i) deducting the amount so required to be withheld from any other amount then or thereafter payable to a Participant, and/or (ii) requiring a Participant to pay to the Company or any of its Affiliates the amount so required to be withheld as a condition of the issuance, delivery, distribution or release of any Share, and/or (iii) by causing the exercise of an Award and/or the sale of Share held by or on behalf of a Participant to cover such liability, up to the amount required to satisfy minimum statutory withholding requirements. In addition, the Participants will be required to pay any amount which exceeds the tax to be withheld and remitted to the tax authorities, pursuant to applicable tax laws, regulations and rules.
- b. With respect to Non-Trustee Grants, if the Eligible 102 Participant ceases to be employed by the Company or any Affiliate, the Eligible 102 Participant shall extend to the Company and/or its Affiliate a security or guarantee for the payment of tax due at the time of sale of Share to the satisfaction of the Company, all in accordance with the provisions of Section 102 of the ITO and the ITO Rules.

8 Governing Law and Jurisdiction.

The ESOP and all Awards (including, without limitation, Options) granted thereunder are governed by the laws of the State of Victoria, Australia, excluding the principles of conflicts of laws thereof; provided, however, that all aspects of an Award which relate to Section 102 of the Ordinance, the rules and regulations promulgated thereunder, the Israeli Appendix, the Trust Agreement and/or Section 3(i) of the Ordinance, shall be governed by and interpreted in accordance with the laws of the State of Israel, without giving effect to the principles of the conflicts of laws thereof.

All Options and Shares shall be subject to the laws and requirements of the State of Israel and the terms and conditions on which an Option is granted are deemed modified to the extent necessary or advisable to comply with the applicable Israeli laws provided however that in the event of any inconsistency with the ASX Listing Rules or the Corporations Act the provisions of those Australian laws or rules shall apply.

[Remainder of Page Intentionally Blank]

All Correspondence to:

- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia
- 📠 **By Fax:** +61 2 9290 9655
- 💻 **Online:** www.boardroomlimited.com.au
- ☎ **By Phone:** (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 9.00am (AEST) on Tuesday 2 June 2020.**

🖨 TO COMPLETE YOUR PROXY AND VOTE ONLINE

📱 BY SMARTPHONE

- STEP 1: VISIT** <https://www.votingonline.com.au/fluenceagm2020>
- STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)**
- STEP 3: Enter your Voting Access Code (VAC):**



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint Paul Donnelly or Ross Kennedy as your proxy please tick the appropriate box. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the 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.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark 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 securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate voting at the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

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

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **9.00am (AEST) on 2 June 2020**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

- 💻 **Online** <https://www.votingonline.com.au/fluenceagm2020>
- 📠 **By Fax** + 61 2 9290 9655
- ✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia
- 👤 **In Person** Boardroom Pty Limited
Level 12, 225 George Street,
Sydney NSW 2000 Australia

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.

Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Fluence Corporation Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

☐

Paul Donnelly (mark box)

☐

Ross Kennedy (mark box)

or if none of the boxes above are marked, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at Fluence Corporation Limited, Level 3, 62 Lygon Street, Carlton, Victoria 3053 on **Thursday 4 June, 2020 at 9.00am (AEST)** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolution 1 or 8, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Resolutions even though Resolution 1 and 8 are connected with the remuneration of a member of the key management personnel for the Company.

The Chair of the Meeting will vote all undirected proxies in favour of all Items of business (including Resolution 1 and 8). If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* 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 vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director - Mr Arnon Goldfarb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Director - Dr Rengarajan Ramesh	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification and Approval of Previous Issue of Private Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification and Approval of Previous Issue of SPP Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Amendment to Option terms- Cashless Conversion of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval of the Company's 2020 employee share option plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9A	Update to the Company's constitution - Hybrid Meetings	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9B	Update to the Company's constitution - Direct Voting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9C	Update to the Company's constitution - Restricted Securities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary