



SDI Limited
A.B.N. 27 008 075 581

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting (**AGM**) of SDI Limited (**SDI or the Company**) will be held at 10.30 am (Melbourne time) on Friday, 15 November 2019 at the Sage Hotel, Level 5, 211 Maroondah Highway, Ringwood, Victoria 3134, Australia.

The Explanatory Notes accompanying this Notice of Meeting provides additional information on the matters to be considered at the AGM. The Explanatory Notes and the proxy form are part of this Notice of Meeting.

A. CONSIDERATION OF REPORTS

To receive and consider the Company's Financial Report, the Directors' Report and the Independent Auditor's Report of the Company in respect of the financial year ended 30 June 2019.

There is no vote on this item.

Unless the Company's Share Registry has been notified otherwise, shareholders have not been sent a hard copy of the Annual Report. All shareholders can view the Annual Report which contains the Financial Report for the year ended 30 June 2019 on the Company's website at www.sdi.com.au.

B. QUESTIONS AND COMMENTS

Following consideration of the Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about or comment on the management of the Company.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

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

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Auditor's Report or the conduct of the audit. A list of written questions submitted by shareholders will be made available at the start of the AGM and any written answer tabled by the Auditor at the AGM will be made available as soon as practicable after the meeting.

C. ITEMS FOR APPROVAL

Resolution 1: Re-election of Mr Gerard Kennedy.

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

"That Mr Gerard Kennedy, who retires in accordance with Clause 25.2 of the Company's Constitution and being eligible for re-election, is re-elected as a Director of the Company."

Resolution 2: Re-election of Mr Cameron Allen.

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

"That Mr Cameron Allen, who retires in accordance with Clause 25.2 of the Company's Constitution and being eligible for re-election, is re-elected as a Director of the Company."

Resolution 3: Re-election of Mr John Slaviero.

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

"That Mr John Slaviero, who retires in accordance with Clause 25.2 of the Company's Constitution, and being eligible for re-election, is re-elected as a Director of the Company."

Resolution 4: Remuneration Report

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

"That, the Company's Remuneration Report for the year ended 30 June 2019 as set out in the Directors' Report, is adopted."

Under the Corporations Act, this resolution is advisory only and does not bind the Directors or the Company.

VOTING EXCLUSION STATEMENTS

A vote on Resolutions 4, must not be cast (in any capacity) by, or on behalf of, the following persons:

- a member of the key management personnel (**KMP**) whose remuneration details are included in the 2019 Remuneration Report; or
- a closely related party of such a KMP (including close family members and companies the KMP controls).

However, a person described above may cast a vote on Resolutions 4, as a proxy if the vote is not cast on behalf of a person described above and either:

- the proxy appointment is in writing that specifies the way the proxy is to vote (e.g. for, against, abstain) on the resolution; or
- the vote is cast by the chair of the meeting and the appointment of the chair as proxy:
 - a) does not specify the way the proxy is to vote on the resolution; and
 - b) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

"Key management personnel" and "closely related party" have the same meaning as set out in the Corporations Act.

By Order of the Board

J.J. SLAVIERO
Company Secretary
Dated: 14 October 2019

ENTITLEMENT TO ATTEND AND VOTE

It has been determined that in accordance with regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the AGM, shares will be taken to be held by the persons who are the registered holders at 7:00pm (Melbourne time) on 13 November 2019. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

If more than one joint holder of shares is present at the AGM (whether personally, by proxy or by attorney or by representative) and tenders a vote, only the vote of the joint holder whose name appears first on the register will be counted.

Proxies

A member entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote on his/her behalf. If a body corporate is appointed as a proxy, that body corporate must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the AGM.

A member may specify the proportion or number of votes each proxy may exercise. If the member does not specify the proportion or number of votes to be exercised, each proxy may exercise half of the shareholder's votes. A proxy need not be a member of the Company. A proxy form is provided with this notice. To be effective, the proxy must be received by the Share Registrar of the Company no later than 10.30 am (Melbourne time) on Wednesday, 13 November 2019 (being 48 hours before the AGM). Proxies may be lodged in the following manner:

By Mail: Link Market Services
Locked Bag A14
SYDNEY SOUTH, NSW 1235

By Fax: +61 2 9287 0309

By Hand: Link Market Services
Level 12, 680 George Street
SYDNEY, NSW 2000

Online: www.linkmarketservices.com.au

Step 1: Select Investor Login from the right hand menu.

Step 2: Enter "SDI Limited" as the Issuer.

Step 3: Enter your Holder Identifier (which appears under the barcode on the front of your proxy form) and your postcode **or** Country.

Step 4: Enter the security code, read and agree to the terms and conditions by selecting the tick box and click "Login"

Step 5: Select "Voting" from the top menu and follow the prompts to lodge your Proxy.

To be valid, a proxy form must be received by the Company in the manner stipulated above. The Company reserves the right to declare invalid any proxy not received in this manner.

Voting by Attorney

A proxy form and the original power of attorney (if any) under which the proxy form is signed (or a certified copy of that power of attorney or other authority) must be received by the Company no later than 10.30am (Melbourne time) on Wednesday, 13 November 2019 being 48 hours before the AGM.

Corporate Representatives

A body corporate which is a shareholder, or which has been appointed as a proxy, is entitled to appoint any person to act as its representative at the AGM. The appointment of the representative must comply with the requirements under section 250D of the *Corporations Act 2001* (Cth) (the Act). The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as the company's representative. A "Certificate of Appointment of Corporate Representative" form may be obtained from the Company's share registry or online at www.linkmarketservices.com.au

Annual General Meeting – Explanatory Notes

These Explanatory Notes have been prepared for the information of shareholders of the Company in relation to the business to be conducted at the Company's AGM to be held on Friday, 15 November 2019.

The purpose of the Explanatory Notes is to provide shareholders with information that is reasonably required by shareholders to decide how to vote upon the resolutions.

Subject to the abstentions noted below, the Directors unanimously recommend Shareholders vote in favour of all Resolutions. The Chairman of the Meeting intends to vote all available undirected proxies in favour of each resolution.

Resolutions 1, 2 and 3 are ordinary resolutions, which require a simple majority of votes cast by shareholders present and entitled to vote on the resolution. Resolution 4, relating to the Remuneration Report, is advisory and does not bind the Directors or the Company.

Resolution 1 – Re-election of Mr. Gerard Kennedy

In accordance with clause 25.2 of the Constitution, Mr. Gerard Kennedy retires and, being eligible, offers himself for re-election as a Director. Mr. Kennedy is a member of the Audit Committee and a member of the Remuneration Committee.

Mr. Kennedy is a Special Council in the Law firm of Macpherson and Kelley Lawyers and has spent many years in advising clients on matters of mergers and acquisitions, contract, licensing, joint ventures, tenders, corporate governance and compliance, Corporation law and international trade.

Mr. Kennedy is a Barrister and Solicitor of the Supreme Court of Victoria and the High Court of Australia, Postgraduate Diploma in Commercial Law (Monash University) majoring in International Trade Law and International Banking and Finance Law, Notary Public and a Member of the Victorian Lawyers RPA Ltd

The Directors, with Mr. Kennedy abstaining, recommend that shareholders vote in favour of this Resolution.

Resolution 2 – Re-election of Mr. Cameron Allen

In accordance with clause 25.2 of the Constitution, Mr. Cameron Allen retires and, being eligible, offers himself for re-election as a Director. Mr. Allen is Chairman of the Audit Committee and a member of the Remuneration Committee.

Mr. Allen is currently the Managing Partner of A&A Tax Legal Consulting (formerly WTS Australia), which he established in 2010. A&A is a high-end specialist tax and consulting firm that works with independent global specialist firms around the world. Prior to A&A, Mr. Allen was a tax partner at Deloitte Touche Tohmatsu and BDO, as well as holding a senior role at Ernst & Young. He has over 25 years' experience in advising large and small corporate organisations on domestic and international taxation and "best practice" processes.

Mr. Allen holds a Master of Taxation (University of Melbourne), Bachelor of Business (Accounting) (Deakin University), Chartered Tax Adviser and Member of The Tax Institute (Australia).

The Directors, with Mr. Allen abstaining, recommend that shareholders vote in favour of this Resolution.

Resolution 3 – Re-election of Mr. John Slaviero

In accordance with clause 25.2 of the Constitution, Mr. John Slaviero retires and, being eligible, offers himself for re-election as a Director.

Mr. Slaviero has been the Chief Financial Officer and Company Secretary of SDI Limited since 2002 and in addition to this was appointed Chief Operating Officer in 2015. He has extensive finance, accounting, and operational experience in both the commercial and professional fields. Much of this experience was gained from working in senior finance and accounting roles in large multi-national and medium size manufacturing companies

Mr. Slaviero holds a Bachelor of Business (Accounting) degree from Swinburne University and is a CPA and a Fellow of the Association of Taxation & Management Accountants.

The Directors, with Mr. Slaviero abstaining, recommend that shareholders vote in favour of this Resolution.

Resolution 4 – Remuneration Report

Section 250R(2) of the Corporations Act 2001 (Cth) (the Act) requires that the section of the Directors' Report dealing with the remuneration of directors and key management personnel (KMP) of the Company (Remuneration Report) be put to the vote of shareholders for adoption by way of a non-binding vote.

Broadly, the Remuneration Report details the remuneration policy for the Company and:

- explains the structure of and rationale behind the Company's remuneration practices and the link between the remuneration of executives and the Company's performance;
- sets out remuneration details for each Director and for each executive with authority and responsibility for directing the affairs of the Company; and
- discusses the relationship between the policy and Company performance.

Shareholders can view the full Remuneration Report in the Annual Report which is available on the Company's website at www.sdi.com.au.

Following consideration of the Remuneration Report, the Chairman of the Meeting will give shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. A resolution that the Remuneration Report be adopted will then be put to the vote. The vote on this resolution is advisory only and does not bind the Directors of the Company. However, the Board will take the outcome of the vote into account in setting its remuneration policy for future years.

Why you should vote in favour of Resolution 4

The Remuneration Committee has structured an executive remuneration framework based on external remuneration reports that is market competitive and complementary to the reward strategy of the Company. Based on this data the Committee has determined that the framework is both fair and reasonable to reward and retain its high performing executives. Additionally, the framework seeks to enhance executives' interests by rewarding capabilities, experience and contribution to growth in shareholder wealth. The Company's remuneration policy includes a fixed element to remuneration and an "at-risk" short-term incentive (STI) and long-term incentive (LTI) dependent upon performance of the Company and the executives achieving their KPI's.

The following principles are followed by the Remuneration Committee:

- Pay competitive rewards to attract and retain high quality executives, having regard for the following:
 - capabilities and experience;
 - competitive by market standards;

- reward executives for achieving Company and business targets; and
 - align the interests of the executive with those of shareholders.
- Remuneration paid to the executive group should reflect industry and market conditions.
- Remuneration paid to the executive group needs to include some 'at-risk' component to align with market best practice.
- Exceptional performance-based remuneration will be available and paid by exception and at the discretion of the Board.
- Performance measures associated with incentives should be challenging and achievable, with KPIs that are linked to factors over which the executive has control, but which are not easily manipulated.

The Board is satisfied that the executives are remunerated adequately according to performance, position responsibilities and market rates.

The Directors abstain, in the interests of corporate governance, from making a recommendation in relation to this Resolution.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au

BY MAIL

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

BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138; or
Level 12, 680 George Street, Sydney NSW 2000

ALL ENQUIRIES TO

Telephone: +61 1300 554 474

PROXY FORM

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

APPOINT A PROXY

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

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:30am on Friday, 15 November 2019 at the Sage Hotel, Level 5, 211 Maroondah Highway, Ringwood, Victoria 3134, Australia** (the **Meeting**) and at any postponement or adjournment of the Meeting.

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

The Chairman of the Meeting intends to vote all available proxies in favour of all items of business.

VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒

Resolutions

For Against Abstain*

- 1 Re-election of Mr Gerard Kennedy
as a Director

☐ ☐ ☐

- 2 Re-election of Mr Cameron Allen
as a Director

☐ ☐ ☐

- 3 Re-election of Mr John Slaviero
as a Director

☐ ☐ ☐

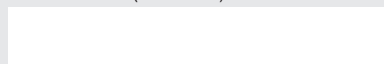
- 4 Adoption of the Remuneration Report

☐ ☐ ☐

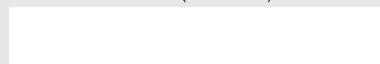
* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED

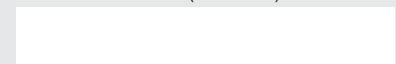
Shareholder 1 (Individual)



Joint Shareholder 2 (Individual)



Joint Shareholder 3 (Individual)



Sole Director and Sole Company Secretary

Director/Company Secretary (Delete one)

Director

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



HOW TO COMPLETE THIS SHAREHOLDER PROXY FORM

YOUR NAME AND ADDRESS

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

APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1.

If you leave this section blank, or your named proxy does not attend the Meeting, the Chairman of the Meeting will be your proxy. If your named proxy attends the Meeting but does not vote on a poll on a resolution in accordance with your directions, the Chairman of the Meeting will become your proxy in respect of that resolution. A proxy need not be a shareholder of the Company.

PROXY VOTING BY THE CHAIRMAN OF THE MEETING

On a poll, the Chairman of the Meeting will vote directed proxies as directed and may vote undirected proxies as the Chairman of the Meeting sees fit. If the Chairman of the Meeting is your proxy or becomes your proxy by default, and you do not provide voting directions, then by submitting the Proxy Form you are expressly authorising the Chairman of the Meeting to exercise your proxy on resolutions that are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

If you wish to appoint a Director (other than the Chairman) or other member of the KMP or their closely related parties, as your proxy, you must specify how they should vote on Resolution 4 by marking the appropriate box. If you do not, your proxy will not be able to exercise your vote for Resolution 4.

APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

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

SIGNING INSTRUCTIONS

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

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

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

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" must be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

LODGEMENT OF A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am on Wednesday, 13 November 2019**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Only Proxy Forms issued by the Company will be deemed valid and accepted by the Company.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

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



BY MAIL

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



BY FAX

+61 2 9287 0309



BY HAND

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138
or
Level 12
680 George Street
Sydney NSW 2000

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

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