


SAUNDERS
INTERNATIONAL



Notice of
Annual General
Meeting 2020

Notice of Annual General Meeting 2020

Notice is given that the Annual General Meeting (AGM) of shareholders of Saunders International Limited will be a virtual meeting held as follows:

Date: Tuesday 27 October 2020
Time: 10:30am (AEDST)
Venue: Online at <https://agmlive.link/SND20>

We recommend logging in to our online platform at least 30 minutes prior to the scheduled start time for the Meeting using the instructions below:

Enter <https://agmlive.link/SND20> into a web browser on your computer or online device:

- Shareholders will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN) printed at the top of the Voting Form; and
- Proxyholders will need their proxy code which Link Market Services will provide via email no later than 48 hours prior to the Meeting.

AGM Considerations and Shareholder Questions

A discussion will be held on all items to be considered at the AGM.

All shareholders will have a reasonable opportunity to ask questions during the AGM via the virtual AGM platform, including an opportunity to ask questions of the Company's external auditor.

To ensure that as many Shareholders as possible have the opportunity to speak, Shareholders are requested to observe the following:

- all Shareholder questions should be stated clearly and should be relevant to the business of the Meeting, including matters arising from the Financial Report, Directors' Report (including the Remuneration Report) and Auditor's Report, and general questions about the performance, business or management of the Company;
- if a Shareholder has more than one question on an item, all questions should be asked at the one time; and
- Shareholders should not ask questions at the Meeting regarding personal matters or those that are commercial in confidence.

Shareholders who prefer to register questions in advance of the AGM are invited to do so. A **Shareholder Question Form** has been included with this Notice and is also available on the Company's website: <http://saundersint.com/announcements-to-asx/>

We will attempt to address the more frequently asked questions in the Chairman and Group Managing Director's presentations to the Meeting. Written questions must be received by the Company or Link Market Services Limited by **5pm on 20 October 2020**, and can be submitted online, by mail, by fax or in person (as set out on the top of the Shareholder Question Form).



How to Vote

Shareholders may vote by either:

- a. Using the online platform – for voting at the meeting
- b. Appointing a Proxy
- c. Voting online – for voting before the meeting

a. Using the online platform. We recommend logging in to the online platform at least 30 minutes prior to the scheduled start time for the Meeting using the instructions below:

- Enter <https://agmlive.link/SND20> into a web browser on your computer or online device;
- Securityholders will need their SRN or HIN (printed at the top of the Voting Form); and
- Proxyholders will need their proxy code which Link Market Services will provide via email no later than 48 hours prior to the Meeting.

Online voting will be open between the commencement of the Meeting at 10.30 (AESDT) on 27 October and the time at which the Chair announces voting closure.

More information about online participation in the Meetings is available in the Online Platform Guide at <http://saundersint.com/announcements-to-asx/>

b. Appointing a proxy to attend and vote on their behalf, using the proxy form. A member who is entitled to vote at the meeting may appoint:

- one proxy if the member is only entitled to one vote; or
- two proxies if the member is entitled to more than one vote.

Where the member appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one half of the votes, in which case any fraction of votes will be discarded. A proxy need not be a member of the Company.

If you require an additional proxy form, please contact the Company Share Registry on 1300 554 474 which will supply it on request.

The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) must be received by the Share Registry, Link Market Services Limited, no later than 25 October 2020 at 10.30am (AESDT) (that is, at least 48 hours before the meeting). Proxies received after this time will not be accepted.

Instructions for completing the proxy form are outlined on the form, which may be returned by:

- a) posting it in the reply-paid envelope provided;
- b) posting it Saunders International c/- Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235;
- c) hand delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138;
- d) faxing it to Link Market Services Limited on +61 2 9287 0309;
- e) lodging it online at www.linkmarketservices.com.au in accordance with the instructions provided on the website.

You will need your HIN or SRN to lodge your proxy form online.



- c. Voting online – You can lodge your votes online, by logging online at <https://investorcentre.linkmarketservices.com.au/Login/Login> in accordance with the instructions provided on the website.

You will need your HIN or SRN to lodge vote online.

Proxies from corporate shareholders must be executed in accordance with their Constitution or signed by a duly authorised attorney.

A proxy may decide whether to vote on any motion except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as a proxy. If a proxy directs how to vote on an item of business, the proxy may only vote on that item, in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote how he/she thinks fit.

The Constitution provides that where the appointment of a proxy has not identified the person who may exercise it, the appointment will be deemed to in favour of the Chair of the meeting to which it relates, or to another person as the Board determines.

If a shareholder appoints the Chair of the meeting as the shareholder's proxy and does not specify how the Chair is to vote on an item of business, the Chair will vote, as a proxy for that shareholder, in favour of the item on a poll.

The EXPLANATORY STATEMENT containing information in relation to each of the following items of business accompanies this Notice of Annual General Meeting.

Agenda

Ordinary Business

Financial Statements and Report for 2020

To receive and consider the Financial Statements of the Company for the year ended 30 June 2020, consisting of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, the Directors' Report, the Directors' Declaration and the Independent Auditors' Report.

Note: There is no requirement for shareholders to approve this report

RESOLUTION 1 – Non-Binding Resolution to Adopt the Remuneration Report

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

"That pursuant to and in accordance with section 250R(2) of the Corporations Act, the Remuneration Report as contained within the Directors' Report be adopted."

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the resolution by or on behalf of

- a person who is disclosed in the Remuneration Report as a member of the Key Management Personnel of the Company (including the Directors and the Chairman); or
- an associate of those persons.

However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 2 – Re-election of Mr. Gregory Fletcher as Director

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

"to re-elect as a Director of the Company, Mr. Gregory Fletcher, who retires by rotation in accordance with Clause 5.1 of the Company's Constitution and, being eligible, offers himself for re-election."

RESOLUTION 3 – Election of Mr. Nicholas Yates as Director

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

"To elect as a Director of the Company, Mr. Nicholas Yates, having been appointed by the Board as an additional Director of the Company effective 16 September 2020, and who retires in accordance with Clause 8.1 of the Company's Constitution and, being eligible, offers himself for election."



RESOLUTION 4 – Approval for the Granting of Performance Rights under the Saunders Performance Rights Plan to the Managing Director

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

“That approval is given for the issue of up to 380,000 Performance Rights to the Managing Director under the Saunders Performance Rights Plan for the purposes of Listing Rule 10.14 and for all other purposes on the terms and conditions described in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast in favour of the resolution by or on behalf of

- any director who is eligible to participate in the Saunders Performance Rights Plan
- an associate of those persons.

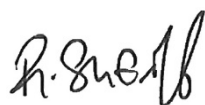
However, the Company need not disregard a vote if:

- it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
- it is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Company's Constitution and the Corporations Act 2001.

BY ORDER OF THE BOARD



Rushan Sheriff
Company Secretary

Dated: 25 September 2020

ENTITLEMENT TO VOTE

For the purpose of the Corporations Act 2001, the Company has determined that members holding ordinary shares at 7:00pm AEDT on Monday 26 October 2020 will be entitled to attend and vote at the AGM.

SHAREHOLDER VOTING FORM

The enclosed Voting Form contains the instructions for direct voting and the appointment of a proxy.



Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting of the Company convened for Tuesday 20 October 2020 commencing at 10:30am.

This Explanatory Statement should be read in conjunction with the Notice of Annual General Meeting.

FINANCIAL STATEMENTS AND REPORTS 2020

The Corporations Act requires the Company to lay before the Annual General Meeting the Financial Statements and Reports for the financial year that ended 30 June 2020. Copies of these Statements and Reports are contained in the Annual Report which is available on the Saunders website:

<http://saundersint.com/annual-reports/>

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

RESOLUTION 1 - ADOPTION OF THE REMUNERATION REPORT

A resolution for adoption of the Remuneration Report is required to be considered and voted on in accordance with the Corporations Act. The Remuneration Report details the Company's policy on the remuneration of non-executive directors, executive directors and senior executives and is set out in the Company's 2020 Annual Report. The vote on the adoption of the Remuneration Report resolution is advisory only and does not bind the directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

Shareholders will be provided with a reasonable opportunity to ask questions, or make comments on, the remuneration report at the Annual General Meeting.

If you appoint the Chairman as your proxy, you can direct him to vote "for", "against" or "abstain" on Resolution 1 by marking the appropriate box on the Shareholder Voting Form. Where the Chairman is appointed as your proxy (or as your proxy by default), unless you direct the Chairman on how to vote by ticking the 'for', 'against' or 'abstain' box, you will be taken to be directing the Chairman to vote in accordance with his stated voting intention. The Chairman intends to vote any undirected proxy in favour of Resolution 1. You can appoint the Chairman as your proxy with a direction to cast your vote contrary to the Chairman's stated voting intention or to abstain from voting on Resolution 1.

Recommendation: The Board recommend that shareholders vote in favour of Resolution 1.



RESOLUTION 2 – RE-ELECTION OF MR. GREGORY FLETCHER AS A DIRECTOR

In accordance with Rule 5.1 of the Company's Constitution, at each Annual General Meeting of the Company, one-third of the directors (other than the Managing Director), or if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, need to retire from office by rotation. Further, and in accordance with the ASX Listing Rules, no director may retain office for more than three years without submitting himself or herself for re-election even though this would result in more than one-third of the directors retiring from office.

Accordingly, Mr Fletcher is required to retire by rotation at the Annual General Meeting, and being eligible, offers himself for re-election as a director.

Information on Mr Gregory Fletcher as follows: -

Mr Fletcher – Bcomm – is a Company Director having retired from the Deloitte partnership in 2009 to take on board roles. He is an Independent Director and Vice Chairman of ASX listed Yancoal Australia Limited, Chairman of privately owned SMEG Australia Pty Ltd, the Director of TAFE NSW Commission. He is the Chairman or member of the Audit and Risk Committees of several NSW government owned entities. Mr Fletcher has been a Director of Saunders since 1 July 2015 and he is considered to be an Independent Director.

Recommendation: The Directors (excluding Mr. Fletcher) recommend that shareholders vote in favour of Resolution 2.

RESOLUTION 3 – ELECTION OF MR. NICHOLAS YATES AS DIRECTOR

In accordance with Rule 8.2 of the Company's Constitution, a Director appointed as an addition to the Board must not hold office without re-election past the next Annual General Meeting. In accordance with that Article, Mr Yates retires, and being eligible, offers himself for election as a Director.

Information on Mr Nicholas Yates as follows: -

Mr Yates joins the Board from BSA Limited where he held the role of Managing Director and Chief Executive Officer from 2014 until earlier this year. He remains on the Board as a Non-Executive Director. Mr Yates is an experienced executive with an extensive career in the Construction, Property and Facilities Management industries, spanning over 30 years. With a Bachelor of Engineering (Mechanical) from the University of Sydney Mr Yates has held senior executive roles at leading multinational organisations including Chief Executive Officer roles at both APP Corporation Pty Limited and Transfield Services infrastructure business. He is Chairman of Group GSA Pty Limited and through his many philanthropic interests is the Chair of Circus Oz, a major Australian performing arts organisation.

The Board considers Mr Yates to be an independent non-executive Director and the Company confirms that it undertook the appropriate checks into Mr Yates background and experience before appointing him as a Director.

Recommendation: The directors (excluding Mr Yates) recommend that shareholders vote in favour of Resolution 3.



RESOLUTION 4 - APPROVAL FOR THE GRANTING OF PERFORMANCE RIGHTS TO A DIRECTOR

The Saunders Performance Rights Plan (Plan) is to be used for the proposed granting of Rights to Mr Mark Benson, Managing Director, as part of his remuneration package for the FY20 financial year. Details of the Plan were presented at the 2015 AGM. The Plan has been designed to facilitate the Company achieving best practice remuneration structures for executives. A key component of effective remuneration for executives is a long-term incentive to support retention, drive shared performance objectives and link remuneration to company performance.

ASX Listing Rule 10.14 requires the Company to obtain shareholder approval for the issue of securities to a director under an employee incentive scheme. Chapter 2E of the Corporations Act requires the Company to seek shareholder approval for a financial benefit to a related party of the Company. The Company is seeking shareholder approval for the proposed grant of Performance Rights to the Mr Mark Benson, Managing Director as set out below.

The features of the proposed offer of Performance Rights to the Managing Director in the period to 30 June 2021 are as follows.

Approval is sought to grant the following Performance Rights.

Tranche	Maximum as % of Total Fixed Remuneration	Maximum Number of Performance Rights	Measurement Periods Commencing in FY2019	Vesting Condition
17	20%	190,000	3 years	RTSR
18	20%	190,000	3 years	NEPSG
Total	40%	380,000		

The maximum number of Performance Rights will vest only if stretch objectives for each tranche are achieved. Half of the Performance Rights will vest if the target objectives are achieved. The end of the measurement period for a tranche of Performance Rights will be extended by up to two years at the board's discretion if significantly less than target vesting would have been achieved for that tranche at the end of the measurement period.

The Performance Rights will be granted at nil cost to the grantee. The Black-Scholes formula is used for calculating the maximum number of Performance Rights to be granted. The share price to be used in the formula will be the 14 ASX days (prior to the grant date) VWAP of Saunders shares.

The two vesting conditions to be used will be relative total shareholder return (RTSR) and normalised earnings per share growth (NEPSG).

RTSR Tranches: RTSR will be measured by comparing the Company's TSR over the measurement period with the TSRs achieved by companies that are in a comparator group and remain listed on the ASX at the end of the measurement period. Total shareholder return (TSR) is the percentage return generated from an investment in a company's shares over the measurement period assuming that dividends are reinvesting into the company's shares.

The vesting scale will be applied to the tranches subject to objective measurement of Saunders performance relative to the comparator group with the vesting scale ranging continuously from 100% for very good performance to 0% for very poor performance with 50% for on-target performance which would normally represent the 50th percentile of the comparator group.

NEPSG Tranches: NEPSG will be assessed as the compound annual growth rate (CAGR) reflected in the increase in normalised earnings per share (EPS) from the base year (FY2020) to normalised EPS for the final year of the measurement period. Normalised EPS will relate to normal operations and will exclude abnormal items as determined by the Board in its discretion.



The vesting scale will be applied to the tranches subject to objective review of Saunders performance with the vesting scale ranging continuously from 100% for very good performance to 0% for very poor performance with 50% for on-target performance.

No tax deduction is available to the Company for the value of the Rights granted but it is anticipated that the Company will obtain a tax deduction equal to the value of the Rights when exercised following vesting.

744,923 Performance Rights under the Plan were granted to Mr. Mark Benson in FY20. These Performance Rights were granted at nil cost to the grantee. This number of Rights granted was based on the Black-Scholes Formula and the VWAP for 14 days (ending 9 October 2019) share price which was \$0.29. No other director was granted Performance Rights in FY19. Mr Benson is the only current director entitled to be granted Performance Rights.

No loans will be provided to Mr Benson in relation to the acquisition of Performance Rights under the Plan. If approved, the Performance Rights will be granted to Mr Benson no later than 30 June 2021.

Mr Mark Benson's current total remuneration package is:

Annual Salary: Total fixed remuneration of \$524,777

Performance Bonus: Variable, ranging from 0% to 60% of total fixed annual remuneration, based on performance measured against a range of key performance indicators

Long Term Incentive: Variable, ranging from 0% to 40% of total fixed annual remuneration, based on performance measured against a range of key performance indicators

Details of any securities issues under the schemes will be published in Saunders International Limited annual report for the period in which they were issued, along with a statement that approval for the issues was obtained under ASX Listing Rule 10.14.

Any additional person covered by ASX Listing Rule 10.14 who became entitled to participate in an issue of securities under the scheme after the resolution is approved and who were not named in the Notice of Meeting will not participate until approval is obtained under that rule.

If approval is given by Shareholders under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1.

Recommendation: The non-executive Directors recommend that the Shareholders vote in favour of Resolution 4.



