

**SAUNDERS**  
INTERNATIONAL

**NOTICE OF  
ANNUAL GENERAL  
MEETING 2021**



# Notice of Annual General Meeting 2021

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

Date: Thursday 21 October 2021  
Time: 10:00am (AEDST)  
Venue: Online at <https://agmlive.link/SND21>

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/SND21> 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.

## Shareholder Questions

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

Shareholders are able to submit written questions to the Company or Auditor in advance of the meeting. 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/>. Questions may also be submitted online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). Questions should be submitted no later than 5pm (Sydney time) on Thursday 14 October 2021.

We will endeavour to address as many of the more frequently raised relevant topics as possible during the course of the meeting. However, there may not be sufficient time available at the meeting to address all of the questions raised. Please note that individual responses will not be sent to shareholders.

Shareholders and proxyholders will be given an opportunity to ask questions in real-time by telephone. A personalised PIN is needed to ask questions by telephone. To receive a personalized PIN, please contact Link Market Services before the AGM. Dial-in details for the AGM and contact details for Link Market Services are included in the Online Guide. If you plan to ask questions by telephone, you will still need to log into the online platform.

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

- all Shareholder questions 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.

## 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

### a. Using the online platform – for Voting at the Meeting.

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/SND21> 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 10.00 (AESDT) on 21 October 2021 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

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.

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 be 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.

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](http://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.

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 2021

To receive and consider the Financial Statements of the Company for the year ended 30 June 2021, 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. Timothy Burnett 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. Timothy Burnett, 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 – Approval for the Granting of Performance Rights under the Saunders Performance Rights Plan to Mr Mark Benson, 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 313,740 Performance Rights to Mark Benson 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

- Mr Mark Benson, Managing Director, who is eligible to participate in the Saunders Performance Rights Plan.
- an associate of those persons.

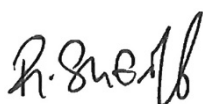
However, the Company need not disregard a vote if:

- 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: 17 September 2021

#### 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 Wednesday 20 October 2021 will be entitled to attend and vote at the AGM.

#### SHAREHOLDER VOTING FORM

The enclosed Voting Form contains the instructions for Voting Online and the Appointment of a Proxy.

# Explanatory Statement

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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 Thursday 21 October 2021 commencing at 10:00am.

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

## FINANCIAL STATEMENTS AND REPORTS 2021

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 2021. 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 – NON-BINDING RESOLUTION TO ADOPT 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 2021 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. TIMOTHY BURNETT 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 Burnett 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 Timothy Burnett as follows:-

Mr Burnett has over 47 years’ experience in the management of engineering and construction projects and companies, of which 15 years was spent as Managing Director of Saunders International. Prior to joining Saunders, he was a Senior Manager with Brown & Root Inc for 9 years where he managed the construction of marine oil and gas facilities in Europe, Asia and Australia. Mr Burnett has a Bachelor of Engineering (Civil) degree from Melbourne University and a MBA degree from Harvard University. Mr Burnett has been a Director of Saunders International since 1990 and is currently the Chairman of the Board.

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

## RESOLUTION 3 - APPROVAL FOR THE GRANTING OF PERFORMANCE RIGHTS UNDER THE SAUNDERS PERFORMANCE RIGHTS PLAN TO MR MARK BENSON, THE MANAGING 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 FY22 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 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 2022 are as follows.

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

Approval is sought to grant up to the following number of Performance Rights.

Tranche	Maximum as % of Total Fixed Remuneration	Maximum Number of Performance Rights	Measurement Periods Commencing 1 July 2021	Vesting Condition
19	20%	155,028	3 years	RTSR
20	20%	155,028	3 years	NEPSG
Total	40%	310,056		



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 Maximum Number of Performance Rights have been calculated as Mr Benson's fixed remuneration divided by \$0.705 being the daily average of the volume weighted priced of Saunders' shares for the 14 trading days following the release of Saunders results for the year ended 30 June 2021, adjusted for the estimated value of dividends during the vesting period that do not attach to the rights. Each performance right will convert to one ordinary share once all vesting conditions are met.

**(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 50<sup>th</sup> percentile of the comparator group.

**(NESPG) Tranches:** NESPG will be assessed as the compound annual growth rate (CAGR) reflected in the increase in normalised earnings per share (EPS) from the base year (FY2021) 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.

The comparator group is composed of companies that fall into the GICS Sector - Industrial, the GICS Industry Group - Industrial and the GICS Industries - Construction & Engineering and Machinery.

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.

407,226 Performance Rights under the Plan were granted to Mr. Mark Benson in FY21. 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 14 September 2020) share price which was \$0.57. No other director was granted Performance Rights in FY21. 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 issued to Mr Benson no later than 30 June 2022.

Mr Mark Benson's current total remuneration package is:

**Annual Salary:** Total fixed remuneration of \$546,097

**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 3.



## Annexure A – Summary of key features of the Performance Rights Plan

Feature	Details
Instrument	<p>The Plan uses Rights which are an entitlement on vesting to the value of a Share which may be satisfied either in cash or in Shares, or a combination of cash and Shares. Generally it is expected that vested Rights would be satisfied in Shares. Rights are granted for no monetary consideration and the exercise price of a Right is nil unless otherwise determined by the Board.</p> <p>The value that will be realised is then a function of performance against indicators (Vesting Conditions) and the Share Price at the time of vesting using a 14 ASX day volume weighted average price (VWAP) calculation.</p> <p>The term of the Rights will be 5 years from their date of grant (Term). If not exercised within their Term the Rights will lapse.</p> <p>The Plan allows for three kinds of Rights which may be appropriate forms of remuneration under various circumstances, being; Performance Rights which vest when performance conditions have been satisfied, Retention Rights which vest after the completion of a period of service, and Restricted Rights which are vested but subject to disposal restrictions. It is currently anticipated that Performance Rights only will be used initially but Retention and/or Restricted Rights may be used in the future.</p>
Eligibility	<p>Employees of Saunders are eligible to participate.</p> <p>Non-executive directors are not eligible so as to ensure their independence with regards to the oversight of the Plan.</p>
Terms & Conditions	<p>The Board has the discretion to set the terms and conditions on which it will offer Rights under the Plan, including the Vesting Conditions and modification of the terms and conditions as appropriate to ensuring the plan operates as intended. All Performance Rights offered will be subject to Vesting Conditions which are intended to be challenging and linked to growth in shareholder value. The terms and conditions of the Plan include those aspects legally required as well as a method for calculating the appropriate number to vest in the circumstances of a change of control, a major return of capital to Shareholders and the treatment of Rights in the circumstances of various forms of termination.</p>
Number of Rights	<p>The number of Rights to be offered will be at the discretion of the Board. It is intended that the number of Rights to be granted will be determined annually with regard to the Participant's Total Fixed Remuneration, relevant market practices and the relevant policies of the Company regarding their remuneration.</p>
Measurement Period	<p>The Measurement Period may be determined by the Board as part of each offer, but is initially intended to be three years (starting from the start of the financial year in which a grant is made) with no vesting prior to the end of the Measurement Period. Different Measurement Periods may be applied when warranted.</p>
Vesting Conditions	<p>Vesting Conditions are to be determined by the Board as part of each offer, however the conditions selected are intended to create alignment with the experiences and expectations of Shareholders over the Measurement Period.</p> <p>The Board retains discretion to vary vesting including if it forms the view that the level of vesting that would otherwise apply would be inappropriate in the circumstance having regard to the experience of Shareholders during the relevant Measurement Period.</p>
Exercise of Vested Rights	<p>Vested Rights may be exercised at any time within their Term by completing an exercise form and submitting it along with payment of the Exercise Price, if any, to the Company Secretary.</p> <p>On exercise of vested Rights the Board will decide to pay the value of the Rights (number of rights x Share Price) in either Company shares (Shares), cash or a combination of Shares and cash. If in Shares they may be provided directly by a new issue or via the Saunders International Limited Employee Share Trust (EST).</p>

Feature	Details
Cessation of Employment	<p>The Plan contains provisions concerning the treatment of vested and unvested Rights in the event that a Participant ceases employment.</p> <p>If a Plan Participant ceases employment other than in Special Circumstances, all unvested Rights held by the Participant will lapse unless otherwise determined by the Board.</p> <p>If a Participant ceases employment in Special Circumstances (death, total and permanent disablement, retirement, redundancy, retrenchment and other company initiated terminations for other than cause) the Rights that were granted to the Participant during the financial year in which the termination occurred will be forfeited in the same proportion as the remainder of the financial year bears to the full year. All remaining Rights for which Vesting Conditions have not been satisfied as at the date of cessation of employment will then remain "on foot", subject to the original Vesting Conditions.</p>
Change of Control of the Company	In the event of a change of control unvested Rights would vest in the same proportion as the Share Price has increased since the beginning of the Measurement Period. Remaining Rights would either lapse or some or all may vest at the Board's discretion.
Voting and Dividend Rights	Rights do not carry voting or dividend entitlements. Shares issued when Rights vest carry the rights and entitlements of Shares, including voting and dividend rights.
No Transfer of Rights	Rights may not be sold, transferred, mortgaged, charged or otherwise dealt with or encumbered except where the transfer is effected by operation of law.
Quotation	Rights will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the Plan, in accordance with the ASX Listing Rules.
Variation of Terms and Conditions	To the extent permitted by the Listing Rules, the Board retains the discretion to vary the terms and conditions of the Plan. This includes varying the number or terms of securities to which a Participant is entitled in the case of a reorganisation of capital or bonus issues such that the participant will neither be advantaged nor disadvantaged.
Issue or Acquisition of Shares	Shares allocated to a Participant when Rights are exercised may be issued by the Company or acquired on or off market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the plan.
Cost and Administration	The Company will pay all costs of issuing and acquiring Shares for the purposes of satisfying exercised Rights, as well as any brokerage on acquisitions of Shares for this purpose and all costs of administering the Plan.
Other Terms of the Plan	The Plan also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the Plan.
Hedging	The Company prohibits the hedging of Rights and Shares subject to dealing restrictions by Participants.
Lapse and Forfeiture of Rights	Rights will lapse if they are unvested and there is no possibility for them to vest.

