

SG Fleet Group

Integrated Mobility



2021 Notice of Annual General Meeting

Value every journey

SG FLEET GROUP LIMITED
ABN 40 167 554 574

Notice is given that the Annual General Meeting of SG Fleet Group Limited (the **Company**) will be held on Tuesday, 26 October 2021 at the Barnet Room, Fullerton Hotel, 1 Martin Place, Sydney, NSW 2000¹ commencing at 3.00 pm AEDT.



Business of the Meeting

1. Financial Report, Directors' Report and Auditor's Report

To receive and consider the Financial Report of the Company and the Reports of the Directors and Auditor for the financial year ended 30 June 2021.

2. 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 30 June 2021 be adopted".

Note: A voting exclusion statement applies to this resolution. The vote on this resolution is advisory only and does not bind the Directors or the Company.

3. Re-election of Edwin Jankelowitz

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

"That Edwin Jankelowitz, who retires by rotation and being eligible, be re-elected as a Director of the Company".

4. Re-election of Kevin Wundram

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

"That Kevin Wundram, who retires by rotation and being eligible, be re-elected as a Director of the Company".

5. Election of Tex Gunning

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

"That Tex Gunning, who pursuant to clause 8(1)(c) of the Company's Constitution holds office until the conclusion of the 2021 AGM, and being eligible, be elected as a Director of the Company".

6. Grant of Options and Performance Rights to the Chief Executive Officer

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

"That approval be given for all purposes, including ASX Listing Rule 10.14, to grant the Company's Chief Executive Officer, Robbie Blau, **723,551** Options and **64,186** Performance Rights as his long term incentive award for the financial year ending 30 June 2022 under the Company's Equity Incentive Plan, on the terms set out in the Explanatory Notes to this Notice of Meeting."

Note: A voting exclusion statement applies to this resolution.

7. Grant of Options and Performance Rights to the Chief Financial Officer

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

"That approval be given for all purposes, including ASX Listing Rule 10.14, to grant the Company's Chief Financial Officer, Kevin Wundram, **271,332** Options and **24,070** Performance Rights as his long term incentive award for the financial year ending 30 June 2022 under the Company's Equity Incentive Plan, on the terms set out in the Explanatory Notes to this Notice of Meeting."

Note: A voting exclusion statement applies to this resolution.

8. Further information about each Resolution of business is set out in the Explanatory Notes accompanying and forming part of this Notice of Meeting.

Voting Exclusions

Resolution 2 (Remuneration Report)

In accordance with the *Corporations Act 2001* (Cth) (Corporations Act), the Company will disregard any votes cast on Resolution 2:

- (a) by or on behalf of a member of the Company's key management personnel (KMP) named in the Remuneration Report and their closely related parties (such as close family members or any controlled entities), regardless of the capacity in which the votes are cast; and
- (b) as a proxy by a person who is a member of the KMP on the date of the Annual General Meeting and their closely related parties.

However, the Company will not disregard any votes if they are cast as proxy for a person entitled to vote on Resolution 2:

- (a) in accordance with a direction on the Proxy Form; or
- (b) by the Chairman of the Meeting pursuant to an express authorisation to vote as the proxy decides, even though Resolution 2 is connected with the remuneration of the Company's KMP.

Resolution 6 (Grant of Options and Performance Rights to the Chief Executive Officer)

In accordance with the ASX Listing Rules and the Corporations Act, the Company will disregard any votes cast:

- (a) in any capacity on Resolution 6 by or on behalf of Robbie Blau or any of his associates; and
- (b) as a proxy on Resolution 6 by a person who is a member of the KMP on the date of the Annual General Meeting and their closely related parties.

However, the Company will not disregard any votes if they are cast as proxy for a person entitled to vote on Resolution 6:

- (a) in accordance with a direction on the Proxy Form; or
- (b) by the Chairman of the Meeting pursuant to an express authorisation to vote as the proxy decides, even though the relevant Resolution is connected with the remuneration of the Company's KMP; or
- (c) 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

Resolution 7 (Grant of Options and Performance Rights to the Chief Financial Officer)

In accordance with the ASX Listing Rules and the Corporations Act, the Company will disregard any votes cast:

- (a) in any capacity on Resolution 7 by or on behalf of Kevin Wundram or any of his associates; and
- (b) as a proxy on Resolution 7 by a person who is a member of the KMP on the date of the Annual General Meeting and their closely related parties.

However, the Company will not disregard any votes if they are cast as proxy for a person entitled to vote on Resolution 7:

- (a) in accordance with a direction on the Proxy Form; or
- (b) by the Chairman of the Meeting pursuant to an express authorisation to vote as the proxy decides, even though the relevant Resolution is connected with the remuneration of the Company's KMP; or
- (c) 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

Dated 16 August 2021
By order of the Board

Tawanda Mutengwa
Company Secretary

Notes on Voting

Voting Entitlement

The Board has determined that persons who are registered as holding shares in the Company at 7.00 pm (AEDT) on Sunday, 24 October 2021 will be entitled to attend and vote at the Meeting. Share transfers registered after that time will be disregarded in determining entitlements to attend and vote.

Voting at the Meeting

It is intended that voting on each of the proposed resolutions at this meeting will be conducted by poll, rather than a show of hands. On a poll, each shareholder present in person or by proxy has one vote for each fully paid ordinary share in the Company they hold.

Voting by proxy

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder, and may be an individual or a body corporate.

A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes which each proxy is appointed to exercise. Otherwise, each proxy will be entitled to exercise half of the shareholder's votes.

If you wish to appoint a proxy, please complete and submit the Proxy Form accompanying this Notice of Annual General Meeting, by following the instructions contained in the Proxy Form.

Shareholders can direct their proxy how to vote by following the instructions on the Proxy Form, and are encouraged to do so.

Appointing a member of the KMP to act as your proxy

If a shareholder appoints a member of the Company's KMP (which includes Directors) or one of the KMP's closely related parties (such as close family members or any controlled entities) as proxy, they will not be able to cast the shareholder's votes on Resolution 2, unless they are directed how to vote on the relevant Resolution(s) or the Chairman of the Meeting is appointed as proxy.

If the Chairman of the Meeting is appointed as a shareholder's proxy or becomes their proxy by default, and the shareholder does not mark a voting box for Resolution 2, then by completing and submitting the Proxy Form, the shareholder will be expressly authorising the Chairman of the Meeting to exercise the proxy in respect of the relevant Resolution(s) as the Chairman decides, even though the Resolution is connected with the remuneration of the Company's KMP.

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

How to lodge a Proxy Form

Proxy Forms may be lodged with the Company's Share Registry in one of the following ways:

Online

www.votingonline.com.au/sgfagm2021

Mail

Boardroom Pty Limited

GPO Box 3993
Sydney NSW 2001
Australia

Hand delivery

Boardroom Pty Limited

Level 12, 225 George Street
Sydney NSW 2000
Australia

Fax

+61 2 9290 9655

To be effective, your Proxy Form (and any Power of Attorney or other authority under which it is signed or a certified copy), must be received no later than 48 hours prior to the Annual General Meeting (i.e. no later than **3.00pm (AEDT) on Sunday, 24 October 2021**).

Attorneys

Where a shareholder appoints an attorney to act on their behalf at the Meeting, this appointment must be made by a duly executed power of attorney. The power of attorney must be provided prior to admission to the Meeting.

Corporations

If a body corporate is a shareholder or a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with Section 250D of the Corporations Act; and
- provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

Evidence of the appointment of a corporate representative must be received prior to admission to the Meeting.

Explanatory Notes

These Explanatory Notes have been prepared to help shareholders understand the business to be put to shareholders at the 2021 Annual General Meeting.

Resolution 1 – Financial Report, Directors’ Report and Auditor’s Report

As required by the Corporations Act, the Financial Report, Directors’ Report and Auditor’s Report of the Company for the financial year ended 30 June 2021 will be laid before the Annual General Meeting.

There is no requirement for shareholders to vote on this Resolution.

Shareholders will be provided with the opportunity to ask questions or raise comments about the Reports or the management of the Company. Also, a reasonable opportunity will be given to shareholders to ask the Company’s auditor questions relevant to the conduct of the audit, the preparation and content of the Auditor’s Report, the accounting policies adopted by the Company in relation to the preparation of the Financial Report and the independence of the auditor in relation to the conduct of the audit.

Resolution 2 – Remuneration Report

Under the Corporations Act, the Company is required to submit its Remuneration Report for adoption by shareholders at the Annual General Meeting.

The Company’s Remuneration Report for the financial period ended 30 June 2021 is set out in the Directors’ Report which forms part of the Company’s 2021 Annual Report, a copy of which was provided to shareholders with this Notice of Annual General Meeting.

The Remuneration Report discusses matters including the remuneration policy of the Company, the remuneration paid to Directors and executives who are members of the Company’s KMP, and the relationship between remuneration of those Directors and executives and performance.

The vote on this resolution is advisory only and does not bind the Directors or the Company.

A voting exclusion statement applies to this resolution, as set out in the Notice of Meeting.

Board recommendation for Resolution 2

The Directors recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

Resolution 3 – Re-election of Mr Edwin Jankelowitz

Rule 8.1(d) of the Company’s Constitution provides that a Director of the Company must not hold office (without re-election) past the third annual general meeting following the Director’s last election or re-election.

As this is the third Annual General Meeting of the Company since Mr Jankelowitz was re-elected, he retires, and being eligible, offers himself for re-election.

The experience, qualifications and other information about Mr Jankelowitz are set out below.

Mr Jankelowitz was appointed to the Board in August 2015 as an Independent Non-Executive Director. He holds a Bachelor of Commerce from the University of the Witwatersrand, and is qualified as a Chartered Accountant (SA). He has spent over

40 years in corporate offices and has been Chairman of a number of listed companies. From July 1967 to November 1979, he was with Adcock Ingram Ltd in Head Office and was promoted over time to Group Company Secretary and then Finance Director. From January 1980 to March 1983, he was a consultant in business management and tax.

At Caxton Limited, from 1983 to 1997, he held the positions of Finance Director, Managing Director and then Chairman. Mr Jankelowitz was Finance Director of Metcash Trading Limited and Metcash Limited from May 1998 to January 2011, and a Non-Executive Director of the company until August 2015. He was also a member of the Income Tax Special Court in South Africa for 20 years (1977–1997).

Mr Jankelowitz is a member of the Audit, Risk and Compliance Committee.

Board recommendation for Resolution 3

The Directors (Mr Jankelowitz abstaining) recommend that shareholders vote in favour of the re-election of Mr Jankelowitz as a Director.

Resolution 4 – Re-election of Mr Kevin Wundram

Rule 8.1(d) of the Company’s Constitution provides that a Director of the Company must not hold office (without re-election) past the third annual general meeting following the Director’s last election or re-election.

As this is the third Annual General Meeting of the Company since Mr Wundram was re-elected, he retires, and being eligible, offers himself for re-election.

The experience, qualifications and other information about Mr Wundram are set out below.

Mr Wundram was appointed to the Board as an Executive Director in August 2015. He has been Chief Financial Officer of SG Fleet since July 2006 and has significant experience in the fleet management and leasing industry. Prior to joining the Company, Mr Wundram was responsible for special projects at Super Group, including the execution of acquisitions, disposals and due diligence. He was also a member of the management committees of the Automotive Parts, Commercial Vehicle Dealerships and Supply Chain Divisions of that company. Prior to joining Super Group, he worked in the audit and corporate finance divisions of KPMG South Africa for six years.

Mr Wundram holds a Bachelor of Commerce from the University of the Witwatersrand, an Honours Bachelor of Accounting Science degree from the University of South Africa and is a Chartered Accountant.

Board recommendation for Resolution 4

The Directors (Mr Wundram abstaining) recommend that shareholders vote in favour of the re-election of Mr Wundram as a Director.

Explanatory Notes

Resolution 5 – Election of Mr Tex Gunning

Rule 8.1(c) of the Company’s Constitution provides that a director appointed by the Board under rule 8.1(b), who is not a managing director, holds office until the conclusion of the next AGM following his or her appointment.

Mr Gunning was appointed to the Board as Non-Executive Director in September 2021, following the completion of the Acquisition of LeasePlan Australia Limited and LeasePlan New Zealand Limited by the Company (as disclosed to the ASX on 1 September 2021). In accordance with the Constitution, Mr Gunning holds office until the conclusion of this year’s AGM, and being eligible, offers himself for election.

The experience, qualifications and other information about Mr Gunning are set out below.

Mr Gunning is an Economics graduate of Erasmus University. He currently serves as Chief Executive Officer and Chairman of the Managing Board of LeasePlan, and has been in these roles since 2016. Mr Gunning has previously served on the supervisory board of TNT express from 2011-2013 before subsequently becoming CEO of TNT Express from 2013 to 2016, when TNT Express was taken-over by FedEx. Mr Gunning has also served as CEO of Vedior between 2007 and 2008. Mr Gunning has 25 years of experience with Unilever, has served as a supervisory board member of Stichting Nederlandse Vrienden der SOS Kinderdorpen from 2012 to 2013 and of Stichting dance4life from 2013 to 2017. Mr Gunning currently serves as a supervisory board member of various entities including Vereniging Erasmus Trustfonds, Stichting Nexus Instituut and Stichting Het Wereld Natuur Fonds-Nederland. He is also chairman of the Board of Stichting Grachtenfestival and World Economic Forum Climate Sector Leader Automotive.

Board recommendation for Resolution 5

The Directors (Mr Gunning abstaining) recommend that shareholders vote in favour of the election of Mr Gunning as a Director.

Resolutions 6 and 7 – Grant of Options and Performance Rights as FY2022 LTI award to Chief Executive Officer and Chief Financial Officer

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. The Company is seeking shareholder approval for the grant of Options and Performance Rights to Mr Robbie Blau, Chief Executive Officer (CEO), and to Mr Kevin Wundram, Chief Financial Officer (CFO), as their Long Term Incentive (LTI) awards for FY2022 under the Company’s Equity Incentive Plan (Plan).

These LTI awards are designed to align the interests of the CEO and CFO with the interests of shareholders by providing the opportunity to receive an equity interest in the Company by granting Options and Performance Rights.

75% of the LTI Opportunity for each of Mr Blau and Mr Wundram will be granted by way of Options and 25% of the LTI Opportunity will be granted by way of Performance Rights, as set out in the table below.

FY2022 LTI	
Number of Performance Rights and Options	Mr Blau <ul style="list-style-type: none"> • 723,551 Options • 64,186 Performance Rights Mr Wundram <ul style="list-style-type: none"> • 271,332 Options • 24,070 Performance Rights
Performance period	three-year performance period commencing on 1 July 2021 and ending on 30 June 2024
Vesting period	vesting will occur on the date the results for the financial year ended 30 June 2024, and subject to approval by the Board

As the Options and Performance Rights will form part of Mr Blau’s and Mr Wundram’s remuneration, they will be granted at no cost to Mr Blau and Mr Wundram.

The number of Options to be granted to each executive has been determined by dividing the relevant LTI opportunity (60% of Mr Blau’s total fixed remuneration and 45% of Mr Wundram’s total fixed remuneration) that will be awarded as Options (75%) by the value of the Options (which has been determined by a valuation prepared by an independent expert).

Similarly, the number of Performance Rights to be granted to each executive has been determined by dividing the relevant LTI opportunity that will be awarded as Performance Rights (25%) by the value of the Performance Rights (which has been determined by a valuation prepared by an independent expert).

Performance condition

The LTI awards to Mr Blau and Mr Wundram will be subject to an Underlying Earnings Per Share (EPS) performance condition. The Underlying EPS performance condition will be tested based on the compound annual growth rate (CAGR) of the Company’s Underlying EPS over the relevant performance period adjusted for the impact of securitisation. The impact of securitisation has been excluded because the Board has set the implementation of securitisation as a strategic imperative for the business, however securitisation will adversely impact the profitability of the Group in the short-term due to the transition from up-front income to annuity income on that portion of the lease portfolio.

As a result of the impact of COVID-19 on the Company’s operations and on the industry more broadly, the Board considers the Company’s Underlying EPS for the year ended 30 June 2020 to be artificially low and for the year ended 30 June 2021 to be artificially high. As such in setting the base year from which to measure the compound annual growth rate for the purposes of the LTI, the Board has determined that it is appropriate to use the average of the Underlying EPS for the two years ended 30 June 2020 and 30 June 2021 for this purpose.

Calculation of the CAGR of the Underlying EPS and achievement against the performance condition will be determined by the Nomination and Remuneration Committee in its absolute discretion, having regard to any matters that it considers relevant.

Explanatory Notes

The percentage of Options and Performance Rights in each component that vest (and become exercisable, in the case of the Options), if any, will be determined by reference to the following vesting schedule, subject to any adjustments for abnormal or unusual profit items that the Nomination and Remuneration Committee, in its discretion, considers appropriate:

Company's CAGR of Underlying EPS over the Performance Period that applies to the relevant component	% of Options or Performance Rights in a component that vest (and become exercisable, in the case of Options)
Less than 4.8% CAGR	Nil
4.8% CAGR (threshold performance)	60%
Between 4.8% and 11.2% CAGR	60% to 100%
11.2% CAGR or above (stretch performance)	100%

Testing of each component is expected to occur shortly after the end of the relevant performance period. Any Options or Performance Rights that do not vest on the relevant test date will lapse and there is no retesting of the award.

Vesting and exercise of Performance Rights and Options

Each Share Option and each Share Performance Right entitles Mr Blau and Mr Wundram to one ordinary share in the Company on vesting (and exercise, in the case of Options), although the Board retains the discretion to pay a cash-equivalent payment instead where it considers it appropriate (for example, where a Share Option or Share Performance Right vests or is exercised after cessation of employment).

Options may be exercised up to the third anniversary of the vesting date and if they are not exercised by this time, they will lapse. An exercise price of \$2.93 per Share Option is payable to exercise the Options in cleared funds or under a cashless exercise mechanism approved by the Board.

Dividend and voting rights

Prior to vesting and exercise, Options and Performance Rights do not entitle Mr Blau or Mr Wundram to any dividends or voting rights.

Cessation of employment

Where the employment of Mr Blau or Wundram is terminated for cause, all unvested Options and Performance Rights and vested but unexercised Options will automatically lapse. In all other circumstances of cessation of employment, unvested Options and Performance Rights will remain on foot and subject to the original terms and vested but unexercised Options will be exercisable for three months from the date of cessation. However, the Board retains a discretion to lapse some or all of the unvested Options and Performance Rights in certain circumstances.

Change of control

Where there is a takeover bid or the Board considers there is likely to be a change of control or an event that should otherwise be

treated in accordance with the change of control rule in the Plan Rules (for example, a delisting), the Board has the discretion to accelerate vesting of some or all of the Options and Performance Rights. Where only some of the Options and Performance Rights are vested on a change of control, the remainder of the Options and Performance Rights will immediately lapse. If a change of control occurs before the Board exercises its discretion:

- a pro rata portion of unvested Options and Performance Rights will vest immediately and the Board retains a discretion to determine whether the remainder vest or lapse; and
- vested but unexercised Options will remain exercisable for a period notified by the Board.

Preventing inappropriate or unfair benefits

The Options and Performance Rights are subject to forfeiture or "clawback" provisions that the Board may apply in certain circumstances to ensure that neither Mr Blau or Mr Wundram do not obtain an inappropriate or unfair benefit, for example, if there is a material misstatement in a Group company's accounts.

Timing of awards of Options and Performance Rights

Subject to shareholder approval, the Options and Performance Rights are expected to be granted under the Plan immediately after the Annual General Meeting in October 2021 and in any event within 12 months of the Meeting.

Additional information provided in accordance with ASX Listing Rule 10.15

- Mr Blau and Mr Wundram are the only Directors (or associates of a Director) that are entitled to participate in the Equity Incentive Plan, and both fall under Listing Rule 10.14.1. For purposes of Listing Rule 10.15.4, details of their remuneration are set out in Table 1 of the Annexure to this Notice of Meeting.
- No loan will be made by the Company in relation to the acquisition of Options and Performance Rights by Mr Blau or Mr Wundram.
- If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that the Options and Performance Rights granted to Mr Blau and Mr Wundram and any shares issued pursuant to this approval will not use up any or part of the 15% available under ASX Listing Rule 7.1.
- For purposes of Listing Rule 10.15.5, details of any securities issued under the scheme are set out in Table 2 of the Annexure to this Notice of Meeting.
- Details of any securities issued under the scheme will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.
- Any additional persons covered by Listing Rule 10.14 who become 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.

A voting exclusion statement applies to this resolution, as set out in the Notice of Meeting.

Board recommendation for Resolutions 6 and 7

The Non-Executive Directors recommend that shareholders vote in favour of Resolutions 6 and 7.

Annexure

Table 1 – Details of directors’ remuneration for the year ended 30 June 2021

	Cash salary	Deferred bonus from previous year	Current year bonus	Superannuation	Leave benefits	Equity Settled	Total
	\$	\$	\$	\$	\$	\$	\$
Mr Blau	1,043,629	(23,917)	781,365	21,694	25,244	641,739	2,489,754
Mr Wundram	510,984	(13,046)	279,551	21,694	12,092	240,562	1,051,927

Table 2 – Details of securities previously issued under the scheme

Grant date	Mr Blau	Mr Wundram	Vested/Lapsed
27 October 2020 (FY2021 Long-Term Incentives)	1,326,510 Options 115,349 Performance Rights	497,441 Options 43,256 Performance Rights	If the performance conditions are met, and subject to approval of the Board, vesting will occur on the date of the results for the financial year ending 30 June 2023
27 October 2020 (FY2020 Long-Term Incentives)	1,326,510 Options 107,555 Performance Rights	497,441 Options 40,333 Performance Rights	If the performance conditions are met, and subject to approval of the Board, vesting will occur on the date of the results for the financial year ending 30 June 2022
24 October 2017 (FY2018 Long-Term Incentives)	781,756 Options 67,980 Performance Rights	279,199 Options 24,279 Performance Rights	Lapsed