



Pro-Pac Packaging Limited ABN: 36112971874

ASX RELEASE

12 April 2017

Grant Harrod Appointed as Chief Executive Officer

The Chairman of Pro-Pac Packaging Limited (ASX: PPG), Mr Ahmed Fahour, today announced the appointment of Grant Harrod as the Company's Chief Executive Officer. Mr Harrod will commence in this role late May 2017.

Mr Fahour said Mr Harrod would replace Mr Brandon Penn, who has been acting CEO of the Company pending the Board's completion of its search for a suitable candidate for the position of CEO. Mr Penn will resume his role as a non-executive director on the Company's Board.

Mr Fahour said the Pro-Pac Board believes Mr Harrod is the right candidate to lead Pro Pac into a new era. "Grant has extensive experience as a CEO of Australian listed companies, and extensive involvement in distribution services, as well as commercial services and FMCG marketing. We also believe he has the personal qualities and vision to ensure that Pro-Pac continues to embrace and benefit from the ongoing developments occurring in its markets, both in Australia and overseas."

Mr Harrod said: "I am delighted to join the Pro-Pac team at a key stage in its journey. I will inherit a business that is ideally poised for growth. The Company has a number of significant opportunities to continue its consolidation of the packaging industry. Pro Pac is well placed to move to its next stage of growth."

On behalf of the Board, Mr Fahour thanked Mr Penn for acting as interim CEO whilst the Board undertook a comprehensive search for its new CEO.

Attachment 1 – Grant Harrod Biography

Attachment 2 – CEO Key Employment Terms and Conditions

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Biography – Grant Harrod

Grant is an experienced executive, having held a number of senior leadership roles, including eleven years as CEO/MD for ASX-listed companies.

From 2014 to 2017 Grant was CEO/MD for real estate franchise group, L.J Hooker Limited, successfully re-positioning its business as a leader in the real estate market. Prior to that, from 2009 to 2013, he was CEO/MD of Salmat Ltd (ASX:SLM), successfully transforming the company to Australia's leading multi-channel communication services company.

Prior to joining Salmat, Grant spent 13 years with Corporate Express Limited (formerly ASX listed), helping establish Australia's leading business supplies distributor, where he served as CEO/MD for 7 ½ years. Grant's previous roles at Corporate Express included General Manager of Sales and Marketing, GM Operations and GM IT Products.

In all his roles Grant has successfully led both small and large scale businesses through periods of significant change, usually involving development and deployment of technology to enhance the competitiveness and operational efficiency of the business.

Grant has a BA from University of NSW, an MBA from Macquarie University's Graduate School of Management and is a Fellow of the Australian Institute of Company Directors. He has served as a director on several boards, in both executive and non-executive capacities.

Attachment 2

Summary of key terms and conditions of Mr Harrod's employment as CEO of PPG:

Commencement date:	29 May 2017.
Term:	No fixed term. Either party may terminate on 6 months' notice.
Total Fixed Remuneration:	\$545,000 per annum inclusive of superannuation contributions, (pro-rated as applicable for the period that Mr Harrod is Chief Executive Officer).
STI, LTI and ESPP:	The CEO is to be further incentivised by way of participation in specific STI and LTI arrangements to be applicable to him and in PPG's general ESPP, as summarised below. The STI and LTI arrangements will commence to apply to the CEO from 1 July 2017 and the reference share price for the determination of his entitlements under these will be the PPG VWAP for the months of May and June 2017.
Short Term Incentive (STI):	This will be a 3 year plan, providing for the grant of a short term incentive (STI) award to the CEO in the form of performance rights of up to 500,000 PPG shares in each year, the vesting of which will be dependent upon the achievement by PPG of 10% EBITDA growth per annum, (excluding the benefits of acquisitions and adjusted for large capital expenditures). It will also require an improvement of one percentage point per annum in PPG's working capital, (calculated on a rolling 12 month inventory as a percentage of sales basis), so as to ensure a particular emphasis on management of inventory. The CEO's participation in the STI will be subject to any necessary shareholder approval at the upcoming PPG Annual General Meeting.
Long Term Incentive (LTI):	This will also be a 3 year plan, providing for the grant of a long term incentive (LTI) award to the CEO in the form of performance rights of up to 500,000 PPG shares per annum, with the issue (or holding of these shares in trust as applicable) and the vesting of which will occur progressively at the end of year 3 (post audited and announced results for the year ending 30 June 2020), and after each year after that, (so that year 3 shares will be received in year 6), and vesting under the LTI will further be dependent upon the following: <ul style="list-style-type: none">• the achievement by PPG of a minimum 10% TSR (total shareholder return) increase each year (comprising PPG share price improvement and dividend), save that, if in year 1 a 10% TSR is not achieved, the CEO

will have a 2nd year to achieve a 20% TSR;
and

- by the end of year 3 the PPG share price must be at least \$0.55 on a VWAP basis over a three-month period for the vesting of year 1 shares, and must similarly be at as that price on the same basis, for each of the 2 preceding years of the LTI.
- The CEO's participation in the LTI will be subject to any necessary shareholder approval at the upcoming PPG Annual General Meeting.

ESPP:

The CEO will further be entitled to participate in PPG's ESP Plan in respect of 1 million shares per annum for 3 years, with the share price condition to be the same as for all other PPG employees participating in this plan at the end of each year. The CEO's first participation will be at the end of year 1 for the year ending 30 June 2018. The CEO's participation in the ESPP will be subject to any necessary shareholder approval at the upcoming PPG Annual General Meeting.

Change of Control:

If there is a change of control event in respect of PPG, the Board will have the discretion to determine that the CEO's LTI awards will vest.

In that regard and recognising the limitations under the Corporations Act relating to the value of termination benefits payable by companies to senior management on termination of their employment and the rules applicable in that regard, if within 2 years of a change of control event in respect of PPG, PPG materially and substantially changes the CEO's duties to duties other than those ordinarily performed by a CEO, he may serve written notice on the Company's Board indicating that he considers it to be a material breach of his employment agreement with PPG and that he elects to bring his employment to an end. If PPG has repudiated his agreement and it is thereby brought to an end, following service of the above notice on the PPG board, the CEO will be entitled to receive a benefit equivalent to 12 months base salary in lieu of notice.

Ends