



**STEADFAST GROUP LIMITED
NOTICE OF AGM 2019**

**Thursday 17 October 2019
10:00 am at the Hilton Hotel
488 George Street, Sydney**

Steadfast 
THE STRENGTH YOU NEED

Steadfast Group Limited Notice of AGM 2019

The 2019 AGM of Steadfast Group Limited will be held at 10:00am on Thursday 17 October at the Hilton Hotel, 488 George Street Sydney.

Steadfast Group Limited (ACN 073 659 677) is also referred to as the "Company" or "Steadfast" in this notice of Annual General Meeting ("AGM"). The financial year ended 30 June 2019 is also referred to as "FY19".

1. Consideration of reports

To consider and receive the financial report for the Company and its controlled entities, the directors' report and auditor's report for the financial year ended 30 June 2019 as set out in the Company's 2019 Annual Report.

There is no vote on this item.

2. Remuneration report

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

"That the remuneration report (set out in the directors' report) for the financial year ended 30 June 2019 be adopted."

3. Grant of equity to CEO

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

"That the following be approved:

- (a) for the purposes of ASX Listing Rule 10.14 and for all other purposes:
 - (i) the grant to Mr Robert Kelly of deferred equity awards under the Company's long term and short-term incentive schemes in relation to Mr Kelly's FY19 remuneration;*
 - (ii) the issue (or transfer) to and acquisition by Mr Robert Kelly of Steadfast ordinary shares in relation to Mr Kelly's FY19 remuneration on vesting of the relevant deferred equity awards into Steadfast ordinary shares; and**
- (b) for the purposes of sections 200B and 200E of the Corporations Act 2001 (Cth) and for all other purposes, the giving of all benefits to Mr Robert Kelly referred to in paragraph 3(a) in connection with Mr Robert Kelly ceasing to hold an office or position of employment with the Company or a related body corporate in circumstances of death, genuine retirement, redundancy or total and permanent disablement,*

in each case, as set out in the Explanatory Notes which form part of this Notice of Meeting."

4. Approval to refresh Steadfast's placement capacity

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

"That the issue of an aggregate of 29,585,799 ordinary shares in Steadfast under the Institutional Placement (as described in the explanatory notes to this notice of meeting) is ratified for all purposes, including for ASX Listing Rule 7.4."

5. To increase the maximum aggregate fees payable to non-executive directors

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

"That approval be given for the purposes of the constitution of the Company, the ASX Listing Rules (including ASX Listing Rule 10.17) and for all other purposes for an increase in the maximum aggregate fees payable to all non-executive directors of the Company from \$1,100,000 per financial year approved in 2017 to \$1,500,000 per financial year, with effect from the financial year commenced 1 July 2019."

6. Re-election of director – Mr Philip Purcell

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

"That Mr Philip Purcell is re-elected as a non-executive director of the Company."

7. Re-election of director – Mr Greg Rynenberg

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

"That Mr Greg Rynenberg is re-elected as a non-executive director of the Company."

The Chairman of the AGM intends to vote undirected proxies in favour of Items 2 to 7 inclusive.

Further information in relation to each resolution to be considered at the AGM is set out in the enclosed Explanatory Notes.

By order of the Board.



Linda Ellis
Company Secretary

Explanatory notes on the business to be transacted at the 2019 AGM

Resolutions in Items 3-7 are ordinary resolutions and, to be passed, must be passed by more than 50% of the votes cast by Shareholders present (in person, by proxy or by representative) and entitled to vote on the resolution.

Item 1 – Consideration of reports

As required by section 317 of the *Corporations Act 2001* (Cth) (Corporations Act), the financial report, directors' report and auditors' report of the Company and its subsidiaries for the most recent financial year will be laid before the meeting. There will be no formal resolution put to the meeting.

The reports are available on the Steadfast investor website at <https://investor.steadfast.com.au>.

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:

- 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 statements; and
- the independence of the Auditor in relation to the conduct of the audit.

Item 2 – Remuneration report

In accordance with section 250R(2) of the Corporations Act, the Company is required to present the Company's remuneration report to shareholders for consideration and adoption at the meeting. The remuneration report outlines Steadfast's remuneration philosophy, framework and outcomes for the financial year ended 30 June 2019. The remuneration report is located in the Company's 2019 Annual Report on pages 55 - 78 and is also available on the Steadfast investor website at <https://investor.steadfast.com.au>. Shareholders will have a reasonable opportunity to ask questions and comment on the remuneration report at the AGM.

The Company's remuneration structure is designed to align executive and shareholder interests, retain talent and support long term value creation for shareholders by providing competitive remuneration and rewards for exceptional performance and strong earnings per share growth. The Company obtains periodic independent input to confirm the appropriateness of these arrangements.

The vote on this resolution is advisory only and does not bind the directors or the Company. Nevertheless, the Board will take into account the outcome of the vote when considering the future remuneration arrangements of the Company.

As a result of provisions in the Corporations Act known generally as the "two strikes rule", shareholders should note that the result of the vote on this resolution may affect next year's AGM if 25% or more of the votes cast on this resolution are "against" the resolution both at the 2019 AGM and the 2020 AGM then a further resolution whether to hold a meeting to spill the Board would need to be considered at the 2020 AGM.

*Noting that each director has a personal interest in their own remuneration from the Company as described in the remuneration report, **the Board recommends that shareholders vote in favour of the resolution in Item 2.***

The Chairman of the AGM intends to vote undirected proxies able to be voted in favour of this resolution.

Voting exclusion – Item 2

Item 2 is a resolution connected directly or indirectly with the remuneration of members of the Company's KMP.

1. Subject to 2. below, a vote must not be cast (in any capacity) on the resolution in this Item 2 by or on behalf of a member of the Company's key management personnel (including the directors) (KMP), details of whose remuneration are included in the remuneration report, or their closely related parties (as defined under the Corporations Act), whether as a shareholder or as a proxy, except that a vote may be cast on the resolution in this Item 2 by a KMP, or a closely related party of a KMP if:
 - (a) the vote is cast as a proxy appointed in writing that expressly specifies how the proxy is to vote on the resolution in this Item 2; and
 - (b) the vote is not cast on behalf of a KMP or a closely related party of a KMP.
2. If you appoint the Chairman of the AGM as your proxy or the Chairman of the 2019 AGM is appointed as your proxy by default,¹ and you do not direct your proxy how to vote on the resolution in this Item 2 on the proxy form, you will be expressly authorising the Chairman of the AGM to exercise your proxy in favour of the resolution in this Item 2 even though Item 2 is connected directly or indirectly with the remuneration of KMP including the Chairman of the AGM.

¹ If no proxy was identified in your lodged proxy form.

Item 3 - Grant of equity to CEO

Approval of grant of equity to Mr Robert Kelly

Mr Robert Kelly's participation in the Company's STI and LTI Plans

Item 3 deals with the proposed grant of deferred equity awards to Mr Robert Kelly, Managing Director & CEO, under the Company's short-term incentive plan (STI Plan) and long-term incentive plan (LTI Plan). Specifically, the Board intends to grant Mr Kelly an initial number of 463,245 deferred equity awards of conditional rights to Steadfast ordinary shares at no cost (DEA) as part of his FY19 remuneration, subject to the hurdles described in the Further Details of the STI and LTI Plans (as attached to these Explanatory Notes).

The key elements of the financial remuneration paid to Mr Kelly are:

- fixed remuneration of cash salary, superannuation and non-monetary benefits;
- an annual incentive under the Company's STI Plan; and
- a long-term incentive under the Company's LTI Plan.

For FY19, the targeted remuneration mix for the Managing Director & CEO was 29% fixed and 71% variable (at risk). The Board believes that the fundamental driver for executive remuneration should be long-term financial performance that generates value for Steadfast shareholders. The at risk (or variable) remuneration components for the Managing Director & CEO are set by referencing regulation and current market practices. To ensure the Managing Director & CEO remains focused on long term outcomes without encouraging excessive risk taking, the following conditions apply:

- financial performance hurdles:
 - diluted earnings per share (EPS) growth has been chosen to meet and align with shareholders' objectives. This measure was chosen by the Board after considering alternatives such as return on capital employed (ROCE), or return on equity (ROE). The Board considers that EPS is, on

balance, the best driver of executive behaviour that achieves superior performance outcomes for Steadfast and its shareholders. It is also a relatively simple and transparent measure that is easily reconciled to reported net profit (see page 59 of the 2019 Annual Report). As funding mix can impact EPS, it is noted that the Board has approved a maximum total Group gearing ratio of 30% excluding premium funding borrowings. The total Group gearing ratio at year end was 23.9%;

- total shareholder return (TSR) is the second financial performance hurdle for LTI. This measure was added by the Board as a result of their ongoing review of the remuneration framework, current market practice and market feedback. The Board considers TSR is an effective way to incentivise and measure long-term shareholder value creation;
- non-financial performance hurdle – the Managing Director & CEO is set annual performance objectives known as KPIs with weightings aligned to the Group’s strategic objectives, and must achieve at least 60% of those KPIs to be eligible for any STI and LTI;
- 40% of the STI is granted as DEAs (the remaining 60% is paid in cash shortly after award of the STI) and is intended to be satisfied by the issue or transfer of ordinary shares in the capital of the Company over a three-year period from the grant date – being one-third at the end of years one, two and three;
- subject to meeting the individual and Group financial objectives, vesting of the LTI occurs after three years from the grant date and is satisfied by the issue or transfer of ordinary shares in the capital of the Company; and
- the Board retains the discretion to adjust any unpaid or unvested performance related remuneration (such as STI – Cash, STI – DEAs and LTI) downwards if it is appropriate to do so. This discretion applies to all the STI and LTI awards on applicable dates for vesting of share-based payment awards.

The Board has set the total remuneration of the Managing Director & CEO at a level to correspond to the 75th percentile of CEO remuneration of a comparator group of companies. The 75th percentile was chosen in light of the considerable experience of the Managing Director & CEO and his very strong performance in the role, including the very strong financial performance of Steadfast since its initial public offering (IPO) in August 2013 as demonstrated by the Company achieving:

- 16.1% underlying diluted EPS growth in FY19;
- 100.9% underlying EPS growth for the period since the IPO; and
- TSR of 239% for the period since the IPO, inclusive of the FY19 final dividend of 5.3 cents per share payable in September 2019.

The Managing Director & CEO achieved 80%, with weightings, of his annual KPIs set at the beginning of FY19 which were:

- achieve or exceed budgeted growth of 11.3% in underlying net profit after tax (NPAT);
- maintain or improve earnings before income tax and amortisation (EBITA) margin (aggregated) of 31%;
- further development of key staff including increased delegation of responsibilities;
- achieve FY19 target for net improvement over prior year in NPAT of \$1.5m from Steadfast Client Trading Platform (SCTP);
- achieve organic growth in revenue of at least 5%;
- grow the Steadfast Network;
- generate new fee revenue from the Singapore Network and unisonSteadfast; and
- successfully implement INSIGHT and back office technologies to improve efficiencies.

Under the 2019 STI, the Managing Director & CEO was awarded \$913,500 in cash and, subject to shareholder approval, will be granted 173,717 STI DEAs. Under the 2019 LTI, subject to shareholder approval, the Managing Director & CEO will be granted 289,528 LTI DEAs. The date by which these initial DEAs will be issued to Mr Kelly (in accordance with the approval sought at the 2019 AGM) is 31 October 2019 and in any event no later than 12 months after the meeting.

This gives an initial number of 463,245 DEAs, calculated by dividing \$1,624,000 by a Steadfast share price of \$3.5057. The figure of \$1,624,000 is the total value of Mr Kelly’s FY19 STI and LTI share

entitlements approved by the Remuneration & Succession Planning Committee (comprised of independent non-executive directors) and disclosed in the 2019 remuneration report on page 62 of Steadfast's 2019 Annual Report. The figure of \$3.5057 is the average of the daily volume weighted average share price of Steadfast shares over the five trading days on the Australian Securities Exchange prior to the Board approving Mr Kelly's 2019 awards of STI and LTI.

This initial number of STI DEAs will increase to reflect any dividends paid on Steadfast shares prior to vesting as if the DEAs were part of Steadfast's dividend reinvestment plan. This does not apply to LTI DEAs. The STI and LTI DEAs are eligible for the bonus element inherent in any rights issue, paid on vesting. The date by which any subsequent DEAs (on the basis of dividends accrued or bonus element of a rights issue) will be issued to Mr Kelly in accordance with the approval sought at the 2019 AGM is 17 October 2022.

The following is an example of how the number of STI DEAs could increase to reflect any dividends paid on Steadfast shares prior to vesting:

Hypothetical worked example based on Steadfast dividend announced 20 February 2019

Assumed balance of STI DEAs*(a):	173,717
Dividend per Steadfast share**(b):	\$0.032
DRP price**(c):	\$3.19160
Additional number of DEAs to be issued	1,742
(a x \$b) / \$c	

* this is the initial number of STI DEAs for which shareholder approval to issue is sought at the 2019 AGM. The actual balance of STI DEAs to which dividends will attach will progressively increase as further STIs are granted on the basis of dividends accrued.

** the actual dividend per share and actual DRP price applicable for the Steadfast dividend announced to ASX on 20 February 2019

Further details of the 2019 STI and LTI Plans are attached to these Explanatory Notes, and also contained in the 2019 Annual Report.

ASX Listing Rule 10.14

ASX Listing Rule 10.14 prohibits the acquisition of new securities by a director (or their associates) under an employee incentive scheme without shareholder approval. It aims to minimise the dilution of shareholders and to protect them against related party transactions. ASX Listing Rule 10.14 does not apply to on-market purchases of securities by or on behalf of Mr Kelly (or his associates).

Other than Mr Robert Kelly, the Managing Director & CEO, there are no directors or associates of directors who are entitled to participate in either the STI or LTI Plans. Details of any issue to Mr Robert Kelly of DEAs, and any acquisition by Mr Robert Kelly of Steadfast shares as a consequence of those DEAs vesting into Steadfast shares, are published in each annual report of the Company relating to a period in which the relevant DEAs or Steadfast shares have been issued or acquired (as applicable) and that approval for the issue was obtained under ASX Listing Rule 10.14 (subject to shareholder approval).

Since the approval sought at the 2018 AGM, Mr Kelly has received 695,826 Steadfast shares, at nil cost to him, in accordance with shareholder approval obtained at previous AGMs. These Steadfast shares were provided to Mr Kelly in accordance with the terms of the relevant STI Plan and LTI Plan and relate to vesting of DEAs awarded in prior years. In addition, in October 2018, in accordance with shareholder approval obtained at the 2018 AGM, 494,053 DEAs were granted to Mr Kelly as part of his FY18 remuneration.

Any additional directors or their associates who become entitled to participate in either the STI or LTI Plans after item 3 is approved and are not named in this notice of meeting will not be issued securities under either the STI or LTI until approval is obtained under ASX Listing Rule 10.14. It is not the intention of the non-executive directors to participate in the STI or LTI Plans.

Approval of termination benefits for Mr Robert Kelly

Termination Benefits

Termination benefits for Mr Robert Kelly covered by this approval involve any subsequent acquisition of any Steadfast shares as a result of the vesting of any DEAs, or any equivalent cash payment in lieu (Benefits) under either the STI or LTI Plans, so that they do not count towards such maximum termination amounts only to the extent the Benefits involve death, genuine retirement, redundancy or total and permanent disability. In these four limited circumstances, the Board may provide the Benefits earlier than the usual vesting periods. The most likely example is genuine retirement.

For the purposes of the paragraph above, the "Benefit" will be the market value of the shares acquired by the Managing Director & CEO on leaving service (or any cash payment in lieu). Apart from the future share price being unknown, the Managing Director & CEO's length of service, number of DEAs, individual and Company performance factors, levels of cash awarded and amount of other remuneration are matters which will or are likely to affect the value of the Benefit.

In considering this resolution, shareholders should note that Mr Kelly, who is 72 years of age, has confirmed his intention to remain as Managing Director & CEO of Steadfast until 31 December 2022.

Termination benefits under the Corporations Act

The Corporations Act limits the maximum termination amounts which a corporation can pay on retirement to persons who hold a "managerial or executive office" (as defined in the Corporations Act).

Under section 200B of the Corporations Act, a corporation can only give a person who holds a "managerial or executive office" (as defined in the Corporations Act) a "benefit" (widely defined in the Corporations Act) in connection with their retirement from that office or position of employment in the corporation or a "related body corporate" (again as defined in the Corporations Act) if it is approved by shareholders or one of the limited exemptions apply. Under the Corporations Act, the maximum termination amount which may be paid without shareholder approval is an amount equal to average annual base salary over the last three years. "Benefit" includes early vesting. The Corporations Act defines retirement broadly to include loss of office, resignation and death. Section 200B applies to the Managing Director & CEO.

In the absence of shareholder approval, it is possible the circumstances mentioned under the heading "Termination Benefits" may result in a benefit to the Managing Director & CEO to which an exemption from section 200B may not apply and which together with other remuneration may exceed the maximum termination amount. For example, this may occur if the Board exercises discretion to pay any unvested rights in cash and/or Steadfast shares before those rights would otherwise vest in the four limited circumstances described above, namely death, genuine retirement, redundancy or total and permanent disability.

Shareholder approval will allow Steadfast, where appropriate, to fulfil its contractual DEA obligations under the STI and LTI Plans. Directors believe granting approval is better for shareholders than, for example, increasing cash awards in the future in lieu of share benefits.

Shareholder approval also assists Steadfast to retain and motivate the Managing Director & CEO. The Board's approach to the Managing Director & CEO's FY19 remuneration, including grants under the STI and LTI Plans, is discussed in detail above and details of the FY19 STI and LTI Plans are included in Further Details of the STI and LTI Plans (as attached to these Explanatory Notes).

In general, the four limited circumstances above are beyond the Managing Director & CEO's influence and do not involve poor performance.

The directors consider it good corporate governance and prudent for the Company to seek shareholder approval for any Benefit which the Managing Director & CEO may receive under the STI or LTI Plans in the event of the four limited circumstances mentioned above.

The directors with Mr Kelly abstaining (and not voting) recommend that shareholders vote in favour of the resolution in item 3. None of the directors (excluding Mr Kelly who has a personal interest) have any interest in the outcome of the proposed resolution except to secure the services of Mr Kelly on a continuing basis.

The Chairman of the AGM intends to vote undirected proxies able to be voted in favour of this resolution.

Voting exclusion – Item 3

Item 3 is a resolution connected directly or indirectly with the remuneration of a member of the Company's KMP.

- 1 The following persons may not vote, and the Company will disregard any vote cast by the following persons, on Item 3:
 - (a) the Managing Director & CEO and any of his associates. The Company does not need to disregard votes by such a person as proxy for another person who is entitled to vote if the vote is cast (i) in accordance with the directions on the proxy form; or (ii) by the Chairman of the AGM as a proxy, in accordance with the direction on the proxy form to vote as the proxy decides; and
 - (b) any member of Company's KMP (or a closely related party of any such member) that is appointed as proxy for a person who is entitled to vote where the proxy appointment does not specify the way the proxy is to vote on Item 3, unless: (i) the proxy is the Chairman of the meeting at which Item 3 is voted on; and (ii) the proxy appointment expressly authorises the Chairman to exercise the proxy even though Item 3 is connected directly or indirectly with the remuneration of a KMP.
- 2 If you appoint the Chairman of the AGM as your proxy or the Chairman of the 2019 AGM is appointed as your proxy by default, and you do not direct your proxy how to vote on the resolution in Item 3 on the proxy form, you will be expressly authorising the Chairman of the AGM to exercise your proxy in favour of the resolution in Item 3 even if Item 3 is connected directly or indirectly with the remuneration of a KMP.

Item 4 – Approval to refresh Steadfast's placement capacity

Institutional Placement

On 21 August 2019 Steadfast launched an underwritten institutional placement to existing and new institutional shareholders to raise approximately \$100 million (Institutional Placement). Proceeds will be used to fund further insurance brokerage and underwriting agency acquisitions, and any Steadfast Network brokerages who elect to receive the cash alternative under the potential professional service fee rebate acquisition announced by Steadfast on 26 July 2019.

Under the Institutional Placement, 29,585,799 Placement Shares were issued to certain institutional investors at a price of \$3.38 per Share (representing a 3.6% discount to the dividend-adjusted closing price on Tuesday, 20 August 2019 of \$3.507 per Share, and a premium to the underwritten floor price of \$3.28 per Share). The Placement Shares rank pari passu with all other ordinary shares, however as the allotment took place after the record date for the final dividend for the year ended

30 June 2019 (FY19 Final Dividend) they did not carry any entitlement to receive the FY19 Final Dividend.

Reason for seeking shareholder approval

In general terms, ASX Listing Rule 7.1 imposes a limit on the number of equity securities (including ordinary shares) that a company can issue or agree to issue without shareholder approval amounting to 15% of issued share capital (Placement Capacity) where an exemption to the rule does not apply. The issue of the Placement Shares was made within Steadfast's Placement Capacity pursuant to ASX Listing Rule 7.1.

ASX Listing Rule 7.4 provides that an issue of shares by a company made pursuant to ASX Listing Rule 7.1 is treated as having been made with approval for the purposes of ASX Listing Rule 7.1, if it is subsequently approved by the company's shareholders.

Steadfast is seeking shareholder approval under ASX Listing Rule 7.4 for the issue of the Placement Shares to maintain greater flexibility to raise funds to meet future needs during the next twelve months, without the costs and delay of convening a general meeting. The requirement to obtain shareholder approval for any future issue of equity securities, before the issue, could limit Steadfast's ability to take advantage of future market opportunities that may arise.

The effect of approving Resolution 4 will be to refresh Steadfast's Placement Capacity so that it would be the same as if the Placement Shares had not been issued, giving Steadfast the flexibility to issue further securities under its Placement Capacity. If shareholder approval is not obtained, the consequence will be that Steadfast's Placement Capacity will be reduced by the Placement Shares.

Notwithstanding an approval by shareholders of Resolution 4, any future equity raisings will remain subject to the 15% limit set out in ASX Listing Rule 7.1.

Voting Exclusion – Item 4

Steadfast will disregard any votes cast on Resolution 4 by any person who participated in the Institutional Placement and any associate of those persons. However, Steadfast need not disregard a vote on Resolution 4 if it is cast by:

- (a) a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chairman of the AGM as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Item 5 – To increase the maximum aggregate fees payable to non-executive directors

In accordance with the Company's constitution and ASX Listing Rule 10.17, shareholders are being asked to approve an increase in the maximum aggregate fees payable each financial year to the non-executive directors (NEDs).

The current maximum fees cap of \$1,100,000 per financial year was approved at the 2017 AGM and before that, the cap was \$900,000 which was put in place before the Company's initial public offering and admission to ASX in 2013. The cap was increased in 2017 to facilitate the appointment of an additional NED to strengthen the Board's diversity, skills and succession plans for its committees. Ms Gai McGrath was subsequently appointed in 2018.

It is proposed that the maximum fees cap be increased by \$400,000 to \$1,500,000 per financial year, to apply with effect from and including the financial year that commenced on 1 July 2019. This will allow an additional director to be appointed to assist in board renewal and succession planning, particularly as five of the six NEDs were appointed in 2013 or earlier. It will also allow

director fees to increase in line with recommendations from independent advisors. The NEDs have agreed not to increase director fees for FY20. In FY19, NEDs received total fees and superannuation of \$1,067,500.

Shareholders should note that, even if the proposed new maximum fees cap is approved, the Company may well determine that the total amount paid to NEDs each financial year be less than the cap. The Company will, of course, in future continue to set the actual level of remuneration of its NEDs within the maximum fees cap after having regard to relevant considerations including market practice and Board performance. NEDs do not receive performance based remuneration and are not entitled to receive performance based shares or options or rights over shares in the Company. No shares in the Company have been issued to any NED under ASX Listing Rule 10.11 or 10.14 with the approval of shareholders at any time within the last three years before the date of this Notice.

Noting that the NEDs have a personal interest in this resolution, the NEDs do not make a recommendation to shareholders in relation to voting on this resolution. The NEDs will not vote on this resolution.

Mr Kelly, as Managing Director & CEO, recommends that you vote in favour of the resolution in Item 5.

The Chairman of the AGM intends to vote undirected proxies able to be voted in favour of this resolution.

Voting exclusion – Item 5

Item 5 is a resolution connected directly or indirectly with the remuneration of members of the Company's KMP.

- 1 The following persons may not vote, and the Company will disregard any vote cast by the following persons, on Item 5:
 - (a) the directors and any of their associates. The Company does not need to disregard votes by such a person as proxy for another person who is entitled to vote if the vote is cast: (i) in accordance with the directions on the proxy form; or (ii) by the Chairman of the AGM as a proxy, in accordance with the direction on the proxy form to vote as the proxy decides; and
 - (b) any KMP (or a closely related party of any such member) that is appointed as proxy where the proxy appointment does not specify the way the proxy is to vote on Item 5, unless: (i) the proxy is the Chairman of the meeting at which Item 5 is voted on; and (ii) the proxy appointment expressly authorises the Chairman to exercise the proxy even though Item 5 is connected directly or indirectly with the remuneration of a KMP.
- 2 If you appoint the Chairman of the AGM as your proxy or the Chairman of the 2019 AGM is appointed as your proxy by default¹, and you do not direct your proxy how to vote on the resolution in Item 4 on the proxy form, you will be expressly authorising the Chairman of the AGM to exercise your proxy in favour of the resolution in Item 5 even if Item 5 is connected directly or indirectly with the remuneration of a KMP, which includes the Chairman of the AGM.

¹ If no proxy was identified in your lodged proxy form.

Re-election of directors

The Board undertakes a regular review of its performance, policies and practices. The review includes an assessment of the performance of each director, their experience and skills. This is taken into account by the Board in determining whether to endorse directors standing for re-election and anyone offering themselves for election as a director.

Item 6 – Re-election of Mr Philip Purcell

Mr Purcell is retiring by rotation in accordance with article 13.5 of the Company's constitution and ASX Listing Rule 14.4 and is offering himself for re-election. The Board has concluded that Mr Purcell is independent.

Mr Purcell was appointed to the Steadfast Board in 2013. He is a non-executive director and serves on the Audit & Risk, Nomination and Remuneration & Succession Planning committees.

Mr Purcell has over 40 years' experience in the insurance and legal industries. He has been a partner at Dunhill Madden Butler, PricewaterhouseCoopers Legal and Ebsworth & Ebsworth, and has held two board positions with GE in Australia. Mr Purcell consults to clients who are engaged in commercial transactions or mediation of commercial disputes.

The directors with Mr Purcell abstaining (and not voting) recommend that you vote in favour of the resolution in Item 6.

The Chairman of the AGM intends to vote undirected proxies able to be voted in favour of this resolution.

Item 7 – Re-election of Mr Greg Rynenberg

Mr Rynenberg is retiring by rotation in accordance with article 13.5 of the Company's constitution and ASX Listing Rule 14.4 and is offering himself for re-election. The Board has concluded that Mr Rynenberg is independent.

Mr Rynenberg was appointed to the Steadfast Board in 1998. He is a non-executive director and serves on the Audit & Risk, Nomination and Remuneration & Succession Planning committees.

Mr Rynenberg has over 40 years' experience in the general insurance broking industry with 35 years spent running his own business, East West Group. East West Group is a Steadfast Network Broker not owned by Steadfast and includes an underwriting agency which provides services to Steadfast Network Brokers. Mr Rynenberg is a Qualified Practicing Insurance Broker, Fellow of NIBA and an Associate of ANZIIF. He holds an Advanced Diploma in Financial Services (General Insurance Broking) and was named NIBA Queensland Broker for 2014.

The directors with Mr Rynenberg abstaining (and not voting) recommend that you vote in favour of the resolution in Item 7.

The Chairman of the AGM intends to vote undirected proxies able to be voted in favour of this resolution.

Information regarding voting

1. Poll

The Chairman intends to conduct voting at the AGM by poll.

2. Entitlement to attend and vote

In accordance with Regulation 7.11.37 of the Corporations Regulations and ASX Settlement Operating Rule 5.6.1, the directors have determined that a shareholder's entitlement to attend and vote at the 2019 AGM is as set out in the Company's share register as at 10.00am (Sydney time) on 15 October 2019.

Transactions registered after that time will be disregarded in determining the shareholders entitled to attend and vote at the 2019 AGM.

3. Proxies

- (a) *Proxy form*: A proxy form is included with this notice of AGM.
- (b) *Appointing a proxy*: If you are entitled to attend and vote at this AGM, you may appoint:
 - (i) a person ("person" can be an individual or a body corporate); or
 - (ii) if the shareholder is entitled to cast two or more votes at the meeting, two persons, as your proxy or proxies to attend and vote for you at the meeting. A proxy need not be a shareholder.
- (c) *Maximum of two*: You may appoint a maximum of two proxies and may state on the proxy form what proportion or number of your votes each proxy is being appointed to exercise. If you appoint two proxies and do not specify the proportion or number of votes each proxy may exercise, each of the proxies may exercise half of your votes.
- (d) *Deadline for receipt*: The Company must receive at least 48 hours (i.e. by 10.00am Sydney time on 15 October 2019) before the meeting:
 - (i) your completed proxy form; and
 - (ii) if you sign under power of attorney or corporate representative, that power of attorney or corporate representative appointment or a certified copy of it.

Any proxy form received after this deadline (including at the AGM) will be invalid.
- (e) *How to send*: The proxy form (and any authority appointing an attorney or corporate representative) must be:
 - (i) sent by post to the Company's share registry:
 - Steadfast Group Limited
 - C/- Link Market Services Limited
 - Locked Bag A14
 - Sydney South, NSW 1235
 - Australia;
 - (ii) delivered by hand to the Company's share registry:
 - Link Market Services Limited
 - 1A Homebush Bay Drive
 - Rhodes NSW 2138;
 - (iii) sent by fax to the Company's share registry on +61 2 9287 0309; or
 - (iv) lodged on-line at www.linkmarketservices.com.au.
- (f) *How and when a proxy must vote*: If the appointment of a proxy specifies the way the proxy is to vote on a particular resolution:

- (i) the proxy is not required to vote on a show of hands, but if the proxy does so, the proxy must vote as directed (subject to any applicable voting exclusions);
- (ii) if the proxy has two or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands;
- (iii) if the proxy is not the Chairman of the AGM, the proxy need not vote on a poll but if the proxy does so, the proxy must vote as directed (subject to any applicable voting restrictions); and
- (iv) if the proxy is the Chairman of the AGM, the proxy must vote on a poll and must vote as directed.

In addition, there are some circumstances where the Chairman of the AGM will be taken to have been appointed as a shareholder's proxy for the purposes of voting on a particular resolution even if the shareholder has not expressly appointed the Chairman of the AGM as their proxy. This will be the case where:

- *the appointment of proxy specifies the way the proxy is to vote on a particular resolution; and*
- *the appointed proxy is not the chair of the meeting; and*
- *a poll is called on the resolution; and*
- *either of the following applies:*
 - *the proxy is not recorded as attending the AGM; or*
 - *the proxy attends the AGM but does not vote on the resolution.*

Note that the Chairman intends to conduct voting by way of poll.

- (g) *Proxy Voting by Chairman:* The Chairman of the Meeting will vote undirected proxies in favour of Items 2 to 7 inclusive. The voting exclusions on KMP in Items 2, 3 and 5 do not apply to the Chairman of the Meeting acting as proxy if their appointment expressly authorises the Chairman of the Meeting to exercise the proxy even if that Item is connected directly or indirectly with the remuneration of a KMP of Steadfast.
- (h) *Directing proxy votes:* We encourage shareholders who are appointing proxies to direct their proxies how to vote on each resolution by crossing a "For", "Against" or "Abstain" box before lodging their proxy form so that their proxy will vote on their behalf in accordance with their instructions.

4. Body corporate representative

Any corporation wishing to appoint a person to act as representative at the meeting may do so by providing that person with:

- a "Certificate of Appointment of Corporate Representative" which can be obtained from the Company's share registry; or
- a letter or certificate authorising the person to act as the corporation's representative in accordance with the corporation's constitution; or
- a copy of the resolution appointing the representative, certified by a secretary or director of the corporation.

5. Questions from shareholders

A shareholder of the Company who is entitled to vote at the AGM may submit a question either to the Chairman of the AGM or the Company's auditor by emailing investor@steadfast.com.au. The question(s) may be submitted no later than Friday, 11 October 2019.

Further Details of FY19 Steadfast STI and LTI Plans for the Managing Director & CEO

Further Details of STI Plan:

Purpose and link to strategy	Recognises the contributions and achievements of the Managing Director & CEO and helps to attract and retain talent.
Operation	STI Plan consisting of cash and deferred equity award (DEA).
Potential reward	STI awards are performance based, at risk reward arrangements with Board discretion. At risk remuneration for the Managing Director & CEO is targeted at 71%.
Performance metrics	<p>STI – Cash award (60% of total STI); Deferred equity award (40% of total STI)</p> <ul style="list-style-type: none"> • Continuous employment for the vesting period for deferred equity awards split one-third over one, two and three years; • Vesting is subjected to future performance hurdles below; and • No negative material deterioration in reported results in the subsequent year.
Performance measures	<p>Non-financial measures</p> <p>Personal objectives (KPIs as agreed with the Board. At least 60% of the objectives must be achieved by the Managing Director & CEO to be eligible for any STI. The Managing Director & CEO achieved a substantial majority of his FY19 personal objectives with weightings (refer Explanatory Notes to Item 3 above).</p> <p>Financial Measures</p> <p>No STI is payable unless at least 5% EPS growth is achieved against the base underlying EPS. Maximum STI can be awarded if the EPS growth is 10.0% or higher.</p>
Potential maximum STI	The Managing Director & CEO can receive up to 150% of his annual fixed remuneration.
Approval of the STI	The Managing Director & CEO's STI is recommended by the Remuneration & Succession Planning Committee based on the Group's financial and his non-financial performance outcomes and approved by the Board.
Rationale for choosing performance measures	<p>The non-financial measures are chosen to ensure the Managing Director & CEO delivers outcomes that support the success of Steadfast.</p> <p>The financial measure of EPS growth is chosen to align with increases in long-term shareholder value.</p>

Forms of STI reward elements	<p>60% is paid as cash, normally in September following the end of financial year. 40% is granted as deferred equity award (DEA) of conditional rights to Steadfast ordinary shares and vesting over a three-year tenure hurdle from the grant date. The conditional rights will vest in three equal tranches after one, two and three years from the grant date.</p>
Key terms of DEA	<p>DEA is normally granted immediately following and subject to approval at the AGM.</p> <p>These rights are granted to the Managing Director & CEO at no cost, to the dollar value of his DEA.</p> <p>The number of conditional rights granted is calculated based on the weighted average share price over the five trading days before the date of Board approval.</p> <p>The Managing Director & CEO becomes eligible to receive one Steadfast ordinary share per conditional right, subject to his continuing employment with the Group over the vesting period post grant date, and no material adverse change to the reported results. The Remuneration & Succession Planning Committee noted that for the periods in question there had not been any negative material deterioration in EPS from prior year adjustments in the subsequent year.</p> <p>These rights will accrue notional dividends and may accrue, subject to Board discretion, any bonus element inherent in any rights issue, which will be paid as additional shares upon vesting.</p>
Forfeiture conditions	<p>The Board retains the discretion to adjust any unpaid or unvested performance related remuneration (such as STI – Cash or STI – deferred portion) downwards if it is appropriate to do so.</p> <p>The conditional rights will be forfeited if the Managing Director & CEO resigns before the vesting date.</p> <p>If the Managing Director & CEO ceases employment in special circumstances, such as genuine retirement, redundancy or ill health, any unvested rights may be paid in cash and/or Steadfast ordinary shares, subject to Board discretion.</p>

Further Details of LTI Plan:

Purpose and link to strategy	Provides opportunity for the Managing Director & CEO to acquire equity in the Company as a reward for increasing EPS over the longer term and helps to attract and retain talent.										
Operation	LTI Plan consisting of DEA.										
Potential reward	LTI awards are discretionary, performance based, at risk reward arrangements. The combined total of at risk remuneration (LTI and STI combined) is targeted at 71% of total remuneration.										
Performance metrics	<p>LTI – Deferred equity award (100%)</p> <ul style="list-style-type: none"> • Continuous employment and performance rating to be met for the three-year vesting period; • Vesting is subjected to future performance hurdles below; and • No negative material deterioration in reported results in the subsequent year. 										
Future performance hurdles	<p>Non-financial measures</p> <p>Personal objectives (KPIs) as agreed with the Board. At least 60% of the objectives must be achieved by the Managing Director & CEO to be eligible for any LTI. The Managing Director & CEO achieved a substantial majority of his FY19 personal objectives with weightings (refer Explanatory Notes to Item 3 above).</p> <p>Financial measures relating to FY19 awards:</p> <p>75% is based on average underlying diluted EPS growth, which is not payable unless at least 5% straight line growth is achieved over a future three-year vesting period. The vesting schedule is outlined below:</p> <table border="1"> <thead> <tr> <th>Average diluted EPS growth</th> <th>Vesting outcome</th> </tr> </thead> <tbody> <tr> <td>Below 5%</td> <td>0%</td> </tr> <tr> <td>At 5%</td> <td>50%</td> </tr> <tr> <td>5% to 10%</td> <td>Straight line between 50% to 100%</td> </tr> <tr> <td>10% or higher</td> <td>100%</td> </tr> </tbody> </table> <p>and</p> <p>25% is based on TSR measured against the top 200 ASX companies excluding those in the mining industry (peer group), which is not payable unless TSR exceeds the median of the peer group. TSR is calculated as the change in share price plus dividends declared and any capital returns measured over the financial year together with a future three-year vesting period.</p>	Average diluted EPS growth	Vesting outcome	Below 5%	0%	At 5%	50%	5% to 10%	Straight line between 50% to 100%	10% or higher	100%
Average diluted EPS growth	Vesting outcome										
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<p>Future performance hurdles (cont.)</p>	<p>The vesting schedule is outlined below:</p> <table border="1" data-bbox="531 282 1289 656"> <thead> <tr> <th data-bbox="531 282 979 338">TSR</th> <th data-bbox="979 282 1289 338">Vesting outcome</th> </tr> </thead> <tbody> <tr> <td data-bbox="531 338 979 427">Less than 50th percentile of peer group</td> <td data-bbox="979 338 1289 427">0%</td> </tr> <tr> <td data-bbox="531 427 979 483">At 50th percentile of peer group</td> <td data-bbox="979 427 1289 483">50%</td> </tr> <tr> <td data-bbox="531 483 979 573">Between 50th and 75th percentile of peer group</td> <td data-bbox="979 483 1289 573">Straight line between 50% to 100%</td> </tr> <tr> <td data-bbox="531 573 979 656">Exceeding 75th percentile of peer group</td> <td data-bbox="979 573 1289 656">100%</td> </tr> </tbody> </table>	TSR	Vesting outcome	Less than 50 th percentile of peer group	0%	At 50 th percentile of peer group	50%	Between 50 th and 75 th percentile of peer group	Straight line between 50% to 100%	Exceeding 75 th percentile of peer group	100%
TSR	Vesting outcome										
Less than 50 th percentile of peer group	0%										
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Exceeding 75 th percentile of peer group	100%										
<p>Forfeiture conditions</p>	<p>The Board retains the discretion to adjust any unpaid or unvested LTI downwards if it is appropriate to do so.</p> <p>The conditional rights will be forfeited if the Managing Director & CEO resigns before the vesting date.</p> <p>If the Managing Director & CEO ceases employment in special circumstances, such as genuine retirement, redundancy or ill health, any unvested rights may be paid in cash and/or Steadfast ordinary shares, subject to Board discretion.</p>										
<p>Potential maximum LTI</p>	<p>The Managing Director & CEO can earn up to 100% of his annual fixed remuneration.</p>										
<p>Approval of the LTI</p>	<p>The Board approves the LTI based on the financial and non-financial performance outcome as recommended by the Remuneration & Succession Planning Committee.</p>										
<p>Forms of LTI reward</p>	<p>DEA of conditional rights to Steadfast ordinary shares and vesting after a three-year tenure hurdle and meeting future performance hurdles from the grant date.</p>										
<p>Rationale for choosing performance measures</p>	<p>The financial measures of EPS growth and TSR are chosen to align with increases in long-term shareholder value.</p> <p>The non-financial measures are chosen to ensure the Managing Director & CEO delivers outcomes that support the success of Steadfast.</p>										
<p>Key terms of DEA</p>	<p>DEA is normally granted immediately following and subject to approval at the AGM.</p> <p>These rights are granted to the Managing Director & CEO at no cost, to the dollar value of a percentage of his fixed remuneration in accordance with the LTI Plan.</p> <p>The number of conditional rights granted is calculated based on the weighted average share price over the five trading days before the date of Board approval.</p> <p>The Managing Director & CEO becomes eligible to receive one Steadfast ordinary share per conditional right, subject to his continuing employment with the Group for the three-year period from the grant date and meeting performance hurdles, subject to Board discretion.</p> <p>There rights will not accrue notional dividends and may accrue, subject to Board discretion, any bonus element inherent in any rights issue, which will be paid as additional shares upon vesting.</p>										

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