Steadfast Group Limited
Notice of AGM 2020

Steadfast Group Limited (ACN 073 659 677) is referred to as the Company or Steadfast in this notice of Annual General Meeting (AGM). The financial year ended 30 June 2020 is referred to as FY20.

The COVID-19 pandemic has had a profound impact on all our lives and Steadfast is committed to the safety of our shareholders, our people and the broader community. Accordingly, like many other companies, our 2020 AGM will be held online (virtually) rather than at a physical location.

Our AGM will be held at 10:00am (AEST) on Wednesday 28 October 2020. To attend and participate, shareholders will need to log in to an online platform provided by our share registry, Link Market Services. Details are provided below.

Participation at the AGM

SHAREHOLDERS ARE INVITED TO WATCH AND PARTICIPATE IN STEADFAST'S AGM LIVE ONLINE

Enter https://agmlive.link/SDF20 into a web browser on your computer or online device:

- Shareholders will need their Shareholder Reference Number (SRN) or Holder Identification Number (HIN); and
- Proxyholders will need their proxy code which Link Market Services will provide via email no later than 48 hours prior to the AGM.
- We recommend logging in to our online platform at least 15 minutes prior to the scheduled start time for the AGM.

Voting options for the AGM

- Appointing a proxy (Steadfast recommends shareholders go online and appoint a proxy before the AGM. Details of how to do this are set out on page 10 of the NOM); or
- Direct voting online during the AGM

Questions

During the AGM, only shareholders may ask questions online once they have been verified. It may not be possible to respond to all questions asked during the meeting. Accordingly, shareholders are encouraged to lodge questions prior to the meeting either online at www.linkmarketservices.com.au or by email to investor@steadfast.com.au.

Future alternate arrangements

If it becomes necessary to make further alternative arrangements for holding Steadfast's AGM, we will ensure that shareholders are given as much notice as possible. Further information will be made available on the Steadfast investor website at https://investor.steadfast.com.au.

Steadfast

Agenda

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 2020 as set out in the Company's 2020 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 2020 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 FY20 remuneration;

   ii. the issue (or transfer) to and acquisition by Mr Robert Kelly of Steadfast ordinary shares in relation to Mr Kelly's FY20 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. Re-election of director – Mr Frank O'Halloran AM

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

"That Mr Frank O'Halloran AM is re-elected as a non-executive director of the Company."

5. Re-election of director – Ms Anne O'Driscoll

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

"That Ms Anne O'Driscoll 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 5 inclusive.

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

By order of the Board.

Linda Ellis

Linda Ellis
Group Company Secretary & Corporate Counsel

Explanatory notes on the business to be transacted at the 2020 AGM

Resolutions in Items 3-5 are ordinary resolutions and, to be passed, must be passed by more than 50% of the votes cast by shareholders present (in person online, 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 auditor's 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 2020. The remuneration report is located in the Company's 2020 Annual Report on pages 46 - 67 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 2020 AGM and the 2021 AGM, then a further resolution on whether to hold a meeting to spill the Board would need to be considered at the 2021 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 key management personnel (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 KMP, details of whose remuneration are included in the remuneration report, or their closely related parties (as defined under the Corporations Act), 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 either appoint the Chairman of the AGM as your proxy or the Chairman of the 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 Kelly's participation in the Company's STI and LTI Plans

Item 3 deals with the proposed grant of deferred equity awards (DEAs) to Mr Kelly, Managing Director & CEO, under the Company's short-term incentive plan (STI Plan) and long-term incentive plan (LTI Plan). As he is a director of the Company, shareholder approval to permit Mr Kelly to acquire DEAs and Steadfast shares under the Company's STI Plan and LTI Plan is required under ASX Listing Rule 10.14.1. Specifically, the Board intends to grant Mr Kelly an initial number of 500,770 DEAs which are contractual rights to receive, upon vesting, one Steadfast ordinary share per DEA at no cost as part of his FY20 remuneration, subject to the terms and conditions described in the Further Details of the Steadfast FY20 STI and LTI Plans (as attached to these Explanatory Notes and provided in accordance with ASX Listing Rule 10.15.9 which requires material terms of any agreement under which securities are to be issued to be disclosed). DEAs are the form of security granted to Mr Kelly and other executives because they:

- align the interests of Mr Kelly and shareholders because vesting into Steadfast shares is performance-related and at risk
- provide an opportunity for Mr Kelly to acquire equity in Steadfast as a reward for underlying EPS and TSR growth (discussed further below)
- encourage retention because continued employment is a condition of vesting; and
- provide an opportunity for the Board to exercise discretion to adjust any unvested performance-related remuneration (ie DEAs) downwards if it is appropriate to do so.

Further details about Steadfast's approach to its remuneration framework is provided below and in the 2020 remuneration report.

The Company attributes a value of $3.065 to each DEA on the basis of a share price of $3.37 at 10 September 2020 and appropriate option pricing valuation methodology advised by an independent accounting firm.

The key elements of the total 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 FY20, 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 49 of the 2020 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 the FY20 year end was 21.5%
  - total shareholder return (TSR) was first introduced as the second financial performance hurdle for LTI awarded in August 2016. 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 key performance indicators (KPIs) with weightings aligned to the Group's strategic objectives, and must achieve at least 60% of those objectives to be eligible for any STI and LTI
- 40% of the STI is granted as DEAs 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 KPIs 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:

- 13.4% diluted underlying EPS growth in FY20
- 127% diluted underlying EPS growth for the period since the IPO in August 2013; and
- TSR of 234% for the period since the IPO, inclusive of the FY20 final dividend of 6.0 cents per share payable in September 2020.

The Remuneration & Succession Planning Committee determined that the Managing Director & CEO achieved 83%, with weightings, of his annual KPIs set at the beginning of FY20 which were:

- achieve underlying net profit after tax and amortisation (NPATA) of at least $130m
- achieve gross written premium (GWP) of $850m on Steadfast Client Trading Platform (SCTP)

- achieve organic GWP growth of 5% to 10%
- achieve traditional broker margin of 31% or higher
- score highly on Steadfast culture 360-degree assessment from staff and Board
- continue development of senior executives and CEOs of top 10 businesses through education, leadership programs and increased delegation
- continue to enhance risk management and internal audit; and
- successful integration of IBNA.

Under the 2020 STI, the Managing Director & CEO was awarded $990,000 in cash and, subject to shareholder approval, will be granted 187,789 STI DEAs. Under the 2020 LTI, subject to shareholder approval, the Managing Director & CEO will be granted 312,981 LTI DEAs. The date by which these initial DEAs will be issued to Mr Kelly (in accordance with the approval sought at the 2020 AGM) is 10 November 2020 and in any event no later than 12 months after the meeting.

This gives an initial number of 500,770 DEAs, being the sum of the STI DEAs (calculated by dividing $660,000 by a Steadfast share price of $3.5146) and the LTI DEAs (calculated by dividing $1,100,000 by a Steadfast share price of $3.5146). Mr Kelly's FY20 STI and LTI awards were approved by the Remuneration & Succession Planning Committee (comprised of independent non-executive directors) and disclosed in the 2020 remuneration report on page 52 of Steadfast's 2020 Annual Report. The figure of $3.5146 is the average of the daily volume weighted average share price of Steadfast shares over the five trading days on the Australian Securities Exchange (ASX) prior to the Board approving Mr Kelly's 2020 STI and LTI awards.

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 the bonus element of a rights issue) will be issued to Mr Kelly in accordance with the approval sought at the 2020 AGM is 28 October 2023.

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 25 February 2020

Assumed balance of STI DEAs*(a):	187,789
Dividend per Steadfast share**(b):	$0.036
DRP price**(c):	$3.27652
Additional number of DEAs to be issued (a x $b) / $c	2,063

* this is the initial number of STI DEAs for which shareholder approval to issue is sought at the 2020 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 25 February 2020

A summary of the 2020 STI and LTI Plans are attached to these Explanatory Notes, and also contained in the 2020 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). If shareholders decide not to approve the grant of shares to Mr Kelly, the Board intends to use its discretion to pay him $1,760,000 cash, being the total value of Mr Kelly's FY20 STI and LTI share entitlements approved by the Remuneration & Succession Planning Committee for which shareholder approval is sought, in lieu of those share entitlements.

Steadfast

Other than Mr Kelly, the Managing Director & CEO, there are no directors or associates of directors who are entitled to participate in either the STI or LTI Plan. Details of any issue to Mr Kelly of DEAs, and any acquisition by Mr 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 2019 AGM, Mr Kelly has received 167,848 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 2019, in accordance with shareholder approval obtained at the 2019 AGM, 463,245 DEAs were granted to Mr Kelly as part of his FY19 remuneration. Since Steadfast's initial public offering (IPO) in 2013 when the STI and LTI plans were adopted, 3,469,266 DEAs have been granted to Mr Kelly and 1,762,898 Steadfast shares have been transferred to him upon vesting of those DEAs. The acquisition price to Mr Kelly of these DEAs and Steadfast shares was $0. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under 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 Plans 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.

Managing Director & CEO's current total remuneration package

In accordance with ASX Listing Rule 10.15.4, details of Mr Kelly's current total remuneration package are attached to these Explanatory Notes.

Approval of termination benefits for Mr Robert Kelly

Termination benefits

Termination benefits for Mr 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 maximum termination amounts under the Corporations Act (see below) 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 73 years of age, has confirmed his intention to remain as Managing Director & CEO of Steadfast until at least after the AGM in October 2023.

Termination benefits under the Corporations Act

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

Section 200B applies to the Managing Director & CEO.

Steadfast

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 either 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.

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 Steadfast FY20 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 FY20 remuneration, including grants under the STI and LTI Plans, is discussed in detail above and details of the FY20 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 that 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 <u>in favour</u> 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 <u>in favour</u> 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 the resolution in this Item 3:
   a) any votes cast in favour of the resolution in this Item 3 by or on behalf of the Managing Director & CEO and any of his associates, regardless of the capacity in which the vote is cast; and
   b) on the resolution in this Item 3 by or on behalf of a member of the Company's KMP (or their closely related parties (as defined in the Corporations Act)), as proxy for another shareholder.

   However, this does not apply to a vote cast in favour of the resolution in this Item 3 by:

   - a person as proxy or attorney for a person who is entitled to vote on the resolution in this Item 3, in accordance with directions given to the proxy or attorney to vote on the resolution in that way;
   - the Chairman, as proxy or attorney for a person who is entitled to vote on the resolution in this Item 3, in accordance with a direction given to the Chairman to vote on the resolution as the Chair decides; or

- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided that:
  - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting on the resolution in this Item 3, and is not an associate of a person excluded from voting, on the resolution in this Item 3; and
  - the holder votes on the resolution on Item 3 in accordance with directions given by the beneficiary to the holder.

2. If you either appoint the Chairman of the AGM as your proxy or the Chairman of the 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.

   * 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 4 – Re-election of Mr Frank O'Halloran AM

Mr O'Halloran 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 O'Halloran is independent.

Mr O'Halloran was appointed to the Steadfast board on 21 October 2012. He is non-executive Chairman of the Board and serves on the Audit & Risk, Remuneration & Succession Planning and Nomination Committees, being the chairman of the latter.

Mr O'Halloran had over 35 years' experience at QBE where he was Group CEO from 1998 until 2012. He also worked with Coopers & Lybrand for 13 years where he started his career as a Chartered Accountant. Mr O'Halloran was President of the Insurance Council of Australia from 1999 to 2000 and was inducted into the International Insurance Hall of Fame in 2010. Mr O'Halloran received his AM for services to the insurance industry and philanthropy.

The directors with Mr O'Halloran AM abstaining (and not voting) recommend that you vote <u>in favour</u> of the resolution in Item 4.

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

Item 5 – Re-election of Ms Anne O'Driscoll

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

Ms O'Driscoll was appointed to the Steadfast board on 1 July 2013. She is Chairman of the Audit & Risk Committee and also serves on the Remuneration & Succession Planning and Nomination Committees.

Ms O'Driscoll has over 35 years' of business experience. A Chartered Accountant since 1984, she was CFO of Genworth Australia from 2009 to 2012 following more than 13 years with IAG. Anne is chairman of FINEOS Corporations Holdings Plc and a Director of Infomedia Limited, Commonwealth Insurance Limited and MDA National Insurance Pty Ltd. She is also a Fellow of ANZIIF and a Graduate of the Australian Institute of Company Directors.

The directors with Ms O'Driscoll abstaining (and not voting) recommend that you vote <u>in favour</u> of the resolution in Item 5.

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

Steadfast

Information regarding voting

1. Poll

Voting at the AGM will proceed 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 2020 AGM is as set out in the Company's share register as at 7pm (AEST) on 26 October 2020. Transactions registered after that time will be disregarded in determining the shareholders entitled to attend and vote at the 2020 AGM.

3. Watch and participate online

Enter https://agmlive.link/SDF20 into a web browser on your computer or online device:

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

We recommend logging in to our online platform at least 15 minutes prior to the scheduled start time for the AGM.

4. Proxies

a) *How to appoint a proxy*: If you wish to appoint a proxy, you can do so online by visiting www.linkmarketservices.com.au and following the instructions provided. Steadfast strongly encourages shareholders **to appoint a proxy online before the AGM**.

b) *Entitlement to appoint a proxy*: If you are entitled to attend and vote at this AGM, you may appoint:
   - a person ("person" can be an individual or a body corporate); or
   - 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 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 appointing proxies*: To be effective, online proxy appointments must be made (or hard copy proxy forms must be received by the Company or the share registry) by no later than **10.00am AEST on 26 October 2020**.

e) *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:
   - 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
   - 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
   - the appointed proxy is not the chair of the meeting
   - 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.

Voting will proceed by way of poll.

f) *Proxy Voting by Chairman:* The Chairman of the AGM will vote undirected proxies in favour of Items 2 to 5 inclusive. The voting exclusions on KMP in Items 2 and 3 do not apply to the Chairman of the AGM acting as proxy if their appointment expressly authorises the Chairman of the AGM to exercise the proxy even if that Item is connected directly or indirectly with the remuneration of a KMP of Steadfast.

g) *Directing proxy votes:* We encourage shareholders who are appointing proxies to direct their proxies how to vote on each resolution by marking "For", "Against" or "Abstain" box before lodging their proxy form so that their proxy will vote on their behalf in accordance with their instructions.

5. Corporate representatives

A corporation that is entitled to participate and vote at the AGM may appoint a person to act as its corporate representative. Evidence of the appointment of a corporate representative must be in accordance with s250D of the Corporations Act and be lodged with the Company before the AGM.

6. 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 electronically at www.linkmarketservices.com.au and following the instructions provided or by emailing investor@steadfast.com.au before 21 October 2020. Shareholders will also be able to ask questions online during the virtual meeting once they have been verified.

Further Details of FY20 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. The combined total at risk remuneration (STI and LTI) for the Managing Director & CEO is targeted at 71% of total remuneration.
Performance metrics	**STI – Cash award (60% of total STI); Deferred equity award (40% of total STI)** • 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	**Non-financial measures** 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 FY20 personal objectives with weightings (refer Explanatory Notes to Item 3 above). **Financial measures relating to FY20 awards** STI awarded as follows:

Diluted EPS growth	Award outcome
Below 5%	0%
5% to 10%	50% to maximum award on a straight line basis
10%	Maximum STI awarded (150% of fixed pay)

Financial measures relating to FY21 awards

FY21 STI to be awarded as follows:

Diluted EPS growth	Award outcome
Below 7.5%	0%
7.5% to 10%	50% to maximum award on a straight line basis
10%	Maximum award: 150% of fixed pay
10% to 12.5%	Outperformance bonus on a straight line basis
12.5% or higher	Maximum outperformance bonus: additional 50% of fixed pay

Potential maximum STI	The Managing Director & CEO can receive up to 150% of his annual fixed remuneration (in FY21: up to 200% including maximum outperformance bonus).
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	The non-financial measures are chosen to ensure the Managing Director & CEO delivers outcomes that support the success of Steadfast. The financial measure of EPS growth is chosen to ensure long-term shareholder value is increased.
Forms of STI reward elements	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.
Key terms of DEA	DEA is normally granted on the date the audited financial results are announced and subject to approval at the AGM. These rights are granted to the Managing Director & CEO at no cost, to the dollar value of his DEA. The number of conditional rights granted is calculated based on the weighted average share price over the five trading days before the grant date. 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 there had not been any negative material deterioration in EPS from prior year adjustments in the subsequent year. 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.
Forfeiture conditions	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. The conditional rights will be forfeited if the Managing Director & CEO resigns before the vesting date. 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.

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 and TSR 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	**LTI – Deferred equity award (100%)** • 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	**Non-financial measures** 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 FY20 personal objectives with weightings (refer Explanatory Notes to Item 3 above). **Financial measures relating to FY20 awards** 75% is based on average 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: **Straight line diluted EPS growth** – **Vesting outcome** Below 5% – 0% At 5% – 50% 5% to 10% – Straight line between 50% to 100% 10% or higher – 100% and 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. *Vesting calculations from FY21 onwards will exclude any mark-to-market adjustments in Johns Lyng Group and any other listed investments. The financial measures relating to FY21 awards are unchanged from the above.

Future performance hurdles	The vesting schedule is outlined below: **TSR** — **Vesting outcome** Equal to or less than 50th percentile of peer group — 0% Greater than 50th but less than 75th percentile of peer group — Straight line between 50% to 100% Equal to or exceeding 75th percentile of peer group — 100%
Potential maximum LTI	The Managing Director & CEO can earn up to 100% of his annual fixed remuneration.
Approval of the LTI	The Board approves the LTI based on the financial and non-financial performance outcome as recommended by the Remuneration & Succession Planning Committee.
Forms of LTI reward	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.
Rationale for choosing performance measures	The financial measures of EPS growth and TSR are chosen to ensure long-term shareholder value is increased. The non-financial measures are chosen to ensure the Managing Director & CEO delivers outcomes that support the success of Steadfast.
Key terms of DEA	DEA is normally granted immediately following and subject to approval at the AGM. These rights are granted to the Managing Director & CEO (at no cost to him), to the dollar value of a percentage of his fixed remuneration in accordance with the LTI Plan. 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. 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. 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.
Forfeiture conditions	The Board retains the discretion to adjust any unpaid or unvested LTI downwards if it is appropriate to do so. The conditional rights will be forfeited if the Managing Director & CEO resigns before the vesting date. 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.

Further Details of Managing Director & CEO's current total remuneration package

The following details about Mr Kelly's current (FY21) total remuneration is provided in accordance with ASX LR 10.15.4 as he is a director under LR 10.14.1:

- Fixed pay: $1,100,000
- Potential to earn STI. Maximum STI potential is 150% of fixed pay and additional potential outperformance award of 50% of fixed pay; and
- Potential to earn LTI. Maximum LTI potential is 100% of fixed pay.