



## **Accent Group Limited**

ABN 85 108 096 251

Notice of Annual General Meeting  
2020

# Notice of Annual General Meeting

Notice is given that the 2020 Annual General Meeting (“AGM” or “Meeting”) of Accent Group Limited (“Company”) will be held as a virtual meeting as follows:

**Date:** Friday, 20 November 2020  
**Time:** 10:00am (AEDT)  
**Venue:** Online at <https://web.lumiagm.com/314037462>

## ITEMS OF BUSINESS

### Item 1: Financial statements and reports

To receive and consider the Company’s Financial Report, together with the Directors’ Report and Auditor’s Report, for the year ended 28 June 2020.

### Item 2: Adoption of the Remuneration Report

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

*“That the Remuneration Report as set out in the Annual Report of the Company for the year ended 28 June 2020 be adopted.”*

### Item 3: Re-election of Directors

To consider and, if thought fit, pass the following resolutions as separate **ordinary resolutions**:

- a. *“That Mr Michael Hapgood, who retires in accordance with rules 22.1 of the Company’s Constitution, and being eligible for re-election, be re-elected as a Director of the Company.”*
- b. *“That Mr Joshua Lowcock who, having been appointed as a Director of the Company on 28 November 2019 in accordance with rule 21.2.1 of the Company’s Constitution, retires in accordance with ASX Listing Rule 14.4, and being eligible for election, be elected as a Director of the Company.”*

### Item 4: Grant of Performance Rights to a Director and related party, Mr Daniel Agostinelli

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

*“That, for the purposes of section 200B of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, shareholders approve the grant by the Company to Mr Daniel Agostinelli of 1,222,930 Performance Rights as outlined in the Explanatory Statement which accompanies and forms part of this Notice.”*

### Item 5: Amendments to Constitution

To consider and, if thought fit, pass the following resolution as a **special resolution**:

*“That, for the purposes of section 136(2) of the Corporations Act, the Constitution of the Company be amended as outlined in the Explanatory Statement which accompanies and forms part of this Notice.”*

### Item 6: Resolution to spill the Board (conditional item)

Subject to and conditional on http at least 25% of the votes validly cast on the resolution to adopt the Remuneration Report for the year ended 28 June 2020 (proposed in Item 2) being cast **against** that resolution, to consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

“That:

- a. *an extraordinary general meeting of the Company (the ‘Spill Meeting’) be held within 90 days of the passing of this resolution;*
- b. *all of the Directors who were Directors of the Company when the resolution to make the directors’ report for the year ended 28 June 2020 was passed (other than the chief executive officer), and who remain in office at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and*
- c. *resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote at the spill meeting.*

**This resolution will only be put to the Meeting if at least 25% of the votes validly cast on the resolution proposed in Item 2 are cast against that resolution.**

**If you do not want a Spill Meeting to take place, you should vote AGAINST Item 6.**

**If you want a Spill Meeting to take place, you should vote FOR Item 6.**

The proposed items of business should be read in conjunction with the explanatory notes on pages 5 to 15.

## Notice of Annual General Meeting

### VOTING EXCLUSIONS

#### Voting exclusions for Item 2 (Remuneration Report)

For all resolutions that are directly or indirectly related to the remuneration of a member of the Key Management Personnel ("KMP") of the Company (being the resolutions set out in Item 2 and Item 6), the *Corporations Act 2001* (Cth) ("**Corporations Act**") restricts KMP and their closely related parties from voting in certain circumstances.

A 'closely related party' is defined in the *Corporations Act* and includes a spouse, dependent and certain other close family members, as well as any companies controlled by the KMP.

Accordingly, no votes may be cast, and the Company will disregard any votes cast, on the resolutions set out in Item 2:

- a. by, or on behalf of, a member of the KMP named in the Remuneration Report and their closely related parties, in any capacity; or
- b. as a proxy by a person who is a member of the KMP at the date of the Meeting or who is a closely related party of a member of the KMP, unless the vote is cast as a proxy for a person entitled to vote on Item 2 or Item 6:
  - i. in accordance with a direction on the proxy form; or
  - ii. by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy as the Chairman sees fit even though the resolution is connected directly or indirectly with the remuneration of a KMP.

***The Chairman intends to vote undirected proxies FOR the resolution in Item 2.***

#### Voting exclusions for Item 3 (Re-election of Directors)

There are no voting exclusions for Item 3.

***The Chairman intends to vote undirected proxies FOR the resolutions in Item 3.***

#### Voting exclusion for Item 4 (Grant of Performance Rights to CEO)

The Company will disregard any votes cast in favour of the resolution in Item 4:

- a. by Mr Daniel Agostinelli or his associates regardless of the capacity in which the vote is cast; or
- b. as a proxy by a person who is a member of the KMP at the date of the Meeting or who is a closely related party of a member of the KMP.

However, votes will not be disregarded if they are cast by:

- a. a person as a proxy or attorney for a person who is entitled to vote on the resolution in Item 4, in accordance with the directions given to the proxy or attorney to vote on the resolution in Item 4 in that way; or
- b. the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on the resolution in Item 4, pursuant to an express authorisation to exercise the proxy as the Chairman sees fit; or
- c. a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - i. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
  - ii. the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

***The Chairman intends to vote undirected proxies FOR the resolution in Item 4.***

#### Voting exclusions for Item 5 (Amendments to Constitution)

There are no voting exclusions for Item 5.

***The Chairman intends to vote undirected proxies FOR the resolution in Item 5.***

#### Voting exclusions for Item 6 (Resolution to spill the Board)

The resolution in Item 6 will only be put to the Meeting if at least 25% of the votes validly cast on the resolution proposed in Item 2 are cast against that resolution.

For the same reasons described in relation to Item 2 above, no votes may be cast, and the Company will disregard any votes cast, on the resolution set out in Item 6 (if it is put to the meeting):

- a. by, or on behalf of, a member of the KMP named in the Remuneration Report and their closely related parties, in any capacity; or
- b. as a proxy by a person who is a member of the KMP at the date of the Meeting or who is a closely related party of a member of the KMP, unless the vote is cast as a proxy for a person entitled to vote on Item 6:
  - i. in accordance with a direction on the proxy form; or
  - ii. by the Chairman of the Meeting pursuant to an express authorisation to exercise the proxy as the Chairman sees fit even though the resolution is connected directly or indirectly with the remuneration of a KMP.

***If the resolution in Item 6 is put to the Meeting, the Chairman intends to vote undirected proxies AGAINST the resolution.***

## Notice of Annual General Meeting

### HOW TO VOTE

#### Eligibility to vote

For the purpose of voting at the Meeting, the Directors have determined that persons who are registered holders of shares of the Company at 7.00pm (AEDT) on Wednesday, 18 November 2020 are entitled to vote at the Meeting. Transactions registered after that time will be disregarded in determining which shareholders are entitled to vote at the Meeting.

All resolutions at the Meeting will be determined by way of a poll.

#### Voting at the Meeting

You may vote live and online during the Meeting using the Lumi platform (if using a computer) or the Lumi app (if using a mobile device). The Chairman will open the poll at the start of the Meeting and the poll will remain open until the close of the Meeting.

More information regarding online participation at the Meeting (including how to vote and ask questions online during the Meeting) is available in the Online Meeting Guide available at [www.accentgr.com.au/for-investors](http://www.accentgr.com.au/for-investors).

#### Voting by proxy

If you are entitled to attend and vote at the Meeting, you can appoint a proxy to attend and vote on your behalf. A proxy need not be a shareholder of the Company and may be an individual or a body corporate. If you are entitled to cast two or more votes, you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If you do not specify the proportion or number, each proxy may exercise one half of the votes.

You may specify the way in which your proxy is to vote on each resolution by marking the boxes 'for', 'against' or 'abstain' on your proxy form, or you may allow the proxy to vote at his or her discretion. If you appoint the Chairman as proxy (or the Chairman becomes your proxy by default) and you do not direct the Chairman how to vote, then you are expressly authorising the Chairman to exercise your proxy as the Chairman decides.

The Chairman intends to vote in favour of each item of business (where permissible), except the conditional spill resolution in Item 6. If the spill resolution is put to the vote at the Meeting, the Chairman intends to vote against that resolution.

If you appoint a proxy and direct them how to vote, and your proxy does not attend the Meeting or does not vote if a poll is called on an item of business, your directed proxies will automatically default to the Chairman, who is required to vote proxies as directed on a poll.

#### Lodging your proxy form

A personalised proxy form is included with this Notice and you can lodge your completed proxy form with the Company's share registry, Computershare Investor Services Pty Limited ("Computershare"), either:

- online at [www.investorvote.com.au](http://www.investorvote.com.au);
- by fax on +61 3 9473 2555;
- by post to GPO Box 242, Melbourne, VIC 3001; or
- by delivery to Level 4, 60 Carrington Street, Sydney, NSW 2000.

To be valid, your proxy form must be received by Computershare no later than **10.00am (AEDT) on Wednesday, 18 November 2020**, being 48 hours before the start of the AGM. If the proxy form is signed by an attorney, the original power of attorney under which the proxy form was signed (or a certified copy) must also be provided to Computershare when you lodge the proxy form.

#### Corporate representatives

A corporate shareholder may appoint a person to act as its representative at the Meeting by providing that person with a properly executed letter or another document confirming that they are authorised to act as the corporate shareholder's representative. You can download an 'Appointment of Corporate Representative' form from Computershare's website. The document must be lodged with the Company before the Meeting and the Company will retain such document.

#### VIRTUAL PARTICIPATION AND QUESTIONS

Shareholders will be able to virtually participate in the Meeting via an online platform provided by Lumi. For detailed steps on how to participate in the Meeting virtually, please refer to the Online Meeting Guide available at [www.accentgr.com.au/for-investors](http://www.accentgr.com.au/for-investors).

The AGM will be webcast live from the website at <https://web.lumiagm.com/314037462>. If you choose to participate online, you will be able to view the live webcast of the meeting, ask the meeting questions (through a chat functionality) and submit your votes in real time.

Even if you are planning on participating in the meeting in real time, we encourage you to submit a proxy and any questions ahead of the AGM to avoid any technical issues that may occur on the day. You can submit an online question when voting online prior to the AGM at [www.investorvote.com.au](http://www.investorvote.com.au).

#### By order of the Board



Celesti Harmse  
Company Secretary  
20 October 2020

# Explanatory Notes

## 1. Financial Statements

The Company's Financial Report, Directors' Report and Auditor's Report for the year ended 28 June 2020 are set out in its annual report, available at [www.accentgr.com.au/for-investors/annual-reports/](http://www.accentgr.com.au/for-investors/annual-reports/).

There is no requirement for shareholders to vote on these reports, but shareholders will be given a reasonable opportunity at the AGM to ask questions about or make comments on the management of the Company. Shareholders will also be given a reasonable opportunity at the AGM to ask the Company's auditor, Deloitte, questions about the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in its preparation of the financial statements and the independence of Deloitte in relation to the conduct of the audit.

## 2. Remuneration Report

The Company's Remuneration Report for the year ended 28 June 2020 ("**Remuneration Report**") is set out on pages 19 to 32 of the Company's annual report, available at [www.accentgr.com.au/for-investors/annual-reports/](http://www.accentgr.com.au/for-investors/annual-reports/).

At the 2019 AGM, 62.05% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2019.

The Company received feedback from shareholders and proxy advisors regarding more specific disclosures on the performance measures of the STI and LTI programs and the remuneration outcomes against those measures. The Board has considered the feedback provided by shareholders and proxy advisors and has taken action to increase the level of detail and transparency provided in this year's Remuneration Report and going forward, including:

- Enhanced disclosure regarding the objectives and structure of the Company's remuneration strategy and the nexus between remuneration outcomes and shareholder value creation;
- Enhanced disclosure regarding remuneration, particularly around the STI KPIs and how these are measured, with reviews resulting in the introduction of strategic non-financial KPIs (20% of award) for FY21;
- Reviewed the appropriateness of cliff-vesting, with the Board introducing scaled vesting for the STI award in FY21 and the next LTI grant (see Item 4 below);
- The Board continues to review the LTI plan annually and considers alternative metrics and structures each year in order to best align the Company's performance with shareholder value creation; and

- With regard to the effectiveness of the current EPS growth measure in driving performance and the Company's strategic objectives over the last 3 years, the Board still considers EPS growth to be the best applicable performance hurdle for aligning management performance with long term shareholder value creation.

The Board will continue to review KMP remuneration to ensure that it aligns with the Company's strategy, motivates management and supports the delivery of superior and sustainable long-term returns to shareholders. As part of the review process, the Company will continue to engage with major shareholders and proxy advisors.

In accordance with the Corporations Act, the Company is required to present the Remuneration Report to its shareholders at the AGM and shareholders will be asked to vote on this item. The vote is advisory only and does not bind the Directors or the Company, but the Directors will have regard to the outcome of the vote and the discussion at the AGM when determining the Company's Remuneration strategy.

A voting exclusion statement is included in the Notice.

### Board Recommendation

*The Board unanimously recommends that shareholders vote **in favour** of the resolution in Item 2.*

*As stated in the Notice of Meeting, each of the KMPs whose remuneration is included in the remuneration Report and closely related parties of those KMPs are not eligible to vote on this resolution, except as set out in the Notice of Meeting.*

## 3. Re-election of Directors

Mr Michael Hapgood is retiring by rotation in accordance with the Company's Constitution. Mr Hapgood is eligible to stand for re-election. His experience and expertise is set out below.

Mr Joshua Lowcock was appointed by the Board after the last AGM and, in accordance with the Company's Constitution and the ASX Listing Rules, is offering himself for election as a Director of the Company. His experience and expertise is set out below.

### a) Mr Michael Hapgood Non-Executive Director

A founding Director and shareholder of Accent Group, Michael has extensive knowledge of the processes required to effectively launch, source and manage global brands within the Australasian market.

## Explanatory Notes

From Accent Group's inception, Michael has been intimately involved in the development of all major strategic initiatives for the business initially from 1988 as marketing director before becoming CEO in 1998 until the sale to RCG Group in May 2015. Michael then became Accent Group's Chairman until August 2016 when he moved to a non-executive role. Michael is a member of the Company's recently established Digital Strategy Group, which reports to and makes recommendations to the full Board.

### Board Recommendation

*The Directors (with Mr Hapgood abstaining) unanimously support the re-election of Mr Hapgood and recommend that shareholders vote **in favour** of the resolution in Item 3(a).*

### b) Mr Joshua Lowcock Non-Executive Director

Joshua is the New York based Chief Digital Officer for Universal McCann, a global media and advertising agency. Joshua brings to Accent Group proven retail expertise in the intersection of digital, data and privacy. His retail experience includes Woolworths (Australia), Walmart and CVS Health as well as companies such as P&G, Sony and Coca Cola. In his career, Joshua has lived and worked in Australia, China and the USA in senior roles and was named as one of the 50 most indispensable people in media in the US by AdWeek (2018). Joshua was appointed Non-Executive Director in November 2019, is a member of the Audit and Risk Committee and Chairs the Company's recently established Digital Strategy Group.

### Board Recommendation

*The Directors (with Mr Lowcock abstaining) unanimously support the re-election of Mr Lowcock and recommend that shareholders vote **in favour** of the resolution in Item 3(b).*

## 4. Grant of Performance Rights to a Director and related party, Mr Daniel Agostinelli

### Background

Item 4 seeks shareholder approval to grant to Mr Daniel Agostinelli, the Company's CEO and Executive Director, 1,222,930 Performance Rights under the Company's Performance Rights Plan ("Plan"). A summary of the key terms of the Plan is set out in Schedule A.

The Performance Rights proposed to be granted to Mr Agostinelli entitle him to acquire up to a maximum of 1,222,930 fully paid ordinary shares in the Company ("Shares") at the end of the four year assessment period ending 30 June 2024. Specifically, if the relevant Vesting Conditions (as summarised below) are satisfied, the Performance Rights proposed to be granted to Mr Agostinelli will vest on a sliding scale as follows:

| Compound per annum EPS growth over the four year period ending 30 June 2024 | Number of Shares that Mr Agostinelli will acquire    |
|---|--|
| Less than 8% per annum (below <b>threshold</b> )                            | Nil  |
| 8% per annum (at <b>threshold</b> )   | 407,643  |
| 8%-10% per annum  | Straight line pro rata between 407,643 and 815,287   |
| 10% per annum (at <b>target</b> )   | 815,287  |
| 10%-15% per annum   | Straight line pro rata between 815,287 and 1,222,930 |
| 15% or greater per annum (at <b>stretch</b> )                               | 1,222,930  |

Any Shares acquired by Mr Agostinelli under Tranche 5 of the Plan will also be subject to a 12-month escrow period and Mr Agostinelli will be restricted from dealing with the Shares until 1 September 2025.

A summary of Mr Agostinelli's existing and proposed additional Performance Rights is as follows:

| Tranche (grant date)                        | Last year of assessment period | Number of outstanding Performance Rights |
|---|--------------------------------|--|
| Tranche 1 (11 Jan 2017)                     | -                              | Nil*                                     |
| Tranche 2 (27 Dec 2017)                     | FY22                           | 5,500,000                                |
| Tranche 4 (30 Nov 2019)                     | FY23                           | 795,031                                  |
| <b>TOTAL (currently on issue)</b>           |                                | <b>6,295,031</b>                         |
| Proposed Tranche 5 (as proposed by Item 4)  | FY24                           | 1,222,930                                |
| <b>TOTAL (including Proposed Tranche 5)</b> |                                | <b>7,517,961</b>                         |

\* Mr Agostinelli was granted 371,526 Tranche 1 Performance Rights, of which 319,512 vested into Shares on 9 November 2019 and 52,014 have expired.

### Reasons for the additional grant of Performance Rights

In 2017, the Board set a long-term strategic objective of delivering shareholders a minimum 10% per annum compounding Earnings Per Share ("EPS"<sup>1</sup>) growth over the ensuing five years to the end of FY22, whilst maintaining a healthy dividend payout ratio. In 2017, Mr Agostinelli was granted his Tranche 1 and Tranche 2 Performance Rights as detailed above based on this long-term strategic objective.

1. EPS refers to the Company's Diluted Earnings Per Share as detailed in Note 45 of the Company's 2017 annual report.



## Explanatory Notes

In 2019, Mr Agostinelli was granted an additional 795,031 Performance Rights under Tranche 4, with a four year assessment period to the end of FY23.

Since the implementation of the Plan in FY17, the Company has achieved compound EPS growth exceeding 20% per annum through to FY20.

The Performance Rights which are proposed to be granted pursuant to Item 4 (Tranche 5) will be measured over a four year assessment period to the end of FY24, with a slightly varied Performance Condition, as set out below.

The maximum number of 1,222,930 Performance Rights proposed to be granted to Mr Agostinelli (at stretch) under Tranche 5 have a fair value of \$1,516,869.79 (as set out below). The number of Performance Rights have been determined based on 150% of Mr Agostinelli's FY21 total fixed remuneration, divided by the volume weighted average price of the Company's shares over the ten trading days ("**10-day VWAP**") following Wednesday, 26 August 2020, being the date on which the Company released its results for the financial year ended 28 June 2020 (that 10-day VWAP being, \$1.57).

The number of Shares that Mr Agostinelli will be entitled to acquire in respect of the Tranche 5 Performance Rights depends on the Company's performance over the 4 year period to 30 June 2024. Importantly, the Board's objective of delivering at least 10% per annum compounding EPS growth has not changed. Should that **target** of 10% be achieved, Mr Agostinelli's Tranche 5 Performance Rights will vest and may be exercised into 815,287 Shares, being 100% of his FY21 total fixed remuneration (at the 10-day VWAP of \$1.57).

In addition, the Board has taken into consideration the feedback provided by shareholders and proxy advisors in relation to the cliff vesting of the previous tranches issued under the Plan and has introduced the following sliding scale performance requirements for Tranche 5:

- a **threshold** performance requirement of 8% per annum compound EPS growth over the four year period to 30 June 2024, which would entitle Mr Agostinelli to acquire 407,643 Shares, being 50% of his FY21 total fixed remuneration (at the 10-day VWAP of \$1.57). Mr Agostinelli will not be entitled to acquire any Shares if the compound EPS growth for the period is less than 8% per annum;
- a **target** performance requirement of 10% per annum compound EPS growth over the four year period to 30 June 2024, which would entitle Mr Agostinelli to acquire 815,287 Shares, being 100% of his FY21 total fixed remuneration (at the 10-day VWAP of \$1.57); and
- a **stretch** performance requirement of 15% per annum compound EPS growth over the four year period to 30 June 2024, which would entitle Mr Agostinelli to acquire 1,222,930 Shares, being 150% of his FY21 total fixed remuneration (at the 10-day VWAP of \$1.57),

with straight line pro rata vesting applying between the achievement of threshold, target and stretch annual compound EPS growth, as set out above.

The Board has determined that long term EPS growth above 10% per annum is in the top quartile of historic performance for ASX200/300 companies over the last 10 years and is likely to be a strong proxy for top quartile company performance for comparable companies over the four year period to 30 June 2024. Accordingly, the Board considers that the target EPS growth of 10% per annum continues to be an appropriate target for driving strong shareholder returns.

The Board also considered feedback from shareholders suggesting stretch targets beyond 10% per annum compound EPS growth and therefore determined to include the 15% per annum stretch target in Tranche 5. The delivery of that stretch target EPS over the four years to 30 June 2024 would be extremely value adding for shareholders and supports the maximum potential number of Shares that Mr Agostinelli would be entitled to acquire in that case.

### Vesting Conditions

Subject to the terms of the Plan, the Performance Rights proposed to be granted to Mr Agostinelli under Tranche 5 will be subject to the following vesting conditions:

1. **Performance condition:** As set out above, the Performance Rights will vest according to a sliding scale based on the achievement of compound EPS growth over the four year assessment period to 30 June 2024 of between 8% per annum (threshold), 10% per annum (target) and 15% per annum (stretch) (as calculated by the Board and subject to any adjustments that the Board, in its absolute discretion, deems reasonable). This performance condition will be measured on a statutory post AASB-16 basis with the reference diluted EPS for the base year being 9.93 cents per share. The required FY24 EPS for this performance condition to be satisfied is as follows:

| Performance requirement | FY20 statutory diluted EPS (cents per share) | FY24 statutory diluted EPS (cents per share) | % annual EPS growth |
|-------------------------|--|--|---------------------|
| Threshold               | 9.93   | 13.51  | 8%                  |
| Target                  | 9.93   | 14.54  | 10%                 |
| Stretch                 | 9.93   | 17.37  | 15%                 |

It is important to note that statutory diluted EPS takes into account the Company's statutory net profit, including the cost of the Plan and the dilutive impact of the Performance Rights that are expected to convert into Shares. On this basis, the absolute net EPS delivered to shareholders at target would be 10% after all the costs of the Plan are factored in.

## Explanatory Notes

2. **Service condition:** The second condition is that Mr Agostinelli must be continuously employed by an entity of the Group for the period to 1 September 2024 and must not have resigned as an employee by that date.

The Plan also contains standard malus provisions giving the Board the ability to clawback any unfair benefits received by a participant where a Performance Right has vested or may vest (including during the 12 month escrow period described below) as a result of the fraud, dishonesty, breach of obligations or knowing material misstatement of financial statements by the participant or by any other employee of the Group. These provisions allow the Board to (among other things) determine that a Share acquired after satisfaction of the vesting conditions will be forfeited in the circumstances set out above, in which case that Share may be bought back and cancelled for nominal consideration.

All Shares issued to Mr Agostinelli on exercise of the Performance Rights for which approval is being sought under this Item 4 will also be subject to an escrow arrangement under which Mr Agostinelli will be restricted from dealing with the Shares until 1 September 2025. There are limited circumstances in which the Shares may be released from escrow prior to 1 September 2025.

Accordingly, the vesting conditions attaching to the Performance Rights and the corresponding escrow arrangements provide a powerful incentive for Mr Agostinelli to continue to drive long term value creation for shareholders and deliver the targeted performance outcomes set by the Board.

The Board continues to be of the view that EPS growth is the most appropriate performance condition for the Company's long term remuneration strategy, being a widely used and well understood indicator of company performance and a long term driver of shareholder value creation through the link to share price and dividend growth. EPS growth represents a transparent and well understood metric for both shareholders and management that is not subject to market outcomes but rather is a

direct outcome of the strategic and operational efforts of the management team over time. EPS also incorporates all the aspects of a Company's financial performance that are within management's control.

The Board considered the inclusion of additional performance conditions (such as total shareholder return, as had been the case in previous tranches under the Plan), but management feedback has consistently been that such additional conditions are complex to calculate and therefore do not act as an effective management incentive. By contrast, the Company has achieved superior performance while EPS growth has been the sole performance condition under the Company's long-term remuneration plan. The Board has therefore determined that continuing compound EPS growth as the sole performance condition is both appropriate and in the best interests of shareholders.

### Shareholder approval – ASX Listing Rules

ASX Listing Rule 10.14 requires shareholders to approve the proposed grant of Performance Rights under Item 4 to Mr Agostinelli.

If approval is given for the grant of the Performance Rights under ASX Listing Rule 10.14, approval is not required for the allocation and issue of Shares on vesting and exercise of any Performance Rights under ASX Listing Rule 7.1, and separate approval is not required under ASX Listing Rule 10.11 (which provides a general restriction against issuing securities to directors without shareholder approval).

If the resolution in Item 4 is not passed, the Board will need to consider alternative remuneration arrangements which are consistent with the Company's remuneration principles, while maintaining the competitiveness of Mr Agostinelli's remuneration. This might include a cash payment to Mr Agostinelli at the end of the four year performance period equivalent in value to the Performance Rights he would have received had shareholder approval been obtained.

### Information required by ASX Listing Rule 10.15

For the purposes of ASX Listing Rule 10.15, the following additional information is provided to shareholders in relation to Item 4:

| Information  | Disclosure  |
|--|---|
| The number and class of securities proposed to be issued | 1,222,930 Performance Rights that will entitle Mr Agostinelli to acquire up to a maximum of 1,222,930 Shares if the stretch target of 15% per annum compound EPS growth is achieved (and such other conditions attaching to the Performance Rights are satisfied or waived in accordance with the terms of the Plan). |



## Explanatory Notes

|  |   |
|--|---|
| Details of the Director's current total remuneration package                             | <p>Mr Agostinelli's total current remuneration package is comprised of the following:</p> <ul style="list-style-type: none"><li>– Total fixed remuneration (inclusive of superannuation and leave benefits) of \$1,280,000;</li><li>– Short term cash incentives with a maximum opportunity of up to \$1,280,000; and</li><li>– Long term share-based incentives, including all Performance Rights received prior to the date of the Meeting, and the Performance Rights for which approval is being sought under item 4 which, as at the date of this Notice, have an estimated fair value of \$1,516,869.79 (if the stretch target of 15% per annum compound EPS growth is achieved over the four year period ending 30 June 2024).</li></ul> <p>Further details of Mr Agostinelli's remuneration package are set out in the Remuneration Report in the Company's 2020 Annual Report.</p>   |
| The number of securities that have previously been issued to the Director under the Plan | <p>Mr Agostinelli has previously received 6,666,557 Performance Rights, of which 319,512 have vested and been exercised into 319,512 Shares and 52,014 have expired (such vested and expired Performance Rights comprised Mr Agostinelli's Tranche 1 Performance Rights). These Performance Rights were granted for no consideration following shareholder approval at the Company's 2016, 2017 and 2019 AGMs.</p>  |
| Details of the Performance Rights  | <p>A summary of the key terms of the Plan is contained in Schedule A and further details of the relevant vesting conditions are set out above.</p> <p>The Board has determined to grant Performance Rights to Mr Agostinelli because the Performance Rights link the ultimate value of the benefit provided to Mr Agostinelli to the continued growth of the Company and therefore provide an incentive for Mr Agostinelli to ensure the Company continues to deliver superior and sustainable growth in shareholder value.</p> <p>The Company has valued the Performance Rights using a Black-Scholes option pricing model, based on the following assumptions:</p> <ul style="list-style-type: none"><li>– share price of \$1.57<sup>2</sup>;</li><li>– risk-free rate of 0.25%;</li><li>– dividend yield of 5.90%;</li><li>– volatility factor of 25.00%; and</li><li>– time to maturity of 4 years.</li></ul> <p>As set out above, as at the date of this Notice, the Tranche 5 Performance Rights have an estimated fair value of up to \$1,516,869.79 (if the stretch target of 15% per annum compound EPS growth is achieved).</p> |
| The date(s) on or by which the Company will issue the Performance Rights to the Director | <p>If Item 4 is approved by shareholders, the Board intends to grant the Performance Rights to Mr Agostinelli as soon as practicable after the AGM, but in any event no later than 12 months after the AGM.</p>   |
| The price at which the Company will issue the Performance Rights to the Director         | <p>The Performance Rights will be granted for no consideration. In addition, once vested, the Performance Rights become immediately exercisable. Following exercise of the Performance Rights, the Company must either issue the number of Shares for every Performance Right exercised based on the sliding scale of vesting described above or pay an equivalent cash amount in accordance with the terms of the Plan. The Shares will be issued for no consideration and will be subject to the 12 month escrow arrangements described above.</p>  |

2. Being the 10-day VWAP following Wednesday, 26 August 2020, being the date on which the Company released its results for the financial year ended 28 June 2020.

## Explanatory Notes

The Company advises that no loan will be made by the Company to Mr Agostinelli in relation to the acquisition of the Performance Rights or any Shares resulting from the exercise of the Performance Rights.

Details of any Performance Rights issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Plan after the resolution in Item 4 is approved and who were not named in this Notice will not participate until approval is obtained under that rule.

A voting exclusion statement is included in the Notice.

### Corporations Act - Acceleration of vesting

Part 2D.2, Division 2 of the Corporations Act provides that a listed company must not permit a person in a managerial or executive office (including a director) to receive a benefit in connection with their retirement or removal from office or employment ("**Termination Benefit**"), except with respect to certain statutory exceptions, over the applicable 'base salary amount' without shareholder approval.

Under the Plan, where a participant ceases to be an employee of an entity of the Group, all unvested Performance Rights held by that participant will lapse. However, in such circumstances, the Board has the discretion to otherwise determine how Performance Rights are to be treated. For example, where the reason for that participant ceasing employment is because of death, total and permanent disability, retirement or redundancy (as determined by the Board) or any other reason with the approval of the Board, the Board may determine that some or all of the Performance Rights held by that participant do not lapse. In addition, in the event of a "Change of Control Event" (which includes a takeover, scheme of arrangement or winding-up of the Company), in respect of a participant's unvested Performance Rights: (i) such Performance Rights shall automatically and immediately vest from the date of the event in the proportion that the Company's share price has increased since the date of grant of the Performance Rights; and (ii) the Board may determine that all or a specified number of the participant's remaining unvested Performance Rights automatically and immediately vest.

The Board has formed the view that should the Performance Rights of Mr Agostinelli not automatically lapse on cessation of employment, the value of the Performance Rights provided to him may be considered a Termination Benefit. Similarly, in the event that the Performance Rights granted to Mr Agostinelli vest on a "Change of Control Event", the value of the Performance Rights provided may be considered a Termination Benefit (particularly if he is no longer employed by the Company after the relevant "Change of Control Event").

Accordingly, shareholder approval is being sought for any such benefit which Mr Agostinelli may receive under the Plan.

If shareholders approve the resolution in Item 4, the maximum number of Performance Rights that may vest upon the retirement or removal from office of Mr Agostinelli under the Plan will be the number of Performance Rights granted to him under Item 4 as detailed above (plus the number of Performance Rights previously granted to him). However, the actual number of Performance Rights that may vest upon retirement or removal from office will depend on a range of factors. Accordingly, the precise value of the affected Performance Rights cannot be ascertained at this time. Matters, events and circumstances that will, or are likely to, affect the calculation of that value include the following:

- the number of unvested Performance Rights held by Mr Agostinelli prior to the cessation of engagement/employment;
- the extent to which the relevant Performance Conditions attaching to the Performance Rights before they vest and are exercisable are met at the time;
- the period that has elapsed at that time since the effective grant of the Performance Rights;
- the reasons for cessation of engagement/employment;
- the number of Performance Rights that vest; and
- the Company's share price at the date of vesting.

The Company will calculate the value of the Performance Rights on the basis of the prevailing share price of the Company at the time.

### Board Recommendation

*The Board (other than Mr Agostinelli) unanimously recommends that shareholders vote **in favour** of the resolution in Item 4.*

## 5. Amendments to Constitution

### Background

In addition to minor administrative amendments, the Board proposes that the Company's Constitution be amended to facilitate:

- the holding of general meetings virtually (subject to applicable laws); and
- direct voting by shareholders at general meetings.

The Board also proposes to make further amendments to the Constitution to remove provisions that relate to historical legal requirements that have been repealed since the Constitution was first prepared or otherwise no longer apply.

The proposed amendments are summarised below and a copy of the current Constitution and the proposed amended Constitution is available on the Company's website at <https://www.accentgr.com.au/for-investors/corporate-governance/>.

## Explanatory Notes

A copy of these documents will also be made available to shareholders by written request to the Company at [investors@accentgr.com.au](mailto:investors@accentgr.com.au).

### Virtual Meetings

This Meeting is to be held as a virtual meeting pursuant to legislative relief made available to companies by the Federal Treasurer under the *Corporations (Coronavirus Economic Response) Determination (No. 3) 2020* (Cth) ("**Determination**"). The effect of the Determination is to temporarily exclude enforcement of any rights under the Corporations Act or Corporations Regulations which require meetings of members to take place in person. The Determination is currently scheduled to expire on 21 March 2021.

The current Constitution contemplates general meetings being held at a 'place' and does not expressly permit the holding of 'hybrid' meetings (where some attendees meet in-person and others can participate online using technology), or 'virtual' meetings (conducted wholly online).

The Board has formed the view that this flexibility should be extended to future meetings of shareholders, if permitted under applicable laws. The proposed amendments to the Constitution would allow for the convening of wholly 'virtual' meetings via technology (subject to applicable laws), in addition to physical meetings and 'hybrid' meetings.

### Direct Voting

The current Constitution is silent on direct voting. Direct voting allows a member to vote without attending a meeting or appointing a proxy, for example, by post or electronic means, subject to complying with certain procedures prescribed by the Directors.

The inclusion of a direct voting framework would allow the Board to provide greater flexibility and more voting mechanisms to members (particularly in the context of future hybrid or virtual meetings).

Direct voting frameworks are commonplace in many listed entity constitutions (and have been successfully used by these entities prior to and during the COVID-19 pandemic).

### Other amendments

As noted above, the Board proposes to make further amendments to the Constitution to remove provisions that relate to historical legal requirements that have been repealed since the Constitution was first prepared or otherwise no longer apply.

A summary of those further amendments is as follows:

- deleting clause 15.2.1(b), which allowed at least 100 shareholders to request that a general meeting be held;

- deleting clause 21.3, which prevented persons over the age of 72 from being appointed as a Director of the Company or a subsidiary of the Company; and
- amending clause 22.1 to remove the requirement that, at every annual general meeting, one third of the Directors (excluding the managing director) retire from office.

### Approval of amended Constitution

The proposed resolution for amendments of the Constitution must be approved by a special resolution. A special resolution must be passed by at least 75% per cent of the votes cast by shareholders present (whether in person, or by proxy, attorney or representative) and entitled to vote on the resolution.

If passed by shareholders at the meeting, the proposed amendments to the Constitution will take effect from the conclusion of the meeting.

### Board Recommendation

*The Board unanimously recommends that shareholders vote **in favour** of the special resolution in Item 5.*

## 6. Item 6: Resolution to spill the Board (conditional item)

This is a 'conditional' item of business.

Shareholders will only be asked to vote on this 'Spill Resolution' if the Company receives a 'second strike' on its Remuneration Report because at least 25% of the votes cast on the resolution in Item 2 to adopt the Remuneration Report are cast against that resolution. If less than 25% of the votes validly cast on the resolution in Item 2 are against the resolution, the Spill Resolution will not be put to the AGM.

If required, the Spill Resolution will be considered as an ordinary resolution. If the Spill Resolution is passed, the Company will be required to hold a Spill Meeting within 90 days after the Spill Resolution is passed to consider the composition of the Board. If a Spill Meeting is required, details of the meeting will be notified to shareholders in due course.

If a Spill Meeting is held, the following Directors would cease to hold office at the end of the Spill Meeting unless they are willing to stand for re-election, and are re-elected, at that meeting:

- David Gordon
- Michael Hapgood\*
- Stephen Goddard
- Donna Player
- Joshua Lowcock\*

\* This assumes that these Directors are elected at the AGM under Item 3.

## Explanatory Notes

Each of these Directors is eligible to stand for re-election at a Spill Meeting and intends to seek re-election if a Spill Meeting is required.

### Board Recommendation

The Board unanimously recommends that shareholders vote **against** the resolution in Item 6, if it is put to the Meeting.

As stated in the Notice of Meeting, each of the KMPs whose remuneration is included in the Remuneration Report and closely related parties of those KMPs are not eligible to vote on this resolution, except as set out in the Notice of Meeting.

### Schedule A – Summary of key terms of Performance Rights Plan

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| <b>Objects</b>                                     | The objects of the Plan are to: <ol style="list-style-type: none"><li>align the interests of employees of the Group with those of shareholders;</li><li>provide employees of the Group who are considered to be key to the future success of the Company with the opportunity to receive Shares in order to reward, and retain the services of, those persons; and</li><li>recognise employees of the Group for their contribution to the future success of the Company.</li></ol>   |
| <b>Eligibility and grant of Performance Rights</b> | The Board may, from time to time, grant Performance Rights to an Eligible Person (as defined below) upon the terms set out in the Plan and upon such additional terms and conditions, including any Performance Conditions, as the Board determines (which may include granting Performance Rights in tranches). The Board may only grant Performance Rights where an Eligible Person continues to satisfy any relevant conditions imposed by the Board (which may include that the Eligible Person continues to be an employee and/or Director (as applicable) of an entity of the Group at the relevant time).   |
| <b>Performance Rights</b>                          | Unless the Board determines otherwise: <ol style="list-style-type: none"><li>each Performance Right generally entitles its holder, upon vesting and exercise of that Performance Right, to either:<ol style="list-style-type: none"><li>one Share, which may be provided by way of the issue of a new Share or transfer of an existing Share (a “<b>Performance Share</b>”); or</li><li>a cash amount equal to the volume weighted average price of the Company’s Shares on the ASX at close of trading of the ASX over the 10 trading days up to and including the date that the Performance Right vested;</li></ol></li><li>no payment is required for the grant of a Performance Right;</li><li>each Performance Right is unlisted and will not be quoted on the ASX; and</li><li>Performance Rights do not confer on the holder any entitlement to any dividends or other distributions by the Company or any right to attend or vote at any general meeting of the Company.</li></ol> |
| <b>Eligible Persons</b>                            | An Eligible Person means an employee of any entity of the Group who the Board determines to be eligible to participate in the Plan. An Eligible Person may include an executive Director of the Company, but may not include a non-executive Director of the Company.  |
| <b>Performance Conditions</b>                      | A Performance Condition is any condition determined by the Board which must be satisfied or circumstances which must exist before a Performance Right vests and a person who holds a Performance Right can, if they so determine, exercise the Performance Right (“ <b>Performance Condition</b> ”).   |

## Explanatory Notes

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| <b>Vesting of Performance Rights</b>                   | <p>A Performance Right will not vest unless:</p> <ol style="list-style-type: none"><li>the Performance Conditions attaching to the Performance Right have been satisfied or have otherwise been waived by the Board; or</li><li>the Board otherwise determines in accordance with the terms of the Plan (which includes in the event of a takeover, scheme of arrangement or winding-up of the Company as summarised below).</li></ol>  |
| <b>Lapsing of Performance Rights (including malus)</b> | <p>An unvested Performance Right will lapse in various prescribed circumstances, unless the Board determines otherwise. Such circumstances include:</p> <ol style="list-style-type: none"><li>the circumstances specified by the Board on or before the grant of the Performance Right;</li><li>if a participant ceases to be, or resigns from their position as, an employee of an entity of the Group for any reason or they cease to satisfy any other relevant conditions imposed by the Board at the time of the grant of the Performance Rights;</li><li>failure to meet the Performance Conditions attaching to the Performance Right or any Performance Conditions no longer, in the opinion of the Board, being capable of being satisfied in accordance with their terms; and</li><li>if, in the opinion of the Board, a participant acts fraudulently or dishonestly, is in breach of their material duties or obligations to any entity of the Group, has committed an act of harassment or discrimination or has done any act which has brought the Group or any entity of the Group into disrepute (this may also apply to any vested and unexercised Performance Rights of the Participant).</li></ol> |
| <b>Unfair Performance Right benefits (clawback)</b>    | <p>Under the Plan, the Board has certain rights to clawback any unfair benefits received by a participant where a Performance Right has vested (or may vest) or a Performance Share has been issued as a result of the fraud, dishonesty, breach of obligations or knowing material misstatement of financial statements by the participant or by any other employee of the Group. Such rights include the right to determine that the Performance Right has not vested (or will not vest) and/or to determine any treatment in relation to the Performance Right (including resetting Conditions and/or new Performance Rights be granted) and/or any benefit obtained by the participant from the exercise of the Performance Right (including deeming Performance Shares to be forfeited and bought back and cancelled for nominal consideration and/or demanding that the participant repays to the Company any such benefit).</p>  |
| <b>Trading of Performance Rights</b>                   | <p>Each Performance Right cannot be traded other than with the prior written consent of the Board or by force of law upon death of the holder of the Performance Right (and then only to the holder's legal personal representative) or if the holder of the Performance Right becomes bankrupt (and then only to the holder's trustee in bankruptcy). Any attempt to trade the Performance Right by the participant other than the reasons described will result in the immediate lapsing of the Performance Right (unless the Board determines otherwise).</p>  |
| <b>Exercise of Performance Rights</b>                  | <p>The exercise of a Performance Right is conditional upon the Performance Right having vested. If a Performance Right has vested, the holder of the Performance Right is entitled, in accordance with the exercise procedure set out in the Plan, to require the Company to either (at the absolute discretion of the Board):</p> <ol style="list-style-type: none"><li>issue to, or procure the transfer to, them (or their personal representative) the number of Shares to which they are entitled from the exercise of the Performance Right; or</li><li>pay them a cash payment equal to the number of Performance Shares to which they are entitled from the exercise of the Performance Right multiplied by the volume weighted average price of the Company's Shares on the ASX at close of trading of the ASX over the 10 trading days up to and including the date the Performance Right vested.</li></ol> <p>Any vested Performance Rights must be exercised within 60 days from the date on which the Participant is notified that the Performance Rights have vested.</p>   |

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## Explanatory Notes

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### Capital Reorganisation

If Shares are issued pro rata to the shareholders generally by way of bonus issue (other than an issue in lieu of dividends or by way of dividend reinvestment) involving capitalisation of reserves or distributable profit or any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company is effected, the number of Performance Rights to which each participant is entitled, or any amount payable on exercise of the Performance Rights, or both as appropriate, will be adjusted in the manner determined by the Board to ensure that no advantage or disadvantage accrues to the participant as a result of such corporate actions (subject to compliance with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation).

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### Takeover, Scheme of Arrangement and Winding-up

In the event of the occurrence of any one of the “Change of Control Events” described below, the following occurs:

- a. in respect of a participant’s unvested Performance Rights:
  - i. such Performance Rights shall automatically and immediately vest from the date of the event in the proportion that the Company’s share price has increased since the date of grant of the Performance Rights;
  - ii. the Board may determine that all or a specified number of the participant’s remaining unvested Performance Rights automatically and immediately vest; and
  - iii. all other unvested Performance Rights of the participant will automatically and immediately lapse; and
- b. in respect of a participant’s vested and unexpired Performance Rights, such Performance Rights shall automatically be deemed to have been exercised by the participant.

The “Change of Control Events” are as follows:

- a. a takeover bid (as defined in the Corporations Act) where the bidder and/or its associates acquire a relevant interest in more than 50% of the voting Shares of the Company;
  - b. a Court orders a meeting to be held in relation to a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
  - c. any person becomes bound or entitled to acquire Shares in the Company under section 414 of the Corporations Act or Chapter 6A of the Corporations Act;
  - d. any merger, consolidation or amalgamation involving the Company occurs or is proposed where the Board determines that the relevant circumstances constitute a change in control of the Company;
  - e. the Company or any other entity of the Group enters into an agreement or agreements to sell, in aggregate, a majority in value of the business or assets of the Group to a person or persons that are not entities of the Group;
  - f. the Company passes a resolution for voluntary winding up; or
  - g. an order is made for the compulsory winding up of the Company.
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## Explanatory Notes

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| <b>Shares issued under the Plan</b> | <p>Any Shares issued under the Plan upon vesting and exercise of a Performance Right will rank equally in all respects with other Shares for the time being on issue except as regards to any rights attaching to such Shares by reference to a record date prior to the date of their issue. The Company will apply for quotation of Shares issued under the Plan.</p> <p>The Shares will not be subject to any transfer restrictions unless otherwise determined by the Board (noting the Board has determined that any Shares issued to Mr Agostinelli on exercise of the 1,222,930 Performance Rights proposed to be granted to him will be subject to the escrow arrangements described above in this Notice of Meeting).</p>   |
| <b>Plan Trustee</b>                 | <p>The Company may, at the sole discretion of the Board, determine that any Performance Shares be acquired by a plan trustee and then, from time to time, transferred to a participant. The Company may determine and conclude agreements with the plan trustee, and enforce or prosecute any rights and obligations under such agreements, without reference or recourse to a participant under the Plan.</p>   |
| <b>Other</b>                        | <ol style="list-style-type: none"><li>a. The Board may at any time by resolution amend all or any of the provisions of the Plan, provided that such amendment is in compliance with the ASX Listing Rules and provided that no amendment is made to the terms of any granted Performance Right without the prior written consent of the participant if that amendment reduces the rights of the participant in respect of that Performance Right, other than an amendment introduced primarily for the purposes of complying with present or future legislation, to correct a manifest error or mistake, to benefit the administration of the Plan or to take into consideration possible adverse tax implications.</li><li>b. The Board may terminate or suspend the Plan at any time, provided that such termination or suspension does not materially adversely affect the then existing rights of participants.</li><li>c. The Board may waive in whole or in part any terms or conditions (including any Performance Condition) in relation to any Performance Rights granted under the Plan.</li></ol> |

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