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SHOES

Notice of Annual General Meeting 2019

# Notice of Annual General Meeting

Notice is given that the 2019 Annual General Meeting (**AGM**) of Accent Group Limited (**Company**) will be held at 64 Balmain Street, Richmond VIC 3121 on Thursday, 28 November 2019 at 10:00am AEDT for the purpose of transacting the business set out in this notice.

## ORDINARY BUSINESS

### 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 30 June 2019.

### 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 30 June 2019 be adopted."*

### 3. Re-election of Directors

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

- a. *"That Mr David Gordon, who retires in accordance with rules 22.1 and 22.2 of the Company's Constitution and ASX Listing Rule 14.4, and being eligible for re-election, be re-elected as a Director of the Company."*
- b. *"That Mr Stephen Goddard, who retires in accordance with rule 22.1 of the Company's Constitution, and being eligible for re-election, be re-elected as a Director of the Company."*

## SPECIAL BUSINESS

### 4. Increase the maximum aggregate amount of non-executive directors' fees

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

*"That, in accordance with ASX Listing Rule 10.17 and for all other purposes, the total aggregate amount of directors' fees that may be paid to the Company's non-executive Directors in any financial year be increased by \$350,000, from \$850,000 to \$1,200,000."*

### 5. Approval of Performance Rights Plan

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

*"That, for the purpose of ASX Listing Rule 7.2, Exception 9 and for all other purposes, Shareholders approve the issue of securities under the Performance Rights Plan as an exception to ASX Listing Rule 7.1 as described in the Explanatory Statement which accompanies and forms part of this Notice."*

### 6. 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 795,031 Performance Rights, as outlined in the Explanatory Statement which accompanies and forms part of this Notice."*

By order of the Board



Celesti Harmse  
Group General Counsel and Company Secretary

25 October 2019

## Notice of Annual General Meeting

### VOTING EXCLUSIONS

#### ASX Listing Rules

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on:

- Resolution 4, by a Director;
- Resolution 5, by a Director (except one who is ineligible to participate in any employee incentive scheme in relation to the Company);
- Resolution 6, by a Director who is eligible to participate in the Performance Rights Plan in respect of which the Resolution relates,

including, in each case, their respective associates.

#### Corporations Act

In accordance with the *Corporation Act 2001* (Cth) (**Corporations Act**), the Company will disregard any votes (in any capacity) on Resolution 2 by or on behalf of a member of the Company's Key Management Personnel (KMP) whose remuneration details are included in the Remuneration Report and their closely related parties. 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. Additionally, the Company will disregard any votes cast by the Company's KMP or their closely related parties on Resolutions 2, 4, 5 and 6 if they are appointed as a proxy and the Proxy Form does not specify the way the proxy is to vote on the relevant Resolution.

However, pursuant to the ASX Listing Rules and the Corporations Act, the Company need not disregard a vote on Resolutions 2, 4, 5 and 6 if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

### HOW TO VOTE

#### Eligibility to vote

For the purpose of voting at the AGM, the Directors have determined that persons who are registered holders of shares of the Company at 7.00pm (AEDT) on Tuesday, 26 November 2019 are entitled to vote at the AGM (subject to any applicable voting exclusions). Transactions registered after that time will be disregarded in determining which shareholders are entitled to vote at the AGM. You may vote by attending the AGM in person, by proxy or personal/corporate representative.

#### Appointing a proxy

If you are entitled to attend and vote at the AGM, 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 sees fit.

The Chairman intends to vote all undirected proxy votes in favour of all resolutions, including Resolutions 2, 4, 5 and 6, even though these Resolutions are connected with the remuneration of the Company's KMP, which includes the Chairman.

#### 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 Tuesday, 26 November 2019**, 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 AGM 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 AGM or at the registration desk on the day of the AGM, and the Company will retain such document.

# Explanatory Notes

## 1. Financial Statements

The Company's Financial Report, Directors' Report and Auditor's Report for the year ended 30 June 2019 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/).

As required by section 317 of the Corporations Act, these reports will be laid before the AGM. 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 30 June 2019 is set out on pages 15 to 20 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/).

Section 250R(2) of the Corporations Act requires that a resolution be put to a vote that the Remuneration Report be adopted. 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.

In summary, the Remuneration Report:

- explains the Board's policy for determining the nature and amount of remuneration of Directors and senior managers of the Company;
- explains the relationship between the Board's remuneration policy and the Company's performance;
- details and explains any performance conditions applicable to the remuneration of Directors and senior managers of the Company; and
- sets out remuneration details for each Director, including the value of any options granted to those persons.

In FY19, the Company implemented a new process for consultation with major shareholders and proxy advisors and, as an outcome of the feedback received during this process, additional disclosures have been included in this year's Remuneration Report, including in relation to:

- the components and conditions of the CEO's remuneration (including short term incentive payments);
- the performance criteria for the Company's short-term incentive plans; and
- the accounting charge for FY19 for the Performance Rights granted in 2017.

A voting exclusion statement is included in the Notice.

### Board Recommendation

*Noting that each Director has a personal interest in their own remuneration from the Company as set out in the Remuneration Report, the Board unanimously recommends that shareholders vote in favour of Resolution 2.*

## Explanatory Notes

### 3. Re-election of Directors

Mr David Gordon is retiring by rotation in accordance with the Company's Constitution and the ASX Listing Rules (being unable to hold office, without re-election, past the third annual general meeting following his appointment). Mr Gordon is eligible to stand for re-election. His experience and expertise is set out below.

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

#### a) Mr David Gordon Non-Executive Chairman

David was a former Mergers and Acquisitions partner at Freehills and corporate advisory firm Wentworth Associates. He is also the founder of Lexicon Partners, an independent advisory and investment firm. He has over 30 years' experience advising companies, funds and high net worth individuals on complex corporate transactions. David is also Chairman of the Advisory Board of the Winning Group and Chairman and Director of a number of private companies. He was formerly a non-executive Director and Chairman of Network TEN Limited. He has been a non-executive Director of the Company since October 2006 and was appointed non-executive Chairman in November 2017.

#### Board Recommendation

*The Directors (with Mr Gordon abstaining) unanimously support the re-election of Mr Gordon.*

#### b) Mr Stephen Goddard Non-Executive Director

Stephen is currently a non-executive Director and Chairman of the Audit and Risk Committee of GWA Group Limited and a non-executive Director of JB Hi-Fi Limited and Nick Scali Limited. Stephen is a former non-executive Director and Chairman of the Audit and Risk Committee of both Pacific Brands Limited and Surfstitch Group Limited. He was also formerly the Finance Director and Operations Director for David Jones Limited and the founding Managing Director of Officeworks. Stephen is the Chairman of the Audit and Risk Committee and has extensive retail, finance, and board experience. Stephen was appointed non-executive Director in November 2017.

#### Board Recommendation

*The Directors (with Mr Goddard abstaining) unanimously support the re-election of Mr Goddard.*

### 4. Increase the maximum aggregate amount of non-executive Directors' fees

#### Background

In accordance with ASX Listing Rule 10.17, Shareholder approval is sought to increase the total aggregate amount of directors' fees that may be paid to all of the Company's non-executive Directors in any financial year (**Fee Pool**) by \$350,000, from \$850,000 to \$1,200,000 per annum.

The total aggregate amount of fees paid to non-executive Directors for FY19 was \$763,666, comprising \$250,000 paid to the Chairman and \$100,000 paid to each non-executive Director (plus an additional \$7,500 for the Chairman of each Board committee). The Company has not sought Shareholder approval to increase the annual aggregate amount of non-executive Directors' fees since the Company's 2015 AGM.

If Shareholders approve Resolution 4:

- the maximum aggregate amount of directors' fees that may be paid to the Company's non-executive Directors in any financial year will be \$1,200,000; and
- the specific amount of the Fee Pool that may be paid to each non-executive Director of the Company, will be, in accordance with clause 21.5.1 of the Company's Constitution, determined by the Directors. The Directors intend to increase the aggregate total of non-executive Directors' fees by 10% in FY20 to \$840,033, in consideration of the fact that there has been no increase to the fees paid for the role of non-executive Director or Chairman for 3 years.

#### Reasons for the proposed increase in the Fee Pool

The Directors are seeking Shareholder approval to increase the Fee Pool for the following reasons:

- to ensure that the Company's non-executive Directors are fairly remunerated having regard to the market rates in respect of the remuneration of non-executive Directors of other comparable companies; and
- to ensure that the Company maintains the ability and flexibility in the future to pay competitive fees and attract and retain high calibre non-executive Directors.



## Explanatory Notes

### Non-executive remuneration

The Company's approach to non-executive remuneration is to set fees that reflect the time commitment and responsibilities involved and that enable the Company to retain a high quality team of non-executive Directors, having regard to market rates in respect of the remuneration of non-executive Directors of other comparable companies.

The Company has not issued any securities to non-executive Directors under ASX Listing Rules 10.11 or 10.14 with shareholder approval at any time within the preceding 3 years from the date of this Notice.

A voting exclusion statement is included in the Notice.

### Board Recommendation

*With non-executive Directors noting their interests in the matter, the Board unanimously recommends that shareholders approve the increase in the Fee Pool proposed by Resolution 4.*

## 5. Approval of Performance Rights Plan

### Background and reason for the Resolution

At the Company's 2016 AGM, Shareholders approved the issue of securities under a new performance rights plan that was adopted by the Board (the **Performance Rights Plan**) for the purposes of ASX Listing Rule 7.2, Exception 9. As a result of this approval, securities issued under the Performance Rights Plan during the 3 years following the 2016 AGM were (and continue to be) treated as having been made with the approval of Shareholders for the purposes of ASX Listing Rule 7.1 and were (and continue to be) excluded from the 15% limit for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 7.1 restricts the number of equity securities which a listed entity can issue in any 12-month period, without the approval of its shareholders, to 15% of the number of securities on issue at the start of the period. ASX Listing Rule 7.2 allows certain issues of securities to be excluded from the 15% limit, including under Exception 9, where an issue is made under an employee incentive scheme, if within 3 years before the date of issue, the terms of the scheme were approved by shareholders.

The 2016 AGM shareholder approval is only valid for 3 years and, accordingly, Resolution 5 seeks Shareholder approval again for the issue of securities under the Performance Rights Plan for the purposes of ASX Listing Rule 7.2, Exception 9. If this Resolution is approved by Shareholders, securities issued under the Performance Rights Plan over the next 3 years from the date of the AGM will be treated as having been made with the approval of Shareholders for the purposes of ASX Listing Rule 7.1 and will be excluded from the 15% limit. This will enable the Company to issue further securities up to the 15% limit in each 12-month period during the next 3 years without Shareholder approval.

### ASX Information

A summary of the key terms of the Performance Rights Plan is set out in Schedule A to this Notice.

As at the date of this Notice, the Company has issued a total of:

- 34,169,315 Performance Rights under the Performance Rights Plan, of which 9,293,161 have been cancelled, leaving a balance of 24,876,154 Performance Rights; and
- 925,491 fully paid ordinary shares (**Shares**) following the exercise of vested Performance Rights.

A voting exclusion statement is included in the Notice.

### Board Recommendation

*The Directors, except for Mr Agostinelli in view of his participation in the Performance Rights Plan, unanimously recommend that Shareholders vote in favour of Resolution 5.*

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

### Background

Resolution 6 seeks Shareholder approval to grant to Mr Daniel Agostinelli, the Company's CEO and Executive Director and therefore a related party of the Company, 795,031 Performance Rights under the Performance Rights Plan. The Performance Rights proposed to be granted to Mr Agostinelli entitle him to acquire up to a maximum of 795,031 Shares if the relevant Performance Conditions (as summarised below and defined in Schedule A) are satisfied or otherwise waived in accordance with the terms of the Performance Rights Plan. A summary of the key terms of the Performance Rights Plan is set out above in respect of Resolution 5.

## Explanatory Notes

At the Company's 2016 and 2017 AGMs, Shareholders approved respectively the grant of 371,526 and 5,500,000 Performance Rights to Mr Agostinelli.

Importantly, the 795,031 Performance Rights proposed to be granted to Mr Agostinelli under Resolution 6 are in respect of a different and extended performance period than the Performance Rights previously granted to him. That is:

- the Performance Conditions attaching to the 2016 Performance Rights were measured over a 3-year period, ending 9 September 2019;
- the Performance Condition attaching to the 2017 Performance Rights is measured over a 5-year period, ending on 1 July 2022; and
- the Performance Condition attaching to the new Performance Rights is measured over a 4-year period, ending on 1 July 2023 (but subject to a second condition that requires Mr Agostinelli to also be employed by, or be a director of, the Company and/or its subsidiaries (the Group) on 1 July 2024 as described below).

Ultimately, these new Performance Rights have been structured as an incentive for Mr Agostinelli to continue to deliver the targeted performance outcomes set by the Board and to stay with the Company beyond the satisfaction of the current assessment and vesting period attaching to his existing Performance Rights.

### Reasons for additional grant of Performance Rights

In 2017, the Board set a long-term strategic objective of delivering Shareholders 10% per annum compounding Earnings Per Share (EPS<sup>1</sup>) growth over the ensuing 5 years ending 30 June 2022, whilst maintaining a healthy dividend payout ratio. The Performance Rights which are to be granted pursuant to Resolution 6 will be subject to a single Performance Condition which continues this long-term strategic objective of the Board for an additional year beyond the original 5 years to FY2023 (as the Performance Condition is measured over a 4-year period commencing 1 July 2019). In addition, the Performance Rights include a second vesting condition requiring Mr Agostinelli to be employed by, or be a director of, an entity of the Group on 1 July 2024 (unless this condition is waived in accordance with the terms of the Performance Rights Plan). This date has been specifically set by the Board as a year after the 4-year assessment period for achievement of the Performance Condition. Accordingly, the vesting conditions attaching to the Performance Rights provide a considerable incentive for Mr Agostinelli to continue to deliver the targeted performance outcomes set by the Board and to stay with the Company. Further details of the vesting conditions are set out below under the heading 'Vesting Conditions'.

In the Board's view, the Performance Condition that must be satisfied before Performance Rights vest link the ultimate value of the Performance Rights to the continued growth of the Company and therefore provide an incentive for Mr Agostinelli to ensure the Company continues to deliver sustainable growth for shareholders. Mr Agostinelli faces considerable ongoing responsibilities and challenges in his role as CEO of the Group. The grant of these Performance Rights will provide Mr Agostinelli, who is considered to be key to the future success of the Company, with the opportunity to receive Shares in order to reward his contribution to the future success of the Company.

### Shareholder approval – ASX Listing Rules

ASX Listing Rule 10.14 requires Shareholders to approve the proposed grant of Performance Rights under Resolution 6 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).

<sup>1</sup> EPS refers to the Company's Diluted Earnings Per Share as detailed in Note 45 of the Company's annual report

## Explanatory Notes

### Information required by ASX Listing Rule 10.15

For the purposes of ASX Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolution 6:

Information	Disclosure
The maximum number of securities that may be acquired by the person for whom approval is required	<p>795,031 Performance Rights (to acquire up to 795,031 Shares upon vesting).</p> <p>The Board retains discretion on whether entitlements to Shares will be settled via the issue of Shares or via the payment of cash in accordance with the terms of the Performance Rights Plan.</p>
The price for each security to be acquired under the Performance Rights Plan	<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 one Share for every Performance Right exercised or pay a cash amount in accordance with the terms of the Performance Rights Plan. The Shares will be issued for no consideration. No funds will be raised by the grant of the Performance Rights.</p>
The names of all Directors (and their associates) who received securities under the Performance Rights Plan since the last approval, the number of securities received and the acquisition price for each security	<p>Mr Agostinelli is the only current Director that has received securities under the Performance Rights Plan since the last approval. Mr Agostinelli has received 5,871,526 Performance Rights, of which 371,526 have vested and been fully exercised into 319,512 Shares. These Performance Rights were granted for no consideration following Shareholder approval at the Company's 2016 and 2017 AGMs. As at the date of this Notice, Mr Agostinelli has 5,500,000 Performance Rights.</p> <p>Since the last approval, the Company also issued securities under the Performance Rights Plan to former directors as announced to the ASX at the relevant times and approved by Shareholders.</p>
The names of all Directors entitled to participate in the Performance Rights Plan	<p>All executive Directors are entitled to participate in the Performance Rights Plan, which currently includes only Mr Agostinelli. Non-executive Directors are not entitled to participate in the Performance Rights Plan.</p>
The date by which the entity will issue the securities	<p>The Performance Rights will be issued as soon as practicable after the AGM, but in any event no later than 12 months after the AGM.</p>
The maximum number of Performance Rights each Director is entitled to receive	<p>Mr Agostinelli: 795,031</p>

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.

A voting exclusion statement is included in the Notice.



## Explanatory Notes

### Vesting Conditions

Under the Performance Rights Plan, Performance Rights are granted but only vest subject to the achievement (or waiver in certain circumstances) of specific conditions as outlined below:

1. The first condition is a Performance Condition set by the Board for the proposed grant of Performance Rights to Mr Agostinelli, being 10% compound EPS growth, subject to any adjustments that the Board, in its absolute discretion, deems reasonable.

The EPS Performance Condition is measured over a 4-year period commencing on 1 July 2019, which extends beyond the assessment period for the Performance Rights previously granted to Mr Agostinelli.

The EPS Performance Condition has been set to continue the long-term strategic objective set by the Board in 2017 of delivering shareholders 10% per annum compounding EPS growth for an additional year to FY2023 (whilst maintaining a healthy dividend payout ratio).

If the Performance Condition is met, 100% of the Performance Rights vest at the end of FY2024 (assuming satisfaction or waiver of the second condition described below), whereas if the Performance Condition is not met, all Performance Rights expire at the end of FY2024 (unless waived by the Board).

The Performance Condition is not retested if not met and any Performance Rights will lapse, subject to the waiver of the Performance Condition to the extent permitted under the Performance Rights Plan.

2. The second condition is that Mr Agostinelli must be employed by, or be a director of, an entity of the Group on 1 July 2024 (unless this condition is waived in certain circumstances). This date has been specifically set by the Board as a year after the 4-year assessment period for achievement of the Performance Condition as a considerable incentive for Mr Agostinelli to stay with the Company.

### 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. The 'base salary amount' is calculated as 12 months of the applicable person's base salary plus any short-term benefits not dependent on performance conditions paid during the relevant period. This section of the Corporations Act, and in particular the meaning of a Termination Benefit, is subject to a broad interpretation.

Under the Performance Rights Plan, where a participant in that plan ceases to be an employee or director 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 the Performance Rights held by that participant do not lapse. In addition, as described in respect of Resolution 5 above, 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 Performance Rights Plan.

## Explanatory Notes

If Shareholders approve Resolution 6, the maximum number of Performance Rights that may vest upon the retirement or removal from office of Mr Agostinelli under the Performance Rights Plan will be the number of Performance Rights granted to him under Resolution 6 as detailed above (plus the number of Performance Rights previously granted to him at the Company's 2016 and 2017 AGMs). 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.

### Corporations Act – Related party transactions

Section 208 of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless the giving of the financial benefit falls within one of the permitted exceptions or prior shareholder approval is obtained to the giving of the financial benefit. For the purposes of section 208 of the Corporations Act:

- directors of a company and an entity controlled by a director of the company are considered to related parties; and
- the issuing of securities or granting of an option is an example of the giving of a financial benefit.

Section 211 of the Corporations Act provides an exception to the requirement to obtain shareholder approval for giving a financial benefit to a related party, where the financial benefit is remuneration to a related party as an officer or employee of a public company (or other prescribed entity) and where to give the remuneration would be reasonable given the circumstances of the public company (or entity giving the remuneration) and the related party's circumstances (including the responsibilities involved in the office or employment).

The Company considers that the exception in section 211 of the Corporations Act applies to the proposed grant of Performance Rights under Resolution 6 to Mr Agostinelli given the circumstances of the Company and the circumstances of Mr Agostinelli.

### Board Recommendation

*The Board (other than Mr Agostinelli) unanimously recommends that Shareholders vote in favour of Resolution 6.*

## Explanatory Notes

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

<b>Objects</b>	<p>The objects of the Performance Rights Plan is to:</p> <ol style="list-style-type: none"> <li>a. align the interests of employees of the Group with those of Shareholders;</li> <li>b. 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>c. 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>	<p>The Board may, from time to time, grant Performance Rights to an Eligible Person (as defined below) upon the terms set out in the Performance Rights 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).</p>
<b>Performance Rights</b>	<p>Unless the Board determines otherwise:</p> <ol style="list-style-type: none"> <li>a. each Performance Right entitles its holder, upon vesting and exercise of that Performance Right, to either: <ol style="list-style-type: none"> <li>i. 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>ii. 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>b. no payment is required for the grant of a Performance Right;</li> <li>c. each Performance Right is unlisted and will not be quoted on the ASX; and</li> <li>d. 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>	<p>An Eligible Person means an employee of any entity of the Group who the Board determines to be eligible to participate in the Performance Rights Plan. An Eligible Person may include an executive Director of the Company, but may not include a non-executive Director of the Company.</p>
<b>Performance Conditions</b>	<p>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>”).</p>
<b>Vesting of Performance Rights</b>	<p>A Performance Right will not vest unless:</p> <ol style="list-style-type: none"> <li>a. the Performance Conditions attaching to the Performance Right have been satisfied or have otherwise been waived by the Board; or</li> <li>b. the Board otherwise determines in accordance with the terms of the Performance Rights Plan (which includes in the event of a takeover, scheme of arrangement or winding-up of the Company as summarised below).</li> </ol>

## Explanatory Notes

<b>Lapsing of Performance Rights</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 an employee and/or Director 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</b>	<p>Under the Performance Rights Plan, the Board has certain rights to clawback any unfair benefits received by a participant were a Performance Right has vested (or may vest) 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/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 Performance Rights 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>

## Explanatory Notes

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<b>Capital Reorganisation</b>	<p>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).</p>
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<b>Takeover, Scheme of Arrangement and Winding-up</b>	<p>In the event of the occurrence of any one of the “Change of Control Events” described below, the following occurs:</p> <ul style="list-style-type: none"><li>a. in respect of a participant’s unvested Performance Rights:<ul style="list-style-type: none"><li>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;</li><li>ii. the Board may determine that all or a specified number of the participant’s remaining unvested Performance Rights automatically and immediately vest; and</li><li>iii. all other unvested Performance Rights of the participant will automatically and immediately lapse; and</li></ul></li><li>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.</li></ul> <p>The “Change of Control Events” are as follows:</p> <ul style="list-style-type: none"><li>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;</li><li>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;</li><li>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;</li><li>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;</li><li>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;</li><li>f. the Company passes a resolution for voluntary winding up; or</li><li>g. an order is made for the compulsory winding up of the Company.</li></ul>
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## Explanatory Notes

<b>Shares issued under the Performance Rights Plan</b>	Any Shares issued under the Performance Rights 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 Performance Rights Plan. The Shares will not be subject to any transfer restrictions.
<b>Plan Trustee</b>	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 Performance Rights Plan.
<b>Other</b>	<ul style="list-style-type: none"><li>a. The Board may at any time by resolution amend all or any of the provisions of the Performance Rights 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 which 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 Performance Rights Plan or to take into consideration possible adverse tax implications.</li><li>b. The Board may terminate or suspend the Performance Rights 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 Performance Rights Plan.</li></ul>





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ABN 85 108 096 251

## Need assistance?



**Phone:**

1300 850 505 (within Australia)  
+61 3 9415 4000 (outside Australia)



**Online:**

[www.investorcentre.com/contact](http://www.investorcentre.com/contact)



## YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by 10.00am (AEDT) on Tuesday, 26 November 2019.

# Proxy Form

## How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

### APPOINTMENT OF PROXY

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

## SIGNING INSTRUCTIONS FOR POSTAL FORMS

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

## ATTENDING THE MEETING

**If you are attending in person, please bring this form with you to assist registration.**

### Corporate Representative

If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

## Lodge your Proxy Form:

**XX**

### Online:

Lodge your vote online at [www.investorvote.com.au](http://www.investorvote.com.au) using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**

For Intermediary Online subscribers (custodians) go to [www.intermediaryonline.com](http://www.intermediaryonline.com)

### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne VIC 3001  
Australia

### By Fax:

1800 783 447 within Australia or  
+61 3 9473 2555 outside Australia



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

IND

# Proxy Form

Please mark ☒ to indicate your directions

## Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Accent Group Limited hereby appoint

☐ the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Accent Group Limited to be held at 64 Balmain Street, Richmond VIC 3121 on Thursday, 28/11/2019 at 10:00am and at any adjournment or postponement of that meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2, 4, 5 & 6 (except where I/we have indicated a different voting intention in step 2) even though Items 2, 4, 5 & 6 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2, 4, 5 & 6 by marking the appropriate box in step 2.

## Step 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
2 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3a Re-election of Mr David Gordon as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3b Re-election of Mr Stephen Goddard as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Increase the maximum aggregate amount of non-executive directors' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of Performance Rights Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Grant of Performance Rights to a Director and related party, Mr Daniel Agostinelli	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

## Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

**Update your communication details** (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

AX 1

999999A



Computershare

