

22 October 2020

The Manager
Market Announcements Office
Australian Securities Exchange Ltd
Level 6, Exchange Centre
20 Bridge Street
Sydney NSW 2000

FOR RELEASE TO THE MARKET

Addendum to Notice of 2020 Annual General Meeting

Please find attached for immediate release in relation to AUB Group Limited (ASX: AUB) the following documents:

- Letter to Shareholders in relation to Addendum to Notice of 2020 Annual General Meeting; and
- Addendum to Notice of 2020 Annual General Meeting (“Addendum”).

As outlined in both the abovementioned documents, the Addendum has resulted following extensive discussions in relation to the performance hurdles of the 3-year Performance Options proposed to be issued to Michael Emmett, whereby the Board has determined to increase the hurdles set for the 47,277 EPS Options under Resolution 6 of the Notice of Annual General Meeting, specifically the hurdles related to the average annual growth rate (AAGR) of Underlying earnings per share (EPS).

The effect of these changes is to make achievement of the hurdles more difficult, and therefore are more favourable to shareholders than the performance hurdles set in the Notice of Annual General Meeting.

ENDS

This release has been authorised by the AUB Board.

For further information, contact David Franks, Joint Company Secretary, on +61 2 8098 1169 or davidf@aubgroup.com.au

About AUB Group

AUB Group Limited is Australasia’s largest equity-based insurance broker network driving approximately A\$3.4 billion GWP across its network of 94 businesses, servicing 700,000 clients and over one million policies across more than 450 locations.

22 October 2020

Dear Sir / Madam

Addendum to Notice of 2020 Annual General Meeting

AUB Group Limited (ASX: AUB) (“AUB” or the “Company”) gives notice to its shareholders that, in relation to the Notice of Annual General Meeting (**AGM**) dated 6 October 2020 (**Notice of AGM**), released to the ASX on 9 October 2020, in respect of the proposed AGM detailed below, the Directors have determined to issue an addendum to the Notice of AGM (**Addendum to Notice of AGM**).

Time and date of AGM:

Tuesday, 10 November 2020, commencing at 10.00am (AEDT) by physical meeting.

Location of AGM:

The Auditorium, Level 15, 1 Farrer Place, Sydney NSW 2000.

Reasons for the Addendum to Notice of AGM

Defined terms in the Notice of AGM have the same meaning in the Addendum to Notice of AGM.

The Addendum to the Notice of AGM is issued in respect of Resolution 6.

Following extensive discussions in relation to the performance hurdles of the 3-year Performance Options proposed to be issued to Michael Emmett, the Board has determined to increase the hurdles set for the 47,277 EPS Options under Resolution 6 of the Notice of AGM, specifically the hurdles related to the average annual growth rate (**AAGR**) of Underlying earnings per share (**EPS**).

The changes are outlined in the Addendum to Notice of AGM as marked up in the document. For ease of reference, the only change to the Notice of AGM is outlined on page 4 to the Addendum to Notice of AGM.

The effect of these changes is to make achievement of the hurdles more difficult, and therefore are more favourable to shareholders than the performance hurdles set in the Notice of AGM.

Where to find the Addendum to Notice of AGM

In accordance with the Corporations (Coronavirus Economic Response) Determinations 2020, the Company will not be dispatching physical copies of the Notice of Meeting or Addendum to Notice of AGM. Instead, a copy of the Notice of Meeting and Addendum to Notice of AGM can be viewed and downloaded online at the following link: <https://www.aubgroup.com.au/site/investor/asx-announcements>.

Given the uncertainty surrounding the COVID-19 pandemic, by the time this Notice is received by shareholders, circumstances may have changed but this Notice is given based on circumstances as at 22 October 2020. Accordingly, should circumstances change, the Company will make an announcement on the ASX market announcements platform and on the Company's website at <https://www.aubgroup.com.au/site/investor/asx-announcements>.

Shareholders are urged to monitor the ASX announcements platform and the Company's website.

Voting by proxy

A shareholder who has already submitted a proxy form for Resolution 6 is not required to resubmit a proxy form as a result of the amendments to the Notice of AGM, unless that shareholder wishes to lodge a revised proxy form.

Any shareholder wishing to lodge a revised proxy form may obtain another proxy form by contacting the Company Secretary on +61 2 8098 1169 or DavidF@aubgroup.com.au. All proxy forms received to date by the Company will be treated as valid unless a revised proxy form is received after 10.00am (AEDT) on 8 November 2020. **Your Proxy instruction must be received not later than 48 hours before the commencement of the Meeting.** Proxy Forms received later than this time will be invalid.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Franks', with a horizontal line underneath.

David Franks
Joint Company Secretary

For further information, contact David Franks

Tel: +61 2 8098 1169

DavidF@aubgroup.com.au

This release has been authorised by the AUB Board.

ENDS

About AUB Group

AUB Group Limited is Australasia's largest equity-based insurance broker network driving approximately A\$3.4 billion GWP across its network of 94 businesses, servicing 700,000 clients and over one million policies across more than 450 locations.

AUB Group Limited
Level 14, 141 Walker Street,
North Sydney NSW 2060
ACN: 000 000 715

<https://www.aubgroup.com.au/>



AUB Group Limited

Addendum to Notice of 2020 Annual General Meeting Explanatory Statement | Proxy Form

10 November 2020

10:00AM (AEDT)

Address

The Auditorium
Level 15, 1 Farrer Place,
Sydney NSW 2000

Please note that appropriate social distancing for physical attendance at the AGM will be administered. **The Company therefore strongly encourages shareholders to vote by proxy to avoid the disappointment of not being able to attend in person where social distancing requirements are implemented.**

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Addendum to Notice of Annual General Meeting

AUB Group Limited (**AUB Group** or the **Company**) gives notice to its shareholders that, in relation to the Notice of Annual General Meeting (**AGM**) dated 6 October 2020 (**Notice of AGM**), released to the ASX on 9 October 2020, in respect of the proposed AGM detailed below, the Directors have determined to issue this addendum to the Notice of AGM (**Addendum to Notice of AGM**).

Time and date of AGM:

Tuesday, 10 November 2020, commencing at 10.00am (AEDT)

Location of AGM:

The Auditorium, Level 15, 1 Farrer Place, Sydney NSW 2000.

Reasons for this Addendum to Notice of AGM

Defined terms in the Notice of AGM have the same meaning in this Addendum to Notice of AGM.

This Addendum to the Notice of AGM is issued in respect of Resolution 6.

Following extensive discussions in relation to the performance hurdles of the 3-year Performance Options proposed to be issued to Michael Emmett, the Board has determined to increase the hurdles set for the 47,277 EPS Options under Resolution 6 of the Notice of AGM, specifically the hurdles related to the average annual growth rate (**AAGR**) of Underlying earnings per share (**EPS**).

The changes as outlined in this Addendum to Notice of AGM are marked up in the following pages. For ease of reference, the only change to the Notice of AGM is outlined on page 4 below.

The effect of these changes is to make achievement of the hurdles more difficult, and therefore are more favourable to shareholders than the performance hurdles set in the Notice of AGM.

Issue of Performance Options

Resolution 6 – Approval of Issue of 3-year Performance Options to Michael Emmett, Managing Director and CEO of the Company

Background

In accordance with the terms of his employment contract, the Company seeks shareholder approval to issue options to Michael Emmett, Managing Director and CEO of the Company, on the following terms (**Performance Options**):

This Resolution seeks Shareholder approval to grant 78,795 Options to Mr Emmett. This issue relates to his second annual grant under the Company's long term incentive ("LTI") arrangements. The number of options has been determined based on Mr Emmett's LTI opportunity (being, 100% of his base remuneration of \$852,560 (**Base Remuneration**)). These options may vest after 3 years of ongoing employment from 1 July 2020 (set out in Appendix A) and are subject to the achievement of earnings per share growth criteria and relative total shareholder returns criteria.

Performance Options

Each Performance Option is a right to receive one fully-paid ordinary share in the Company (or at the Board's discretion, an equivalent cash payment).

Performance Hurdles

The Performance Options will only vest to the extent that the performance hurdles and ongoing employment conditions (set out below) are satisfied over the relevant performance period.

Each grant of Performance Options will be divided into two components, which will each be subject to a separate performance hurdle, as follows:

- (a) 60% of the Performance Options will be subject to a hurdle based on the average annual growth rate (**AAGR**) of the underlying earnings per share (**EPS**) (**EPS Options**); and
- (b) 40% of the Performance Options will be subject to a hurdle based on the relative total shareholder return (**TSR**) of the Company compared to the TSR of the constituents of the S&P/ASX Small Ordinaries Industrials Index (AXSID) (**TSR Options**).

The Board considers that this structure has the benefit of both a relative test that reflects the Company's performance against the market and an objective test reflective of management's performance in growing earnings per share.

Performance Period

The performance hurdles for the Performance Options granted under Resolution 6 will be tested over a 3 year performance period.

In all cases, the performance period will commence on 1 July 2020.

Any Performance Options that do not vest in accordance with the above, will lapse.

In summary:

Performance Options under Resolution	Total Performance Options	60% EPS Options 3 Year Testing	40% TSR Options 3 Year Testing
6	78,795 (1)	47,277	31,518

(1) 3 year ongoing employment vesting condition to 30 June 2023 (subject to cessation of employment provisions below)

EPS Options

For the purposes of calculating the AAGR, an adjusted form of earnings per share will be utilised (**Underlying EPS**) being, in respect of any financial year, the consolidated net profit after tax of the Company for that year excluding fair value adjustments to the carrying values of associates, profit on sale of entities and assets or deconsolidation of controlled entities, contingent consideration adjustments, impairment charges and amortisation of intangibles (**Underlying NPAT**) divided by the weighted average number of shares on issue during the financial year. Other adjustments to the Underlying NPAT calculation may be made in limited circumstances where the Board considers it to be appropriate.

The percentage of the EPS Options that satisfy the EPS performance hurdle will be determined by reference to the AAGR (expressed as a percentage) of Underlying EPS from the year ending 30 June 2020 (being, 72.45 cents) to the Underlying EPS for the year ending 30 June 2023 (for the Performance Options granted under Resolution 6 in accordance with the table below:

AAGR of Underlying EPS	Percentage of EPS Options which satisfy the EPS performance hurdle
Less than 5%	0%
5%	50%
Greater than 5% to less than 7 10%	Straight line satisfaction of performance hurdle between 50%-100%
7 10% or more	100%

TSR Options

TSR Options will be measured by comparing the TSR of the Company with the TSRs of the constituents of the S&P/ASX Small Ordinaries Industrials Index (AXSID) (**Comparator Group**) as at 1 July 2020.

The percentage of the TSR Options that satisfy the TSR performance hurdle will be determined in accordance with the table set out below:

TSR	Percentage of TSR Options which satisfy the TSR performance hurdle
Less than 50 th Percentile of the Comparator Group	0%
50 th Percentile of the Comparator Group	50%
Between the 50 th Percentile and 75 th Percentile of the Comparator Group	Straight line satisfaction of performance hurdle between 50%-100%
75 th Percentile of the Comparator Group or higher	100%

The Board has the discretion to adjust the Comparator Group, including to take into account acquisitions, mergers, or other relevant corporate actions or delisting.

TSR measures the growth in the Company's share price together with the value of dividends paid during the period, assuming that all those dividends are re-invested into new shares.

Unless the Board determines otherwise, for the purpose of calculating the growth in the Company's share price over the performance period, the following opening and closing share prices will be used:

- (a) for the opening share price, the volume weighted average share price (**VWAP**) during the 60 trading days ending on the first day of the performance period, and
- (b) for the closing share price, the VWAP during the 60 trading days ending on 30 June 2023.

Value

The Company has determined the value of each Performance Option based on the VWAP of the Company's shares during the 60 trading days prior to 1 July 2020, adjusted for the expected value of dividends forgone during the performance period (**Formula**).

The value per Performance Option under Resolution 6 has been determined at \$10.82, resulting in a maximum aggregate value of \$852,560. The total value of \$852,560 is the contracted value under the employment agreement with Mr Emmett. The determination of the value per Performance Option is

assessed by an independent remuneration expert, engaged by the Company, under the Formula stipulated in the Incentive Scheme.

Key terms of Performance Options

The key terms of the Performance Options are outlined in Appendix A.

Why approval is being sought

ASX Listing Rule 10.14 provides that a listed company must not permit a Director of the Company to acquire securities under an employee incentive scheme without Shareholder approval. Accordingly, approval is being sought for the grant of Performance Options to Mr Emmett.

If the Resolution is passed by shareholders, the Company will issue the Performance Options as approved.

If the Resolution is not passed by shareholders, the Company will need to discuss and negotiate the remuneration package of Mr Emmett, to reflect the intent of his employment agreement.

Information Required by ASX

The following information in relation to the issue of Performance Options to Mr Emmett is provided to Shareholders:

- (a) Michael Emmett is the only Director of the Company eligible to participate in the Company's equity incentive schemes. Mr Emmett falls within the requirements of Listing Rule 10.14.1 as he is a director of the Company. Any additional person covered by Listing Rule 10.14 who becomes entitled to participate in an issue of securities under the scheme after the resolution is approved and who was not named in this Notice will not participate until approval is obtained under the listing rule.
- (b) The maximum number of securities that may be acquired by Mr Emmett is 78,795 Performance Options.
- (c) The Performance Options are being issued for nil consideration as they form part of Mr Emmett's incentive arrangements. The key terms of the Performance Options are outlined in Appendix A.

Subsequent to the shareholder approval obtained at the 2019 AGM, the Company did issue 76,029 and 200,000 Performance Options to Mr Emmett for nil consideration.

Mr Emmett's total remuneration package comprises:

- Fixed Annual Remuneration (FAR) of A\$852,560 per annum, inclusive of superannuation contributions. The FAR is reviewable annually.
 - A variable annual Short Term Incentive (STI) payment of \$600,000 (if on Target) capped at a maximum of 150% of Target.
 - An annual grant of Long Term Incentive (LTI) options to the equivalent of the Base Remuneration under AUB's standard option plan, subject to annual shareholder approval. The allotment for the first annual grant was approved by shareholders at the 2019 AGM as noted above, with the approval for the second annual grant subject to this resolution.
 - An LTI grant of 200,000 options from 1 July 2019, which may vest after 5 years of ongoing employment. This grant will be subject to the achievement of earnings per share growth criteria and relative total shareholder returns criteria. The allotment for this grant was approved by shareholders at the 2019 AGM as noted above.
- (d) There are no loans applicable for the Performance Options.
 - (e) The Performance Options will be issued within 12 months from the date of this Meeting, if approved by Shareholders of the Company.

- (f) If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1.
- (g) Details of any securities issued under the scheme 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 Listing Rule 10.14.

Directors' recommendation

The Directors (other than Michael Emmett) recommend that Shareholders vote for this Resolution.

Voting by proxy

A shareholder who has already submitted a proxy form for Resolution 6 is not required to resubmit a proxy form as a result of the amendments to the Notice of AGM, unless that shareholder wishes to lodge a revised proxy form.

Any shareholder wishing to lodge a revised proxy form may obtain another proxy form by contacting the Company Secretary on +61 2 8098 1169 or DavidF@aubgroup.com.au. All proxy forms received to date by the Company will be treated as valid unless a revised proxy form is received after 10.00am (AEDT) on 8 November 2020.

Enquiries

Shareholders are asked to contact the Company Secretary, Mr David Franks, on +612 8098 1169 or DavidF@aubgroup.com.au if they have any queries in respect of the matters set out in these documents.

Appendix A – Key Terms of Performance Options

Exercise price: The exercise price of the Performance Options is nil.

Expiry date for options: Performance Options will lapse 4 years after the earliest exercise date if they have not been exercised by that date, unless the Board determines a different date.

Disposal restrictions: If the Performance Options vest and are exercised, the shares issued are unrestricted. Disposal of shares issued on exercise of the Performance Options will be subject to the Company's securities trading policy. Mr Emmett may not sell, assign, transfer or otherwise deal with, or grant a security interest over Performance Options without the prior written approval of the Board or as required by law.

Participation in new issues and bonus issues: Performance Options carry no entitlement to participate in new issues of shares by the Company prior to the vesting and exercise of the Performance Option. In the event of a bonus issue, Performance Options will be adjusted in the manner required by the Listing Rules.

Reorganisation: If any reorganisation (including consolidation, subdivision, reduction or return) of the issued capital of the Company is effected, Performance Options will be adjusted in the manner required by the Listing Rules.

Voting and dividend rights: Performance Options will not attract dividends or distributions and voting rights until the Performance Options vest and shares are allocated on their exercise, whether or not the shares are subject to disposal restrictions. Income tax will be the responsibility of Mr Emmett.

Ranking of shares issued: The ordinary shares in the Company issued upon exercise of the Performance Options will rank equally with the existing ordinary shares in the Company on issue, except for entitlements which had a record date before the date of issue of those shares.

Cessation of employment: For Performance Options granted:

- if employment is terminated in accordance with Mr Emmett's employment agreement, without notice, for serious misconduct or by reason of illness, injury or incapacity of Mr Emmett, all unvested Performance Options will automatically lapse; and
- if employment is terminated with notice given by the Company or Mr Emmett, all unvested Performance Options remain on foot and will be tested in the ordinary course.

Change of control: For the Performance Options granted, in the event of a takeover bid or other transaction, event or state of affairs that in the Board's opinion is likely to result in a change in control of the Company, the Board may decide that some or all of the Performance Options will vest.

Preventing inappropriate or unfair benefits: The Board has broad "clawback" powers to determine that Performance Options lapse, any shares allocated on vesting are forfeited, or that amounts are to be repaid in certain circumstances (for example, in the case of serious misconduct).