

## Not a great year

<b>Company/ASX Code</b>	ADBRI Limite/ABC
<b>AGM date</b>	Thursday 25 May 2023
<b>Time and location</b>	10.00 am AEST The Gold Melting Room, The Mint, 10 Macquarie Street, Sydney, NSW
<b>Registry</b>	Computershare
<b>Type of meeting</b>	Physical with webcast
<b>Poll or show of hands</b>	Poll on all items
<b>Monitor</b>	Bob Ritchie assisted by Malcolm Keynes
<b>Pre AGM Meeting?</b>	By video with Chair, Raymond Barro; Deputy Chair and lead independent NED, Samantha Hogg; Chair of Audit and risk Committee Emma Stein; and Chair of People and Culture Committee, Dean Jenkins.

Please note any potential conflict as follows: Individuals (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

### Summary of issues for meeting

A 25% fall in overall earnings of Joint ventures and operations (annual report, page 8), included a loss by B&A Sands and a 70% fall in earnings contribution by Mawsons Group. ASA will ask if there has been slippage between Adbri board's oversight and the governing bodies of joint ventures.

### Proposed Voting Summary

No.	Resolution description	
2	Adoption of Remuneration Report	For
3	Re-election of Ms Emma Stein	For
4	Re-election of Mr Raymond Barro	For
5	Election of Mr Dean Jenkins	For

### Consideration of accounts and reports

#### Governance and culture

The company had eight directors at year end, and now has seven, with five independent members. There are three female directors (42.9%). There is currently action to enhance culture, expressed in a KPI for executive STI.

#### Financial performance

There was a 12% fall in net profit after tax, following a 25% rise the previous year. Earnings per share on an underlying basis are 23 cents. down 2.6 cents or 14% on the previous year. Only an interim dividend of 5 cents fully franked was paid. A final dividend was not paid, preserving funds for Kwinana redevelopment.

#### Key Board or senior management changes

During October and November 2022, the company announced the departure of its CEO, Nick Miller, and CFO, Theresa Mlikota, after the board determined it was an appropriate time for a change in leadership. Mark Irwin was appointed as interim CEO, and Peter Barker was appointed as Interim CFO while the company seeks a permanent CEO and CFO. Dianne Mong, General Manager Finance, was appointed to the role of Acting Chief Financial Officer, replacing Mr Barker, during March 2023.

Dean Jenkins joined the board in August 2022. Vanessa Guthrie AO left the board in February 2023 and her role as Deputy Chair and lead independent director is now undertaken by Samantha Hogg.

### **Summary**

(As at FYE)	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
NPAT (\$m)	102.5	116.7	93.7	47.3	185.3
UPAT (\$m)	108.0	191.1	115.6	197.8	190.9
Share price (\$)	1.66	2.82	3.35	3.46	4.27
Dividend (cents)	5	12.5	12	5	28
Simple TSR (%)	-39	-12	0.3	-18	-30
EPS (cents)	15.7	18.3	14.4	7.3	28.5
CEO total remuneration, actual (\$m)	3.7*	3.1	2.6	1.8	5.8

\*Statutory payment for Mr Miller which includes payment of monthly salary to May 2023. Pro-rata portions of unvested awards remain on foot and subject to performance measures when issued.

### **Item 2 - Adoption of Remuneration Report - For**

Non-executive fees increased by 2.2%. By board decision, STI for various executives vested in the range 11 to 23%. No vesting occurred for LTI awards as the company did not achieve its threshold hurdles for vesting in regard to TSR growth and earnings per share.

While there was a significant effort to describe the departing MD & CEO's remuneration in a termination, we were unable to identify the exact amount as some payments are considered to be in the nature of termination payments, while others represent accruals such as annual leave or the monthly payments that extend in to 2023. This is a shortcoming of the report but not sufficient to vote against it.

### Items 3 to 5 - Re-election and election of Directors – For

The board skills matrix as it appears in the Company’s Corporate Governance Statement does not identify which directors hold which skills (beyond all being deeply experienced in Management and Leadership and Stakeholder Management).

Ms Emma Stein became a non-executive director in October 2019. She is now the lead independent director. From reading her board and global senior executive experience, she seems to tick most, if not all, of the required skills identified in the Board skills matrix at “deep experience” level including sustainability and climate change by virtue of her energy and utilities positions in traditional and renewables businesses. Her shareholding appears well below an equivalent of one year of director fees with a value of \$86k, but her purchase is equivalent at around \$140k at prices from \$2.31 to \$3.30 per share.

Mr Raymond Barro, a substantial shareholder, joined the board in August 2010 and became Chair in May 2019. Since the time he joined the board, arrangements have been in place to ensure a good governance structure. ASA guidelines accept a major shareholder holding director position in proportion with their shareholdings providing the structures include an independent Chair or failing that the appointment of a lead independent director.

Mr Dean Jenkins became a non-executive Director in August 2022. He is Chair of the People and Culture Committee and a Member of the Safety, Health, Environment and Sustainability Committee, and the Nomination and Governance Committee. His background includes senior executive roles (including MD/CEO) in manufacturing, engineering resources sector, locally and offshore. He is considered to be independent.

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