

Celebrity chair and record revenue with the addition of DDH1

Company/ASX Code	Perenti/PRN
AGM time and date	11.00am AWST, 3 October 2024
Location	Westin Hotel Ballroom #3, 480 Hay Street, Perth
Registry	Link Market Services
Type of meeting	Hybrid
Monitor	Bob Kelliher
Pre-AGM Meeting	With Chair, Diane Smith-Gander AO, and Director Tim Longstaff

Monitor Shareholding: The individual involved in the preparation of this voting intention has a shareholding in this company.

1. How we intend to vote

No.	Resolution description	
1	Adopt Remuneration Report	Against
2	Re-election of Ms Diane Smith-Gander AO	For
3	Re-election of Ms Andrea Sutton	For
4	Issue of Performance Rights to Mr Mark Norwell -FY25 Long Term Incentive	For
5	Issue of STI Rights to Mr Mark Norwell -FY24 Short Term Incentive	For
6	Board Spill Meeting (Contingent Resolution)	Against

2. Summary of Issues and Voting Intentions for AGM

The new Chair, Diane Smith-Gander AO, was appointed to this position on 12 March 2024, as a result of the successful takeover of DDH1, of which she was also Chair.

The Remuneration Report still contains a number of deficiencies and, again, cannot be supported. We again propose a more demonstrative approach to a fatality, that is “no STI in the year of a fatality”, to reinforce the Board’s stated safety policy and to support the work of the Safety Taskforce.

A first Sustainability Databook shows a maturing approach to emissions reductions, with the net zero by FY30 still a challenging target, supported by innovations by Idoba.

See [ASA Voting guidelines](#) and [Investment Glossary](#) for definitions.

3. Matters Considered

Accounts and reports

Financial performance

(As at FYE)	2024	2023	2022
NPAT (\$m)	107.165	102.586	70.3
Share price (\$)	1.00	1.025	0.66
Dividend (cents)	6	0	2
Simple TSR (%)	3.35	55.3	-
EPS (cents)	10.9	13.9	5.8
CEO total remuneration, actual (\$m)	3.122	3.984	2.626

Key board or senior management changes

With the revamped board, post the takeover of DDH1, Perenti now has an industry leading 57% of female members.

Sustainability/ESG

Perenti has a target of net zero emissions by FY30, and this also a minor part of the CEO's STI threshold. With the Idoaba division leading with designs of electric heavy machinery, semi-autonomous drill rigs, and a pilot design of a total electric gold mine, Perenti can be a leading company in reducing emissions.

4. Rationale for Voting Intentions

Resolution 1 Adopt Remuneration Report - Against

The Remuneration Report has several deficiencies:

- There should be no annual STI award if there has been a workforce fatality in that year. In FY24, a reduction of between 20% and 27.5% was applied for Executive KMP.
- The STI for FY24 has 30% in non-financial thresholds, such as Safety Transformation Plan, Implementation of critical control system verifications, Scope 1 and 2 emission reduction (Net zero by FY30) and progress on gender participation. While these are important initiatives, it looks like these items will all be achieved 100%.
- 2/3 of the STI is paid in cash and 1/3 in STI Rights, ASA guidelines are for a 50/50 split between cash and 12 months deferred equity.
- The LTI rTSR has the industry standard of 50% award at the median result, and 100% award at the 75th percentile. ASA guidelines are for 30% to vest at the 51st percentile and 100% at the 85th

percentile. For this innovative and successful company, a more challenging threshold is more appropriate.

- The ROE threshold is set a 6.6% for 30% of the award, and 7.4% for 100% of the award. The 30 June ROE was 6%, so the starting threshold is not challenging. (This is improved in FY25, where the 3 year ROE thresholds to FY27 are 9.6% for the 30% award and 10.3% for the 100% award)

- The LTI awards vest over a three-year period, when a longer period of at least 4 years is more like “Long Term”.

Resolution 2 Re-Election of Ms Diane Smith-Gander AO – For

As an experienced and successful business leader, Ms Smith-Gander is most appropriate in the Chair position and has our support.

Resolution 3 Re-election of Ms Andrea Sutton – For

Ms Sutton is an experienced and successful company director. With her Chair of the Water Corporation, and Board positions at ANSTO, Red 5 Limited, Iluka Resources and Australian Naval Infrastructure Pty Ltd, she has a full workload which will need to be well managed for the benefit of Perenti.

Resolution 4 Issue of Performance Rights to Mr Mark Norwell – FY25 Long Term Incentive – For

The calculation of the maximum number of LTI Performance Rights, based on 120% of base salary and market share price, is correct. As vesting will depend on the future results of rTSR, ROE and Strategic thresholds, we support this resolution.

Resolution 5 Issue of STI Rights to Mr Mark Norwell – FY24 Short Term Incentive – For

The calculation of the maximum number of STI Rights, based on 100% of base salary and one third in Rights (and two thirds in cash) is correct. As this item is for results to 30 June 2024, (not including DDH1 results) the resulting outcome was 124.6% due to a number of 150% “Stretch” results, but in response to last year’s “First Strike”, the maximum was kept at 100% and the result was reduced by 27.5%. The resulting total result for the CEO was 60.5% of maximum.

Resolution 6 Board Spill Meeting (Contingent Resolution) - Against

This resolution is required as there was a first strike against the remuneration report last year, and will only be put to the meeting if the vote on the remuneration report at this AGM is again 25% or more.

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Appendix 1

Remuneration framework detail

CEO rem. Framework for FY24	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1,110,000	40%	1,110,000	27%
STI - Cash	740,000	27%	1,110,000	27%
STI - Equity	370,000	13%	555,000	14%
LTI	555,000	20%	1,332,000	32%
Total	2,775,000	100.0%	4,106,999	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration framework set a maximum opportunity amount, but not all.