AUSTRALIAN SHAREHOLDERS' ASSOCIATION

Record Order Book, but US Losses Drive Austal into the Red

Company/ASX Code	**Austal Limited (ASB)**
AGM time and date	2.00pm WST, Tuesday, 27 October 2026
Location	Fremantle Sailing Club, 151 Marine Terrace, Fremantle WA
Registry	MUFG Corporate Markets
Type of meeting	Physical meeting with live webcast – viewing only, no questions or voting https://webcast.openbriefing.com/asb-agm-2026/
Monitor	Ros Ferguson and John Campbell
Pre-AGM Meeting	With CEO P Gregg, CFO C Johnstone & Company Secretary A Strang

Monitor Shareholding: The individual (or their associates) involved in the preparation of this voting intention does have a shareholding in this company.

1. How we intend to vote

No	Resolution description	
1	Non-binding resolution to adopt Remuneration Report	For
2	Re-election of Mr Lee Goddard CSC	For
3	Approval of the issue of Share Rights to Mr Lee Goddard CSC	For
4	Approval of the issue of Share Rights to Ms Kathryn Toohey AM CSC	For
5	Approval of the issue of Share Rights to Mr Brent Cubis	For
6	Approval of the issue of Share Rights to Mr Richard Gibb	For
7	Approval of the issue of Share Rights to Ms Susan Murphy AO	For
8	Approval of the issue of STI Rights to Mr Patrick Gregg	For
9	Approval of the issue of LTI Rights to Mr Patrick Gregg	Against
10	Approval of potential benefits under equity incentive plans in connection with the transfer of undertaking or property.	Against

2. Summary of Issues and Voting Intentions for AGM

- Austal USA losses: a $202.8 million EBIT loss, driven by escalating onerous contract provisions on three legacy US Navy programs (T-ATS, AFDM, LCU), drove the Group to an overall EBIT loss of $125.2 million.
- Hanwha and Wildcat Infrastructure proposals for Austal USA: two conditional, non-binding proposals are under due diligence.
- No dividend despite a strong Australasian result: the Board elected not to declare a dividend for FY26, citing the US capital investment program, even as Australasia's EBIT rose 137%.
- Legacy DoJ/SEC penalty now resolved: the US$24 million penalty related to conduct by former Austal USA employees (2012–2016) was fully paid by 30 June 2026, and the independent compliance monitor requirement was removed.
- Execution risk on major capital projects: FA2 and MMF3 expansion projects carry schedule and cost risk during a period when the Group can least absorb further shocks.
- CEO 2027 pay reset in a loss year: CEO fixed pay rose 12.6% to $1,391,180, and FY27 incentive opportunities step up materially (LTI target 120% of TFR versus 60% disclosed for FY26; maximum package about $5.06 million versus $3.96 million). The Board determined that it would assess the remaining FY26 STI scorecard measures notwithstanding the EBIT gateway not being met. Importantly, no adjustment was made to remove the impact of the non-cash onerous contract provision from the financial results used to assess STI outcomes, resulting in nil vesting under the relevant Group and USA EBIT and cash flow components. This represents a departure from ASA guidelines and the LTI plan has a short three-year appraisal period.
- Undisclosed EPS targets on a loss-making base: half of the FY27 LTI is measured on EPS growth, but targets are withheld as commercially sensitive, and the base-year (FY26) EPS was a 12.7 cent loss.
- Pay flexibility tied to the Austal USA sale process: the LTI plan vests unvested rights pro rata at target if a major part of the business is sold, and Resolution 10 seeks three-year pre-approval of equity-plan benefits for any transfer of undertaking.
- In-person-only voting: the 2026 AGM is a face-to-face meeting with a listen-only webcast; there is no online voting or questions on the day — shareholders should lodge proxies by 2.00pm WST on Sunday 25 October.

3. Matters Considered

Overview

Austal Limited is a global shipbuilder headquartered in Henderson, Western Australia, designing and constructing defence and commercial vessels across five shipyards in Australia, the United States, the Philippines and Vietnam, supported by eight service centres. Its Austal USA operations in Mobile, Alabama, are a top 5 US military shipbuilder, building vessels including Expeditionary Fast Transports, a floating dock (AFDM), Towing/Salvage/Rescue ships (T-ATS), Offshore Patrol Cutters for the United States Coast Guard, auxiliary ocean surveillance ships (T-AGOS), landing craft (LCU), aircraft elevators for installation on US aircraft carriers and submarine modules for the US Navy. Its Australasian operations build patrol boats, landing craft, and commercial ferries, and it was recently named the Commonwealth of Australia's prime contractor for Tier 2 naval vessels under the Strategic Shipbuilding Agreement, securing work through 2038.

Medium to large shipbuilding contracts involve complex accounting issues to determine the extent of profit or loss realised in line with the progress of contracts. Variations to lump sum contracts arise through inaccuracies in original plans and changes to the design after award. Usually in long-term contracts a representative of the customer monitors these variations as they arise and facilitates a negotiated settlement to reimburse the contractor. However, with respect to US naval contracts, this does not occur beyond nominated financial thresholds, leaving negotiation of cost reimbursement until months or years after the event. Uncertainty of recovery of variation costs has led to contracts with the US Navy for AFDM, T-ATS and LCU contracts being deemed onerous and provision being made for expected losses on a conservative assessment of the cost recoveries for overruns, with the US segment recording significant losses in FY26 as a result.

Financial results

- Group revenue increased 11.3% to $2.029 billion (FY25: $1.823 billion), the second highest in Austal's history.
- Group EBIT swung to a loss of $125.2 million (FY25: profit of $113.4 million), driven by a $202.8 million EBIT loss at Austal USA.
- NPAT swung to a loss of $53.6 million (FY25: profit of $89.7 million); basic EPS was a loss of 12.7 cents (FY25: earnings of 23.6 cents).
- Australasia EBIT rose 137% to $85.3 million (FY25: $36.0 million) at a 13.1% margin, on record delivery and the new Strategic Shipbuilding Agreement.
- Net cash fell 59% to $186.3 million (FY25: $453.1 million); operating cash flow fell 85% to $62.5 million (FY25: $406.3 million).
- The order book (including options) grew 26% to $16.5 billion (FY25: $13.1 billion).
- The Board declared no dividend for FY26 (FY25: nil), consistent with its decision to prioritise the US capital investment program.

Financial performance

(As at FYE)	2026	2025	2024	2023	2022
NPAT ($m)	(53.6)	89.7	14.9	(13.8)	79.6
UPAT ($m)	(53.6)	89.7	14.9	(13.8)	79.6
Share price ($)	4.05	6.28	2.49	2.37	1.80
Dividend (cents)	0	0	0	7	8
Simple TSR (%)	–35.5	+152.2	+5.1	+35.6	-8.3
EPS (cents)	(12.7)	23.6	4.1	(3.8)	22.0
CEO total remuneration, actual ($m)	1.76	2.375	1.701	1.009	1.673

Simple TSR is calculated by dividing the change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

Governance and culture

- The Board comprised 7 directors as at the FY26 report date: Non-Executive Chairman Richard Spencer, CEO/Managing Director Paddy Gregg, and five Non-Executive Directors (Goddard, Toohey, Cubis, Gibb, Murphy).
- The Board maintains and annually reviews a formal skills matrix setting out the skills required for effective Board oversight and reviews it to ensure it covers Austal's evolving needs, including climate-related risk expertise.
- Two directors (Brent Cubis and Richard Gibb) are explicitly disclosed as Board nominees for major shareholder Tattarang and are considered non-independent directors in the 2026 Corporate Governance Statement. However, a slim majority of independent non-executive directors remains.
- Board tenure is generally short: four of six Non-Executive Directors joined within the last 12–24 months (Toohey Feb 2024, Cubis Oct 2024, Gibb and Spencer's Chairmanship from mid-2024/2025, Murphy Sept 2025), reflecting substantial recent Board renewal.
- Cybersecurity oversight sits with the Audit & Risk Committee; Austal holds ISO27001 accreditation, DISP certification (Australian Defence Industry Security Program) and NIST 800-171 compliance (US Department of Defence) — a comparatively mature and well-documented control environment.
- The Nomination & Remuneration Committee undertook a comprehensive external review of the remuneration framework in FY26, resulting in FY27 changes (shorter deferral periods, revised vesting scales) aligned with global competitiveness and shareholder considerations.
- Non-Executive Director pay: each of the five NEDs (excluding the Chairman) receives base board fees of $183,050 plus committee fees of $15,000–$42,500;

those who participate take 25% of base fees ($45,762) as Share Rights, with the balance in cash. The Chairman is outside the scheme because his shareholding already exceeds one year of base fees. In most instances, the ASA votes against NEDs receiving share rights, but in Austal's case, this is by way of salary-sacrifice, so we do not oppose it.

Key events

- Contract award: Austal signed the Strategic Shipbuilding Agreement (SSA) with the Commonwealth of Australia in August 2025, a 15-year agreement establishing Austal as prime contractor for Tier 2 surface vessels.
- Contract awards: The SSA awarded a $1.029 billion Design and Build Contract for 18 Landing Craft Medium vessels (December 2025) and a ~$4 billion construction contract for 8 Landing Craft Heavy vessels (February 2026).
- Takeover interest: Hanwha Defence USA and Wildcat Infrastructure submitted conditional, non-binding, indicative proposals in August 2026 to acquire Austal USA (not the whole Group); the Board has granted due diligence access. Hanwha holds a 9.9% direct stake plus a financial arrangement with Jarden to vote a further 10% and has Australian Treasurer approval to move to 19.9% ownership. We note that the sale would be subject to shareholder approval, but this is not being sought at the AGM. On 14 October, Austal announced that Hanwha's due diligence period had been extended, commercial negotiations had commenced and discussions with Wildcat were continuing.
- Impairment/provisions: onerous contract provisions of $80.4 million (T-ATS), $29.3 million (AFDM) and $32.1 million (LCU, newly onerous in FY26) were recognised, contributing to the $202.8 million Austal USA EBIT loss; these are accounting provisions for future losses arising from contract conditions, and Austal has commenced formal Requests for Equitable Adjustment with the US Navy to seek recovery. Shareholders may be concerned about whether further onerous contract provisions will be required in FY2027, and how long recovery of outstanding claims related to contract modifications, etc. is likely to take.
- Regulatory resolution: the US$24 million DoJ/SEC penalty (relating to conduct by three former Austal USA employees between 2012 and 2016) was settled before 30 June 2026, and the Court formally removed the requirement for an independent compliance monitor in September 2025.
- Milestones: the AFDM was launched (the largest vessel launch in Austal USA's 26-year history); MMF3 Phase 1 opened in June 2026; the 16th and final Spearhead-class EPF vessel was delivered; and Austal established foundational enterprise-wide AI and Data Intelligence capability.
- The FY26 Annual Report identified no fatalities, cyber incidents, or new impairments beyond the onerous contract provisions noted above.
- Disclosures in the NOM: the Board refers to "current M&A activity in respect of Austal USA and to ongoing negotiations with the US Department of War" over

contracts affected by the onerous contract provision, including the formal contractual process commenced by Austal USA to recover value. The Board cites both as reasons for withholding the FY27 EPS growth targets.

Key Board or senior management changes

- John Rothwell, Austal's founder, resigned as Non-Executive Director effective 1 September 2025, having previously stepped down from his executive position; he had served on the Board since 1998, including as Chairman from 1998–2008 and Non-Executive Chairman from 2008–2024.
- Susan Murphy AO was appointed as a Non-Executive Director in September 2025 and immediately assumed the role of Chair of the Audit & Risk Committee.
- Michelle Kruger ceased as President USA effective 15 February 2026; Gene Miller (previously Chief Operating Officer USA) served as Interim President USA and then President USA for the remainder of FY26.
- No other Board or CEO changes were identified between the FY25 and FY26 Annual Reports; Paddy Gregg continued as Managing Director and CEO throughout.

Sustainability/ESG

- FY26 is Austal's first year of mandatory climate-related financial disclosure under AASB S2, building on previously voluntary ESG reporting; transition relief was applied, so comparative climate data and Scope 3 emissions are not yet disclosed.
- The climate risk and scenario analysis identified acute physical risks (typhoons, cyclones, extreme weather) as the primary climate-related risk, particularly for operations in the Philippines and USA, and concluded the company's strategy remains resilient under both lower- and higher-emissions scenarios.
- Safety performance was positive: LTIFR improved approximately 15% year-on-year; MTIFR increased only marginally and remains below historical levels, reflecting sustained safety programme effectiveness.
- The Audit & Risk Committee formally reviews and endorses the Sustainability Report before Board approval — an appropriate governance layer. However, the Sustainability Committee's oversight cadence (reporting quarterly ahead of Audit & Risk Committee meetings) suggests sustainability oversight sits at a sub-Board committee level rather than with a dedicated Board-level sustainability committee.
- The move to establish an enterprise-wide, 'responsible and governed' AI capability is a positive early-stage disclosure, though the Sustainability Report does not yet detail specific AI governance metrics or an AI policy framework.

ASA focus issues

1: Link Between Executive Pay and Long-Term Performance

- Performance hurdles: STI KPIs are customised per KMP, but financial metrics must always constitute at least 60% of the total; a Group EBIT profit gate (at least 85% of budget) must be met before any STI is paid. LTI is measured equally across indexed TSR (iTSR), EPS Growth (EPSG) and Return on Equity (ROE), each independently disclosed and methodologically explained.
- Benchmarking: the NRC engaged external remuneration consultants during FY26 and targets the midpoint of relevant market practice, blending global industry data (for global leadership roles) with local market data (for regional/functional roles) given the very different Australian and US labour markets Austal competes in.
- Three-year alignment: the FY26 LTI outcome (grants from FY2023-25) shows genuine sensitivity to performance – the FY24 LTI award vested at only 42%, and for the FY26 outcome the equity component had only partial vesting with no vesting of the EPS growth component. For the CEO and CFO, the Board reduced the USA Delivery component and the US element of the Group Leadership measure to nil, resulting in a final STI outcome of 28.9% of maximum opportunity. Separately, the Austal USA President's STI outcome was reduced to nil, while the President Australasia's formulaic STI outcome was reduced by one-third.
- Board discretion: the Board explicitly retains and disclosed its exercise of discretion twice in FY26 — first, allowing STI assessment to proceed notwithstanding the non-cash provision impact (resulting in nil vesting of STI components comprising hurdles for Group EBIT, USA EBIT and Group and USA cash flow), and separately reducing the CEO's overall STI outcome by one-third.
- Remuneration is delivered via indeterminate rights (equity), not options; STI includes a deferred equity/'indeterminate rights' component (50% deferred in FY26, reducing to 25% from FY27), and LTI is wholly performance rights.
- FY27 framework: the LTI is simplified to two equally weighted measures — relative TSR (percentile rank against the S&P/ASX 300 Industrials excluding ANZ, CBA, NAB and WBC) and EPS growth — measured from 1 July 2026 to 30 June 2029, with a further one-year disposal restriction after testing. The FY26 framework used three measures (iTSR, EPSG and ROE); ROE has been dropped.
- FY27 vesting scale: relative TSR vests 30% at the 30th percentile, 100% at the 75th and 120% at or above the 85th, straight-line between points. EPS growth vests 30% at threshold, 100% at target, and 120% at stretch, with targets to be disclosed only after testing. ASA guidelines generally expect no vesting below median relative TSR.
- FY27 quantum: TFR rises 12.6% ($1,236,000 to $1,391,180); STI opportunity is 100% of TFR at target and 120% at stretch (FY26: 66.7% and 100%); LTI opportunity is 120% of TFR at target and 144% at stretch (FY26 disclosed: 60% and 120%). Maximum package is about $5.06 million versus $3.96 million (+28%); target package about $4.45 million versus $2.80 million (+59%).

- STI deferral and settlement: STI equity deferral falls to 25% from FY27; STI Rights and LTI Rights may be settled in cash or shares at the Board's discretion and carry a 15-year term. The move to reduce the equity component of the STI from 50% to 25% is contrary to ASA guidelines and will influence our vote on next year's remuneration report.
- Safeguards: the Board may reduce LTI vesting to nil, may lapse unvested rights for inappropriate outcomes, and has clawback and no-hedging provisions; the Board has disclosed its willingness to use downward discretion (FY26 STI reduced by one-third).

  ASA Focus Area Assessment: Inconsistent long-term performance makes it difficult to assess this criterion

2: Disclosure of Individual Directors' Skills, Experience, Tenure and Independence

- The Board maintains and reviews a formal skills matrix annually. The skills matrix does not appear in the Annual Report, and the Board does not assess itself against the matrix or map individual directors against it.
- Two directors (Brent Cubis and Richard Gibb) are transparently disclosed as nominee directors for major shareholder Tattarang. The Corporate Governance Statement 2026 states the Board's formal conclusion that these two directors are classified as non-independent.

  ASA Focus Area Assessment: Partially Meets

3: Hybrid AGM — Real-Time Voting and Questions

- The 2026 AGM is a face-to-face meeting at the Fremantle Sailing Club, Fremantle.
- A live webcast is available, but shareholders cannot ask questions, make comments, or vote through it; voting on the day is limited to those physically present.
- This falls short of ASA's expectation of real-time online voting and questions for shareholders who cannot attend. The NOM does not mention advance question submission; however questions can be sent to investor@austal.com up to 5 days prior to the AGM.

  ASA Focus Area Assessment: Partially Meets

4: Board Oversight of AI and Cybersecurity

- On AI, Austal discloses it has established 'the foundations for an enterprise-wide Artificial Intelligence (AI) and Data Intelligence capability' guided by 'a responsible and governed approach to AI adoption' — an early-stage disclosure that does not yet specify a formal AI governance framework, policy, or which Board committee holds AI oversight responsibility specifically (as distinct from general cyber/IT risk).

ASA Focus Area Assessment: Meets

4. Rationale for Voting Intentions

Resolution 1 - Non-binding resolution to adopt Remuneration Report - For

- A non-binding vote on the FY26 Remuneration Report (Annual Report pp. 57–80). If 25% or more of votes cast are against at this AGM and again at the 2027 AGM, shareholders would vote on a spill resolution in 2027.
- Positives: nil vesting applied to the Group/USA EBIT and cash flow STI components; the FY24 LTI vested at only 42% with no vesting of the EPS growth component; for the CEO and CFO, the Board reduced the USA Delivery component and the US element of Group Leadership to nil, resulting in a final STI outcome of 28.9% of maximum opportunity. Separately, the Austal USA President's STI outcome was reduced to nil and the President Australasia's formulaic outcome was reduced by one-third; CEO statutory remuneration is $2.42 million (FY25: $2.49 million); the NRC used external advisers and benchmarks to the market midpoint.
- Concerns: STI assessment proceeded despite the non-cash provision affecting the Group EBIT profit gate (at least 85% of budget). An STI of $357,204 (about 29% of TFR and about 43% of FY26 target) was still awarded in a year of a $53.6 million loss and a 35.5% simple TSR decline; CEO pay fell only about 3% year on year (statutory remuneration).
- Forward look: the FY27 changes (TFR +12.6%, higher STI/LTI opportunities, lower deferral, sub-median TSR vesting threshold).

Voting recommendation: in favour, the FY26 outcomes show real downward discretion and performance sensitivity. The profit-gate override and continued STI payment in a loss year, together with Remuneration framework changes for FY27, are concerning, and signal potentially an unfavourable vote in 2027.

Resolution 2 - Re-election of Mr Lee Goddard CSC – For

- Bio: Royal Australian Navy Rear Admiral (Reserve) after 34 years' full-time service to January 2021, commanding warships and joint task forces at every senior rank, including Commander Surface Fleet (18 major warships) and Commander Maritime Border Command/Operation Sovereign Borders; secondment to the Department of the Prime Minister & Cabinet 2017–2019; led the 2023 Chief of Defence Force Leadership Review.
- Other roles: Non-Executive Director of Commonwealth Superannuation Corporation, DroneShield (ASX: DRO) and Southern Launch; Chair of the Leeuwin Ocean Adventure Foundation (Minderoo); Strategic Advisor to Saronic Technologies; Chairman (Race Director) of the Sydney to Hobart Yacht Race for the past six years; former director of Ocius Technologies, The Whiskey Project Group and the Australian Missile Corporation.
- Board role: member of the Audit & Risk Committee and the Nomination & Remuneration Committee since January 2023.

- Governance alignment: a 3-year, 10-month tenure supports independence, but the NOM does not state the Board's formal classification. His many outside commitments raise concerns about time commitment.
- Value to Board: directly relevant naval, maritime security and Commonwealth government experience for Austal's Australasian defence relationships.

Voting recommendation: in favour, given directly relevant expertise and reasonable tenure.

Resolution 3 - Approval of the issue of Share Rights to Mr Lee Goddard CSC - For

Voting recommendation: in favour, provided Resolution 2 passes; the scheme is appropriate.

Resolutions 4 to 7 - Approval of the issue of Share Rights to Ms Kathryn Toohey AM CSC, Mr Brent Cubis, Mr Richard Gibb, and Ms Susan Murphy AO - For

Voting recommendation: in favour, as the scheme is appropriate.

Resolution 8 - Approval of the issue of STI Rights to Mr Patrick Gregg - For

- 50% of Mr Gregg's FY26 STI is deferred into equity. The STI totals $357,204 (about 29% of FY26 TFR); 50% ($178,602) divided by the 5-day VWAP to 30 June 2026 of $3.9965 gives 44,690 rights. The balance was paid in cash.
- The STI has already been earned, so the rights vest at grant with no further conditions; the value may be settled in cash or Restricted Shares (subject to a 12-month holding lock) at the Board's sole discretion; nil exercise price; 15-year term; expected to be granted by December 2026.
- If not passed, the company intends to pay the value in cash as ordinary income — a "no" vote therefore weakens equity alignment without reducing pay.

Voting recommendation: in favour, as the STI is already earned and deferral into equity is preferable to cash.

Resolution 9 - Approval of the issue of LTI Rights to Mr Patrick Gregg - Against

- A grant of up to 501,264 LTI Rights, based on a TFR of $1,391,180 × 120% LTI opportunity × 120% stretch ÷ $3.9965 (5-day VWAP, 24–30 June 2026). At target (100% vesting), this is 417,720 rights ($1.67 million); at stretch, $2.00 million. Half is attributed to relative TSR (208,860 at target, 250,632 at stretch) and half to EPS growth (same numbers).
- Positives: although we would prefer a 4-year appraisal period, the LTI plan is for three-year measurement from 1 July 2026 to 30 June 2029 plus a one-year disposal restriction; Board discretion to increase or reduce vesting, including to nil;

lapse and clawback provisions for misconduct, harm to stakeholders or misstated accounts; no hedging; simplification to two measures.

- Concern 1 — Quantum: LTI target opportunity of 120% of TFR compares with 60% disclosed for FY26, on top of a 12.6% TFR rise and a higher STI target (100% versus 66.7% of TFR). The maximum package rises about 28%, and the target package about 59%.
- Concern 2 — TSR hurdle: relative TSR vests at 30% from the 30th percentile, below the median, with full vesting at the 75th and 120% at the 85th. The comparator group (S&P/ASX 300 Industrials excluding the big four banks) is broad rather than defence specific.
- Concern 3 – EPS growth measure: targets are not currently disclosed and will be reported following testing. The Board determined that it would be inappropriate to disclose specific EPS hurdles while there remains significant commercial sensitivity regarding the contract recovery process and the potential Austal USA transaction. The Board intends to finalise and disclose the relevant performance targets transparently once these matters are resolved. With regard to EPS targets, the Board intends to assess EPS growth on a basis that reflects underlying business performance, including for the FY26 non-cash onerous contract provision, so that long-term EPS targets remain appropriately challenging and are tested against an appropriate base year performance. The Board may also adjust for significant M&A-related impacts so that outcomes appropriately reflect management performance.
- Concern 4 — ROE dropped: FY26 LTI included Return on Equity but this has been dropped; we are told that submarine module construction in premises paid for by USN grant funding would distort ROE calculations in future.
- Concern 5 — Sale-linked vesting: if the Board believes a major part of the business will cease to be owned by the Group due to a sale or separate listing, unvested LTI Rights vest pro rata to elapsed time at target level (100%), with the remainder continuing, lapsing or vesting at the Board's discretion. A sale of Austal USA could plausibly trigger this. Illustratively, if triggered after one year of the three years, about 139,000 rights (roughly $0.56 million at $3.9965) would vest regardless of performance.
- If not passed: no grant is made, and the Board may consider alternative arrangements to remunerate and incentivise Mr Gregg.

Voting recommendation: not in favour on quantum, the below-median TSR threshold, undisclosed EPS targets on a loss base and the sale-linked vesting.

Resolution 10 - Approval of potential benefits under equity incentive plans in connection with the transfer of undertaking or property - Against

- Approval under sections 200C and 200E of the Corporations Act for benefits arising under equity plans (the Austal Limited Rights Plan, the US Employees Long-Term Incentive Plan and any future plan, but excluding the NED Share Rights plan) for current, past or future managerial or executive office holders in connection with a transfer of all or part of the company's undertaking or property. Approval would run until the conclusion of the 2029 AGM.
- Board discretions covered: vesting (in part or full) of unvested awards, allowing them to remain alive, lapsing them, or lifting disposal restrictions on shares. The NOM says no new or increased entitlements or discretions are sought, and approval does not guarantee any individual a benefit.
- Concerns: three-year, open-ended and unquantified; the executives who could benefit are those managing any sale process; no cap or independent advice requirement is stated; it overlaps with the sale-linked vesting in the LTI terms (Resolution 9).
- Points in favour: it removes a legal cap rather than creating new rights and may help retain management through a transaction.

Voting recommendation: not in favour unless the Board can confine the approval to an identified transaction or a defined cap, or explain why a three-year general approval is preferable to seeking approval for a specific deal when terms are known. We would prefer to see proposed benefits subject to specific shareholder approval, as this is also permitted under the relevant sections of the Corporations Act.

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Appendix 1
2026 Remuneration framework detail

CEO rem. Framework for FY2026	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	1.24	44.1%	1.24	31.3%
STI – Cash 50%	0.41	14.7%	0.62	15.65%
STI – Equity 50% - indeterminate rights	0.41	14.7%	0.62	15.65%
LTI	0.74	26.5%	1.48	37.4%
Total	2.80	100%	3.96	100%

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

Appendix 2

2027 Remuneration framework detail

CEO rem. Framework for FY2027	Target* $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	1.39	31.2%	1.39	27.5%
STI – Equity 25%	0.35	7.9%	0.42	8.3%
STI – Cash 75% - indeterminate rights	1.04	23.4%	1.25	24.7%
LTI	1.67	37.5%	2.00	39.5%
Total	4.45	100%	5.06	100%