

BRICKWORKS

LIMITED

ABN 17 000 028 526



Notice of

MEETING

Notice of
MEETING

NOTICE IS HEREBY GIVEN that the **ANNUAL GENERAL MEETING** of **BRICKWORKS LIMITED**, will be held in the Ballroom at The Establishment, Level 2, 252 George Street Sydney, NSW, 2000 on **Tuesday 26 November 2019** at 12.00 noon (AEDT).

ORDINARY BUSINESS

1. FINANCIAL REPORTS

To receive and consider the Financial Report of Brickworks Ltd and the Brickworks Group, and the reports of the Directors and Auditors thereon, for the financial year ended 31 July 2019.

2. REMUNERATION REPORT

To adopt the remuneration report for the financial year ended 31 July 2019.

Please refer to the attached Explanatory Notes for information regarding voting by key management personnel.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 2.

3. GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR

That approval is given for all purposes under the Corporations Act and ASX Listing Rule 10.14 and for all other purposes for the grant to the Managing Director of performance rights up to a maximum value of A\$609,747 under the new Executive Rights Plan for FY 2019. The maximum number of performance rights to be granted to the Managing Director shall be determined by dividing the maximum value of performance rights of A\$609,747 by the volume weighted average price (**VWAP**) of Company shares traded on the ASX over the 5 trading days prior to the grant date (as adjusted after the vesting of the performance rights).

Please refer to the attached Explanatory Notes for information regarding voting exclusions.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 3.

4. RE-ELECTION OF DIRECTORS

- (a) That Mr M. Millner, who retires as a Director in accordance with section 6.3(b) of the Company's Constitution and being eligible for re-election, be re-appointed as a Director.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 4(a).

- (b) That Mr R. Webster, who retires as a Director in accordance with section 6.3(b) of the Company's Constitution and being eligible for re-election, be re-appointed as a Director.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 4(b).

- (c) That Mr M. Bunday, who retires as a Director in accordance with section 6.3(i) of the Company's Constitution and being eligible for re-election, be re-appointed as a Director.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 4(c).

5. CONDITIONAL RESOLUTION

Note – the following Resolution will only be put to the Annual General Meeting if at least 25% of votes cast on Resolution 2 (Adoption of Remuneration Report) are “against” that Resolution. If less than 25% of the votes cast on Resolution 2 are against the Resolution, then there will be no second strike and Resolution 5 will not be put to the Annual General Meeting.

If applicable, to consider and, if thought fit, pass the following Resolution as an ordinary resolution:

“That, for the purposes of section 250V(1) of the Corporations Act and for all other purposes:

- (a) a meeting of the Company’s members be held within 90 days of the date of this Annual General Meeting (Spill Meeting);*
- (b) all of the Directors in office when the Board resolution to approve the Directors’ Report for the financial year ended 31 July 2019 was passed (excluding the Managing Director, Mr Lindsay Partridge), and who remain in office as Directors at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting.”*

If you do not want a Spill Meeting to take place (if applicable), you should vote “against” Resolution 5. If you want a Spill Meeting to take place, you should vote “for” Resolution 5.

The Chairman of the meeting intends to vote all undirected proxies against Resolution 5.

BY ORDER OF THE BOARD



S. LEPPINUS

Secretary

OTHER INFORMATION

ENTITLEMENT TO VOTE

The Board has determined that for the purpose of determining entitlements to attend and vote at the meeting, shares will be taken to be held by the persons who are the registered holders at 12.00 noon (AEDT) on 24 November 2019. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

VOTING RESTRICTIONS

REMUNERATION REPORT (RESOLUTION 2)

The Company will disregard any votes cast on this Resolution – by or on behalf of the Company's key management personnel (including the directors) (**KMP**), details of whose remuneration are included in the Remuneration Report and their closely related parties whether as a shareholder or as a proxy.

However a vote may be cast on Resolution 2 by a KMP or a closely related party of a KMP if the vote is not cast on behalf of a KMP or a closely related party of a KMP and either:

- (a) the vote is cast as a proxy appointed in writing that specified how the proxy is to vote on Resolution 2; or
- (b) the vote is cast as a proxy by the Chairman of the Meeting and the proxy form expressly authorises the Chairman to exercise the proxy even though Resolution 2 is connected directly or indirectly with the remuneration of a member of the KMP.

GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR (RESOLUTION 3)

The Company will disregard any votes cast in favour of this Resolution – by or on behalf of Mr Lindsay Partridge and any of his associates (regardless of the capacity in which the vote is cast) whether as a shareholder or a proxy.

However a vote may be cast on Resolution 3 by Mr Lindsay Partridge if the vote is not cast on behalf of Mr Partridge or a closely related party of Mr Partridge and either:

- (a) the vote is cast as a proxy appointed in writing that specified how the proxy is to vote on Resolution 3; or
- (b) the vote is cast as a proxy by the Chairman of the Meeting and the proxy form expressly authorises the Chairman to exercise the proxy even though Resolution 3 is connected directly or indirectly with the remuneration of a member of the KMP.

CONDITIONAL RESOLUTION (RESOLUTION 5)

The Company will disregard any votes cast on this Resolution – by or on behalf of the Company's KMP (including directors), details of whose remuneration are included in the Remuneration Report and their closely related parties whether as a shareholder or as a proxy.

However a vote may be cast on Resolution 5 by a KMP or a closely related party of a KMP if the vote is not cast on behalf of a KMP or a closely related party of a KMP and either:

- (a) the vote is cast as a proxy appointed in writing that specified how the proxy is to vote on Resolution 5; or
- (b) the vote is cast as a proxy by the Chairman of the Meeting and the proxy form expressly authorises the Chairman to exercise the proxy even though Resolution 5 is connected directly or indirectly with the remuneration of a member of the KMP.

UNDIRECTED PROXY VOTING BY THE CHAIRMAN OF THE MEETING

If the Chairman of the Meeting is your proxy or is appointed your proxy by default, and you do not direct your proxy how to vote on Resolution 2, 3 or 5 on the proxy form, you will be expressly authorising the Chairman of the Meeting to exercise the proxy even though that Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

HOW TO VOTE

Shareholders may vote by either:

- ▶ attending the meeting in person or by attorney; or
- ▶ by proxy (see below); or
- ▶ by corporate representative in the case of corporate shareholders (see below).

PROXIES

- (a) A member entitled to attend and vote is entitled to appoint not more than 2 proxies.
- (b) Where 2 proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
- (c) A proxy need not be a member of the Company.
- (d) A proxy form must be signed by the member or his or her attorney. Proxies given by corporations must be signed under seal or under the hand of the authorised officer or attorney.
- (e) Proxy forms must be lodged with the Secretary, Brickworks Limited, in accordance with the instructions on the proxy form, not less than 48 hours before the time for holding the meeting. A proxy form accompanies this notice.

CORPORATE REPRESENTATIVES

A member that is a body corporate may appoint an individual to act as its representative at the meeting. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all or any of the powers that the body corporate could exercise at the meeting or in voting on a resolution.

Appointments may be lodged in advance of the meeting at the Company's registered office or share registry (details on the proxy form), or handed in at the meeting when registering as a corporate representative.

Explanatory STATEMENT

This statement explains the items of business to be considered at the meeting and should be read in conjunction with the notice of meeting.

RESOLUTION 1: RECEIVE AND CONSIDER THE FINANCIAL AND OTHER REPORTS

The full year results of Brickworks Ltd ("**Brickworks**") are available either in the Annual Report sent to those shareholders who elected to receive the Annual Report, or on the Company's website (www.brickworks.com.au).

This item does not require voting by shareholders. It is intended to provide an opportunity for shareholders to raise questions on the financial reports, and on the performance and management of the Company.

The auditors of the Company, EY, will also be present at the meeting, and will be available to answer any questions relevant to the financial reports, including:

- ▶ the conduct of the audit;
- ▶ the preparation and content of the auditor's report;
- ▶ the accounting policies adopted by the Company; and
- ▶ the independence of the auditor.

RESOLUTION 2: ADOPT THE REMUNERATION REPORT FOR THE YEAR ENDED 31 JULY 2019

The Corporations Act requires listed companies to present their remuneration report for adoption by shareholders at the Company's Annual General Meeting. The vote on this Resolution is advisory only, and does not bind the directors or the Company.

The Brickworks Board ("**Board**") is committed to ensuring that the remuneration framework is focused on driving a performance culture that is closely aligned to the achievement of the Company's strategy and business objectives as well as the retention of key members of the senior management team.

RESOLUTION 3: GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR UNDER THE BRICKWORKS EXECUTIVE RIGHTS PLAN FOR FY2019

BACKGROUND

The Company has introduced a new Executive Rights Plan (**Plan**) which is designed to reward the Managing Director (**MD**) and the Chief Financial Officer (**CFO**) if they achieve the strategic long term goals for the Company over a three year period.

This Plan is weighted toward achieving long term growth and financial performance, based on objective measurable goals, and to align with growth in shareholder value.

MD'S PARTICIPATION IN THE PLAN FOR FY2019

Resolution 3 seeks shareholder approval for the MD to participate in the FY2019 Plan and for the grant of Performance Rights to Mr Partridge under the Plan to be allocated following the 2019 AGM.

The key terms of Mr Partridge's participation in the Plan for FY2019 are set out below.

WHY IS SHAREHOLDER APPROVAL BEING SOUGHT?

The Company is currently seeking approval for the equity grants under the Plan as a matter of good corporate governance and in accordance with ASX Listing Rule 10.14, to preserve flexibility for the Board to issue the shares in the Company allocated on vesting of Performance Rights under the Plan. The Board will exercise its discretion in determining how to source any shares at the relevant time with the best interests of the Company's shareholders in mind.

If shareholders' approval is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rule 7.1. As a result, the Performance Rights granted to Mr Partridge and any shares issued pursuant to that

approval will not be included within the limit of 15% of issued shares that can be issued by the Company without shareholder approval under ASX Listing Rule 7.1.

INCENTIVE OPPORTUNITY UNDER THE PLAN

The MD's target long term incentive (**LTI**) opportunity remains unchanged at 40% of his total fixed remuneration (incl. base salary, car allowance and superannuation) (**Plan Incentive**). The remaining 60% is his target of short term incentive (**STI**). The MD's fixed remuneration as at the date of this Notice is A\$1.5 million per annum.

DETAILS OF THE MD'S FY2019 LTI GRANT

The MD's FY2019 LTI will be granted as exercisable Performance Rights. A Performance Right is a right to receive an ordinary share in the Company at no cost, subject to the satisfaction of performance conditions. However, the Company retains discretion to pay a cash equivalent payment (either fully or partly) instead of allocating shares (for example, this will often be appropriate where Performance Rights vest after cessation of employment).

DIVIDENDS AND VOTING RIGHTS

The Performance Rights do not have voting rights attached to them.

In order to align the participants' and shareholders' interests, the MD will be compensated at the end of the performance period for dividends during the performance period on those Performance Rights that meet the performance criteria. No compensation will be provided for dividends on rights that do not meet the performance criteria.

QUANTUM & NUMBER OF PERFORMANCE RIGHTS

The MD's maximum LTI opportunity for FY2019 is A\$609,747 and the MD will be awarded a maximum number of Performance Rights determined by dividing the maximum opportunity by the volume weighted

average price (**VWAP**) of Company shares traded on the ASX 5 trading days prior to the grant date.

However, the Board may exercise its discretion to award a lower number of Performance Rights than the maximum if it believes it is appropriate due to market conditions.

The Performance Rights will only vest if the performance hurdles are met at the end of a three-year performance period, ending on 31 July 2022 (as outlined below).

After vesting, each Performance Right is adjusted in accordance with the following formula:

(1 + Adjustment Number)

Where:

Adjustment Number means the Notional Dividend Value divided by the volume weighted average of the selling price of the Company's shares recorded on the ASX over 20 ASX trading days immediately preceding the exercise date of the Performance Right.

Holding Period means, in respect of a Performance Right, the period between the first day of the financial year of the Company in which the Grant Date occurs and the exercise date of the Award.

Notional Dividend Value means the value (expressed in dollars) equal to the aggregate amount of dividends that would have been payable to the MD on one share of the Company with dividend record dates occurring during the Holding Period, such value to be grossed up or otherwise adjusted to account for:

- (a) the value of any franking credits and tax offsets which would have been available to the MD had the MD actually been paid the dividends referred to above; and
- (b) the time value of money during the period elapsed between the time the relevant party would have been paid each relevant dividend and the exercise date of the Performance Right.

The maximum number of shares in the Company that may be received by the MD is equal to the maximum number of Performance Rights.

No exercise price will be payable by the MD upon the exercise of the Performance Rights.

PERFORMANCE HURDLES FOR THE FY2019 LTI AWARD

The Performance Rights will only vest if the performance hurdles are met at the end of a three-year performance period, ending on 31 July 2022.

There is no retesting of the hurdles if they fail the test. Any Performance Rights that do not meet the vesting criteria at the test date will lapse. Any Performance Rights that vest will become exercisable (at no cost to the MD) for a period of up to three years from the vesting date. Any Performance Rights that remain unexercised at the end of this period will lapse. The two performance hurdles are as follows:

PERFORMANCE HURDLES

50% of the award is subject to Brickworks relative total shareholder return (**TSR**) vesting condition under which Brickworks TSR is compared to the companies in the S&P/ASX 200 Franking Credit Adjusted Annual Total Return Index (**XJOAI Franked**) over a period of 3 years from 1 August 2019 to 31 July 2022. The remaining 50% of the award is subject to an absolute TSR vesting condition also over the same period.

RELATIVE TSR

For the relative TSR measure, the vesting schedule is:

BKW's TSR inclusive of Grossed Dividends as a % of XJOAI Franked	Level of Vesting
Below the median	0% vesting
At the median	50% vesting
Between the median and the 60th percentile	Pro rata vesting on a straight line basis between 50 and 100%
At the 60th percentile or above	100% vesting

ABSOLUTE TSR

The Absolute TSR is equivalent to the sum of the grossed-up dividend yield plus or minus the movement in the 90-day VWAP's during the year under review. The vesting schedule is:

Absolute after tax (pre-tax with gross up for dividend component) TSR Target over the performance period	Level of Vesting
Less than 6%	0% vesting
Equal to 6%	50% vesting
Between 6% and 8%	Pro rata vesting on a straight line basis between 50% and 100%
Equal to 8% or greater	100% vesting

The Board believes that these measures, when combined with the STI, provides the most suitable link to long-term security holder value creation because:

- ▶ absolute TSR ensures vesting is commensurate with the Company's actual TSR, meaning there are no awards when TSR is negative and it also provides a good line of sight for the MD and CFO;
- ▶ measuring TSR on a relative basis levels the playing field by removing overall market movements and industry economics for the evaluation of MD and CFO performance, Relative TSR provides a relative, external market performance measure having regard to a peer group of ASX200 companies with which the Company competes for capital, customers and talent;
- ▶ the use of relative TSR ensures that the MD and CFO are motivated to deliver returns that are superior to what a security holder could achieve in the broader market and ensures as the most senior management they maintain a strong focus on security holder outcomes;

- ▶ Brickworks calculates its after tax TSR incorporating the full value of franking credits. The S&P ASX 200 Franking Credit adjusted annual total return Index also adjusts the total return for the tax effect of franking credits;
- ▶ the use of the S&P ASX 200 Franking Credit adjusted annual total return Index was chosen as the relative performance target following testing of this group against a range of historical and future share price/payout scenarios to confirm that outcomes align with the Company's historical notion of superior long-term performance. The S&P ASX 200 Franking Credit adjusted annual total return Index measure (**XJOAI Franked**) adjusts the total return of the S&P / ASX 200 Accumulation Index for franked dividends to ensure consistency of calculation. This Index is readily available and simple to use as a comparator for a Group that spans across the building materials and property development sectors. Given the diverse nature of the Brickworks Group and the size of Brickworks investment in Washington H. Soul Pattinson and Company Limited (and its investment profile) this remains the most appropriate index to compare Brickworks performance. The hurdles are reviewed annually by the Board and the Board believes that the TSR measures will drive outperformance without encouraging excessive risk taking; and
- ▶ while the Board appreciates that there are at times different views held by different stakeholders, it considers that these measures provide the appropriate balance between market and non-market measures.

The share price used at commencement of each tranche for assessing both relative and absolute TSR performance of Brickworks shares is the 90-day Volume Weighted Average Price (VWAP) prior to 31 July 2019. The actual share price used to compare to the TSR target share price is the 90-day VWAP prior to 31 July 2022.

CESSATION OF EMPLOYMENT

Unvested Performance Rights will generally remain on foot subject to the original performance hurdles and will be tested in the normal course.

Unvested Performance Rights will be forfeited if Mr Partridge's employment is terminated for cause.

CLAWBACK

The Board and the Remuneration Committee have discretion with regard to the remuneration outcomes including the LTI wherever and whenever this is considered appropriate. **This discretion also applies in the event of financial misstatement, reputational damage and/or evidence of misconduct.**

CHANGE OF CONTROL

If a change of control event occurs in relation to Brickworks Limited then any shares held by the employee share plan trust on behalf of a participant will vest immediately upon the announcement to ASX of a change of control event.

OTHER INFORMATION PROVIDED UNDER ASX LISTING RULE 10.15

If approval is given under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1. This means that the Performance Rights granted to Mr Partridge and any shares issued pursuant to this approval will not use up part of the Company's 15% placement capacity available (ie they will not be included within the limit of 15% of issued shares that can be issued by the Company without shareholder approval under ASX Listing Rule 7.1).

Mr Partridge is the only Director (or associate of a Director) entitled to participate in the Plan.

Any Performance Rights issued to Mr Partridge under the Plan with shareholder approval are issued at no cost to him as they form part of his remuneration.

No loans will be made by the Company in relation to the acquisition of securities under the Plan. It is intended that the Performance Rights will be granted to Mr Partridge shortly after shareholder approval is granted and no later than 12 months after the 2019 AGM.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on Resolution 2 by or on behalf of the Company's key management personnel (including the directors) ("**KMP**"), details of whose remuneration are included in the Remuneration Report or their closely related parties, whether as a shareholder or as a proxy.

The Company will disregard any votes cast in favour of Resolution 3 – by or on behalf of Mr Lindsay Partridge and any of his associates (regardless of the capacity in which the vote is cast) whether as a shareholder or a proxy.

However, the Company need not disregard a vote cast on Resolution 2 by a KMP or on Resolution 3 by Mr Partridge, or a closely related party of a KMP or Mr Partridge respectively, if the vote is not cast on behalf of any of those parties and either:

- (a) the vote is cast as a proxy appointed in writing that specified how the proxy is to vote on Resolution 2 or 3; or
- (b) the vote is cast as a proxy by the Chairman of the Meeting and the proxy form expressly authorises the Chairman to exercise the proxy even though Resolution 2 or 3 is connected directly or indirectly with the remuneration of a member of the Brickworks Group's KMP or the grant of the Performance Rights to Mr Partridge (as the case may be).

The Directors (with Mr L. Partridge abstaining in relation to Resolution 3) unanimously recommend that shareholders vote in favour of Resolution 2 and Resolution 3.

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 2 and Resolution 3.

**RESOLUTION 4A:
RE-ELECTION OF MR M. MILLNER**

Under the Constitution of Brickworks Ltd the term of a Director's appointment is three years, after which that Director must retire as a Director and may stand for re-election at the Annual General Meeting of the Company. Details of the skills and experience of Mr M. Millner, as outlined in the Annual Report of the Company, are as follows:

Michael J. Millner

MAICD

Deputy Chairman

Mr M. Millner is a non-executive Director who was appointed to the Board in 1998. He is Vice President of the Royal Agricultural Society of NSW, Chairman of the Royal Agricultural Society of NSW (RAS) Foundation, and has extensive experience in the investment industry. Mr Millner is the deputy chairman of the Board, and a member of the Remuneration Committee and the Nomination Committee.

Other directorships:

- ▶ Ruralco Holdings Ltd
Appointed 2007, Resigned 2019

The Directors (with Mr M. Millner abstaining) support the re-election and unanimously recommend that shareholders vote in favour of Resolution 4(a).

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 4(a).

**RESOLUTION 4B:
RE-ELECTION OF THE HON R. WEBSTER**

Under the Constitution of Brickworks Ltd the term of a Director's appointment is three years, after which that Director must retire as a Director and may stand for re-election at the Annual General Meeting of the Company. Details of the skills and experience of The Hon. R. Webster, as outlined in the Annual Report of the Company, are as follows:

The Hon. Robert J. Webster

MAICD

Director

Mr Webster was appointed to the Board in 2001 and is a non-executive Director. He is Senior Client Partner in Korn Ferry's Sydney office. He is the Lead Independent Director and Chair of the Independent Board Committee, Chair of the Nomination Committee, a member of the Remuneration Committee and the Audit and Risk Committee.

The Directors (with The Hon R. Webster abstaining) support the re-election and unanimously recommend that shareholders vote in favour of Resolution 4(b).

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 4(b).

RESOLUTION 4C: RE-ELECTION OF MR M. BUNDEY

Under the Constitution of Brickworks Ltd a Director who has been appointed by the Directors must retire at the next Annual General Meeting and stand for re-election at the Annual General Meeting of the Company. Details of the skills and experience of Mr M. Bundey are as follows:

Malcolm P. Bundey
BBus (Accounting), GAICD

Director

Mr M. Bundey is a non-executive Director who was appointed to the Board on 1 October 2019. Mr Bundey has valuable experience as a Chief Executive Officer (CEO) & Managing Director with expertise in complex manufacturing operations in Australia, the USA and many international jurisdictions, and a strong financial background. Mr Bundey was the CEO & Managing Director of Pact Group Holdings Ltd between December 2015 and March 2019. He was previously President & CEO at portfolio companies held by privately owned Rank Group (based in Australia and USA), operating various international packaging & manufacturing operations globally. He was also CFO at Goodman Fielder during Rank Group ownership from 2003 to 2006. Prior to this Mr Bundey was a partner at Deloitte. He is a member of the Nomination Committee, the Remuneration Committee, the Audit and Risk Committee and the Independent Board Committee.

The Directors (with Mr. M Bundey abstaining) support the election and unanimously recommend that shareholders vote in favour of Resolution 4(c).

The Chairman of the meeting intends to vote all undirected proxies in favour of Resolution 4(c).

RESOLUTION 5: CONDITIONAL RESOLUTION

GENERAL

Resolution 5 (**Spill Resolution**) is a conditional Resolution and will only be put to the Annual General Meeting and voted on if 25% or more of the votes cast on Resolution 2 are cast against the adoption of the Remuneration Report, which means the Company receives a "second strike". If less than 25% of votes cast are against the Remuneration Report at this Annual General Meeting, then there will be no "second strike" and Resolution 5 will not be put to the Annual General Meeting.

If put, the Spill Resolution will be considered as an ordinary resolution. If this Spill Resolution is passed and becomes effective, then it will be necessary for the Board to convene a further general meeting of Shareholders (Spill Meeting) within 90 days of this Annual General Meeting in order to consider the composition of the Board.

MECHANICS OF THE POTENTIAL SPILL MEETING

Shareholders should note the following if the Spill Resolution is approved and a Spill Meeting is required to be held by the Company.

- (a) All of the Directors who remain in office as Directors at the time of the Spill Meeting and who were in office when the Board resolution to approve the Directors' Remuneration Report was passed (but excluding the Managing Director), being each of:
 - (i) Mr Robert Millner;
 - (ii) Mr Michael Miller; and
 - (iii) The Hon Robert Webster;
 - (iv) Mrs Deborah Page;
 - (v) Mr Brendan Crotty; and
 - (vi) Mr Malcolm Bundey;

(Relevant Directors) will automatically cease to hold office immediately before the end of the Spill Meeting however they may stand for re-election and be re-elected at the Spill Meeting. For the avoidance of doubt, this includes Mr Michael Millner, The Hon Robert Webster and Mr Malcolm Bunday, despite already being subject to election at this Annual General Meeting.

In accordance with the Corporations Act and ASX Listing Rules, the Managing Director Mr Lindsay Partridge would not be required to re-stand for election as a director, and would continue to hold office, at any Spill Meeting.

- (b) No voting exclusions will apply to any resolutions appointing Directors at a Spill Meeting. Accordingly, there is no barrier for any Shareholder exercising their voting rights to support the re-appointment of the existing Directors at the subsequent Spill Meeting. If the Spill Resolution is passed, each of the Relevant Directors intends to stand for re-election at the Spill Meeting and if such Spill Meeting is held, may vote its own Shares in support of its reappointment.
- (c) Shareholders will be able to put forward their own nominees for consideration and potential election at the Spill Meeting.

The Corporations Act requires the Company to have a minimum of three Directors (including at least two Directors who ordinarily reside in Australia). If, following the Spill Meeting, the Company has fewer than three Directors (including the Managing Director), then the persons with the highest percentage of votes in favour of their election at the Spill Meeting are taken to be appointed, even if less than half the votes cast on the Resolution were in favour of their appointment. If two or more persons have the same percentage of votes in favour of their appointment, the other Directors will choose one of those persons as the appointed Director.

The 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations recommends that a listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively. The board also should be large enough to comprise a variety of perspectives and skills, and to represent the best interests of the Company as a whole. The skills and experience matrix of the current members of the Board may not be reflected in the Board elected as a result of the Spill Meeting.

CONSEQUENCES OF VOTING "FOR" THE SPILL RESOLUTION

The impact of the Spill Resolution on the composition of the Board should be considered carefully by Shareholders. If the Spill Resolution is put to the Annual General Meeting and passes:

- (a) the Company will need to incur expenses (including legal, printing, mail out and registry costs);
- (b) the Spill Meeting is likely to disrupt the Board and the Company's focus away from core business operations due to the necessary diversion of resources and time toward organising the Spill Meeting;
- (c) there will be uncertainty as to the composition and continuity of the Board until the Spill Meeting is held. Such uncertainty may create instability within the Company and may have a negative effect on the Company's share price, and potentially on its operations; and
- (d) it is possible that the Relevant Directors will be re-elected at the Spill Meeting.

Shareholders are urged not to vote "for" the Spill Resolution as a mere protest, with no intention of voting against the re-election of the Relevant Directors at the Spill Meeting, given the negative consequences of voting "for" the Spill Resolution set out above.

VOTING EXCLUSION STATEMENT

The Company will disregard any votes cast on Resolution 5 by or on behalf of the KMP, details of whose remuneration are included in the Remuneration Report or their closely related parties, whether as a shareholder or as a proxy.

However, the Company need not discard a vote cast on Resolution 5 by a KMP, or a closely related party of a KMP, if the vote is not cast on behalf of any of those parties and either:

- (a) the vote is cast as a proxy appointed in writing that specified how the proxy is to vote on Resolution 5; or
- (b) the vote is cast as a proxy by the Chairman of the Meeting and the proxy form expressly authorises the Chairman to exercise the proxy even though Resolution 5 is connected directly or indirectly with the remuneration of a member of the KMP.

If Resolution 5 is put to Shareholders and you support your current Directors and wish them to continue as Directors, you should vote against Resolution 5).

If it is required to be put to the Annual General Meeting, the Board unanimously recommends that Shareholders vote against Resolution 5.

BRICKWORKS

LIMITED

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