

# BRICKWORKS

ABN 17 000 028 526



Notice of  
**Meeting**

**BRICKWORKS**

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**Meeting**

**NOTICE IS HEREBY GIVEN**

that the Annual General Meeting of Brickworks Limited, will take place on Tuesday 23 November 2021 at 12.00 noon (AEDT) as a virtual meeting online at [web.lumiagm.com/394308641](https://web.lumiagm.com/394308641).

The meeting ID is **394-308-641**.

Online registration will commence at 11:30 am (AEDT).

An online AGM user guide is available at [www.computershare.com.au/virtualmeetingguide](https://www.computershare.com.au/virtualmeetingguide).

# 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 2021.

## 2. Remuneration Report

To adopt the remuneration report for the financial year ended 31 July 2021.

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 AUD 1,174,780 under the new Executive Rights Plan (**Performance Rights**). 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 AUD 1,174,780 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

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

**The Lead Independent Director of the meeting (as Chairman of the meeting in relation to the part of the meeting that deals with the election of Mr R. Millner) intends to vote all undirected proxies in favour of Resolution 4.**

## 5. Amendments to the Brickworks Constitution

To consider and, if considered appropriate, pass the following Special Resolution:

"That, in accordance with section 136(2) of the Corporations Act, the amendments to the Company's Constitution as described in the Explanatory Notes accompanying this Notice of Meeting, be approved with effect from the end of the Meeting."

A marked-up version of the amended Constitution is available via the Brickworks Investor website at: <https://investors.brickworks.com.au/annual-meeting/> and will be mailed out on request by a shareholder.

**The Chairman of the meeting intends to vote all undirected proxies in favour of 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 21 November 2021. 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 voting 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 voting 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.

### 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 or 3 on the voting 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:

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

All Resolutions will be decided by poll.

## 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 voting form must be signed by the member or his or her attorney. Proxies given by corporations must be signed under seal, under section 127 of the Corporations Act or under the hand of the authorised officer or attorney.
- (e) Voting forms must be lodged with the Secretary of the Company in accordance with the instructions on the voting form, not less than 48 hours before the time for holding the meeting either by returning the enclosed voting form or by appointing your proxy online via [www.investorvote.com.au/bkw](http://www.investorvote.com.au/bkw). A voting form accompanies this notice.

## Direct voting at the meeting

As this year's AGM is being held virtually, votes may be cast directly by shareholders during the live meeting.

Shareholders who cast a vote by proxy on a resolution before the AGM will still be entitled to lodge a direct vote on that resolution online during the live meeting, with the later vote overriding the earlier vote.

## 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 voting form).

# 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 Limited (**Company** or **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](http://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 2021

The Corporations Act requires listed companies to present their remuneration report for adoption by shareholders at the Company's Annual General Meeting (**AGM**). 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 FY2022

#### **Background**

In 2019 the Company introduced an 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 FY2022**

Resolution 3 seeks shareholder approval for the MD to participate in the Plan and for the grant of Performance Rights to Mr Partridge under the Plan to be allocated following the 2021 AGM.

The key terms of the Plan together with Mr Partridge's participation in the Plan for FY2022 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.

#### **What if shareholder approval is not obtained?**

If shareholders' approval is not given, the Board will consider alternative arrangements to appropriately remunerate and incentivise Mr Partridge.

#### **Incentive opportunity under the Plan**

For FY2022 the MD's maximum long-term incentive (**LTI**) opportunity is 75% of his total fixed remuneration (including base salary, car allowance and superannuation). The MD's target STI opportunity is 75% of total fixed remuneration and his maximum short-term incentive (**STI**) opportunity is 90% of total fixed remuneration.

#### **Details of the MD's FY2022 LTI grant**

The MD's 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 the Performance Rights that do not meet the performance criteria.

### Quantum and number of Performance Rights

The MD's maximum LTI opportunity for FY2022 is AUD 1,174,780 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 has the discretion to reduce the number of Performance Rights awarded if the Board determines in good faith that it is necessary in order to ensure that no inappropriate benefit is obtained by the MD.

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 2024, subject to the discretion of the Board (as outlined below).

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

$$(1 + \text{Adjustment Number})$$

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 5 ASX trading days immediately preceding the exercise date that the exercised Performance Right is equity settled and/or cash settled or such other period as determined by the Board.

**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 as adjusted.

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

### Performance hurdles for the FY2022 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 2024. The Board may exercise discretion at the time of testing for vesting purposes to ensure that LTI outcomes reflect overall performance and are appropriate.

Subject to the above, there is no retesting of the hurdles if they fail the test. Any Performance Rights that do not meet the vesting criteria by the second 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 2021 up to and including 31 July 2024 (subject to the discretion of the Board). 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) annual compounding 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 short-term incentive, 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 XJOAI Franked measure 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 2021. The actual share price used to compare to the TSR target share price is the 90 day VWAP prior to the relevant test date.

## 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

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 2021 AGM.

In accordance with ASX Listing Rule 10.15.4, the MD's current total remuneration package is as follows:	FY2022 (AUD)
Base fees/ Salary inc	
Superannuation	\$1,501,873
Car Allowance	\$ 64,500
<b>Total Fixed remuneration (TFR)</b>	<b>\$1,566,373</b>
Non-monetary benefits	\$4,946
Short term incentive at maximum	75 % of TFR at target 90% of TFR at maximum
Long term incentive	75% of TFR

In accordance with ASX Listing Rule 10.15.5, no securities have yet been issued to the MD under the Plan.

As foreshadowed in the Company's 2019 and 2020 notice of AGM, allocations of AUD 625,800 (2020) and AUD 609,747 (2019) were made to the MD under the Plan. Following the procedures under the Plan, 31,443 Performance Rights were granted to the MD in respect of the 2020 allocation and 33,400 Performance Rights were granted to the MD in respect of the 2019 allocation.

As set out above, these will be adjusted for any future dividends.

In addition, securities will only be issued to the MD if the performance hurdles are met at the end of a three-year performance period, ending on 31 July 2024. Should that occur they will be issued at no cost to the MD.

## 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, this does not apply to a vote cast in favour of Resolution 2 or Resolution 3 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on Resolution 2 or 3, in accordance with directions given to the proxy or attorney to vote on Resolution 2 or 3 in that way;
- (b) the vote is cast by the Chairman of the meeting as proxy or attorney for a person who is entitled to vote on Resolution 2 or 3 in accordance with instructions given to the Chairman to vote on Resolution 2 or 3 as the Chairman decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 2 or 3 (as the case may be); and
  - (ii) the holder votes on Resolution 2 or 3 (as the case may be) in accordance with directions given by the beneficiary to the holder to vote in that way.

**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.**

## Further Information

Details of any securities issued under the Plan will be published in the Brickworks annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Plan after the Resolution 3 is approved and who were not named in this notice of meeting will not participate until approval is obtained under that rule.

## Resolution 4: Re-election of Mr. R 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 R. Millner, as outlined in the 2021 Annual Report of the Company, are as follows:

### Robert D. Millner

FAICD

Chairman

Mr. R. Millner is the non-executive Chairman of the Board. He first joined the Board in 1997 and was appointed Chairman in 1999.

Mr Millner brings to the Board broad corporate, investment, portfolio and asset management experience gained across diverse sectors including telecommunications, mining, manufacturing, health, finance, energy, industrial and property investment in Australia and overseas.

He is an accomplished company director with an extensive understanding of governance and compliance, reporting, media and investor relations.

He is a member of the Remuneration Committee and the Nomination Committee.

Mr Millner holds directorships in the following listed companies:

- ▶ Washington H. Soul Pattinson and Co. Ltd
- ▶ New Hope Corporation Ltd
- ▶ TPG Telecom Ltd
- ▶ BKI Investment Company Ltd
- ▶ Milton Corporation Limited
- ▶ Tuas Limited

During the last 3 years, he also held a listed company directorship with Australian Pharmaceutical Industries Ltd (resigning July 2020).

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

**The Lead Independent Director of the meeting (as Chairman of the meeting in relation to the part of the meeting that deals with the election of Mr R. Millner) intends to vote all undirected proxies in favour of Resolution 4.**

## Resolution 5: Amendments to the Brickworks Constitution

The Constitution of Brickworks Limited was last amended on 5 September 2008 (**Constitution**).

Brickworks has recently undertaken a review of the Constitution and proposes modifications to reflect certain changes to corporate governance practices and the Corporations Act as well as to seek to achieve efficient and flexible administration of the Company. A copy of the proposed amended Constitution is available at <https://investors.brickworks.com.au/annual-meeting/>. If you wish to receive a hard copy, please call 1300 850 505.

Under section 136 of the Corporations Act, amendments to the Constitution may only be made by a special resolution of shareholders.

### Overview of the proposed amendments to the Constitution

Topic	Summary of proposed amendment(s)
<b>Proceedings of Members</b> (Clause 5 and Schedule 1)	<p>A number of amendments are proposed to be made to facilitate the use of virtual meetings by the Company, now that the law has changed to allow the use of virtual or hybrid meetings, including as set out below:</p> <ul style="list-style-type: none"> <li>▸ clarification that Directors may determine that a meeting be held by means of virtual meeting technology or other communication facilities that gives the members as a whole a reasonable opportunity to participate; and</li> <li>▸ providing the Directors with additional powers to postpone, cancel or adjourn a meeting in particular circumstances, for example if the venue for the meeting is no longer available or due to public health orders.</li> </ul>
<b>Direct Voting</b> (Clause 5.15)	<p>The Constitution is proposed to be amended to allow direct voting (whereby shareholders may lodge a vote directly with the Company by way of post, fax or other electronic means, without having to attend a meeting or appoint a proxy or representative).</p> <p>Direct voting addresses deficiencies in existing voting procedures by facilitating greater voting participation and minimises the potential risks of a proxy vote not being cast.</p> <p>To facilitate the direct voting arrangements, the Directors will be authorised to prescribe rules governing direct voting.</p>
<b>Notices</b> (11.1(d))	<p>The Constitution is proposed to be amended to clarify that the Company will only provide hard copy documents where required to do so by the Corporations Act.</p>
<b>Electronic Signatures</b> (Clause 9.1 and Schedule 1)	<p>The Constitution is proposed to be amended to allow any written resolutions to be approved by Directors by electronic signature (as provided by law) when necessary.</p>

# **BRICKWORKS**

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