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Downer Group AGM 2024, 20 November 2024, 11am

Opening

Mark Menhinnitt: Good morning, ladies and gentlemen. My name is Mark Menhinnitt and I'm the Chairman of Downer EDI Limited. I'd like to begin by acknowledging the Traditional Owners of the land on which we meet today, the Gadigal people of the Eora Nation and pay my respects to Elders past and present.

I'd now like to officially open our Annual General Meeting for 2024. Based on the number of voting members in attendance, I declare a quorum for the meeting.

Before I commence today's proceedings, I would like to draw your attention to the safety procedures for this venue. Where notified of an emergency, which will be a beeping alarm through the speakers in the auditorium, please look for the Northside staff and follow their directions. Exits are at the rear of the auditorium and the entrance doors you entered the building from. Please make sure you do not use the lifts. Proceed to the designated external assembly area, which is across the road next to the multi-storey car park, as shown on the diagram on the screen. Do not re-enter the building until authorised.

I'd now like to introduce my fellow directors. On my far left is Sheridan Broadbent, then Steve MacDonald, Teresa Handicott, Adelle Howes and Peter Barker. Next is our Company Secretary, Robert Regan, and on my immediate left is your Chief Executive Officer, Peter Tompkins. I'd also like to introduce our Chief Financial Officer, Malcolm Ashcroft who's in the audience today, and I also note that Jane Reilly, representing our Auditors PwC, is here today and will be available to answer questions on the Auditor's Report later in the meeting.

Before beginning the formal business of the meeting, I would like to outline today's procedures and protocols. All resolutions will be decided by poll, which will be open after the CEO's Report. The meeting will consider the items of business outlined in the Notice of Meeting sent to all shareholders on 16 October this year. There'll be opportunities for shareholders to ask questions on the resolutions and questions will be confined to the formal business of the meeting. Only those persons holding a blue or yellow card are eligible to ask questions. Any undirected proxies in my favour as Chairman will be voted in favour of the relevant resolution. Prior to the formal business of the meeting, I'll present a brief report on behalf of the Board, and then Peter Tompkins will give an update on the business. We will now proceed with today's formal business.

Given that the Notice of Meeting has been sent to all registered members, I move the Notice of Meeting be taken as read. The minutes of the previous Annual General Meeting have been approved and signed in accordance with the *Corporations Act*. A copy is available for inspection should any member wish to do so.

We'll now move to the business of the meeting which includes the resolutions to be put to the meeting. Prior to each resolution being discussed, the proxies that have been received on that item will be displayed on the screen.

As I mentioned earlier, all resolutions will be decided by a poll. Item number 1 is to consider and receive the Financial Report, the Director's Report, and Independent Auditor's Report for the year ended 30 June 2024. The Annual Report has been made available to shareholders and with it, the Notice of Meeting which has been held by members in excess of the minimum period. The Annual Report is available on Downer's website and additional copies are available for those present today. Before opening Item 1 for discussion, I will present the Chairman's Address and following that I'll invite your Chief Executive Officer, Peter Tompkins, to provide an update on the Group's operations.

Chairman's Address

Mark Menhinnitt: Ladies and gentlemen, when I stood here at last year's AGM, my key message was that the Board and management team were fully committed to transforming the Company to deliver sustainable value for shareholders. Now, 12 months on, I'm pleased with progress to date and confident we are on the right track.

We still have a lot to do. However, the transformational changes implemented are making a positive impact on performance.

The governance structure at Board and management levels has been redefined and reset. The changes to senior management have been significant and have improved bench strength, with 75% of our Leadership Team either new to their leadership role or new to Downer. This is driving cascading change through the business.

Downer's Board of Directors continues to evolve and as part of our Board renewal process, we appointed two new Non-Executive Directors in FY24, Stephen MacDonald and Sheridan Broadbent joined the Board on 1 September 23 and 1 October 23 respectively. They bring diverse experience and expertise in both Australia and New Zealand markets and are contributing significant value to the organisation. Further to this, the Board appointed Peter Barker as Non-Executive Director, effective 1 July 2024. Peter brings with him a background in finance, risk management, corporate structure, including mergers, acquisitions and divestments and systems transformations in complex multi-jurisdictional environments in the engineering services and technology sectors. Peter is now Chair of our Audit and Risk Committee following the retirement of Nicole Hollows on 15 November this year.

Nicole's contribution to the culture of the Board and to the Audit and Risk Committee since joining the Board in June 2018 has been invaluable and she's been a key driver of change in that time. I thank Nicole for her commitment and contribution and wish her the best in the future.

The new Board Project Governance Committee and the redefined People and Culture Committee have been in place for the full year delivering greater governance and oversight. At a management level, the structure, timing and depth of management reviews of Business Units and contracts has been strengthened. We also implemented enhanced investment approval disciplines and governance relating to capital allocation processes. We've made key improvements in our tendering and risk governance processes, applying rigorous discipline and adhering to new risk guardrails.

We have prioritised securing opportunities that allow us to aim for high margins with customers who value our unique capability and experience, while keeping our focus on sustainable long-term earnings quality.

Complementing these structural and governance changes, we've also commenced a reset of Downer's culture, led by our CEO. Throughout FY24, considerable work went into developing our new high-performance culture program, The Downer Difference, which we officially launched in July of this year. It centres around three pivotal cultural focus areas: accountability, customer centricity, and safe, inclusive and purpose-led workplace. Embedding this culture is a priority for FY25.

As Peter will cover shortly, Downer delivered strong improvements to our financial performance in FY24, which reflect the positive impact of our leadership changes, new strategy, cultural shift to high performance, and the benefits of the transformation program.

Turning to sustainability: in August, Downer released our first climate statement in accordance with the New Zealand Climate Reporting Standards, preparing us for the incoming mandatory Australian Sustainability Reporting Standards commencing in January 2025. You can read our climate statement in Downer's 2024 Sustainability Report on our website. We are dedicated to implementing solutions that will help us meet our net zero commitments, which are to reduce Scope 1 and Scope 2 greenhouse gas emissions by 50% by 2032 and to achieve net zero by 2050.

The Scope 3 component of Downer's targets is currently under review, and Downer's near-term Scope 3 target and Scope 3 component of our net zero target are being re-measured with our aim to communicate this ambition in FY25.

Safety of our people remains our top priority, particularly as some of the sectors that we operate in are regarded as high risk. Tragically we lost three people to workplace incidents in FY24. On behalf of the Board and our management team, I extend our deepest condolences to those affected. We are determined to learn from these events and Peter will speak to our direct response shortly. The focus on eliminating serious incidents across our operations and the importance of maintaining the safety of our people is reflected in changes to our remuneration framework for FY25, building on refinements made to the framework in FY24.

Specifically, the Board has increased the weighting of the Safety measure within the Short-Term Incentive scorecard. The NPATA and FFO components have also increased, reflecting the criticality of sustained financial performance. And to ensure increased focus on achieving a higher quality of earnings throughout a sustained improvement in EBITA margin – the 4.5% EBITA average margin target across FY25 and FY26 – the Board has introduced for FY24 an EBITA margin performance modifier to the NPATA component to further incentivise Executives on quality of earnings. The Board will continue to review and refine the remuneration framework to consider feedback, stakeholder expectations and to align with our strategy and our long-term interests of shareholders.

Ladies and gentlemen, we remain committed to continuing Downer's transformation to create sustainable value for shareholders. We made considerable progress in FY24 and are pleased with our achievements, though we acknowledge there's still a lot more work ahead.

To close, on behalf of the Board, I thank Peter, his Executive team and all our people for the efforts and energy over the past year. I'd also like to thank our shareholders for your continuing support. I'd now like to introduce Peter to address the meeting before I return to run through the resolutions that will be put to the meeting. Thank you.

Chief Executive Officer's Report

Peter Tompkins: Thank you, Chairman. Ladies and gentlemen, Financial Year 2024 was a year of major change for Downer and marked a key period in our business turnaround. Our priorities were to improve financial performance, return our Utilities business to profitability, refresh our strategy and enhance risk management. We've made progress in each of these areas which has set good foundations for further improvement in FY25.

Our Group EBITA margin for the year was 3.3% compared to the 2.6% EBITA margin last year. Underlying EBITA of $381 million increased 17.7% and underlying NPATA of $210 million represented an increase of over 20%. Earnings were backed by strong normalised cash conversion of nearly 105%, a significant improvement on FY23. Our balance sheet also strengthened with net debt to EBITDA of 1.4x, down from 2x. Reflecting this improving performance, the FY24 total dividend of 17 cents per share was an increase of more than 30%. The final dividend of 11 cents per share was 50% franked marking a return to franking for the first time since FY19. We also achieved $130 million of gross cost out and we remain on track to achieve the remaining $45 million during FY25.

At a portfolio level, we completed divestments of six non-core businesses with three others in progress, and this is allowing us to focus on core markets that have greater potential to serve our customers better. We continue to refine our structure to better meet these customer needs and to capitalise on tailwinds. This included merging our Utilities and Industrial & Energy businesses, which is aimed at maximising opportunities in the energy transition, and we are seeing these opportunities materialise.

So now, turning to operating segments and key highlights from the year. The Queensland Train Manufacturing Program continued to ramp up, which is offsetting the reduced Transport Agency spending in Australia, particularly in Victoria.

A key contributor to the overall improved performance in FY24 was the return to profitability of our Utilities business, having substantially completed all but one of the underperforming projects in the water line of business. The Victorian power maintenance contract returned to profitability in the second half of FY24 as we anticipated, albeit still not contributing to our Group threshold EBITA margin target. This contract ends in July of 2025, at which time our customer will transition to a new self-delivery model, and Downer will support this transition over the next nine months.

In Facilities we were awarded a contract renewal in June, valued at approximately $860 million for maintenance services for Homes New South Wales. And we secured a contract covering the planning phase for the Woomera Defence Base Redevelopment and pending parliamentary approval, the project scope will cover a significant program of building, services and infrastructure works.

On safety, our Chairman spoke about three workplace fatalities. I also want to acknowledge the passing of our colleagues and the profound loss experienced by their families and our workmates. Keeping our people safe is our number one priority and while our systems and processes are sound, we have elevated the focus on critical risk control improvement, which is Executive-led in the field as part of a Group-wide safety reset program.

Now turning to a trading update, we have made a steady start in the first four months of the new financial year. We see a healthy pipeline of opportunities especially in power and energy transition services. Since August of this year, we have secured three contracts valued at over $230 million dollars to deliver high-voltage transmission lines and substations to support the connection of renewable energy to grids across New South Wales and Queensland. We've also been shortlisted for the Hunter Transmission Project, which is 120 kilometres of 500KV line that will connect renewable energy zones in New South Wales.

In September, Downer signed a partnering agreement with Fortescue Zero to support our ambition to develop a battery electric locomotive together. Delivering a zero-emissions solution for heavy haul rail is a major step towards the commercialisation of zero-emissions power technologies in a heavy industry application. While it is early days and remains subject to a final investment decision by our customer, it is a good example of how Downer is supporting our customers across all classes of infrastructure with the re-engineering capability to achieve a zero carbon output.

At our Results presentation in August, I said we were building momentum and growing confidence as we entered FY25. Our priorities remain unchanged. They are to continue executing our transformation strategy, underpinned by a back-to-basics approach and a high-performance culture with a steadfast focus on Zero Harm, customers and risk management. As previously indicated at our Full Year Results, government spending in Victoria is expected to stay subdued for at least the first half of FY25. We do not see any signs of improvement yet and we anticipate having better visibility of any changes at the time of our upcoming Half Year Results in February. In our Victorian Roads business, this has required us to right size our cost base and be ready to support more normal road maintenance volumes when they return. We have highly prized assets that cover importation, production and distribution of asphalt and long-term maintenance contracts, so we are confident in the prospects of our Victorian business.

Activity levels in New Zealand have also been impacted by softer economic conditions, especially in the power, water and telco segments. However, this impact is mostly being offset by ongoing reductions in our cost base and improved production and productivity in our Australian business.

In FY25, notwithstanding mixed trading conditions, we are still targeting to improve on our FY24 performance and deliver our remaining $45 million cost out commitment.

As we stated in August, we expect revenue to be relatively flat and we are targeting continued improvement in earnings quality and EBITA margin. We are also committed to pursuing opportunities that are consistent with our enhanced risk guardrails.

Ladies and gentlemen, thank you for your support over the past 12 months. It has been an important year of transition for Downer. Finally, I would like to thank our 30,000 employees and 25,000 delivery partners who work tirelessly every day to deliver for our customers and to enable communities to thrive. Thank you.

Business of the meeting

Mark Menhinnitt: Thank you, Peter. So we'll now open the polls. I invite the Company Secretary, Robert Regan, to advise the poll procedure.

Robert Regan: Richard Powell of Computershare Investor Services has been appointed returning officer for this meeting and I'm satisfied as to Computershare's independence. If there's any person at this meeting who believes they're entitled to vote but has not yet registered, would you please raise your hand for assistance. Every member present, in person, or by representative, attorney or proxy, who holds a blue admission card, is entitled to one vote for each share held. The resolutions on which you are required to vote by poll are items 2, 3, 4 and 5, as set out in the Notice of Meeting.
I advise shareholders that the resolutions for items 2, 3, 4 and 5 are ordinary resolutions and that a simple majority of votes cast is required for them to be carried. Thank you, Chairman.

Item 1: Financial Report, Directors' Report and Independent Auditor's Report

Mark Menhinnitt: Thank you, Robert. So Item 1, the Financial Report, Director's Report and the Independent Auditor's Report are now open for discussion. There is no requirement for shareholders to approve these reports. Accordingly, Item 1 is for discussion only and there will not be a vote on this item. I remind you that only shareholders of the Company or their duly authorised or appointed representatives or proxies are permitted to ask questions. If you do have a question, please raise your hand and we'll bring the microphone to you. So do we have questions?

Natasha Lee: Thank you, Mr Chairman. Natasha Lee, shareholder.

Mark Menhinnitt: Hi Natasha.

Natasha Lee: Hi. Firstly, I'd like to thank the Board and the Company for their performance during the year, which has been pretty much outstanding, bar the unfortunate situation with the fatalities. I'd also like to thank you for your support of the Australian Cancer Research Foundation, which is an important charity. First sort of comment is the double-page layout on your digital Annual Report is difficult to read for sectors of the community, such as myself, of failing eyesight. So if we could have a single-page layout, you might put out two for those who want it double.

Mark Menhinnitt: I'll make a note of that because I'm not in disagreement.

Natasha Lee: The first question concerns your transformation program. Look, it's been really great that you've overachieved on your cost reductions and the like, not diminishing the hard work you've done – some of that might have been like low hanging fruit, and I see that you're aiming for the remainder of the $45 million this year. In light of what you've already achieved, I was just wondering whether there's the potential to increase that target by a little bit, and also what other plans beyond 2025. I know that this is sort of the first stage, but obviously there'll be other incremental or other platforms for further improvement.

Mark Menhinnitt: Yeah sure. I'll answer that briefly and I'll ask Peter to respond. I think obviously Downer's assembled a bunch of businesses over the years that hadn't been fully integrated and we've ran separate businesses across the Tasman, etc. So there was clearly the opportunity to bring that together and reduce cost and that was sort of this first wave, if you like, of getting costs out. I'd never say it's sort of low hanging fruit because there's a lot of work that goes into making that happen, but it was obviously clearly identified and you can move quite quickly. If you look longer term, there is a need to make the back of house more efficient which takes time and that's systems and IT strategy and the like, and that's obviously in the plan. But I'll let Peter talk more to the sort of the horizons that we're working to.

Peter Tompkins: The way I would answer the question is that part of taking cost out, it relies upon having absolute role clarity between the head office and the Business Units and the enabling support that is needed to support our frontline. So I think what we've seen over Horizon One is much sharper clarity in who does what, where, and how it best serves our customer. In terms of further targets, I actually now think about it as being better every day, rather than setting targets about cost out because as you move through business transformation, it's important that we actually start to get clarity on a narrative that is about being more productive, being more efficient, working out how we best serve customers. So I don't anticipate seeing a further target, but you can rest assured that, notwithstanding, we'll be continuing to look to be better and more efficient in the way that we deliver our functional services.

Natasha Lee: That's great. Thank you. I've got a couple more; do you want to take them now or give someone else a turn?

Mark Menhinnitt: Yeah, just keep going.

Natasha Lee: Just keep going. The next one probably is more for the auditors, just wanted a bit of clarification. The work they did in the recognition of revenue and related contracts, they said that there was a selection of projects based on quantitative and qualitative factors performed, and site visits and the like. What sort of number or percentage of contracts were actually reviewed by the auditors in that process?

Mark Menhinnitt: Maybe I'll get Jane to respond to the specific numbers, but there's obviously a materiality threshold that they worked to and it was quite extensive, but I'll let Jane talk to the actual detail.

Jane Reilly: Thank you, Natasha. Your question is quite specific in relation to a particular line item in the financial statements. And so you're right, our audit opinion does define sort of the characteristics and the types of procedures that we perform, be it review of controls, systems and processes, which cover the entire population of revenue, or down into some more detailed, substantive testing of individual contracts. Our audit opinion does cover the financial statements as a whole, so we don't comment on the individual contracts that we look at. So I can't answer the question specifically in relation to coverage, but I'm comfortable that in the context of that significant risk that the financial statements present a true and fair view in relation to the revenue recognised.

Natasha Lee: Right, thank you for that. And the last question in this lot concerns your transition as far as vehicles. There was a comment about moving away or moving towards electric and hybrid vehicles. And I understand that the heavier vehicles, trucks, are more difficult. As far as Company fleet vehicles, what are the sort of the policies as far as fleet? Usually, it's sort of like two to four years, depending on mileage and things like that. Can we expect the Company to fully transition to more environmentally-friendly vehicles, given availability and being able to purchase the said vehicles within less than four years' time.

Mark Menhinnitt: So in determining what our glide path is, if you want to call it, in terms of 2032, there's work done around, obviously fleet is a big component of our footprint, and so there's work done in terms of when we retire vehicles what we're replacing them with. It's obviously always subject to availability but there is a pathway over the next number of years to move to that. Obviously electric vehicles based on what's available and infrastructure to service that, et cetera, but Peter, do you want to add anything?

Peter Tompkins: No, I think that's correct. Our plan is to transition to hybrid and electric vehicles, subject to availability and that is the constraint right now.

Natasha Lee: Yeah, but do you have actually a ballpark timeframe for that?

Peter Tompkins: Only because we don't have visibility on the replacement cycle, given availability constraints right now. But our intention is to replace all of our petrol engines with hybrid or electric in a steady timeframe.

Natasha Lee: OK, thank you.

Mark Menhinnitt: Thanks Natasha.

Alan Golden: Hello Mr Chairman, Alan Golden from Australian Shareholders' Association, where I'm holding around 465,000 proxies, and I'm a longtime shareholder myself. And I must say that it's wonderful, the changes that have been made over the last couple years is very gratifying for us all. One of the things – and I guess is partially to the auditor and partially to Mr Regan – obviously there was a mess a couple years ago in the way that some of the profits were being reported, and particularly in one contract. What has changed? What new procedures are in place? I know there's all this, 'oh we're different and everything else', but actually what has happened that is different? And then I have one more question after that.

Mark Menhinnitt: Okay. Well, Peter can probably talk to that. The issue around one particular contract and the circumstance, I think we've announced that in various ASX releases in terms of what happened there. It wasn't a mess across the board, but there was a need to look at doing something a bit different to make sure that didn't happen again. And so there are some procedures in place, which I'll let Peter or Robert talk to.

Peter Tompkins: Look, I think for the best way to answer the question is to acknowledge what you've asked, and you don't keep doing the same things, otherwise you get the same outcomes. So as part of, first of all, a significant uplift in management focus, Executive capability in that part of the business, we have people looking to ensure that we have the appropriate forums and reporting, and then at the head office level we are reviewing performance on a monthly and quarterly basis. I think it's important to note the underlying systems that support our contracts are fit for purpose – that has always been the case – so it's how we make sure that we have the proper reviews with the right capability and the right governance both in terms of the Executive level oversight and the Board level oversight.

Mark Menhinnitt: And there has been a, in terms of revenue recognition, there was no issue with the policy, it was the application of the policy. And so there has been a sort of a process put in place to make sure that the correct method of recognising revenue is applied, as a check and balance.

Alan Golden: So, okay, so there is more focus on making sure that things are right. But, you know, the Senior Executive and the Board are also taking a more active role in looking at new contracts. There's a, you know, in discussing it before, you have a different process, you're much more involved in making sure that everything seems to be the type of contract you want to take, you don't want to do the risk. Sounds like there's a lot of extra work that you're asking both the Executive and some of the Board to be doing. So that's not causing any concerns?

Mark Menhinnitt: Oh, there's no question there's more work. Just look at how many meetings the Project Governance Committee, for example, had this year. And that was a shift from the previous Tender Review Evaluation Committee, TREC, because TREC would review a project that met certain parameters, a Board approval, before it went in. It didn't have a review – is this the right contract, the right customer – so the early phases go, no, go etc. It didn't have a role to play. We've changed that and said, well, the best value a Board sub-committee can provide is on the strategic aspect, you know, compliance with risk guardrails. Does this opportunity align with strategy with the right customer, the right terms? And so there is more involvement around that, and that's a very rich conversation that we have, because you've got Board members that are obviously engaged in those markets. And then, you know, you go through a process. So there is more engagement, and early days it was a lot more work getting it organised, but we have Ashley Mason, our Chief Risk Officer, who leads that process with the Project Governance Committee, and that's now finding its cadence. So in terms of how that works and what we're focused on and alignment with strategy, risk guardrails, risk appetite, into project conversion. So there is a bit more work, but it's fundamental, because one bad project can wipe out the effort of lots of others. So it is important, you don't always capture everything and there's always externalities that drive project performance, et cetera. It's just mitigating those risks and having those rich conversations about who we're working for on what basis. I think it from my point of view, it is a lot of effort, we are asking a lot, but I think the results are there.

Alan Golden: Good, that's wonderful. They're going to continue, it sounds like. My last question; Downer is very dependent upon governments, which is a good thing, gives you lots of stability. At the same time change of governments cause you problems. It means that you have delays, it means contracts can be cancelled, changed, all these sort of things that you're subject to. So, great on one side, not so good necessarily on the other. You have spent a lot of your new focus on working with alternative energy, which is fantastic and is well supported. However, we're in a situation that is very possible, we're going to have a change of government in a few months. It appears that that government is not as committed to spending as much money and time on developing alternative energy as fast as the current government is. If there is a change of government, do you see that that could cause some delay in your profit projections for the next couple of years?

Mark Menhinnitt: Obviously, there's been a recent change in New Zealand, for example, and that's, you know, different governments coming with different priorities, and so there is a level of disruption, if you like, as things get rebranched or new focus on areas. In these areas particularly, there's quite a lag factor in that, and even with the change in government it's not going to just stop everything and move to something different. When we look at the strategy process, I suppose the frustration to date in the energy sector is that the opportunities are there but they just keep shifting to the right each year. Now, as Peter outlined in his update, some of those things are now coming in to land and there'll be some long-dated projects in there. So I don't think it's an immediate catastrophic issue for us if there's a change in government because they're just going to stop things. We have seen that in some State governments in and around the place where they've decided to cancel contracts, bring contracts in-house et cetera, so that's always a risk. We have quite a diversified workbook so there is confidence that we've got a balance of work across our sectors that we're very well positioned for a change in government. I don't think there's going to be that significant a change that moves from one point to another that will affect us in the short term.

Alan Golden: Good. Thank you very much.

Item 2: Election of Director – Mr Peter Barker

Mark Menhinnitt: Any other questions on Item 1? Okay. We didn't have any online questions, did we, Robert? No. So no further questions. I'll move to Item number 2, which is the election of Peter Barker. Peter Barker was appointed by the Board during the year as an independent Non-executive Director. Peter is retiring in accordance with the Constitution of the Company. Being eligible, Peter is standing for election. I now invite Peter to address the shareholders.

Peter Barker: Thank you, Chair. By way of introduction, I'm an accountant by trade and have spent the bulk of my 36-year career in the engineering, industrial services and technology sectors. My executive career included 14 years' experience as Chief Financial Officer of ASX-listed multi-national companies, including Computershare Limited and Cardno Limited. Prior to this, I held senior financial positions with global corporations, including Cisco Systems Inc. and BHP Limited.

As Mark explained earlier, I bring to the Board finance, risk management, corporate structuring, mergers and acquisition and divestment, plus systems transformation experience, all gained in complex environments.

Through my career, I've lived and worked in seven countries. Today, I am primarily based in Brisbane, however, I have close connections to and spend considerable time in New Zealand. Downer provides many of the critical infrastructure and services that make our countries work. It is rarely glamorous, but it truly matters.

It is a privilege and I am honoured to serve on the Board of Downer. I look forward to working with my fellow Directors and management to deliver on the goals and priorities as outlined by Mark and Peter today. Thank you, Chair.

Mark Menhinnitt: Thank you, Peter. Proxies received in relation to this motion are displayed on the screen, along with a younger photo of Peter by the look of it. We all suffer that. The other Directors, including me, unanimously recommend that the shareholders vote in favour of this resolution. There is now an opportunity for discussion of this resolution. Are there any questions? Natasha?

Natasha Lee: Thank you, Mr Chair, Natasha Lee again. Yes, not a question specifically for Peter. I think we all look at the photographs of ourselves though and think, oh, how can we photoshop this? Just a comment, and I think I made this last year, is that I do ask that the Board consider greater diversity within their ranks. The gender diversity isn't too bad, but just to be mindful and be on the lookout to better diversify the range of skills and particularly for more minority groups, because I think it's important that the Board does better reflect the community as a whole.

Mark Menhinnitt: No that's understood, thank you. Any other questions in relation to Item 2? Thank you very much ladies and gentlemen; congratulations Peter.

Peter Barker: Thank you, Chair.

Item 3 - Adoption of Remuneration Report

Mark Menhinnitt: I'll now move to Item 3, adoption of the Remuneration Report. Item 3 considers the adoption of the Remuneration Report for the year ended 30 June 2024. Major Independent Corporate Governance Advisors have reviewed these policies and procedures and recommended that shareholders vote in favour of this year's Remuneration Report. Proxies received in relation to this item are displayed on the screen. The Remuneration Report is now open for discussion. Are there any questions?

Natasha Lee: Hi, Natasha Lee again. Whilst I support the resolution, I was just curious to understand what sort of penalties did you apply to the outcomes, given the fatalities were fairly significant. I did see a comment about the safety gateway (at zero). How is that translated in terms of what you're recommending in this resolution?

Mark Menhinnitt: It's a good question, because we've talked about that. Clearly, as we've said before, each incident like that you look at, whether it's a bad outcome like a fatality or just an incident, we look at them and understand what the root cause is, the facts and circumstances around that. And we won't go into the details of the three, but we've obviously examined that to look at our systems, our processes, is there something systemic or is it someone at that point doing the work, not following something? So we look at all the facts and circumstances.

The STI scorecard has a safety gateway, so if there is a fatality, then that component of the scorecard goes to zero. Because we had more than one fatality this year, we used downward discretion to increase that, so there's no reward on the Zero Harm component in its entirety so there was a negative, or 20% was foregone. In assessing that we do look at the facts and circumstances that management and the Board are accountable for outcomes. We don't walk away from that, but we have to look at, was there something missing and where is it missing and what are we doing about it? So that was the approach taken. There was no disagreement between the Board and management of that. We are absolutely committed to safety in this organisation. I felt that the moment I joined the Board almost three years ago, it is something that we live and breathe every single day, and so fatalities are not acceptable. We take accountability for that, but we also have to look at, not reacting, looking at the actual facts and circumstances and what we need to do to change that and that's a process being put in place for this year.

Natasha Lee: Thank you very much.

Alan Golden: Thank you, Mr Chairman. I must say this is one of the best Remuneration Reports I've seen in a while.

Mark Menhinnitt: Well done, Adelle.

Alan Golden: Not just in the general area, but also in a lot of the small specifics. I mean the way that you restated the EPS to go and make it more difficult but fairer; the way that the return on the comparative return on shareholders' return, if you hit 50%, you only get 30% of the award. No, most people don't do that. This is very good.

The only thing I have, and it's a minor thing, is you've done your changes, and so I can understand it, but now going forward, is four years a better time to be looking at long-term incentives than just doing it over three years? That's my only question.

Mark Menhinnitt: That's something we look at, the three years versus four years. And we'll always look at this going forward, it's not something that's set in stone, but when you look at the operating cycle of the organisation, you look at what decisions made today, how long does that take to play out? As we've seen Peter and his team, with the support of the Board, have gone through a transformation program to deliver better earnings, get better work, deliver better outcomes on projects, get cost out. These things impact reasonably quickly, so the operating cycle, we're not a capital-intensive business that's putting things in place that might take five or six years to bear fruit, so we are a fast-operating cycle. So we think the three years is appropriate with the one-year lock, so it's a four-year overall timeframe before the reward lands in people's pockets. But we think it's appropriate and it drives the right level of incentive, but it's something that we'll always look at. Thank you.

Do we have any other questions on the Remuneration Report? No. Thank you, ladies and gentlemen.

Item 4 – Approval of Managing Director's long-term incentive (LTI)

Mark Menhinnitt: So Item number 4 is approval of the Managing Director's Long Term Incentive for 2025. The meeting now needs to consider Item 4, Approval of Managing Director's Long-Term Incentive for 2025. The details of the Long-Term Incentive Plan are set out in detail in the Notice of Meeting. Proxies in relation to this motion are displayed on the screen. There is now an opportunity for discussion of this resolution. Have we received a question, online question, Robert, are you aware of? No. So do we have any questions from the floor in relation to Item 4? No. Okay, there's no questions. Thank you very much, ladies and gentlemen.

Item 5 - Appointment of PricewaterhouseCoopers (PWC) as auditor of the Company

Mark Menhinnitt: We move to Item 5. It's the appointment of PricewaterhouseCoopers as auditor of the Company. So the meeting now needs to consider this item. KPMG has been the auditor of the Company since 2014. On 4 March 2024, the Company announced that it had pleaded a defensive third-party statement of claim and proportionate liability defence against KPMG. Consequently, KPMG submitted the application for ASIC consent to resign

as an auditor of a public Company on 5 March 2024, having identified a conflict of interest. The Company commenced the process to appoint a replacement auditor for the financial year ending 30 June 2024. Following a tender process, which included detailed review and assessment of the capabilities of alternative audit service firms, the Directors proposed the appointment of PricewaterhouseCoopers, PwC, as the auditor of the Company. The Company announced the appointment of PwC as auditor of the Company on 10 April 2024. Under the *Corporations Act*, the appointment of PwC as auditor is effective up to this 2024 AGM, where shareholders must approve the appointment of the new auditor.
PwC has provided its consent to its appointment as auditor of the Company, subject to the approval of shareholders. A copy of the nomination of PwC as auditor of the Company is included in the Notice of Annual General Meeting. Proxies received in relation to this motion are displayed on the screen. There is now an opportunity for discussion of this resolution. Are there any questions? No questions? Thank you very much, ladies and gentlemen.

Closing

Mark Menhinnitt: Now that all items have been discussed, we will allow short time to lodge your votes before closing the polls. Computershare representatives will now walk around the room to collect your voting card. Would you please indicate by raising your hand if you require more time to complete and lodge your voting cards. We'll just give it a couple of minutes. Is everyone done with the… still got one more? All good Peter, thank you.

As all papers have been collected, I declare the poll closed. The counting of the results will take a little while, so I propose to close the meeting and announce the results of the poll to the ASX this afternoon.

Is there any other business that can lawfully be brought forward?

Ladies and gentlemen, there being no further business, the meeting is now concluded. Thank you very much for your attendance and your questions.

I now invite you to join the Directors and Executive team for light refreshments. Thanks very much