

## **Downer Group AGM 2022, 3 November 2022, 11am**

### ***Opening***

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

I would now like to officially open our Annual General Meeting for 2022. Based on the number of voting members in attendance, I declare a quorum for this meeting. Before I commence today's proceedings, I would like to draw your attention to the safety procedures for this venue. When notified of an emergency, which will be a beeping alarm through the speakers in this auditorium, please look for Northside staff, and follow their direction. 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 after authorised.

I would like now to introduce my fellow Directors. On my far right is Nicole Hollows. Then Mark Binns, then Mark Menhinnitt, then Adelle Howse, Peter Watson, and Teresa Handicott. Next is our Company Secretary, Robert Regan, and on my immediate right is your Chief Executive Officer, Grant Fenn. I would also like to introduce our Chief Financial Officer, Michael Ferguson, who is in attendance today. I also note that Nigel Virgo representing our auditors, KPMG, is here today, and will be available to answer any questions on the Auditor's Report later in the meeting.

Before beginning the formal business of the meeting, I will like to outline today's procedures and protocols. All Resolutions will be decided by a poll, which will 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 29 September, 2022. There will be opportunities for shareholders to ask questions on the Resolutions, and questions will be confined to the formal business of the meeting. This is important; 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 will present a brief report on behalf of the Board, and then our Chief Executive Officer, Grant Fenn, will give an update on the business. We will now proceed with the day's formal business.

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

We will 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 mentioned earlier, all Resolutions will be decided by a poll.

Item 1 is to consider and receive the Financial Report, the Directors' Report and the Independent Auditor's Report for the year ending 30 June, 2022. 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 will invite your Chief Executive Officer, Grant Fenn, to provide an update on the Group's operations.

### **Chairman's Address**

**Mark Chellev:** Ladies and gentlemen, the 2022 financial year was obviously extremely challenging for Downer.

The widespread impact of COVID-19 within the community and the restrictions placed on business and employees by Government to stop the spread of infection were not anticipated at the time we set our targets and forecast for 2022. Additionally, the prolonged and severe wet weather patterns experienced throughout Australia's south eastern States have been debilitating and unprecedented. The impact of COVID-19 and severe wet weather materially impacted Downer's financial performance in 2022.

Notwithstanding the challenges presented throughout the year, our staff and management responded outstandingly well in very difficult circumstances, delivering in our view exceptional results for our customers, and maximising outcomes for shareholders. For the 2022 financial year, the Board assessed the impact of COVID-19 and severe weather on executive performance KPIs and formed the view that, if not for these impacts, the Executive was likely to achieve above target earning performance in 2022. After extensive deliberation of these issues, and the Company's financial and non-financial performance, the Board determined it was important and appropriate to exercise discretion and award a Short-Term Incentive outcome of 65% for the Executives, which is between threshold and target.

The Board balanced a challenging environment for shareholders, and the strong competition for talent and retention across Australia and New Zealand, which is unparalleled in recent years. We do accept that some shareholders do not agree with all the Board's remuneration decisions this year. The Board has been working actively over many years to ensure Executive pay is appropriate. The unprecedented and unanticipated events of full year 2022 made Executive performance more difficult than usual. We have engaged with shareholders and proxy advisors, and we do acknowledge there is a difference of opinion on this matter. The Board will continue to act in the best interests of the company to deliver the right outcomes.

Ladies and gentlemen, Downer remains leaders in the markets in which we operate, strengthening our position over the last 12 months with \$36.1 billion work-in-hand. The past year has seen a pronounced acceleration in the push to decarbonise the economy, and this will create a solid pipeline of opportunities for Downer. Following the 26<sup>th</sup> United Nations Climate Change Conference of the Parties in late 2021, our customer base has either committed to decarbonising their operations or increased their ambition of their existing commitments.

As the world shifts towards a net zero future, Downer is uniquely positioned with its skills, experience and technical capabilities to support society with this transformational change. This will create significant growth opportunities for the Company.

Importantly, Downer's focus on our urban services business resulted in a 26% reduction in our Scope 1 and 2 greenhouse gas emissions in full year 2022. Downer continues to improve our sustainability performance and reporting, which is reflected in the continual improvement in our external ratings. If you haven't already done so, I encourage you all to read our 2022 Sustainability Report, which is available on the Downer Group website, and we also have copies here today for those joining us in person. The report provides a comprehensive overview of our sustainability performance and initiatives.

Many of the activities that Downer people perform every day have potential risk, and ensuring they remain safe is of paramount importance. Downer's Lost Time Injury Rate Frequency Rate for full year 2022 is 0.82, and the Total Recordable Injury Frequency Rate was 2.35. I can assure you these are world class figures. While Downer has a history of strong safety performance, we believe that any injury is unacceptable, and we are determined to continue learning and improving.

A key element of Downer's Zero Harm strategy is a commitment to support the mental health of our people and communities. Downer is an industry leader in this space, and our

accredited Mental Health First Aid Program continues to arm our people with the knowledge to support their own mental health and look out for their friends and families. We also renewed our successful partnership with Beyond Blue this year, while in New Zealand we established a new partnership with The Mental Health Foundation.

Ladies and gentlemen, in my inaugural Chairman's address at last year's AGM, I committed to continuing the process of Board renewal at Downer, and we have made progress in this area over the past year. During the year, Phil Garling retired from the Board, having made a valuable contribution to Downer over the decade. Downer also appointed three Non-executive Directors this year. On 1 March, Mark Binns and Mark Menhinnitt joined the Downer Board, while Adelle Howse joined on 1 April. These appointments were made with careful consideration of the skills and experience required on our Board to ensure Downer's corporate governance remains robust. I will speak more about all three new Directors later in the meeting, at Item 2 on the agenda, when we cover their election to the Board.

Downer also took a number of important steps this year to further strengthen our governance processes and tighten our project and contract delivery management systems. Significant work has gone into The Downer Standard, our integrated management system, which gives the organisation a single governance framework focusing on consistent and repeatable outcomes for our customers. Pleasingly, Downer reaffirmed our commitment to community support this year, by establishing a range of partnerships with not-for-profit organisations. In March, we launched Downer's first Workplace Giving Program, to support four strategically selected charities; the Australian Cancer Research Foundation, Greening Australia, TLC for Kids and the Salvation Army's Family Violence stream. Downer will match our employees' donations up to \$250,000, and we will also encourage our people to undertake volunteering opportunities to provide additional support to our charity partners.

In addition to our long running partnership with the Australian Literacy and Numeracy Foundation, Downer has also established new charitable partnerships with two Indigenous organisations – The Stars Foundation, and NRL Cowboys House – to support the education of young indigenous people, which is so important to the achievement of our Aboriginal goals within Australia.

Ladies and gentlemen, Downer has a portfolio of outstanding assets. We believe the value of these businesses is not fully reflected in our current share price. We will fully explore strategies to realise this value for shareholders, and we will target making further comments during 2023.

Full year 2022 was a challenging year for Downer, and unfortunately, the lingering effects of COVID-19 as well as labour shortages and wet weather have continued into full year 2023. However, just as our staff and management responded very impressively throughout 2022, I have every confidence they will continue to overcome these challenges and deliver excellent outcomes for our customers and shareholders.

I would like to thank Grant and his Executive Team, and our people, for their efforts over the past 12 months. I would also like to thank our shareholders for their support this year. I will now hand over to Grant before I return to run through the Resolutions that will be put through to the meeting. Thank you. Over to you, Grant.

### ***Chief Executive Officer's Report***

**Grant Fenn:** Well, thank you, Chairman, and good morning, everyone, and thank you for coming along today.

The financial year 2022, as Mark has spoken about, was very challenging for Downer. Early on, we were confronted with the Delta and Omicron versions of COVID-19, leading to lockdowns across Australia and New Zealand, disrupting workflows, labour availability and supply chains for extended periods. And we were impacted by severe weather, particularly over the last eight months of the year.

I would like to take this opportunity to acknowledge and thank our people throughout the business for continuing to deliver outstanding service for our customers in the most difficult of times. Revenue for our Urban Services businesses was actually up 10.8% to \$11.5 billion, but our underlying EBITA was down 3%, with the productivity and cost impact of COVID-19 and bad weather.

Our cash flow performance was good, with underlying cash conversion at 89%, and the Board declared a final dividend of 12 cents per share, taking the full year dividend payout to 24 cents.

Our sustainability reporting and performance continued to improve, as have our external ratings. And importantly, we reduced our Scope 1 and 2 greenhouse gas emissions by 26%. We continue to focus on and invest in our people. We launched our THRIVE program focused on female leadership development, providing opportunity for females in our organisation to develop new skills, and to build a network of colleagues across the Group. And the results so far have been very encouraging, I'm pleased to say. We've made great progress in embedding our quality system, The Downer Standard. Having consistent and

effective standards across the delivery aspects of our business is crucial to project performance and higher margins.

Downer is highly levered to the energy transition currently underway. A net zero future will require adjustments to almost all urban infrastructure. The amount of money to be spent on the transition is huge, as you well know, and Downer is right in the middle of it, with capabilities across our portfolio that are currently in very high demand.

One of Downer's major technical capabilities is in power. We're the market leader in design and construction of power transmission and distribution networks, and a market leader in renewable generation. With our suite of technical skills, we're in a prime position to grow our business in what will be a massive transformation effort. And this already happening. We're at our customers' sites. We know their assets, and we're already working with many of them to produce their own renewable power, reduce their energy consumption and emissions.

On the operational side, our Road Services business was the most heavily impacted by severe weather throughout 2022, and this has continued, as Mark said, into the first quarter of 2023. But on the positive side, we will see strong demand for recovery work when the rain and floods stop.

During the year we opened the new Sustainable Resource Recovery Centre at Rosehill in Sydney. Now, this a fantastic facility, with capacity to produce 550,000 tonnes of high recycle content asphalt each year. It will lead the market in quality, emissions and efficiency. We lead the road maintenance industry in the use of recycled materials, and we're increasing our investment in R&D to produce lower emissions products, and low energy manufacturing processes. The products we're creating, and the way we produce them, will ultimately lead to large reductions in State and Local Government emissions.

In our Rail and Transit Systems business, we submitted our bid for the next generation of Queensland trains. If successful, this will materially increase our Rail EBIT contribution through to 2031, and cement our position as the largest passenger rollingstock maintainer in Australia and New Zealand for the next 30 years.

In May, our Utilities business entered the New Zealand transmission market for the first time with a five-year service contract with Transpower. This will be the foundation contract for expansion of our broad power capabilities in New Zealand. We successfully completed the design and installation of 46 megawatts of solar generation across 550 Queensland schools, contributing to \$26 million in annual power savings. Our Communications business had a strong year. In wireless networks we added NBN to existing customers, Telstra and Optus, to be the industry leader in network deployment nationally. We secured the major three-year

Field Services Agreement with Chorus in New Zealand. We became the largest supplier to NBN for on-demand business grade and residential services in all mainland states of Australia.

On the Facilities side, we successfully renegotiated the Royal Adelaide and Bendigo Hospital contracts, both for additional five-year terms, with better rates and terms and conditions. We were successful in four key contract extensions for Victorian schools, WA Housing, Land and Housing and Whole of Government in New South Wales. And pleasingly, we've supported the Lismore and Casino communities in flood remediation work.

In our Defence business, we delivered over 300 upgrade and refurbishment projects across the Defence estate. We've been awarded the major airfield upgrade project at RAAF Williamstown, and we've secured the managing contractor role on the Riverina Development Program, managing five major base redevelopments.

Finally, as industry leaders in power generation, we have established the Downer Future Energy Team, focusing on new technologies and alternate fuels, providing thought leadership with our customers in the energy transition. We've successfully delivered a large suite of decarbonisation projects for Santos, and we've signed a multi-year agreement with AGL for power station shutdowns, maintenance, and projects. We've modernised our Kalgoorlie workshop to increase capacity and capability to meet the future demands of nickel, lithium and base metal customers in WA.

So, as you can see, we've been very busy.

Our work-in-hand, as Mark mentioned, is a substantial \$36.1 billion. It's diversified by market and service type. It's 90% Government or Government-related across the three levels of Government, and we are seeing an increase in more collaborative risk sharing contract models, increasing Downer's addressable market.

Labour availability is currently a challenge for the Group, as it is for the whole economy. Job vacancies are up, particularly in our Facilities and Utilities businesses. As a result, our cost to serve is currently elevated. Employee attraction and retention is one of our highest priorities. We're actively engaged in international recruitment, and we have a series of programs to enhance our success rate. We focus on programs and initiatives that foster a positive work culture, enhancing our employee experience, and reinforcing Downer's reputation as an employer of choice.

So, now I'll touch on trading in the first quarter of 2023. In August, we said that we expected 10 to 20% growth in our underlying FY23 NPATA, assuming no material COVID-19, weather, labour, or other disruptions. I guess it's no shock to highlight the difficult weather conditions

that have plagued the last four months, particularly in the eastern States and New Zealand. It's been very difficult to get a good run at the extensive amount of work to be delivered across the Group, and very few of our businesses have been unaffected. It's too early to predict what the weather has in store for us for the remainder of the year, and consequently what the impact might be on the full year. We hope it improves, but time will tell. The irony is that these weather conditions drive significant increases in future demand for our services, boding well for when we get some reasonable weather. As it stands today, our forecasts continue to support our guidance, and we will provide a further update at our Half Year results in February 2023.

Finally, as Mark mentioned in the Chairman's address, Downer has a portfolio of outstanding assets. We do believe the value of these businesses is not fully reflected in our current share price. We will explore strategies to realise this value for our shareholders, and we target making further comment on this during 2023.

I would again like to thank our people, right across the Group, for their massive contribution in financial year 2022. And also, to thank you, our shareholders, for your continued support. So, I now hand the meeting back to our Chairman. Thank you.

### ***Business of the meeting***

**Mark Chellew:** Thank you, Grant. We will now open the polls, and I invite the Company Secretary, Robert Regan, to advise the poll procedure.

**Robert Regan:** Thank you, Chairman. 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 is any person at this meeting who believes they are entitled to vote but have 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 in which you are required to vote by poll are Items 2a, 2b, 2c, 2d, 2e, 3, 4, 5 and 6, as set out in the Notice of Meeting. Thank you, Chairman.

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

**Mark Chellew:** Thank you, Robert. The Financial Report, Directors' 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 appointed

representatives or proxies are permitted to ask questions. If you do have a question, please raise your hand, and we will bring a microphone to you.

Yes, we'll just bring a microphone to you.

**Natasha Lee:** *Thank you, Mr Chair. I've just got a couple of questions. I noted that you talked about Rosehill site, where in your report you talked about your Road Services having a high recycled content. Whilst that's great, and I applaud you on that, I was just wondering to what extent are you using other materials like crushed glass, rubber and plastics in the road fill mix to help with the sustainability of the environment?*

**Mark Chellew:** I will let Grant answer that question shortly. But let me say in our Road Services Asphaltting business, I've been really pleasantly surprised how much recycling material we use. And I think we're probably close to a world leader on that, using reconstituted asphalt we dig up. But Grant, would you like to say a bit more on that?

**Grant Fenn:** Yes, thanks Mark. Look, great question. And I'm glad you asked, it gives me a chance to talk about it. Yes, look, we're a world leader in this. So, we use recycled materials, including bitumen alternatives. We also use recycled aggregates, obviously milled off the road. We use toner cartridges to create alternate binder. We use glass to create sand. And we join all of that in our manufacturing processes, because it takes quite a lot of R&D to give you the know-how of how to put this together so that you get high quality asphalt, and that's what we're getting.

The great thing that's happened recently is that the specifications used by State Governments, and indeed Local Governments, are changing very quickly, to allow much higher levels of recycled asphalt. And if you think about recycled asphalt, if you're using the millings off the road, you're not having to mine virgin aggregates, and those aggregates are already coated in binder. So, you've got a much lower use of binder in there. So, we lead Australia in this. It's also in our New Zealand business. We've spent a lot of money over the last 10 years in the state-of-the-art facilities to be able to do that. And in some of our facilities, we can produce asphalt with close to 100% recycled material. So, yes, we are a market leader. And this only going one way, and we're in a very good spot.

**Natasha Lee:** *Right, thank you very much. Actually, before I started, I think I forgot to identify myself. My name is Natasha Lee, I'm a shareholder.*

**Mark Chellew:** Hi Natasha.

**Natasha Lee:** *And thank you for your explanation, Grant. I knew that you were recycling the asphalt taken off the road, which is great, but it's ensuring other waste materials, stopping it going to landfill.*

**Grant Fenn:** I should also say, we were doing a lot of R&D in trying to reduce the temperatures at which the mixes are manufactured, which at ambient temperature obviously saves a lot of emissions.

**Natasha Lee:** *And it's great you mentioned your work on decarbonisation. I was just wondering; did you have targets or a timeframe to convert your vehicle fleets to electric?*

**Mark Chellew:** I'll pass this on to Grant in a second. I think the issue is with electric cars, you can only do it at such a pace, because there has to be enough charging stations around Australia to make it work. Grant, would you like to answer that a bit further?

**Grant Fenn:** Yes, so charging stations is one, and just the vehicles aren't available. So, we have a pathway to do a couple of things; the two largest emissions points for us, is actually in our asphalt plants to heat the mixes, and we're looking to convert those to much more emissions-friendly positions. And on our truck fleet, which is diesel for the most part, as and when those trucks are replaced, we're looking to either replace them with electric, or hybrids, depending on what's available. At the moment we don't have very many vehicles that are suitable that are electric. So, as they are, then we'll be replacing them.

**Natasha Lee:** *Yes, look, I appreciate that there are supply and technology issues, but there are electric trucks out there at the moment, which are being tested as prototypes.*

**Mark Chellew:** Yes, and we have some of those in our fleet.

**Natasha Lee:** *Yes. And obviously, these organisations have charging stations in their depots, and working on how much mileage that you can charge overnight at your depot, and then it's good for the day.*

**Mark Chellew:** So, we are looking at it. But I think we just need to be cautious about over-committing to what is achievable.

**Grant Fenn:** Yes, and I should say, in one of our businesses also, Mark, we run a lot of buses, right, so we're a very large public transport operator. And at the moment we're working on the electrification of those bus fleets and putting charging stations into those bus fleets and converting those buses to electric.

**Natasha Lee:** *No, that's great. It's a case we all know it's happening, we just need to stay on top, or ahead of the game. The final question for this section concerns, there was a comment in the Annual Report about the carbon capture and underground storage. Now, I like to joke that the only carbon capture and storage I believe in and the one I'm wearing on my ring finger, being diamonds. I'm sure you're not going to store the carbon that way; we'd like to but – it was really a risk question of who bears the risk, because this evolving technology. Obviously*

*burying or pumping carbon dioxide deep into the ground, there's always a risk of a leak or failure. So, what sort of services are you providing?*

**Mark Chellew:** I'll hand over to Grant in a second, but, carbon capture and storage is in the infant phase of actually working on large scale. So, I don't think the hope of climate change is going to be fixed by carbon capture and storage around the world. But Grant, in terms of who wears the risk when we do it? I imagine it's not us.

**Grant Fenn:** No, it's not us. But our customers have very viable carbon capture programs, and we're helping them install, really, so we don't take the risk on that, no.

**Natasha Lee:** *That's fine. It was just that risk aspect of it, make sure that you guys aren't wearing it.*

**Grant Fenn:** Yes, it would be way down on my view of where risk probably sits at the moment, to give you some comfort.

**Natasha Lee:** *Thank you very much.*

**Mark Chellew:** Okay, thank you. Okay, we received the following question from a shareholder: "Diversity of background, experience and gender is vital for thriving businesses. What steps are you doing to ensure that diversity is entrenched at all levels of the Company, from the Board down to the teams at the bottom of the Company structure?"

Our answer to that is: Downer is committed to ensuring it has a diverse, inclusive workforce. And we believe this leads to a better business performance and a sustainable future.

Downer's diversity objectives, targets and initiatives are set out on pages 133 to 137 of our Annual Report, and in our Sustainability Report, pages 72 to 91, both of which are available on the Downer website.

Are there any other questions before I proceed?

Okay, as there are no further questions, I'll move to Item 2.

### ***Item 2a: Election of Mark Binns***

**Mark Chellew:** Item 2a is the election of Mark Binns. We've got three Marks on the Board. We've got Mark Binns, we call him Kiwi Mark. We've got Mark Menhinnitt, we call him Young Mark. And I won't say what I'm called, but I'm not young Mark.

So, Mark, I'll just say something about Mark, and the rest of the Board. I'm really, really pleased with the shape of the Board we have. We have some very experienced people on the Board combined with the existing very experienced Directors, and I'm delighted with the Board we have. They provide me very wise counsel, and I feel very comfortable working with them all.

So, Mark Binns was appointed by the Board during last year. Mark has retired in accordance with the Constitution, being eligible, he is going to stand for election. Mark's going to address the shareholders for a couple of minutes. Mark, over to you.

**Mark Binns:** Well, kia ora. I mean, as Mark said, I am a Kiwi, and I hope that's not fatal. I'm also a lawyer, so probably double jeopardy for me. But I thought I would just outline a bit about my background and experience, and what might qualify me to add value to the Downer Board. I did start life as a lawyer, and I was a partner in a large Auckland law firm, or New Zealand law firm, called Simpson Grierson for 5 years. I got out at the age of 33. I had specialised in banking and finance, and it was probably enough to drive you out of the profession in its own right. So, I went to Fletcher Challenge, which subsequently became Fletcher Building, and was largely responsible for all the construction activities of Fletcher's, which at that time included New Zealand, South Pacific, Australia offices, and operations in Asia and in North America. And over a period of time, I got us out from being a very unprofitable division of the company to a profitable one, that was solely focused on New Zealand and the South Pacific. I then also took on responsibility for all the heavy building materials part of the business, which is equivalent to a Boral, I guess, in an Australian context. So, cement, concrete, concrete products, aggregates, et cetera, and ran that combined division for probably seven or eight years. And it was the largest and most profitable part of the Fletcher business. In 2011, after 22 years, I left Fletchers, and went to Meridian Energy, which was the largest electricity producer and retailer in New Zealand. It was Government-owned at the time, and it was slated for partial privatisation, which I took it through as the largest IPO in New Zealand's history, and still is. I stayed there for six years, and retired at the end of 2017. I'm currently a Director of Auckland International Airport, and Chairman of Crown Infrastructure Partners, which is a Government company which did the equivalent of the NBN rollout in New Zealand, and I'll say probably more successfully than the NBN rollout in Australia. So, we rolled out fibre, and we're also involved in a number of infrastructure initiatives being rolled out by the Government in terms of things like water reform in New Zealand, and creating an infrastructure bond market in New Zealand, long-term bond market.

So, I believe the 33 years of experience I have in construction, construction materials, and the general commercial environment, both in New Zealand and Australia and further afield, provides me with some skills to add to this Board. I mean, New Zealand is still a significant, although less than probably 30% of our revenue, but it provides a very good contribution in terms of profit to the Company. And operating in New Zealand is a little bit different than

operating in Australia. So, I believe I have the experience that will add value to the Board, and I welcome this opportunity to seek your support. Thank you, Mark.

**Mark Chellew:** Thanks, Mark. And as you can see, Mark is a very experienced Director, he's very, very highly regarded in New Zealand. I think the Company is fortunate and the shareholders are fortunate to have attracted him. So, the proxies received in relation to this motion are displayed on the screen. The other Directors, including me, unanimously recommend that shareholders vote in favour of this Resolution. There is now opportunity for discussion of this Resolution. Are there any questions? Yes.

**Natasha Lee:** *Hi, Natasha Lee again. Thanks, Mark. I don't have any problem with New Zealanders. I used to be one a long time ago...*

**Mark Binns:** That's good Natasha, because half of them live over here.

**Natasha Lee:** *Yes, well, I took out citizenship here because of my Defence connections. But that's beside the point. Not specifically for Mark, it's the earlier question you had about your gender targets. I see that you are moving towards the 40% (females in the workforce) by 2023, which is great, because that's in line with world's best practice. I should also ask the Board to bear in mind that diversity doesn't just stop at gender.*

**Mark Chellew:** I couldn't agree more.

**Natasha Lee:** *So, we need to look at other types of diversity within the Board, so that it does better reflect the community. Previously, the Board had resisted requiring Directors to hold shares in the Company, and I don't believe that's changed, or I didn't see any notes to show that that has changed. But expectations of shareholders is that Board Directors have skin in the game. And when we feel pain, you should feel some pain as well, such as the share price and the like. Has your position changed, or are you more amenable?*

**Mark Chellew:** It's always active discussion, but we haven't got a formal position at this stage. But I accept, and I think your point of view is very valid.

**Natasha Lee:** *Thank you.*

**Mark Chellew:** Thank you. Okay. Thank you very much, ladies and gentlemen. I assume there's no more questions.

### **Item 2b: Election of Dr Adelle Howse**

**Mark Chellew:** We'll now move to Item 2b, the election of Dr Adelle Howse. Adelle, as we call her, we don't call her Doctor around the table. She's clearly got a PhD in mathematics, which is very unusual to have, and I think we're very lucky to have a person of that calibre join the Board. Adelle is a very valuable contributor to the Board. She was very senior in CIMIC, or the old

Leighton, so she has very, very good knowledge of this industry. So, Dr Adelle was appointed by the Board during the year. Adelle is retiring in accordance with Constitution of the Company. Being eligible, she is standing for election. I now invite Adelle to address shareholders.

**Adelle Howse:** Thank you, Chairman. Good morning, ladies and gentlemen. So, my name is Adelle Howse. I joined the Board of Downer in April earlier this year. Just a high-level summary; I have more than 25 years of corporate experience in a variety of sectors. So that includes energy resources, construction, infrastructure, property, and what I call digital infrastructure. In my executive career, I had a number of senior leadership roles with responsibility for strategy, for M&A, for finance, and for transformation. And I currently serve on the Boards of the Macquarie Telecom Group, the Sydney Desalination Plant, and I'm also active in the start-up community.

I believe that my specific industry knowledge provides a wealth of experience which, combined with my fellow colleagues on the Board, creates a really diverse Board and experienced Board. I also believe that my experience in developing growth and performance improvement strategies will also come in handy.

In terms of why I have joined the Board, I am actually really excited about the transition that Downer is made to become an Urban Services business. I think that's exciting. And I think that Downer is really, really well positioned, as both Grant and Mark have said today, to support Australian and New Zealand businesses in their goals to achieve a carbon zero outcome. So, thank you for your support, and I look forward to continuing to serve on the Board.

**Mark Chellew:** Thank you Adelle. Proxies received in relation to this Resolution are displayed on the screen. The other Directors, including me, unanimously recommend that shareholders vote in favour of this Resolution. There is now opportunity for discussion of this Resolution. Are there any questions?

Thank you very much, ladies and gentlemen.

***Item 2c: Election of Mark Menhinnitt***

**Mark Chellew:** I will now move to Item 2c, the election of Mark Menhinnitt. I'm going to wax lyrical again about another one of our Directors; I feel we are very fortunate that Mark has joined us. He has a lot of experience in construction, he worked at Lendlease, a very senior executive, very experienced in property, and I and the Board really value his contribution he makes to

the Board. So, I'll hand it over to Mark – Young Mark, as I call him – to have a little bit of a chat to you.

**Mark Menhinnitt:**

Actually, I think I look younger than I am, or older than I am, actually. So, my name is Mark Menhinnitt. I'm very pleased to be here today, standing for election to the Downer Board. By way of background, I've been in project management, engineering, construction areas across infrastructure, and property for over 35 years – here in Australia, as well as overseas, United States, UK and Europe. In that time, I've held the full suite of operational, functional, and executive roles, including 6 years as divisional regional CEO. I've got formal qualifications in engineering and finance, and I currently serve on the Boards of GPT Group, which is a large real estate trust, and Sunshine Coast Airport.

I think my background experience is very relevant to the world that Downer operates in and allows me to bring to the company knowledge and skills in business strategy, governance, risk management, commercial contracting, organisational development, amongst things. I was very excited when I was approached to join the Downer Board. I think Downer does very important and very real work that enables the quality of life of all of us. And I'm very excited to contribute to that effort.

Similar to Adelle, I do strongly support the strategic focus on Transport, Utilities and Facilities under the umbrella of the Urban Services, and the drive to be the number one in that space. I've been impressed with Downer's commitment to lead in the areas of sustainability, particularly with respect to safety and the environment. And not just in terms of saying it, but the real actions that are actually being undertaken within the Group. I look forward to working with the management team and my fellow Directors to make Downer number one in Urban Services, and to deliver best in class outcomes for our shareholders, employees, our customers and all stakeholders. So, with that, thanks, Mark, back to you.

**Mark Chellew:** Thank you. Proxies received in relation to this motion are displayed on the screen. The other Directors, including me, unanimously recommend that shareholders vote in favour of this Resolution. There is now an opportunity for discussions of this Resolution. Are there any questions?

Thank you very much, ladies and gentlemen.

***Item 2d: Re-election of Teresa Handicott***

**Mark Chellew:** Next one is re-election of Teresa Handicott. Teresa is not going to talk, because you all know her. I'm delighted she's gone for re-election. She has been on the Board for I think probably

close to 6 years now. A very valued member, I really value her personal guidance. She was part of the team that recruited me, and I really value her being here.

Teresa Handicott was appointed as independent non-executive Director of Downer on 21 September 2016. In accordance with the Rule 3.6 of the Company's Constitution, and being eligible, offers herself for re-election. Teresa is currently Chairman of the Remuneration and Disclosure Committees, and a member of the Audit and Risk, and Nominations, and Corporate Governance Committees.

Proxies received in relation to this motion are displayed on the screen. The other Directors, including myself, unanimously recommend that shareholders vote in favour of this Resolution. There is now an opportunity for discussion of this Resolution. Are there any questions?

Thank you, ladies and gentlemen.

***Item 2e: Re-election of Peter Watson***

**Mark Chellew:** Last but not least in terms of the election is Peter Watson. Peter has been on the Board for about 3 years now. He's very experienced in construction. I also value his advice. It is unusual I value everyone's advice, but I do. And I don't say that at every Board meeting I go to. So, I listen to Peter, a very experienced Director, and I'm very thankful he's going for re-election. He's not going to talk to you because you've met him before.

The meeting now needs to consider Item 2e, the re-election of Peter Watson. Peter was appointed as an independent non-executive Director of Downer on 22 May 2019. In accordance with Rule 3.6 of the Company's Constitution, and being eligible, offers himself for re-election. Peter is currently Chairman of the Tender Risk Evaluation and Zero Harm Committees, and a member of the Audit and Risk Committee.

Proxies received in relation to this motion are displayed on the screen. The other Directors, including me, unanimously recommend that shareholders vote in favour of this Resolution. There is now an opportunity for discussion of this Resolution. Are there any questions?

Thank you, ladies and gentlemen.

***Item 3: Adoption of the Remuneration Report***

**Mark Chellew:** Next one is the adoption of the remuneration report. The meeting now needs to consider Item 3, adoption of the Remuneration Report for the year ending 30 June 2022. As stated earlier, we acknowledge that some shareholders do not agree with all of the Board's remuneration decisions this year. The unprecedented challenges of full year 2022 made

assessing Executive performance more difficult than usual this year. We have engaged with shareholders and proxy advisors and acknowledge there is a difference of opinion on this matter. The Board will continue to act in the best interests of the Company to deliver the right outcomes.

Proxies received in relation to this item are displayed on the screen. The Remuneration Report is now open for discussion, and we received the following questions from shareholders: “CEO remuneration does not represent good value to shareholders. When will this be limited to no more than 10 times the annual wage of a lowest paid employee or contractor? In light of a reduced result, should not remuneration be reduced?”.

Downer has a very robust remuneration framework. We operate in a very competitive environment. We interact with the external market, and a substantial part of their packages is based on performance. So, we are where we are. We don’t resile from what we’re paying. We need to attract the right people. It’s a competitive market out there. Are there any questions? Yes.

**Natasha Lee:** *I’m only speaking because nobody else wants to speak...*

**Mark Chellew:** You’re more than welcome.

**Natasha Lee:** *Natasha Lee again. Look, I know that it’s been a difficult year. I know that your Long-Term Incentives as part of your remuneration is over a three-year horizon. Most companies are moving towards four years. I’d just like to put that on the table. I know it makes it more difficult for you guys. But I think moving towards what the trend is, is to consider moving towards a four-year LTI horizon in the future.*

**Mark Chellew:** Okay, thank you for that. Look, I am going to be very frank; we probably won’t. We are probably going to stay on the three-year horizon. I know some companies are moving towards it, but a lot haven’t, and we’re probably going to stay at the three year. But we’ll take your question on notice, and during this year, we will consider it accordingly when we come up with the next LTI scheme. So, thank you for your comments.

**Natasha Lee:** *That’s all. Thank you very much.*

**Mark Chellew:** Thank you. Are there any other questions?

Thank you, ladies and gentlemen.

#### **Item 4: Approval of Managing Director’s LTI**

**Mark Chellew:** The next one is the approval of Managing Director’s Long-Term Incentive. The meeting now needs to consider Item 4, which is the approval of Managing Director’s Long-Term Incentive. The details of a Long-Term Incentive plan are set out as detailed in the Notice of Meeting.

Proxies received in relation to this motion are displayed on the screen. There is now opportunity for discussions on this Resolution. Are there any questions?

Thank you very much, ladies and gentlemen.

***Item 5: Renewal of Proportional Takeover Approval Provisions***

**Mark Chellew:** The next one is the reinsertion of the proportional takeover approval provisions. The meeting now needs to consider Item 5: Reinsertion of the proportional takeover approval provisions in the Constitution. Proxies received in relation to this motion are displayed on the screen. There is now an opportunity for discussion of this Resolution.

We have received the question from a shareholder: “Why has the proportional takeover division not been made a permanent item in the Constitution, instead of being reinstated every three years?”. Section 684D, I love that section of the of *The Corporations Act*, permits the inclusion of a proportional takeover provision in the Constitution of the Company. Under Section 684G, the provision ceases to apply after 3 years, and must be renewed by shareholders to be effective. So we have no choice but to put this up every 3 years. Are there any questions?

Thank you.

***Item 6: Increase of Non-executive Director Fee Limit***

**Mark Chellew:** Increase in Non-executive Directors’ fee limit. The meeting now needs to consider Item 6 to approve the increase in the maximum total amount of Directors’ fees that may be payable by the Company to the Non-executive Directors from \$2 million to \$2.4 million per annum.

I spoke to you earlier about progress being made on the Board renewal, and you have heard the commitment and enthusiasm and experience of our new Directors seeking election today. The Board, which consists of 7 Non-executive Directors plus the Managing Director is engaged and energetic and working closely with the Executive to set and achieve Downer’s objectives. We are often drinking out of a firehose at the moment. Today’s motion to increase the fee cap is necessary, as there has been no increase in more than 10 years, and it will allow for the additional appointment of additional Directors, which we intend to do over the next 12 months.

The desire to retain and attract quality Directors with extensive knowledge and experience of our sectors is paramount. The new fee cap has been benchmarked against our industry peers and is considered in the medium range. As part of our commitment to ASX Good Governance Principles, we encourage investment by Directors in Downer shares.

Proxies received in relation to this motion are displayed on the screen. There is now an opportunity for discussion of this motion. Are there any questions?

Thank you.

***Closing***

**Mark Chellew:** Now that all items have been discussed, we will allow a 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 card?

Would any person who has not voted hold up your voting card, if there is anyone out there still? Robert, are we alright?

**Robert Regan:** Yes.

**Mark Chellew:** Okay, I've done the check. Okay, as all papers have been collected, I now 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 to the polls to the ASX this afternoon.

Is there any other business that can lawfully be brought forward? Probably not. Ladies and gentlemen, being no further business, the meeting is now concluded. Thank you very much for your attendance. I'll now invite you to join the Directors and the Executive Team for light refreshments. Thank you.