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Adelaide Brighton Ltd
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26 March 2019

The Manager
Market Announcements
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Board composition and 2019 AGM

Further to the Company's announcement made on 5 March 2019, the Company is pleased to announce that Barro Properties and its associated entities (**Barro Group**) and the independent Directors have confirmed their support for the following Board Governance Framework, which is expected to remain in place for the foreseeable future. Barro Group and the independent Directors consider this Governance Framework appropriate to recognise both the cornerstone shareholding of the Barro Group in the Company and the importance of effective oversight by independent directors for the benefit of all shareholders:

1. A majority of the Board will comprise independent directors (4 Independent Directors and 3 nominees of Barro Group)
2. Raymond Barro will be appointed Chairman from the conclusion of the AGM
3. The current Chairman, Zlatko Todorcevski, will then be Lead Independent Director and Deputy Chairman
4. The Board Protocol - Potential Conflicts and Interests in the form attached will be adopted by the Board to apply to, amongst other things, interactions between the business interests of Barro Group and Adelaide Brighton

As a result of the adoption of these governance and conflicts management principles, the independent Directors are supporting the nomination to the Board of Rhonda Barro and the appointment of Raymond Barro as Chairman.

Raymond Barro said, "I am excited to be Chairman of the Company following conclusion of the AGM. Barro Group acknowledges the important corporate governance role an independent board plays and I, together with Rhonda and Geoff, look forward to working collaboratively with the independent Directors to grow the business going forward."

Chairman Zlatko Todorcevski said, "The Governance Framework agreed by the Board today ensures that Adelaide Brighton's Board will continue to comprise a majority of independent Directors for the foreseeable future, in line with ASX Corporate Governance Council recommendations. The Framework also includes an enhanced Conflicts Protocol governing interactions between the business interests of Barro Group and Adelaide Brighton. The independent Directors are pleased with this outcome, which ensures stability, and are strongly of the view that this is in the best interests of all shareholders. With this framework in place, I look forward to working with Raymond to ensure a smooth transition of the Chairmanship. The independent Directors acknowledge Raymond's depth of industry experience and look forward to his continued contribution, and leadership, in the role of Chairman."

Attached is the notice of the Annual General Meeting of the Company, scheduled for Friday 10 May 2019 at 10.00am Adelaide time, at the Ballroom, Lower Level, InterContinental, North Terrace, Adelaide, South Australia, 5000.

FOR FURTHER INFORMATION: Domestique Consulting
Lauren Thompson / Jon Snowball
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Adelaide Brighton Limited (ASX: ABC) is a leading construction materials and lime producing group of companies which supplies the Australian infrastructure, building and resources industries. The Company has 1500 employees and market leading positions in cement and clinker, lime and concrete masonry and is an emerging force in pre-mixed concrete and aggregates. Adelaide Brighton is the largest importer of cementitious materials into Australia and through its efficient import supply chain has access to every mainland capital city market.

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ADELAIDE BRIGHTON LIMITED
ACN 007 596 018

BOARD PROTOCOL – POTENTIAL CONFLICTS AND INTERESTS

The Board of Adelaide Brighton Limited (the **Company**) has adopted this Protocol.

It outlines the practices and procedures of the Board concerning the circumstances in which directors must disclose existing and potential conflicts and interests, and the manner in which the Board will respond to such disclosures.

It is intended that this Protocol be read together with the Company's Board Charter.

1 Conflicts and Declarations of Interests

The Corporations Act imposes obligations on directors in relation to disclosure of interests. Specifically, the Act provides that:

- (a) a director who has a material personal interest in any matter that relates to the affairs of the Company is required to give the other directors notice of the interest, except in certain circumstances specified in the Act. These include where the director is a member of the Company and the interest is an interest in common with other members of the Company;
- (b) directors may choose to give standing notice about an interest to each of the other directors; and
- (c) a director who has a material personal interest in a matter that is being considered at a directors' meeting must not, unless otherwise resolved by the other directors:
 - (1) be present while the matter is being considered at the meeting; or
 - (2) vote on the matter.

As a matter of practice, the Board has developed the following protocol:

- (a) directors must disclose all interests and other directorships;
- (b) directors may choose to submit standing notices of interest to all Board members, or must disclose their interest in a matter being considered by the Board at that time;
- (c) directors must warn of potential conflict with duty to another company and ensure any change in circumstances is advised;
- (d) the Board will continually consider the application of the relevant provisions of the Corporations Act and, if the Lead Independent Director determines that a director's interest in a matter may be sufficiently material, or may result in a conflict of interest arising, the Lead independent Director will discuss the matter with the director concerned. If:

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- (1) they agree that a material personal interest or conflict exists;
 - (2) failing agreement, an independent adjudicator, agreed by the Lead Independent Director and the director concerned, considers that a material personal interest or conflict exists; or
 - (3) failing an independent adjudicator being agreed to within 7 days, the Company obtains and discloses to the director concerned, external written legal advice that confirms that a material personal interest or conflict exists,

the director:

- (4) will not receive Board Papers on the subject of interest, but will be advised that applicable Board Papers have been excluded;
 - (5) cannot be present at the meeting when the matter is considered unless the other directors resolve that the director in question can stay; and
 - (6) cannot vote on the matter unless the other directors resolve that the director in question can vote;
- (e) where the Chairman has a material personal interest or conflict, the Lead Independent Director, rather than the Chairman, will work with the Company Secretary to settle the relevant Board Papers;
- (f) directors must obtain the Company's consent before disclosing Company information to another company or third party;
- (g) the Company and its directors must take all reasonable steps to preserve legal professional privilege in any legal advice shared under this protocol;
- (h) acquisitions and disposals of assets with a value of \$50m or more may only be approved by a unanimous resolution of the Board.

In accordance with the Listing Rules, each director is required to enter into an agreement with the Company to provide details of his or her "relevant interest" in the Company's securities on appointment, within 5 business days (or such lesser period as set out in the relevant agreement) of a change in the "relevant interest", and following retirement. Any change in a director's interest must be notified to the ASX within 5 business days by lodgement of Appendix 3Y.

Each director has a duty to avoid conflicts of interest, and, as noted above must notify the Board of any potential conflicts he or she may have, including any which may arise as a result of his or her duty to another company.

Each director has a duty to maintain the confidentiality of information he or she learns by virtue of his or her position as director. Disclosure of such information by the director should only be made after consultation with the Chairman or the Board (or where it relates to disclosure by the Chairman of the Board or another director who is a nominee of the same shareholder as the Chairman of the Board, after consultation with the Lead Independent Director).

2 Business conflicts

A director who is a nominee of a shareholder who:

- is party to a transaction, joint venture or other business dealing with the Company or any of its subsidiaries; or

- has operations which compete with the business of the Company or any of its subsidiaries,

will, in the first instance, direct to the Lead Independent Director any communications the director may wish to make with anyone else at the Company in relation to the relevant transaction, joint venture, business dealing or operations (collectively, **Conflict Areas**). They will agree an appropriate protocol for any communications which may be required on the matter with anyone else at the Company.

3 Competition law advice

The Lead Independent Director will seek competition law advice on behalf of the Company as and when required in connection with this Protocol, including in relation to the Conflict Areas. The directors will comply at all times with the competition laws.

Adopted by resolution of the Board made 18 May 2005.

Amended by resolutions of the Board made 23 June 2017 and 25 March 2019

Chairman

Secretary

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25 March 2019

Dear fellow Shareholder

On behalf of the Board, I am pleased to invite you to Adelaide Brighton Limited's 2019 Annual General Meeting.

The AGM will be held at the Ballroom, Lower Level, InterContinental, North Terrace, Adelaide, South Australia 5000, on Friday 10 May 2019 at 10.00 am (Adelaide time). The Notice of Meeting and Proxy Form are enclosed with this letter, together with the company's Annual Report for 2018.

We encourage and look forward to our shareholders attending the AGM. Shareholders who cannot attend the AGM may appoint a proxy online at www.investorvote.com.au or using the enclosed Proxy Form.

The items of business that will be considered at the AGM are:

- the financial report, directors' report and auditor's report;
- the election of Rhonda Barro;
- the re-election of myself and Ken Scott-Mackenzie; and
- the remuneration report.

As announced to the ASX on 26 March 2019, Barro Properties and its associated entities (Barro Group) and the independent Directors have confirmed their support for a Board Governance Framework designed to be appropriate to recognise both the cornerstone shareholding of the Barro Group in the Company and the importance of effective oversight by independent Directors for the benefit of all shareholders. Following the AGM, provided all resolutions are passed by shareholders:

- a majority of the Board will comprise independent directors (4 Independent Directors and 3 nominees of Barro Group);
- Raymond Barro will be appointed by the Board as its Chairman; and
- I will be appointed Lead Independent Director and Deputy Chairman.

A Board Protocol (Potential Conflicts and Interests) in the form released to the ASX with our 26 March announcement has been adopted by the Board to apply to, amongst other things, interactions between the business interests of Barro Group and Adelaide Brighton.

The acceptance of these governance and conflicts management principles and confirmation from the Barro Group that it would support a majority of the Board comprising independent directors for the foreseeable future, were important considerations for the Board's support for Rhonda Barro's appointment to the Board and the appointment of Raymond Barro as our Chairman. All of your directors believe Rhonda has the experience and qualities to make great contribution to the Board and Raymond's experience and knowledge of the industry is unrivalled in Australia so we are looking forward to working with him in his role as Board Chairman.

Accordingly, the Board recommends that shareholders vote in favour of all items to be considered at the meeting. Full details are set out in the explanatory notes in the enclosed Notice of Meeting.

On behalf of the Board, I look forward to welcoming you to the 2019 AGM.

Zlatko Todorcevski

Chairman



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All communications to:

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Notice of Annual General Meeting

Notice is given that the 2019 Annual General Meeting of Adelaide Brighton Ltd (the **Company**) will be held at the Ballroom, Lower Level, InterContinental, North Terrace, Adelaide, South Australia 5000, on Friday 10 May 2019 at 10.00 am Adelaide time, for the purpose of transacting the business set out in this Notice.

Business

1 Financial Report, Directors' Report and Auditor's Report

To receive and consider the financial report, directors' report and the auditor's report for the financial year ended 31 December 2018.

Note: There is no requirement for shareholders to vote on this item

2. Election of Ms R Barro

To consider and, if thought fit, pass the following resolution as an ordinary resolution.

"That Ms Rhonda Barro, having been nominated by a shareholder under rule 7.1(l) of the Company's constitution, be elected as a Director of the Company"

3 Re-election of Mr KB Scott-Mackenzie

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Scott-Mackenzie, being a Director of the Company who retires by rotation under rule 7.1(d) of the Company's constitution and, being eligible, is re-elected as a Director of the Company."

4 Re-election of Mr Z Todorcevski

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr Todorcevski, being a Director of the Company who retires by rotation under rule 7.1(d) of the Company's constitution and, being eligible, is re-elected as a Director of the Company."

5 Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution:

"To adopt the Remuneration Report for the financial year ended 31 December 2018."

The Remuneration Report is set out on pages 49 to 71 of the 2018 Annual Report.

Note: This resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion statement

The Company will disregard any votes cast on Item 5:

- > by or on behalf of a person who is a member of the key management personnel named in the remuneration report for the year ended 31 December 2018 or their closely related parties (regardless of the capacity in which the vote is cast); or
- > as proxy by a person who is a member of the key management personnel on the date of the AGM or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote:

- > in accordance with the directions on the proxy form; or
- > by the person chairing the meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though Item 5 is connected with the remuneration of the key management personnel.

By order of the Board
Marcus Clayton
Company Secretary

25 March 2019

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EXPLANATORY NOTES TO SHAREHOLDERS

Item 1 Financial Report, Directors' Report, Auditor's Report

The *Corporations Act* requires the financial report (which includes financial statements, notes to the financial statements and directors' declaration), the directors' report and the auditor's report to be laid before the Annual General Meeting.

There is no requirement for a formal resolution on this matter. Accordingly, there will be no formal resolution put to the meeting.

Shareholders will be given a reasonable opportunity at the meeting to raise questions on these reports and to make comments on the business, operations and management of the Company.

Item 2 Election of Ms R Barro

Ms Rhonda Barro is an Executive Director of Barro Group.

Ms Barro has over 43 years in the construction materials industry and executive management experience in line and functional areas, and is highly regarded for her skills in maximising the effectiveness of the strategies and structures across the Barro Group. Her breadth of experience also extends to a true insight and appreciation of the issues that face business leaders today. Ms Barro continues to take a supportive and active role in community involvement.

Ms Barro's other roles include:

- Executive Director – Barro Group (current)
- Director – Independent Cement & Lime Pty Ltd (current)
- Fellow - Williamson Community Leadership Program
- Director – Co.As.It. Italian Assistance Association (1998 – current)
- President – Co.As.It. Italian Assistance Association (2011 – 2018)
- Chair – Italian Historical Society Strategy Committee (1990-current)
- St Vincent's Institute of Medical Research Foundation Board (2019 – current)

The Board recommends that shareholders vote in favour of the election of Ms Barro.

The Board notes that Ms Barro, who has been nominated by Barro Properties Pty Ltd, is not considered an independent Director.

Item 3 Re-election of Mr KB Scott-Mackenzie BE (*Mining*), *Dip Law*

Mr Scott-Mackenzie, 68 years of age, was appointed to the Board as an independent non-executive Director on in July 2010. He is Chair of the Safety, Health, Environment and Community Committee and a Member of the People and Culture Committee.

Mr Scott-Mackenzie has over 40 years' experience in infrastructure, construction and mining services gained in Australia and overseas, as well as a background in the financial, legal and commercial aspects of projects. As an executive, he held several senior management positions and was the chief executive officer of a major construction group.

Mr Scott-Mackenzie was formerly a Chairman of Macmahon Holdings Limited, Linking Melbourne Authority and Murchison Metals Ltd.

The Board has considered the performance of Mr Scott-Mackenzie as well as the skills, knowledge and experience he brings to the Board and his contribution to Board discussions.

The Board considers Mr Scott-Mackenzie to be an independent Director, and with Mr Scott-Mackenzie abstaining, recommends that shareholders vote in favour of Item 3.

Item 4 Re-election of Mr Z Todorcevski MBA, BCom, FCPA, FGIA

Mr Todorcevski, 51 years of age, joined the Board as an independent non-executive Director in March 2017 and was appointed Chairman in May 2018. He is a Member of the Audit, Risk and Compliance Committee.

Mr Todorcevski is an experienced global executive with more than 30 years' experience in the oil and gas, logistics and manufacturing sectors gained in Australia and overseas and has a background in finance, strategy and planning. He has previously held the position of Chief Financial Officer with BHP Billiton's Energy business, Oil Search Limited and Brambles Limited.

Mr Todorcevski is a Director of The Star Entertainment Group Limited and Coles Group Limited. He was formerly the President of the Group of 100, the peak body for Australia's Chief Financial Officers from the nation's major private and public business enterprises. He was also Chairman of the Accounting and Auditing Standing Committee of the Australian Securities and Investments Commission.

The Board has considered the performance of Mr Todorcevski as well as the skills, knowledge and experience he brings to the Board and his contribution to Board discussions.

The Board considers Mr Todorcevski to be an independent Director, and with Mr Todorcevski abstaining, recommends that shareholders vote in favour of Item 4.

Item 5 Adoption of Remuneration Report – non-binding advisory vote

As required by the *Corporations Act*, the Board is presenting the Company's Remuneration Report for the financial year ended 31 December 2018 to shareholders for consideration and adoption by a non-binding advisory vote.

The Remuneration Report is set out on pages 49 to 71 of the 2018 Annual Report.

The Remuneration Report discusses:

- the remuneration policy adopted by the Board;
- the remuneration details of Key Management Personnel (KMP) (comprising each Director and certain members of the senior executive team);
- how the Company's performance has driven remuneration outcomes for the 2018 financial year; and
- the performance conditions that must be met prior to KMP executives deriving any value from the 'at risk' components of their remuneration.

The Remuneration Report has received positive support from shareholders in prior years and the content of the 2018 Remuneration Report remains largely unchanged.

We have also prepared the Remuneration Report in line with our objective of transparency in explaining our remuneration framework and practices and the link between Company and individual performance and incentive remuneration outcomes.

The vote on this resolution is advisory only and does not bind the Directors or the Company. Nevertheless, there will be a reasonable opportunity for discussion of the Remuneration Report at the meeting, and the Board will take into account this discussion and the outcome

of the vote on this resolution when considering the future remuneration arrangements of the Company.

As a result of the provisions in the *Corporations Act* known generally as the 'two strikes rule', shareholders should note that the result of the vote on this resolution may impact the voting process at the Annual General Meeting next year. If 25% or more of the votes cast on this resolution are against the adoption of the 2018 Remuneration Report, this will be considered the 'first strike'. If a 'second strike' is cast against the Remuneration Report at next year's Annual General Meeting, this will trigger a vote on a resolution to spill the Board. Consequently, the Directors may need to stand for re-election.

The Board, therefore, encourages shareholders to apply the same level of diligence in relation to voting on this resolution as they do with the binding resolutions.

The Board recommends that shareholders vote in favour of Item 5.

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Voting Information

Voting Entitlement

For the purposes of the meeting, shares will be taken to be held by the persons who are the registered holders at close of business on Wednesday 8 May 2018. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Methods of Voting

Shareholders can vote in the following ways:

- by attending the meeting and voting either in person, by attorney or, in the case of corporate shareholders, by corporate representative; or
- by appointing a proxy to vote on their behalf using the form of appointment of proxy enclosed or online (refer below).

All your securities will be voted in accordance with your directions.

The Chairman intends to put all items set out in the notice of meeting to a poll.

Voting by Proxy

A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the *Corporations Act 2001 (Cth)*; and
- provides satisfactory evidence of the appointment of its corporate representative.

If such evidence is not received at least 48 hours before the meeting, the body corporate (through its representative) will not be permitted to act as a proxy.

A form of appointment of proxy is enclosed. To be effective, the document appointing the proxy (and a certified copy of the power of attorney, if any, under which it is signed) must be received by the Company at least 48 hours before the meeting. The documents should be lodged with the Company:

- by delivery, or by mail, to the Company's registered office at Level 1, 157 Grenfell Street, Adelaide, SA 5000; or
- by facsimile to the Company on (08) 8215 0030 (international +(618) 8215 0030).
- **Vote online:** Shareholders can also cast their votes online at www.investorvote.com.au and follow the prompts. To use this facility you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), postcode and control number as shown on the proxy form. You will have taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.
- **Custodian voting:** For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using the enclosed proxy form, an additional form of proxy is available on request from the Company.

A proxy may choose whether or not to vote on a show of hands or on a poll. If the proxy chooses to vote, the proxy must vote in accordance with the directions of a shareholder on the proxy form. If the proxy chooses not to vote on a poll, the Chairman of the Meeting must exercise the proxy in accordance with the directions of the shareholder on the proxy form (if any).

If a shareholder does not indicate on the proxy form the manner in which a proxy is to vote, then the proxy may vote as he thinks fit. The Chairman of the Meeting intends to vote all available undirected proxies in favour of each item of business.

Corporate shareholders

A representative of a company attending the meeting must present satisfactory evidence of his or her appointment to attend on its behalf, unless previously lodged with the Company.

Annual Report

Adelaide Brighton Limited's 2018 Annual Report is available at:
www.adbri.com.au/investors#reports

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