

BRICKWORKS

LIMITED

23 September 2021

Australian Securities Exchange
Attention: **Companies Department**

BY ELECTRONIC LODGEMENT

Dear Sir / Madam

Please find attached for immediate release to the market the FY2021 Corporate Governance Statement for Brickworks Limited.

This announcement has been authorised for release by the Brickworks Board of Directors.

Yours faithfully

BRICKWORKS LIMITED



Susan Leppinus
Company Secretary

Brickworks Limited

ABN: 17 000 028 526

738 – 780 Wallgrove Road,
Horsley Park, NSW 2175

PO Box 6550
Wetherill Park, NSW 1851

(02) 9830 7800

info@brickworks.com.au
www.brickworks.com.au

PROUDLY SUPPORTS



Corporate Governance Statement

The Brickworks Limited (Company) Board is committed to developing and maintaining good corporate governance and recognises that this is best achieved through its people and their actions. The Company's long-term future is best served by ensuring that its employees have the highest levels of honesty and integrity and that these employees are retained and developed through fair remuneration, appropriate long-term incentives and equity participation in the Company. It is also critical to the success of the Company that an appropriate culture is nurtured and developed, starting from the Board itself.

This Corporate Governance statement has been summarised into sections in line with the 8 essential corporate governance principles as specified in the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations (4th Edition)".

A summary of corporate governance information can be found on the Brickworks website at www.brickworks.com.au.

1. Lay solid foundations for management and oversight

1.1. Board Composition

It is Board policy that the majority of the Board should be non-executive and independent Directors and the Chair should be a non-executive Director. At the date of this report, the Board consists of six non-executive Directors and the Managing Director, Mr Lindsay Partridge. The directors and their appointment dates are as follows:

Chairman

Robert D. Millner FAICD

Chairman | Director since 1997 (24 years)

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

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

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

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

Mr Millner holds directorships in the following listed companies:

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

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

Managing Director

Lindsay R. Partridge AM BSc. Hons.Ceramic Eng; FAICD; Dip.CD

Managing Director | Since 2000 (21 years), joined the Company in 1985

Mr Partridge was appointed Managing Director in 2000.

He is a qualified ceramic engineer and has extensive commercial, manufacturing, marketing, technical and operational experience including numerous senior management positions he has held in the building products manufacturing sector in Australia and the USA.

Since his appointment as Managing Director Brickworks has grown significantly in terms of size and profitability and successfully expanded into industrial property development.

He is an experienced company director with substantial expertise in governance, human resources, compliance reporting, media, investor relations and mergers and acquisitions.

He was awarded the Member of the Order of Australia in 2012 for services to the Building and Construction Industry, particularly in the areas of industry training and career development. and in 2018 was awarded the esteemed "Sir Phillip Lynch Award", by the Housing Industry Association in recognition of his immense contribution to the Housing Industry.

Non-executive Directors

Michael J. Millner MAICD

Deputy Chairman | Director since 1998 (23 years)

Mr. M. Millner is a non-executive Director who was appointed to the Board in 1998.

As an experienced company director, Mr Millner has considerable investment, portfolio and asset management experience across the building products, manufacturing, agricultural and property sectors in Australia and overseas.

He is President of the Royal Agricultural Society of NSW and a Director of the Royal Agricultural Society of NSW (RAS) Foundation.

Mr Millner is the Deputy Chairman of the Board, and a member of the Remuneration Committee and the Nomination Committee.

Mr Millner has no current listed company directorships. During the last 3 years, he also held a listed company directorship with Ruralco Holdings Ltd (resigning in 2019).

The Hon. Robert J. Webster MAICD

Non-executive Director | Director since 2001 (20 years)

Mr Webster was appointed to the Board in 2001 and is a non-executive Director.

As a former senior client partner and head of Asia Pacific Board Services at Korn Ferry Mr Webster has particular skills in human resources, recruitment and executive remuneration.

He also brings valuable experience to the Board in government planning, energy and housing having served as Minister for Planning, Minister for Energy, and Minister for Housing in New South Wales.

As an experienced company director and public-sector leader his skills include Board leadership, governance, risk management and compliance.

He is Chair of the Nomination Committee, a member of the Remuneration Committee, the Audit and Risk Committee and the Independent Board Committee.

Mr Webster has no other listed company directorships and held no other listed company directorships in the last three years.

Deborah R. Page AM B.Ec, FCA, FAICD

Non-executive Director | Director since 1 July 2014 (7 years)

Mrs Page was appointed to the Board in July 2014.

She has extensive financial expertise, having been a partner at Touche Ross/KPMG Peat Marwick, and a senior executive with the Lend Lease Group, Allen Allen and Hemsley and the Commonwealth Bank.

She has specific experience in corporate finance, accounting, audit, mergers & acquisitions, capital markets, insurance and joint venture arrangements.

Mrs Page also has extensive experience as a company director gained across ASX Listed, private, public sector and regulated entities including in the telecommunications, utilities, insurance, technology, renewables, funds management and infrastructure sectors.

As an experienced director and Audit and Risk Committee Chair her skills also include Board leadership, governance, risk management and compliance.

Mrs Page is the Lead Independent Director and Chair of the Independent Board Committee, Chair of the Audit and Risk Committee, and a member of the Remuneration Committee and the Nomination Committee.

Mrs Page is a member of Chief Executive Women.

Mrs Page holds directorships in the following listed companies:

- ▶ Pandal Group Limited
- ▶ Service Stream Limited
- ▶ Growthpoint Properties Australia Limited

During the last three years, she also held a listed company directorship with GBST Holdings Limited (resigning in 2019).

Malcolm P. Bunday B.Bus (Accounting), GAICD

Non-executive Director | Director since 1 October 2019 (2 years)

Mr Bunday was appointed to the Board in October 2019.

Mr Bunday has valuable experience as a CEO & Managing Director with particular expertise in managing complex global manufacturing operations including as CEO of Pact Group, CEO of Evergreen Packaging, CEO of Graham Packaging and CEO of Closure Systems International.

These companies each operated multi-location and geographical plants across a wide range of regulatory jurisdictions including Australia and the USA.

Mr Bunday also has extensive financial experience having been a CFO at Goodman Fielder and a partner at Deloitte.

He has in depth knowledge of the health, safety and environment risks associated with manufacturing operations and expertise in mergers and acquisitions and asset management.

He is Chair of the Remuneration Committee, a member of the Nomination Committee, the Audit and Risk Committee and the Independent Board Committee.

Mr Bunday has no current listed company directorships. During the last three years, he was an executive director of Pact Group Holdings Ltd (resigning from the board in September 2018).

Robyn N. Stubbs B.Bus, M.Sc., GAICD

Non-executive Director | Director since 1 January 2020 (1.5 years)

Ms Stubbs was appointed to the Board on 1 January 2020.

She has valuable operational experience in property leasing, sales and marketing, strategy and new product development having spent more than 25 years in senior sales and marketing roles in the media and property sectors.

Most recently Ms Stubbs was General Manager of Retail Leasing at Stockland and prior to this she held property management, sales and marketing roles at Lend Lease, Fairfax, Network Ten and Unilever.

Ms Stubbs' skills also include mergers and acquisitions, capital markets, governance, risk management and compliance.

She is a member of the Remuneration Committee, the Nomination Committee, the Audit & Risk Committee and the Independent Board Committee.

Ms Stubbs holds a listed directorship in Aventus Group. During the last 3 years she also held a listed company directorship with InvoCare Limited (resigning in February 2021).

The number of Board and Board Committee meetings and the attendance of each director at such meetings is set out in section 9 of this Report.

1.2. Roles and Responsibilities of the Board and Management

The Board is ultimately responsible for all matters relating to the running of the Company, however that role is achieved mainly through governing the Company. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board, and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

Brickworks' Board has the final responsibility for the successful operations of the Company. In general, it is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body.

The principal functions and responsibilities of the Board include the following:

- ▶ providing leadership to the Company and its employees;
- ▶ overseeing the development and implementation of appropriate corporate strategies;
- ▶ ensuring corporate accountability to shareholders;
- ▶ overseeing the control and accountability systems within the Company;
- ▶ ensuring robust and effective risk management, compliance and control systems are in place and operating effectively;
- ▶ monitoring the performance and conduct of the Company;
- ▶ monitoring the performance and conduct of senior management, and ensuring adequate succession plans are in place;
- ▶ ensuring the Company continually builds an honest and ethical culture; and
- ▶ approving the Company's remuneration framework.

All matters that are not specifically reserved for the board and are necessary for the daily management of the Company are delegated to senior executives and management, through the Managing Director who manages the Company in accordance with the strategy, plans and delegations approved by the Board.

1.3. Appointment of Directors

The Company undertakes appropriate checks before appointing a director or putting forward to shareholders a candidate it recommends for election as a director and provides security holders with all material information in its possession relevant to a decision on whether to elect or re-elect a director including their independence, term of office served, qualifications and experience.

The Company has a program for inducting new directors through provision of key Board induction material, company briefings and site visits. The Company periodically reviews the need of existing directors to conduct professional development.

1.4. Terms of Appointment of Directors and Senior Executives

The Company has a written agreement with each senior executive and Managing Director setting out the terms of their appointment. Non-executive directors appointed prior to 1 July 2014 are generally long serving directors who were appointed to the Board without written agreements. The Company has a written agreement with Mrs Page, Mr Bunday and Ms Stubbs setting out the terms of their appointment. The Company will enter into a written agreement with each new director that is appointed to the Board after 1 July 2014 setting out the terms of their appointment.

1.5. Company Secretary

The Company Secretary reports to the Managing Director and is accountable directly to the Board, through the Chair on matters to do with the proper functioning of the Board. The Company Secretary is accountable for advising the Board on corporate governance matters, managing the company secretarial function, attending Board and Board committee meetings and taking minutes and communicating with the ASX.

1.6. Diversity Policy

Brickworks has a Diversity Policy (a copy of which is on the Company's website) which includes requirements for the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them. In addition Brickworks has an Equal Employment Opportunity Policy. The Company is committed to a policy of equal employment opportunity which aims to prevent the existence of discriminatory practices or measures which may hinder equitable selection, progress or access to benefits of all employees.

The Group recognises it has legal and moral obligations not to discriminate on any basis, and is conscious of ensuring that its workforce reflects the diverse nature of the locations it operates in. Over time the company has improved its facilities in a number of its locations to promote opportunities for female operators and employees with physical disabilities. The company strives to improve shareholder value by ensuring the best candidate for any position is appointed.

Brickworks is a "relevant employer" and reports annually under the Workplace Gender Equality Act (WGEA). Brickworks has also lodged its 2020-2021 Workplace Gender Equality report with the Workplace Gender Equality Agency, which is compliant with the Workplace Gender Equality Act 2012 (Act) and can be viewed in the Investor and Reports section of the Company's website: www.brickworks.com.au. It contains the Group's most recent Gender Equality Indicators as at 31 March 2021

The Board has established measurable objectives toward gender diversity (measured as at 31 March each year consistent with its WGEA reporting) as follows:

Board membership: At the point at which a board vacancy arises, the nomination committee will ensure that the male and female candidates with the best skills and experience as required for the vacant position will be assessed for the role. Brickworks is committed to having the best director in the role, having regard to the skills and experience required.

Female director representation is 29%. Brickworks goal is to have not less than 30% of its directors of each gender by 2025.

Executive Group: At the point at which a position on the Executive Group becomes available, the best internal candidates (male and female) will be assessed, along with (where applicable) the best male and female external candidates for the role (noting that Brickworks has a policy of promoting from within where possible). Brickworks' goal is to have increased female senior executive representation to 35% by the year 2025 with senior executive being defined as the CEO, Key Management Personnel and Other Executives/General Managers. This goal was met with female executive management representation of 28.13% (an increase from 27.3% in 2019 and 26.7% in 2019).

Whole of organisation: Overall, women currently comprise 22.8% (2020 20.9%) of Brickworks' total workforce. Brickworks' goal is to increase this representation to 25% by the year 2025. Brickworks has historically found it difficult to attract and retain female employees, as majority of employees are directly or indirectly engaged in traditionally male dominated manufacturing roles. However, there has been significant improvement in increasing the female pool of candidates for vacant management and senior executive positions.

Each year the Board will report on these objectives and progress towards them as part of the Corporate Governance statement.

1.7. Evaluating the performance of the Board, Board Committees, Directors and senior executives

Non-executive Director performance is reviewed by the Chair. If the performance of any non-executive Director is considered unsatisfactory, the matter is referred to the remainder of the Board. The efficiency, effectiveness and operation of the Board is continuously subject to informal monitoring by the Chair and the Board as a whole. A structured Board review incorporating feedback from each director in relation to the effectiveness of the board and committees was undertaken in July 2021 in the form of a director questionnaire. This assessment is undertaken annually.

In monitoring the performance and conduct of senior management, the Remuneration Committee formally reviews the performance of the Managing Director and senior executive staff at least annually. In addition to the formal evaluation procedures, senior executive performance is continually monitored by the Managing Director on behalf of the Board, and the Managing Director's performance is subject to continuous monitoring by the full Board. During the current year, the performance evaluations referred to above took place in accordance with the process as outlined in section 8.

2. Structure the Board to add value

2.1. Director Independence

Having regard to the guidance provided by the ASX Principles, the Board considers that Deborah Page, Robyn Stubbs, Robert Webster and Malcolm Bunday are independent. Notwithstanding his length of service on the Board, the Board considers Mr Webster to be an independent director. As at 31 July 2021, Mr Webster will have served on the Board for 20 years however the Board considers that he continues to bring an independent mind and judgement to the Board and has not become too close to management or any non-independent director for his independence to be compromised. Messrs Robert Millner and Michael Millner are not considered by the board to be independent due to their directorial connection with Washington H. Soul Pattinson & Company Limited (**WHSP**), a major shareholder in Brickworks (either currently or historically). Michael Millner resigned as a director of WHSP in 2012. Robert Millner remains a director of WHSP.

Accordingly, with the appointment of Malcolm Bunday and Robyn Stubbs the majority of directors are independent directors and all Board Committees are chaired by independent directors. The Chairman is a non-executive director. The Chairman has extensive corporate and investment experience and provides leadership to the Board. The process adopted below deals appropriately with areas of conflict.

Mrs Deborah Page is the Lead Independent Director, acting as Chair of the board in matters in which both Robert and Michael Millner are conflicted. This includes considering and making recommendations to the board when circumstances exist or proposals are received when the interests of WHSP may differ from the interests of Brickworks or other shareholders in Brickworks.

In addition, individual Directors of Brickworks are entitled to seek independent professional advice in relation to their role as a Director, at the cost of Brickworks. Directors are required to advise the Chairman or full Board prior to engaging parties to provide this advice.

2.2. Board Experience and Skills Matrix

The Board feels that there is an appropriate blend of skills and experience covering all aspects of the Company's operations, particularly the core businesses of building products manufacturing and property development. The membership of the Board is reviewed by the full Board, from time to time, having regard to the ongoing needs of the Group. It is the policy of the Board that its membership should reflect an appropriate balance between executives possessing extensive direct experience and expertise in the core business activities of the Brickworks Group and non-executive members who bring to the Board a broad range of general commercial expertise and experience. The length of service on the Brickworks Board of each director is disclosed in section 1.1 of this Statement.

The Board has considered the criteria for Board Skills outlined in the CGI Glass Lewis 2018-2019 Proxy Paper having regard to the industries in which Brickworks operates. The following table summarises the skills and experience of the directors serving on the Board.

Skill / Experience / Expertise	R. Millner	L. Partridge	M. Millner	R. Webster	D. Page	M. Bunday	R. Stubbs
M&A and/or Capital Markets	✓	✓	✓	✓	✓	✓	✓
Audit and/or Corporate Finance	x	x	x	✓	✓	✓	✓
Materials	✓	✓	✓	x	x	✓	x
Industrials	x	✓	x	x	x	✓	x
Manufacturing / Supply Chain	✓	✓	✓	✓	x	✓	✓
Real Estate / Property Management and Development	x	✓	✓	✓	✓	x	✓
Capital / Funds Management	✓	✓	✓	✓	✓	✓	✓
Technical / Engineering	x	✓	x	x	x	✓	x
Public Policy	x	x	x	✓	x	x	✓
Social / Health and Safety	x	✓	✓	✓	✓	✓	✓
Environmental	x	✓	x	✓	✓	✓	✓
Technological Awareness / Digital and IT / Cyber Security	x	x	x	x	✓	✓	✓
Communications / Marketing / Customer Service	x	✓	x	✓	x	x	✓
Disruptions / Entrepreneurial / Innovations	x	✓	✓	x	x	✓	✓
Legal	x	x	x	x	x	x	x
HR / Remuneration	x	✓	x	✓	x	x	✓
International	✓	✓	x	x	x	✓	✓

2.3. Nomination Committee

Brickworks' Nomination Committee was established in November 2013. The Honourable Robert Webster is the Chair. At the date of this report all non-executive directors were members of this committee with members excluded from the meeting while their nomination is being considered. The majority of the Nomination Committee are independent. It has its own charter outlining the committee's function, composition, authority, responsibilities and reporting. A copy of the charter is available on the Company's website.

The role of this Committee is to make recommendations to the Board with regard to:

- ▶ determining the necessary and desirable competencies of directors to ensure it comprises Directors with an appropriate mix of experience and expertise;
- ▶ reviewing the process for the selection of non-executive directors;
- ▶ appointing directors and considering whether directors should be nominated to stand for re-election;
- ▶ board succession plans;
- ▶ developing and implementing a process for evaluation of the performance of the Board and Directors; and
- ▶ considering induction and continuing professional development programs for directors.

Newly appointed Directors receive a tailored orientation program that aims to provide that Director with a comprehensive understanding of the Company. New Directors are provided with information comprising governance policies, business information, Board and Committee charters and key policies. The Board also undertakes regular site visits and provides professional development opportunities on matters relating to the Company.

The Nomination Committee attendance details are included in section 9.

3. Promote ethical and responsible decision-making

Brickworks is committed to setting standards of conduct expected of its directors, officers and employees. It has in place a number of Board Policies and team members regularly undertake training in relation to these policies.

3.1. Code of Conduct

Brickworks has a Code of Conduct under which all Directors, senior management and employees are expected to operate. This Code is centred on having the Company and its employees achieve the highest integrity in all its business dealings at all levels of the organisation.

The Code of Conduct is based on the Brickworks values of Care: Sustainably Safe; Collaborate: Succeed Together; Exceed: Passionately Play to Win; Integrity: I Do What I Say; Innovate: Everyone, Everywhere, Everyday and Lead: Inspire People.

The Code outlines a number of fundamental standards to inform and explain expectations of Brickworks employees towards its people, third parties, governments, the community and investors in relation to areas such as: health and safety in the workplace, diversity, acting responsibly on social media, conflicts of interest, upholding bribery and corruption laws, promoting fair competition, prohibiting political donations, ensuring environmental compliance and maintaining confidentiality.

The Company is committed to generating an environment whereby its employees are encouraged to advise senior management of breaches of its Code of Conduct. To assist employees in this process, Brickworks has established a confidential whistleblower service utilising external consultants to facilitate the reporting and investigating of breaches of the Code of Conduct.

Material breaches of the Code of Conduct are reported to the Audit and Risk Committee.

Brickworks Code of Conduct is available in the Corporate Governance section of the Brickworks' website at: <https://www.brickworks.com.au/investors/group-overview#corporate-governance>

3.2. Anti-Bribery and Corruption Policy

Brickworks has an Anti-Bribery and Corruption Policy which prohibits:

- ▶ any activity that seeks to bribe or otherwise improperly influence a public official in any country that differs from that official's proper duties;
- ▶ the paying or receipt of secret commissions; and
- ▶ the making or accepting of facilitation payments or kickbacks.

It also sets the standards required of an employee in relation to the giving or receipt of gifts and hospitality.

Material breaches of this Policy are reported to the Audit and Risk Committee.

Brickworks Anti Bribery and Corruption Policy is available in the Corporate Governance section of the Brickworks' website at: <https://www.brickworks.com.au/investors/group-overview#corporate-governance>

3.3. Whistleblower Policy

Consistent with our commitment to act fairly, with honesty and integrity Brickworks has a Whistleblower Policy and has implemented Behonest@Brickworks an anonymous whistleblower service delivered by Deloitte.

The purpose of the Policy is to provide a mechanism which encourages concerns to be raised about misconduct or an improper state of affairs or circumstances or any other behaviour which is inconsistent with any of the Group's culture, values or policies. The Board is committed to seeking to ensure that there is a proper review of concerns raised without the person raising the concern being subject to detriment, victimisation or harassment.

The Group has appointed a Whistleblower Protection and Investigations Officer (**WPIO**) who has the responsibility to investigate those reports and seek to safeguard the interests of Reporting Persons making reports under this Policy and seek to protect them from detriment.

Material incidents under this Policy are reported to the Audit and Risk Committee.

Brickworks Whistleblower Policy is available in the Corporate Governance section of the Brickworks' website at:
<https://www.brickworks.com.au/investors/group-overview#corporate-governance>

3.4. Political Donations Policy

All dealings with politicians and government officials which relate to the Company and its business activities must be conducted at arm's length and with the utmost professionalism. Donations to any political party, political candidate or elected official are prohibited.

Brickworks Political Donations Policy is available in the Corporate Governance section of the Brickworks' website at:
<https://www.brickworks.com.au/investors/group-overview#corporate-governance>

3.5. Securities Trading Policy

The Company also has a Securities Trading Policy. A summary of the main principles of the Brickworks Securities Trading Policy are outlined below.

- ▶ All directors and employees and Connected Persons (being spouses, partner or minor children or dependants or a company or trust that that a director or employee or such connected persons control) are prohibited from dealing in Brickworks Limited securities while in possession of inside information regarding the Company.
- ▶ In addition to the other restrictions contained in the Securities Trading Policy Directors, members of the Executive Team, their Executive Assistants or Specified Employees are required to follow additional notification and procedures as follows:
 - trading the Company's securities during permitted trading windows only being:
 - within six weeks after the date of release of the Company's half-year results announcement to ASX commencing at 10.00am on the next trading day after the half-year results announcement;
 - within six weeks after the date of release of the Company's full-year results announcement to ASX commencing at 10.00am on the next trading day after the full-year results announcement;
 - within four weeks after the date of release of the Company's AGM commencing at 10:00am on the next trading day after the AGM; or
 - the rights trading period during which retail holders of the Company's shares may sell rights to subscribe for securities offered by the Company under a rights issue.
 - giving prior notification to the Company before trading the shares in the Company.
- ▶ In exceptional circumstances, Executive Team members, their Executive Assistants or Specified Persons may trade outside these windows, providing they obtain written approval from the Chair respectively prior to trading. Exceptional circumstances can include severe financial hardship and the requirement to comply with a legal or regulatory requirement
- ▶ This Policy does not restrict participation in:
 - the Company's employee share plans;
 - a Company dividend reinvestment plan; or
 - Company security purchase plans available to all retail shareholders,in accordance with the rules of the relevant plan and the terms of any offer.
- ▶ The requirements of the Policy do not apply to and do not restrict participation in:
 - the acquisition of the Company's securities through a pro-rata rights issue;
 - the disposal of the Company's securities through the acceptance of a takeover offer;
 - dealings where there is no effective change in the beneficial owner (such as a transfer to a family trust or to a self-managed superannuation fund);
 - the obtaining by a director of a share qualification set out in the directors letter of offer; and
 - indirect and incidental trading that occurs as a consequence of a dealing in securities issued by a managed investment scheme, listed investment company, exchange traded fund or similar investment vehicle that is managed by a third party and that happens to hold as part of its portfolio securities in the entity.
- ▶ Speculative dealing in the Company's securities such as dealing for a short-term gain is prohibited at all times.
- ▶ Short selling or in dealing through contracts for difference or derivatives linked specifically to the Company's securities is prohibited.
- ▶ Entering into any stock borrowing or margin loan arrangement in relation to security holdings in the Company, transferring securities in the Company into an existing margin loan account and selling securities in the Company to satisfy a call pursuant to a margin loan is prohibited.

Brickworks Securities Trading Policy is available in the Corporate Governance section of the Brickworks' website at: <https://www.brickworks.com.au/investors/group-overview#corporate-governance>

3.6. Modern Slavery

Brickworks is committed to working collaboratively with our partners and suppliers to ensure business is conducted in an honest and ethical manner. This includes identifying and addressing modern slavery and human rights risks throughout our business and supply chain.

Reporting frameworks and requirements to disclose risks of modern slavery in supply chains include the Federal Modern Slavery Act with came into effect in 2019 with initial reporting starting in 2020, and the Modern Slavery Act 2018 (NSW) which is expected to come into force at a future date. Brickworks has engaged consultants to review all legislative requirements and provide updates for any proposed changes or harmonisation.

During FY21, Brickworks continued to enhance our governance around modern slavery management. Brickworks 'new vendor' set-up procedures were modified to ensure all new vendors read and acknowledge our Modern Slavery Policy and agree to our Modern Slavery Supplier Code of Conduct. A modern slavery training module has been developed and rolled out that will be made available to all staff.

Brickworks undertook an assessment of Tier 1 suppliers based on the [Global Slavery Index](#) indicators to identify suppliers in high-risk categories. In addition, Brickworks worked with expert consultants to undertake desk top reviews of Tier 2. suppliers in high-risk areas/industries and is working with relevant Tier 1 suppliers to assist with our Tier 2 supplier engagement.

Our goal for FY21 is to continue the implementation of our modern slavery management framework and to continue to monitor and respond to administrative and best practice developments in the field of modern slavery management. This will include continuing our supplier surveillance and engagement to identify specific high-risk suppliers.

Brickworks' Modern Slavery Policy is available in the Corporate Governance section of the Brickworks' website at: <https://www.brickworks.com.au/investors/group-overview#corporate-governance>

4. Safeguard integrity in financial reporting

4.1. Process for Verification of Unaudited Periodic Corporate Reports

Brickworks goal is that periodic corporate reports will be accurate, balanced and provide investors with appropriate information to make informed investment decisions.

The Board has adopted a Continuous Disclosure Policy (**Disclosure Policy**) that applies to its disclosures to the market.

Management has developed practices and guidance material that are intended to ensure that periodic corporate reports provide clear, concise and effective disclosure, in accordance with the Disclosure Policy.

Authority has been delegated to the Disclosure Committee to ensure the implementation of the reporting and communications processes and controls set out in the Disclosure Policy and associated guidance material.

Brickworks process for verifying the integrity of periodic corporate reports not subject to audit or review by an external auditor is as follows:

- reports are prepared by, or under the supervision of, subject-matter experts;
- reports are reviewed for material accuracy; and
- information in a report that relates to financial projections, statements as to future financial performance or changes to the policy or strategy of the Company (taken as a whole) must be approved by the Board.

This process is intended to ensure that all applicable laws, regulations and company policies have been compiled with, and that appropriate approvals are obtained before a report is released to the market.

4.2. Audit and Risk Committee

Brickworks has an established Audit and Risk Committee, which has its own charter outlining the committee's function, composition, authority, responsibilities and reporting. A copy of the charter is available on the Brickworks website.

Current members of the Committee are Mrs Deborah Page (Chair since July 2014), The Hon. Robert Webster, Mr Malcolm Bunday and Ms Robyn Stubbs. Details of these Directors' qualifications and experience are available in section 1. The other Board members have a right of attendance, however the Managing Director, along with the Chief Financial Officer, the Company Secretary, and other senior managers may attend by invitation only, to discuss issues on audit and internal control matters.

The Committee also requests that representatives from the external auditors attend the Committee meetings to report on the results of their work in the period under review. Representatives from both external and internal auditors have direct access to the Committee if required.

Audit and Risk Committee attendance details are included in section 9.

The function of the Audit and Risk Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- the external reporting of financial information, including the selection and application of accounting policies;
- the independence and effectiveness of the external auditors;
- the effectiveness of internal control processes and management information systems;
- compliance with the Corporations Act, ASX Listing Rules and any other statutory requirements applicable to Brickworks; and
- the application and adequacy of risk management systems within Brickworks.

4.3. MD/CFO Declaration

It is a requirement of the Board that the Managing Director and Chief Financial Officer sign off to the Board, via the Audit and Risk Committee, on the content of the financial statements, and that in their opinion these statements have been properly maintained, comply with appropriate accounting standards and represent a true and fair view of the Company's performance and operations and the financial position of the Company and that opinion has formed on the basis of a sound system of risk management and internal control which is operating effectively.

4.4. External Auditor Attendance at Annual General Meeting

The Company requires the partner or delegate responsible for signing the audit report to be at the annual general meeting of the Company to answer any questions raised in relation to the audit and the auditor's report. Attendees at that meeting are given an opportunity to ask questions of the auditors. The audit partner from Ernst & Young attended the 2020 Annual General Meeting.

5. Make timely and balanced disclosure

5.1. Continuous Disclosure Policy

The Company is committed to the objective of promoting investor confidence and the rights of investors by:

- ▶ complying with the continuous disclosure obligations imposed by law;
- ▶ ensuring that company announcements are presented in a factual, clear and balanced way;
- ▶ ensuring that investors have equal and timely access to material information concerning the Company; and
- ▶ communicating effectively with investors and making it easy for them to participate in general meetings.

The Continuous Disclosure Policy outlines corporate governance measures adopted by the Company to further its commitments. It applies to all directors, as well as officers, employees and consultants of the Company.

The Company has established a Disclosure Committee to manage the Company's compliance with its disclosure obligations and this Policy. The Disclosure Committee must be kept informed by management of disclosure related issues. Disclosure and materiality guidelines are provided to all officers and relevant employees to assist them to understand the type of information that may potentially be price sensitive and when to refer any matter or event which may need to be disclosed to a member of the Disclosure Committee.

The Board promptly receives by email copies of all ASX announcements made by the Company.

Brickworks' Continuous Disclosure Policy is available in the Corporate Governance section of the Brickworks' website at: Brickworks Political Donations Policy is available in the Corporate Governance section of the Brickworks' website at: <https://www.brickworks.com.au/investors/group-overview#corporate-governance>

6. Respect the rights of shareholders

Brickworks is committed to keeping its shareholders and other interested parties informed about the Company's activities, ensuring shareholders have access to up-to-date information about the Company and that they are encouraged to participate in shareholder meetings of the Company. The investor section of the Company's website provides ready access to notices of meeting, annual reports, company announcements made to the ASX and webcasts of the company's annual general meetings.

The Company provides advanced notice to all major shareholders and analysts of periodic briefings. Such briefings can be attended in person or via telephone or conference facilities. The Company's investor relations program is designed to promote understanding amongst institutional and retail shareholders and other stakeholders, of the Company's businesses, governance framework, financial and operational performance, and outlook. This is also undertaken via comments and questions received at investment briefings and question and answer sessions at annual general meetings.

Any new or substantive presentation given to investors or analysts is released on the ASX Market Announcements Platform ahead of that presentation.

All substantive resolutions at the Company's meetings of security holders are decided by a poll rather than a show of hands.

Shareholders are also able to make enquiries of the Company via phone, email or post, details of which can be found on the Brickworks website. Time is specifically allocated at general meetings for questions to be put to the Board of Directors. The external auditor will attend the annual general meeting and be available to answer questions about the conduct of the audit and the preparation and content of the auditor's report.

Shareholders are able to obtain and send shareholder communication electronically to the Company and its share registry electronically via email.

7. Recognise and manage risk

7.1. Audit and Risk Committee

The Group is committed to the management of risks throughout its operations to protect its employees, shareholders, the environment, our assets, earnings, markets and reputation. Board responsibility for oversight of risk management resides with the Audit and Risk Committee with oversight and day-to-day management of the Group governance arrangements delegated to the Managing Director and Chief Financial Officer.

A risk management framework has been implemented, consistent with each element of the Australian Risk Management Standard AS/NZS31000:2018. Key Elements of the comprehensive framework cover Business Process, Financial, Human Resources, Information, Property, Environmental, Health and Safety and Insurable Risks.

The Company's Risk register is reviewed by the Audit and Risk Committee and the Board annually. It was last reviewed by the full Board in September 2021.

7.2. Internal Audit Function

The internal audit function is undertaken by PricewaterhouseCoopers Chartered Accountants. The internal audit team reports to the Audit and Risk Committee. The annual internal audit plan is prepared by the internal auditors using a risk-based approach that aligns the plan with the Group key risks.

7.3. Economic, Environmental and Sustainability Risks

The Board of Brickworks has adopted a Risk Management framework that identifies both Risk Tolerance and Risk Appetite for the group and then considers how each identified risk is placed within that framework.

That process considers the likelihood of an event occurring, followed by the impact of each event. The impact is considered at a human level which measures the likely consequence on people, whether they be employees or the public. Secondly, the financial consequence is considered.

The final step in the process is to consider the controls and processes in place, to continually mitigate each risk.

The following is a discussion of the key risks that may adversely impact the business.

Building Products

The achievement of business objectives in the Building Products Group may be impacted by the following significant risks:

Risk	Mitigation
Energy Supply–reliability and cost of gas and electricity	Energy requirements are managed through retail energy agreements. For the east coast operations, Santos supplies gas under a long-term agreement, and the energy division manages the day to day wholesale market risks. Insurance coverage mitigates the risk of interruption to electricity and gas supply.
Serious Safety Incidents	The Group has a strong safety culture and notwithstanding a well-developed WHS system (refer further “ Health and Safety ”) the Group continues to focus on safety improvements especially in response to COVID-19 and more generally in the expanding US business where health and safety programs are being aligned with the Australian operations. Mental health has emerged as an area of concern with Covid-19 lockdowns and Brickworks Australia now has 12 percent of total employees qualified in Mental Health First Aid. This number will build to 15 percent in FY2022 creating a support capability within the business.
Environmental incident	The Group has a strong commitment to environmental protection and a comprehensive environmental compliance system. The group continues to focus on implementing equivalent systems in the expanding US business (refer further “ Environmental ”).
Products – alternative products and product failure	The Group has a strong focus on research, development and quality control. The Group monitors market trends and has strategies to diversify its range of building products and its marketing approach.
Shift in housing trend	The Australian Building Products business has greatest exposure to the detached housing market. Over the past 2 decades there has been a trend towards multi-residential construction. The group has diversified its product suite to increase its exposure to multi-residential construction (through precast and masonry operations). The Covid-19 pandemic has reversed this trend, with strong growth in detached housing accelerating over the past 18 months as consumers preference for lower density living has increased. Exposure in the United States is significantly more diversified, with approximately 50% of sales to the commercial and multi-residential market.
New competitor	Whilst barriers to entry are significant the Group monitors its Australian and US markets for both domestic manufacturing and import competitors and has adopted a customer relationship and quality model, supported by investment in research and development.
Production capacity	In both its Australian and US operations, the Group manages production capacity by adroit management of its manufacturing base to correlate production to cyclical market conditions as they occur. Production capacity is underpinned by a long-term strategy of plant upgrades moving to more efficient plants. In this way the Group is able to meet customer demand at the top of the cycle and pare back capacity to demand levels as the market cycles.
Business Interruption – plant failure or underutilisation and raw material supply	There are multiple facilities throughout Australia that can transport products between locations as and when required and also multiple plants in the US with no single plant so large as to represent an existential threat to the whole operation. The major facilities have rolling risk reviews and reporting by outside parties. The business also maintains significant insurance policies to manage the physical loss of assets and any loss of income from an insurable interruption. Raw materials are generally secured through ownership of raw material reserves and maintaining prudent raw material stockpiles.

Risk	Mitigation
Asbestos and other respirable dust risk	An asbestos management plan is in place. Building cladding is regularly removed and replaced with non-asbestos based materials. Where any friable asbestos is found, either within a plant or during rehabilitation, it is immediately quarantined and removed by qualified reputable contractors, using the most diligent safety standards. Respirable crystalline Silica is deemed carcinogenic and a crystalline silica management plan is in place. Inhalable and respirable dust exposure measurements are occurring at all operational sites with a health monitoring program.
Market Risk – deteriorating market conditions	The Group is investing in geographic expansion into new markets in the US and product diversification, cost control and continuous improvement of business. In the Australian market there is a risk that demand has been brought forward due to COVID-19 related government stimulus, and that as these stimulus packages wind up, building activity will slump. This risk is exacerbated by the potential for reduced immigration in the medium term. The Group is closely monitoring economic indicators.
Failure to execute US bricks strategy effectively	A growth strategy in the United States, including four major acquisitions over the past 3 years, is currently being implemented. Performance to date is lagging the initial investment business case, due primarily to COVID-19 related restrictions that have impacted operations and sales over the past 18 months. However, underlying progress against the strategy is well advanced, with plant rationalisation activities largely complete and significant investments made in plant upgrades and sales and marketing initiatives.

Property

The achievement of business objectives in Land and Development may be impacted by the following significant risks:

Risk	Mitigation
Market Risk	The industrial property cycle may deteriorate, resulting in softening capitalisation rates and lack of growth. The Group manages the risk by monitoring the key economic drivers, employing property professionals who understand the property cycle and undertaking development in joint venture with Goodman Group.
Serious Safety Incidents	The Group has a strong safety culture and a well-developed WHS system (refer further “ Health and Safety ”).
Property Trust Financing	The joint property trusts maintain facilities with multiple lenders with various tenors between 5-10 years. In addition, gearing is maintained at prudent levels through the property cycles.
Rezoning Risk	The Group takes a long-term approach to achieving the highest and best use for each property. The rezoning process for a property usually commences prior to finalisation of its existing use.

Group

The achievement of business objectives in the Group activities may be impacted by the following significant risks:

Risk	Mitigation
Financing Risk	The Group maintains conservative gearing levels in recognition of the industry’s cyclical nature. Senior debt facilities are maintained with financial lenders with whom an open and transparent relationship is maintained. Multi-currency facilities (AUD and USD) are maintained over various tenors ranging from 2 to 7 years.
Cyber Security Risk	The Group has assessed its main cyber security threat as phishing to obtain sensitive company or private information or a virus attack which compromises the system. Investment in technology has increased and risk controls include the use of a VPN and antivirus software to safeguard against incoming viruses from personal computers. Preventative measures include regular system penetration tests and employee training with new leading-edge end-point protection software and firewall protection in place. A disaster recovery plan is in place across the organisation.
COVID-19	The Group daily monitors and conforms with Government Covid-19 regulations and has well developed, responsive Covid-19 safety plans at each site for both staff and customer safety which include mandatory temperate testing and QR Coding. With the exception of the last two weeks of the FY2021 financial year in New South Wales, the construction industry in both the US and Australia has been designated an authorised industry sectors by Government and so has not been impacted as materially as other industries. Nevertheless, some site closures have occurred in response to local government lockdowns as required. The Group continues to monitor COVID-19 economic impacts and to provide ongoing support for staff wellbeing including allowing time off for those getting vaccinations.
Climate related risk	Brickworks is aligning its greenhouse gas reduction strategy with the recognised standard of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, including risk management disclosures, metrics and targets. Potential risks have been preliminarily identified as consumer trends towards low embodied carbon building products; physical impacts on manufacturing operations; impacts on energy cost and availability and a price on carbon. In FY2022, we expect to make a public TCFD Statement. The Group has established a gas efficiency target and an alternate fuels program that considers emerging energy sources such as hydrogen and the Sustainable Products program includes the development of products that hold leading sustainable qualities including expanded carbon neutral offerings. These strategic responses are outlined in a Low Emission Technology Statement and Sustainable Home Guide.

Investments

The achievement of business objectives in Investment activities may be impacted by the following significant risks:

Risk	Mitigation
Market Risk	The Group's investment in WHSP is subject to market movements and the underlying performance of WHSP. The WHSP investment is diversified across industries other than those in which the balance of Brickworks specialises, which provides a stable stream of dividends over the long term. The WHSP group may have significant exposure to the Coal and Telecommunications Markets.

8. Remunerate fairly and responsibly

8.1. Remuneration Committee

Brickworks has a Remuneration Committee with a membership of all non-executive Directors. The Committee operates under the delegated authority of the Board, and has its own charter, a copy of which is available on the Brickworks website. Mr Malcolm Bunday is the Chair. The majority of Remuneration Committee members are independent directors.

The main functions of the Remuneration Committee are to assist the Board in fulfilling its responsibilities relating to:

- ensuring remuneration policies and practices are consistent with Brickworks' strategic goals and human resources objectives and which enable Brickworks to attract and retain executives and Directors who will create value for shareholders;
- equitably, consistently and responsibly rewarding executives having regard to the performance of Brickworks, the performance of the executive and the general pay environment; and
- ensuring executive succession planning is adequate and appropriate.
- Remuneration Committee attendance details are included in section 9.

The Remuneration Report contains detailed information relating to Director and Senior Executive remuneration, including the policy and practices for determining remuneration, the use of fixed and variable remuneration, and the relationship between executive remuneration and Company performance.

This Committee is authorised by the Board to obtain external professional advice, and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Non-executive Directors

The Remuneration Committee is responsible for recommending to the Board fees applicable to Non-executive Directors. In accordance with a resolution of shareholders at the 2017 Annual General Meeting, the maximum aggregate amount that is permitted to be paid to non-executive Directors under the Brickworks constitution is \$1.3 million per annum.

Contributions to the retirement allowance plan for non-executive Directors were discontinued on 30 June 2003. Under legacy arrangements, non-executive Directors appointed prior to 30 June 2003 were entitled to receive benefits upon their retirement from office. These benefits were frozen with effect from 30 June 2003, and are not indexed. Since 30 June 2003 no new Directors have been entitled to join this plan. There are no other schemes for the payment of retirement benefits for non-executive Directors, other than statutory superannuation.

Non-executive Directors may also be reimbursed for their expenses properly incurred as a Director, or in the course of their duties. The non-executive Directors do not participate in the Brickworks Short-Term Incentive (STI) Scheme or Long-Term Incentive (LTI) arrangements.

Executives

Brickworks' remuneration policies are designed to drive a performance culture and to ensure that the way in which employees are recognised and rewarded through remuneration is in the best interests of the shareholders, the Company and the individual. The remuneration policies achieve this in the following ways:

- by ensuring executive remuneration is linked to both individual performance and Company performance;
- by providing remuneration that is market competitive to ensure Brickworks has the ability to retain and motivate strong performing employees and attract high calibre prospective employees; and
- by undertaking an annual evaluation process on the performance of all executives, the results of which contribute to the determination of any salary adjustment an individual executive may receive.

Retention of executives and highly skilled staff continues to be the Remuneration Committee's highest priority for the following reasons:

- it requires at least 5 to 10 years for executives and production staff to become totally familiar with the complexities associated with the manufacture of clay and concrete building products;
- if there is a breakdown Brickworks needs to be able to restart production within hours and days rather than weeks and months. The necessary skills to deal with these challenges cannot be procured easily outside the Brickworks group; and
- the sale and marketing of building products is a function of good client relationships as well as product excellence. Brickworks cannot afford to lose executives who in some circumstances may have been dealing with clients for 10 - 20 years.

All senior executives undergo a performance and development appraisal each year in accordance with the process set out below:

- at the beginning of each financial year, each senior executive is given a set of key performance criteria against which they will be measured. These criteria include both financial and non-financial performance measures;
- at the end of each financial year, all senior executives complete a self-assessment questionnaire prior to meeting with their manager to discuss their performance over the previous year; and

► a performance appraisal meeting is then undertaken for each senior executive

A performance and development appraisal was undertaken in accordance with this process in FY2021.

8.2. Short Term Incentives (STI)

Brickworks' STI has been designed to focus executives on the necessity to achieve a range of agreed targets for their respective businesses. The STI is structured around the achievement of annual performance criteria based on each executive's capacity to influence targeted outcomes. Brickworks' STI is based on the profitability of operating divisions and the overall Group, as well as the level of achievement of key strategic objectives that will underpin performance in the future. This incentive scheme covers the Managing Director (**MD**), Chief Financial Officer (**CFO**), General Managers, and various other senior managers within the Group.

The information below outlines the STI Plan.

<p>What is the purpose and objective of the STI?</p>	<p>The STI is an annual incentive plan designed to reward executives for meeting or exceeding financial and non-financial objectives over a one-year period. The STI has been designed to foster an organisational culture of collaboration, co-operation and mutual respect which supports the objective of a long-term outperformance in both the financial and non-financial areas of the business, mainly with annual measures linked to the business strategy, set at the beginning of the financial year at levels that are challenging, yet achievable.</p>									
<p>What is the target and maximum STI opportunity?</p>	<p>MD and CFO</p> <p>For the MD and CFO the STI is awarded in cash up to a maximum of 72% of total fixed remuneration (including base salary, superannuation and car allowance)</p> <p>The target STI opportunity for the MD and CFO being 60% of total fixed remuneration and maximum opportunity at 72% of fixed remuneration is below market peers. Standard practice is for the STI opportunity to be equal to 100% of fixed remuneration.</p> <p>For FY2022 the STI opportunity for the MD will increase to 75% of total fixed remuneration at target and 90% of total fixed remuneration at maximum. There will be no change to the STI target or maximum opportunity for the CFO.</p> <p>Other Executives</p> <p>For all other executives the STI is awarded in cash up to a maximum of 50% of total fixed remuneration (including base salary, and superannuation but excluding car allowance). Any excess STI earned between the target and maximum opportunity will not be paid as a cash bonus but will be added to the long-term incentive share allocation for that year and will vest over the LTI's plan vesting period.</p>									
<p>Is any part of the STI awarded deferred into equity?</p>	<p>MD and CFO</p> <p>Half of any STI awarded to the MD and CFO will be deferred into shares for one year.</p> <p>Should the employment of either the MD or CFO be terminated other than for cause, all deferred STI payments will remain on foot and will be considered for assessment in the usual course as if their employment had continued with the Company.</p> <p>Other Executives</p> <p>No STI awarded to other executives is deferred into equity.</p>									
<p>What is the target and maximum STI opportunity?</p>	<p>The STI Target Opportunities are set out below:</p> <table border="1" data-bbox="306 1361 1519 1532"> <thead> <tr> <th></th> <th>Target STI opportunity</th> <th>Max STI opportunity (cash) *</th> </tr> </thead> <tbody> <tr> <td>MD & CFO</td> <td>60% of total fixed remuneration (inc. base salary, car allowance and superannuation)</td> <td>72% of total fixed remuneration</td> </tr> <tr> <td>Other Executives ** ***</td> <td>Between 10% and 50% of fixed remuneration (inc. base salary and superannuation)</td> <td>50% of total fixed remuneration (including base salary, car allowance and superannuation)</td> </tr> </tbody> </table> <p>* For the MD/CFO maximum STI of 72% of total fixed remuneration is met when the Group NPAT measure (before significant items, excluding equity accounted profit from associates (WHSP) and property revaluation gains) is at 110% of the profit target and all the other financial and non-financial KPIs are met.</p> <p>** STI as a proportion of base salary for an employee increases as that employee gains greater responsibility and has greater capacity to influence the performance of the business as a whole.</p> <p>*** Outperformance against the STI target above the maximum STI opportunity is recognised by the grant of shares or rights to vest over the LTI plan's performance period.</p>		Target STI opportunity	Max STI opportunity (cash) *	MD & CFO	60% of total fixed remuneration (inc. base salary, car allowance and superannuation)	72% of total fixed remuneration	Other Executives ** ***	Between 10% and 50% of fixed remuneration (inc. base salary and superannuation)	50% of total fixed remuneration (including base salary, car allowance and superannuation)
	Target STI opportunity	Max STI opportunity (cash) *								
MD & CFO	60% of total fixed remuneration (inc. base salary, car allowance and superannuation)	72% of total fixed remuneration								
Other Executives ** ***	Between 10% and 50% of fixed remuneration (inc. base salary and superannuation)	50% of total fixed remuneration (including base salary, car allowance and superannuation)								
<p>How are STI performance measures determined?</p>	<p>Each year at the beginning of the year the Remuneration Committee sets KPIs for the MD and CFO for the financial year, with a view to directly aligning the individuals' annual incentive opportunity to execution of the Group's business strategy.</p> <p>The MD determines the KPIs which are aligned to the delivery of the strategy and performance of the business for other executives.</p> <p>STI profit targets are determined on an annual basis at the beginning of the financial year after consideration of many complex factors including:</p> <ul style="list-style-type: none"> ► the market outlook having regard to cyclical nature of building and construction industry; ► housing trends; 									

	<ul style="list-style-type: none"> ▶ energy supply; ▶ existing and new market competition; ▶ new and alternative products; ▶ interest rates; and ▶ cap rate compression. <p>The impact and the Company's response to COVID-19 was also a key consideration this year, however no KPIs for FY2021 were amended during the year as a consequence of COVID-19.</p> <p>Payments under the STI are determined by performance against KPIs set at the beginning of the financial year.</p> <p>STI performance measures and weightings vary by executive depending on individual accountabilities. The metrics and their rationale for selection are as follows:</p>										
<p>Why are the STI measures adopted considered appropriate?</p>	<p>Financial measures (MD and CFO: 75%)</p> <hr/> <table border="0"> <tr> <td style="vertical-align: top;">Group NPAT (before significant items excluding equity accounted profit from associates (WHSP) and property revaluation gains) – 37.5%</td> <td style="vertical-align: top;">Focus attention on results and performance for segments for which they have direct responsibility. This is a gateway performance measure to receiving any other performance related payments. The gateway is the minimum threshold measure of profit which must be achieved before any STI is awarded. Once it is met performance is measured against the other following financial and non-financial measures to determine the actual individual awards. Property profit will include net property trust income, trust development profit, the sale of trust assets and Brickworks land sales (less Brickworks property admin and other costs). It will not include property revaluations arising from cap rate compression or expansion outside the control of management.</td> </tr> <tr> <td style="vertical-align: top;">Cash generation – 37.5%</td> <td style="vertical-align: top;">Managing cash to ensure cash and working capital is available whenever and wherever required by the business.</td> </tr> </table> <hr/> <p>Non-financial measures – (MD and CFO: 25%)</p> <hr/> <table border="0"> <tr> <td style="vertical-align: top;">Quality of earnings – 12.5%</td> <td style="vertical-align: top;">This measure considers the quality of earnings result including goodwill and asset impairment and windfall gains.</td> </tr> <tr> <td style="vertical-align: top;">Safety and Health – 6.25%</td> <td style="vertical-align: top;">This measure incentivises executives to demonstrate leadership in enhancing workplace health and safety and taking a sustainable approach to operations through process innovation.</td> </tr> <tr> <td style="vertical-align: top;">People – 6.25%</td> <td style="vertical-align: top;">The success of Brickworks depends on the people that work for the Company. This measure will only reward executives for superior performance and demonstration of effective leadership, talent development, retention, succession planning and gender diversity, which are critical to the success of the business and underpin financial performance.</td> </tr> </table>	Group NPAT (before significant items excluding equity accounted profit from associates (WHSP) and property revaluation gains) – 37.5%	Focus attention on results and performance for segments for which they have direct responsibility. This is a gateway performance measure to receiving any other performance related payments. The gateway is the minimum threshold measure of profit which must be achieved before any STI is awarded. Once it is met performance is measured against the other following financial and non-financial measures to determine the actual individual awards. Property profit will include net property trust income, trust development profit, the sale of trust assets and Brickworks land sales (less Brickworks property admin and other costs). It will not include property revaluations arising from cap rate compression or expansion outside the control of management.	Cash generation – 37.5%	Managing cash to ensure cash and working capital is available whenever and wherever required by the business.	Quality of earnings – 12.5%	This measure considers the quality of earnings result including goodwill and asset impairment and windfall gains.	Safety and Health – 6.25%	This measure incentivises executives to demonstrate leadership in enhancing workplace health and safety and taking a sustainable approach to operations through process innovation.	People – 6.25%	The success of Brickworks depends on the people that work for the Company. This measure will only reward executives for superior performance and demonstration of effective leadership, talent development, retention, succession planning and gender diversity, which are critical to the success of the business and underpin financial performance.
Group NPAT (before significant items excluding equity accounted profit from associates (WHSP) and property revaluation gains) – 37.5%	Focus attention on results and performance for segments for which they have direct responsibility. This is a gateway performance measure to receiving any other performance related payments. The gateway is the minimum threshold measure of profit which must be achieved before any STI is awarded. Once it is met performance is measured against the other following financial and non-financial measures to determine the actual individual awards. Property profit will include net property trust income, trust development profit, the sale of trust assets and Brickworks land sales (less Brickworks property admin and other costs). It will not include property revaluations arising from cap rate compression or expansion outside the control of management.										
Cash generation – 37.5%	Managing cash to ensure cash and working capital is available whenever and wherever required by the business.										
Quality of earnings – 12.5%	This measure considers the quality of earnings result including goodwill and asset impairment and windfall gains.										
Safety and Health – 6.25%	This measure incentivises executives to demonstrate leadership in enhancing workplace health and safety and taking a sustainable approach to operations through process innovation.										
People – 6.25%	The success of Brickworks depends on the people that work for the Company. This measure will only reward executives for superior performance and demonstration of effective leadership, talent development, retention, succession planning and gender diversity, which are critical to the success of the business and underpin financial performance.										
<p>What is the financial and non-financial component of the STI Award for the MD and CFO and how is it applied?</p>	<p>Percentage of financial component of STI Award payable for the MD and CFO</p> <p>The gateway performance measure to receiving any STI is a minimum threshold measure profit. The total available STI Award determined based on the profit measure is allocated as outlined below and subject to further testing against Operating Cash Flow and non-financial measures.</p> <p>Profit – 37.5% of total available STI Award</p> <table border="1"> <thead> <tr> <th style="text-align: left;">Achievement</th> <th style="text-align: left;">STI Award</th> </tr> </thead> <tbody> <tr> <td>Below base profit</td> <td>0%</td> </tr> <tr> <td>Between base profit and target profit</td> <td>Pro rata award on a straight-line basis between 60% and 100% of target STI</td> </tr> <tr> <td>Between 100% and 110% of target profit</td> <td>Pro rata award on a straight-line basis between 100% and 120% of target STI being Maximum STI.</td> </tr> </tbody> </table> <hr/> <p>Setting the Target for Profit Performance</p> <p>In setting the target for profit performance consideration is given to the prior year's performance. Budget may be set higher or lower than previous years after consideration of the many complex factors outlined above and including, but not limited to, the very cyclical nature of the Building Products operations.</p> <p>Where the budget is greater than the previous year, then 80% of last year's performance becomes the base profit and the budget becomes the target profit.</p> <p>Where the budget is less than the previous year, 80% of budget profit becomes the base profit and the prior year becomes the target profit.</p> <p>By using both last year's profit results and budget profit in tandem, the outcome of the bonus paid is properly referenced by the prior year. When the profit increases, the STI for profit performance aligns with improved performance and when the profit is lower than the prior year, any bonus paid will be below the prior year.</p> <p>All property revaluation gains were excluded from the profit measures used to determine the FY2021 incentive amounts payable.</p>	Achievement	STI Award	Below base profit	0%	Between base profit and target profit	Pro rata award on a straight-line basis between 60% and 100% of target STI	Between 100% and 110% of target profit	Pro rata award on a straight-line basis between 100% and 120% of target STI being Maximum STI.		
Achievement	STI Award										
Below base profit	0%										
Between base profit and target profit	Pro rata award on a straight-line basis between 60% and 100% of target STI										
Between 100% and 110% of target profit	Pro rata award on a straight-line basis between 100% and 120% of target STI being Maximum STI.										

	<p>Operating cash flow – 37.5% of total available STI Award</p> <table border="1"> <thead> <tr> <th>Achievement</th> <th>STI Award</th> </tr> </thead> <tbody> <tr> <td>Below 80% of budgeted operating cash flow</td> <td>0%</td> </tr> <tr> <td>Between 80% and 100% of budgeted operating cash flow</td> <td>Pro rata award on a straight-line basis between 60% and 100% of allocated STI Award</td> </tr> </tbody> </table> <p>The Board of Brickworks is confident that achievement of profit and cash generation above 80% of target in the current market conditions is considered as superior performance. The targets vary every year, are set with a view of delivering challenging results and do not provide executives with a windfall gain.</p> <p>The remaining 25% of any STI Award is subject to the achievement of challenging non-financial measures.</p>	Achievement	STI Award	Below 80% of budgeted operating cash flow	0%	Between 80% and 100% of budgeted operating cash flow	Pro rata award on a straight-line basis between 60% and 100% of allocated STI Award								
Achievement	STI Award														
Below 80% of budgeted operating cash flow	0%														
Between 80% and 100% of budgeted operating cash flow	Pro rata award on a straight-line basis between 60% and 100% of allocated STI Award														
<p>What is the financial and non-financial component of the STI Award for Other Executives and how is it applied?</p>	<p>Percentage of financial component payable for other executive KMP (other than the MD and CFO)</p> <p>Profit – 37.5% of total STI Award</p> <table border="1"> <thead> <tr> <th>Achievement</th> <th>STI Award</th> </tr> </thead> <tbody> <tr> <td>Below base profit</td> <td>0%</td> </tr> <tr> <td>Between base profit and target profit</td> <td>Pro-rata award on a straight-line basis between 50% and 100%</td> </tr> <tr> <td>> target profit</td> <td>Pro rata award equal to the percentage over upper target to a maximum of 50% of total fixed remuneration in cash with outperformance against the profit target recognised by the grant of rights or shares over the LTI plans performance period</td> </tr> </tbody> </table> <p>Operating cash flow – 37.5%</p> <table border="1"> <thead> <tr> <th>Achievement</th> <th>STI Award</th> </tr> </thead> <tbody> <tr> <td>Below base target</td> <td>0%</td> </tr> <tr> <td>Between base target and upper target</td> <td>Straight line between 50% and 100%</td> </tr> </tbody> </table> <p>The remaining 25% of any STI Award is subject to the achievement of challenging non-financial measures. There is no upside available against cash and non-financial measures.</p>	Achievement	STI Award	Below base profit	0%	Between base profit and target profit	Pro-rata award on a straight-line basis between 50% and 100%	> target profit	Pro rata award equal to the percentage over upper target to a maximum of 50% of total fixed remuneration in cash with outperformance against the profit target recognised by the grant of rights or shares over the LTI plans performance period	Achievement	STI Award	Below base target	0%	Between base target and upper target	Straight line between 50% and 100%
Achievement	STI Award														
Below base profit	0%														
Between base profit and target profit	Pro-rata award on a straight-line basis between 50% and 100%														
> target profit	Pro rata award equal to the percentage over upper target to a maximum of 50% of total fixed remuneration in cash with outperformance against the profit target recognised by the grant of rights or shares over the LTI plans performance period														
Achievement	STI Award														
Below base target	0%														
Between base target and upper target	Straight line between 50% and 100%														
<p>When and how is the STI Award assessed?</p>	<p>MD and CFO</p> <p>At the end of the financial year the Remuneration Committee assesses actual performance against their respective KPIs set at the beginning of the financial year and recommends the STI quantum to be paid to the individuals for approval by the Board.</p> <p>These assessment methods have been chosen as they provide the Remuneration Committee with an objective assessment of each individual's performance.</p> <p>Other Executives</p> <p>At the end of the financial year the MD assesses the executives' actual performance against their respective KPIs set at the beginning of the financial year and determines the STI quantum to be paid to the senior executives. The MD provides these assessments to the Remuneration Committee annually for review and approval.</p>														
<p>Is quality of earnings a relevant factor in assessing STI Awards?</p>	<p>The Remuneration Committee and the MD have the discretion to consider the quality of earnings achieved including any significant items, acquisitions and divestments and one-off events/abnormal/non-recurring items in determining whether the financial KPIs have been achieved, wherever and whenever this is considered appropriate for linking remuneration reward to Company performance.</p> <p>The MD and CFO have 12.5% of their STI at risk in relation to quality of earnings and RONTA.</p>														
<p>Can the Board clawback STI Awards?</p>	<p>The Board and the Remuneration Committee have discretion about the remuneration outcomes wherever and whenever this is considered appropriate. This discretion also applies in the event of financial misstatement, reputational damage and/or evidence of misconduct.</p>														

8.3. Long Term Incentives (LTI) for FY 2021

The objectives of the Company's LTI plan are to align the interests of executives with shareholder interests, balance short-term with long-term Company focus and retain high calibre executives by providing an attractive equity based incentive.

The information below outlines the LTI.

What is the LTI?	The Group operates an LTI Plan through the Brickworks Deferred Employee Share Plan and Executive Rights Plan in which employees receive Brickworks Limited shares or performance rights. No consideration is payable by participants for shares or performance rights under the terms of the plan.
What is the scope of the LTI?	<p>The LTI includes:</p> <ul style="list-style-type: none"> ▸ a broad-based employee share plan with 606 employees participating as at 31 July 2021 via 1,205,113 shares on allocation of which 39.81% remain unvested (and 60.19% vested). In addition, 37,106 shares in the plan were forfeited during the year to 31 July 2021; and ▸ an Executive Rights Plan with 24 employees participating as at 31 July 2021 via 392,498 rights on allocation of which 83.45% remain unvested (and 16.55% vested). 5,874 rights were forfeited during the year to 31 July 2021.
What is the purpose of the LTI?	<p>The primary purpose of the LTI is the retention of the Company's senior executive team.</p> <p>The LTI also provides alignment between executive remuneration and shareholders, as measured by the absolute and relative total shareholder return (TSR).</p>
What is the LTI Opportunity for the MD and CFO?	<p>The value of shares or performance rights granted to the MD and CFO was a fixed 40% of total fixed remuneration (including superannuation and car allowance). This fixed allocation is subject to Brickworks meeting the absolute and relative TSR performance criteria set out below over the ensuing three-year period.</p> <p>The LTI opportunity for the MD and CFO being 40% of fixed remuneration is below market peers. Standard practice is for the LTI opportunity to be equal to 100% of fixed remuneration.</p> <p>For FY2022, the LTI opportunity for the MD and CFO will increase from a flat rate of 40% to a flat rate of 75% for the MD and 60% for the CFO.</p>
What is the LTI Opportunity for other executives?	<p>For all other executives, the LTI entitlement is up to 50% of total fixed remuneration (excluding car allowance). The allocation made is determined following assessment by the Board of the prior year's performance against STI targets.</p> <p>In years where STI targets are not met in difficult market conditions the Board awards half the LTI opportunity to other executives.</p>
What LTI performance measures apply to executives (other than the MD and CFO)?	The vesting of shares/ rights to other executives is undertaken progressively on 31 July for 20% on each anniversary following the allocation date for five years.
What LTI performance measures apply to the MD and CFO?	<p>50% of the award made is subject to Brickworks relative total shareholder return (TSR) vesting condition under which Brickworks' TSR is compared to the companies in the S&P/ASX 200 Franking Credit Adjusted Annual Total Return Index over a period of three years from 1 August 2020 to 31 July 2023.</p> <p>The share price used at commencement of each tranche for assessing both relative and absolute TSR performance of Brickworks shares is the 90-day Volume Weighted Average Price (VWAP) prior to 31 July 2020. The actual share price used to compare to the TSR target share price is the 90-day VWAP prior to 31 July 2023.</p> <p>The remaining 50% of the award is subject to an absolute TSR p.a. compounding vesting condition also over the same period.</p>

How does the Relative TSR measure (50% of each award) work?

A summary of the Relative TSR measure for the MD and CFO is as follows.

Relative TSR measure proposed (FY2021 LTI allocation approved by shareholders at the 2020 AGM)

Performance Period	3-year performance period commencing on 1 August 2020.
Measure	Brickworks' relative TSR inclusive of all grossed dividends measured against the S&P/ASX 200 Franking Credit Adjusted Annual Total Return Index (XJOAI Franked Index)
Vesting	<p>Below the median - 0% vesting</p> <p>At the median - 50% vesting</p> <p>Between the median and 60th percentile - pro rata vesting on a straight-line basis between 50% and 100%</p> <p>At the 60th percentile or above - 100% vesting</p>
Re-testing	No re-testing. Testing to be undertaken once only at end of the 3-year period .
Dividends and voting rights	<p>No dividends or voting rights on unvested performance rights</p> <p>Compensation for dividends will be provided at the end of the performance period only on those rights that meet the performance criteria.</p>
Shareholder approval	Yes for allocations made to the Managing Director

During 2020, Brickworks obtained independent advice regarding the distribution of XJOAI returns above the median which is normally referred to as the index to establish what the level of the TSR performance was over the three previous years at the 75th percentile.

XJOAI Returns	1 Year to 31 July 2020	1 Year to 31 July 2019	1 Year to 31 July 2018
At Index Level	-9.9%	10.5%	17.9%
At 60 th percentile	-5.4%	17.0%	23.3%
At 75th Percentile	5.1%	30.3%	33.7%
BKW	-9.4%	14.5%	23.7%

We note the difficulty with delivering TSR results in excess of 5.1% in the current climate given ongoing uncertainty in relation to lockdowns and permitted building activity.

It is extremely challenging and highly unlikely that Brickworks can generate TSR results in excess of 30% on a sustainable long-term basis (pre COVID) given the cyclical nature of the building industry and ongoing capital expenditure requirements without exposing the company to unnecessary risk.

More appropriately, Brickworks has adopted the 60th percentile, which requires a very challenging hurdle for 100% vesting.

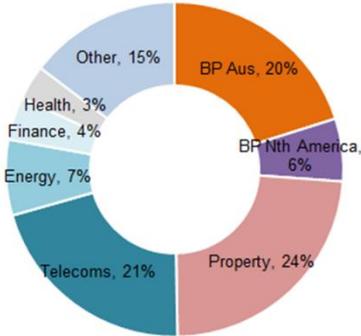
Overall, the Board's emphasis is on establishing long term sustainable profit streams. The over-arching objective is to reinvest to deliver sustainable long-term profits, while continually reducing production costs through technical innovation.

How does the Absolute TSR measure (50% of each award) work?

A summary of the Absolute TSR measure for the MD and CFO is as follows.

Absolute annual compounding TSR measure proposed FY2021 LTI allocation (approved by shareholders at the 2020 AGM)

Performance Period	3-year performance period commencing on 1 August 2020
Vesting	<p>Less than 6% - 0% vesting</p> <p>Equal to 6%- 50% vesting</p> <p>Between 6% and 8% - pro rata vesting on a straight-line basis between 50% and 100%</p> <p>Equal to 8% or greater- 100% vesting</p>
Re-testing	No re-test. Testing is to be undertaken once only at end of the 3-year period
Dividends and voting rights	<p>No dividends or voting rights on unvested performance rights</p> <p>Compensation for dividends will be provided at the end of the performance period only on those rights that meet the performance criteria</p>

<p>Why is an absolute TSR measure considered appropriate for LTI Awards to the MD and CFO?</p>	<ul style="list-style-type: none"> ▶ Brickworks has a diversified portfolio of assets through its investment in Washington H. Soul Pattinson & Company Limited (WHSP) ▶ Brickworks' look through asset exposure* shows that, in addition to building products (28%) and property (20%), the Company has exposure to other companies in telecommunications, finance, energy and health through its investment in WHSP.  <p>* Based on 31 January 2021 asset values reported by WHSP.</p> <p>Brickworks directly manages this interest through the independent board committee (IBC). Management of this interest included the sale of WHSP shares in FY2019.</p>
<p>Why is an absolute TSR measure combined with a relative TSR measure considered appropriate for LTI Awards to the MD and CFO?</p>	<p>The Board believes that when combined with the STI, the performance criteria for the MD and CFO under the LTI provides the most suitable link to long-term security holder value creation because:</p> <ul style="list-style-type: none"> ▶ absolute TSR ensures vesting is commensurate with the Company's actual TSR, meaning there are no awards when TSR is negative and it also provides a good line of sight for the MD and CFO; ▶ measuring TSR on a relative basis levels the playing field by removing overall market movements and industry economics for the evaluation of MD and CFO performance. Relative TSR provides a relative, external market performance measure having regard to a peer group of ASX200 companies with which the Company competes for capital, customers and talent; ▶ the use of relative TSR ensures that the MD and CFO are motivated to deliver returns that are superior to what a security holder could achieve in the broader market and ensures as the most senior management they maintain a strong focus on security holder outcomes; ▶ Brickworks calculates its after tax TSR incorporating the full value of franking credits. The S&P ASX 200 Franking Credit adjusted annual total return Index also adjusts the total return for the tax effect of franking credits to ensure consistency of calculations; ▶ the use of the S&P/ASX 200 Franking Credit adjusted annual total return Index was chosen as the relative performance target following testing of this group against a range of historical and future share price/payout scenarios to confirm that outcomes align with the Company's historical notion of superior long-term performance. ▶ having regard to the overall size and market capitalisation of Brickworks, and the diverse nature of the Brickworks Group across Property, Building Products and its investment in WHSP, the Board considers the XJOAI Franked Index as the most appropriate Index for relative performance assessment; and ▶ while the Board appreciates that there are at times different views held by different stakeholders, it considers that these measures provide the appropriate balance between market and non-market measures.
<p>Are shareholders asked to approve LTI Awards made to the MD?</p>	<p>Yes. Performance rights allocated to the MD are put to shareholders for approval at the AGM.</p>
<p>Can the Board clawback LTI Awards?</p>	<p>Historically clawback clauses have not been applicable for LTI allocations. The Board and the Remuneration Committee have discretion about the remuneration outcomes wherever and whenever this is considered appropriate. This discretion also applies in the event of financial misstatement, reputational damage and/or evidence of misconduct.</p>

What happens to LTI Awards on a Change of Control of Brickworks?	If a change of control event occurs in relation to Brickworks Limited then any shares or performance rights held by the employee share plan trust on behalf of a participant will vest immediately upon the announcement to ASX of a change of control event.
What dividend rights attached to LTI Awards?	Dividends will not be paid on unvested performance rights, and will only vest in proportion to the vested grants at the end of the performance period.
How are LTI Awards satisfied?	The Board has the discretion to either purchase shares on-market or to issue new shares for participants. During the year rights were granted to the MD, CFO and Senior Executives through the LTI executive rights plan. Shares granted to employees other than the MD, CFO and Senior Executives were issued as new shares.
Are executives prohibited from entering financial derivatives in respect of Brickworks shares?	Under the Company's Securities Trading Policy Brickworks shares are not permitted to be used to secure any type of financial product such as margin loans or similar. Options, collars and/or other financial derivatives must not be used in respect of any Brickworks shares

9. Board and Committee Meetings

The number of Board Meetings, Audit and Risk Committee Meetings, Remuneration Committee Meetings, Nomination Committee Meetings and Independent Board Committee Meetings held during the year ended 31 July 2021 and each member's attendance is set out in the following table. All directors were eligible to attend all director and committee meetings held.

	Directors' Meeting	Audit & Risk Committee	Remuneration Committee	Nomination Committee	Independent Board Committee
Number of Meetings held:	10	3	2	2	6
Number attended:					
R D Millner	10	N/A	2	2	N/A
M J Millner	9	N/A	1	1	N/A
L R Partridge	10	N/A	N/A	N/A	6
D R Page	10	3	2	2	6
R J Webster	9	3	2	2	5
M P Bunday	10	3	2	2	6
R N Stubbs	10	3	2	2	6
B P Crotty (August to November 2020 only)	4	1	1	1	3