



Notice of
2022
Annual General
Meeting of
Shareholders

CAPRAL LIMITED • ABN 78 004 213 692

CAPRAL
ALUMINIUM

NOTICE OF 2022 ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is given that the Annual General Meeting (**AGM**) of Shareholders of Capral Limited (ABN 78 004 213 692) (**Capral**) will be held at 10.00am on **Wednesday 27 April 2022** as a virtual meeting (**Meeting**).

BUSINESS

1. STATUTORY REPORTS

Capral's Financial Report and Directors' Report and the Independent Auditor's Report to the Members of Capral (the **Reports**) for the year ended 31 December 2021 will be presented for consideration.

The Reports are contained within Capral's 2021 Annual Report which can be accessed on Capral's website at: <https://www.capral.com.au/about-capral/general-information/annual-reports/>.

2. QUESTIONS

Following the consideration of the Reports, the Chairman of the AGM (Chairman) will give shareholders a reasonable opportunity to ask questions about or comment on Capral matters.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to the audit and financial statements, and give the Auditor (Deloitte Touche Tohmatsu, P.O. Box 38, Parramatta NSW 2124, Attention Xenia Delaney) a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the Independent Auditor Report or audit.

3. RESOLUTION 1. ELECTION OF DIRECTOR – MR MARK WHITE

TO CONSIDER AND, IF THOUGHT FIT, PASS THE FOLLOWING AS AN ORDINARY RESOLUTION:

That Mark White, who was appointed by the Board in accordance with clause 68 of the Company's Constitution and being eligible for election, is elected as a Director of the Company."

4. RESOLUTION 2. ELECTION OF DIRECTOR – MR BRYAN TISHER

TO CONSIDER AND, IF THOUGHT FIT, PASS THE FOLLOWING AS AN ORDINARY RESOLUTION:

"That Bryan Tisher, who was appointed by the Board in accordance with clause 68 of the Company's Constitution and being eligible for election, is elected as a Director of the Company."

5. RESOLUTION 3. ADOPTION OF REMUNERATION REPORT

TO CONSIDER AND, IF THOUGHT FIT, PASS THE FOLLOWING AS AN ORDINARY NON-BINDING RESOLUTION:

"That, Capral's Remuneration Report, included in the Directors' Report for the financial year ended 31 December 2021, be adopted."

Voting Exclusion Statement

A vote on this Resolution 3 must not be cast (in any capacity) by or on behalf of the following persons:

- (a) a member of Capral's Key Management Personnel (KMP) whose remuneration details are included in the 2021 Remuneration Report; or
- (b) a Closely Related Party of a member of the KMP (including close family members and companies the KMP controls).

However, a person described above may cast a vote on this Resolution 3 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the proxy appointment is in writing that specifies the way the proxy is to vote (e.g. for, against, abstain) on the resolution; or

- (b) the vote is cast by the Chairman and the appointment of the Chairman as proxy:
 - (1) does not specify the way the proxy is to vote on the resolution; and
 - (2) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

In accordance with section 250BD of the Corporations Act 2001 (Cth), a vote must not be cast on Resolution 3 as a proxy by a member of the KMP at the date of the AGM, or a closely related party of those persons, unless it is cast as proxy for a person entitled to vote in accordance with their directions. This restriction on voting undirected proxies does not apply to the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies even if the resolution is connected, directly or indirectly, with the remuneration of the KMP.

See the Explanatory Memorandum for definitions of KMP and Closely Related Parties.

6. RESOLUTION 4. INCREASE OF MAXIMUM AGGREGATE SUM AVAILABLE FOR NON-EXECUTIVE DIRECTOR FEE

TO CONSIDER AND, IF THOUGHT FIT, PASS THE FOLLOWING AS AN ORDINARY RESOLUTION:

"That, for the purposes of ASX Listing Rule 10.17 and in accordance with clause 71.b.i of Capral's Constitution, the maximum aggregate amount per annum available for payment as remuneration to the Non-Executive Directors be increased by \$150,000 from \$500,000 per annum to \$650,000 per annum."

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 4 by or on behalf of any Director of Capral or any of their associates.

However, this does not apply to a vote cast in favour of Resolution 4 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with the directions given to the proxy or attorney to vote on Resolution 4 in that way; or
- (b) the Chairman of the Meeting as proxy or attorney for a person who is entitled to vote on Resolution 4, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman of the Meeting decides; or

- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 4; and
 - (ii) the holder votes on Resolution 4 in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 250BD of the Corporations Act 2001 (Cth), a vote must not be cast on Resolution 4 as a proxy by a member of the KMP at the date of the AGM, or a closely related party of those persons, unless it is cast as proxy for a person entitled to vote in accordance with their directions. This restriction on voting undirected proxies does not apply to the Chairman of the Meeting where the proxy appointment expressly authorises the Chairman of the Meeting to exercise undirected proxies even if the resolution is connected, directly or indirectly, with the remuneration of the KMP.

7. RESOLUTION 5. ISSUE OF SHARE RIGHTS AND SHARES TO MR ANTHONY DRAGICEVICH UNDER CAPRAL'S LONG TERM INCENTIVE PLAN

TO CONSIDER AND, IF THOUGHT FIT, PASS THE FOLLOWING AS AN ORDINARY RESOLUTION

"That, the issue to Anthony Dragicevich of:

- (a) up to 49,000 Share Rights on the terms set out in the Explanatory Memorandum; and
- (b) shares in Capral subject to the vesting of those Share Rights, as and on the basis described in the Explanatory Memorandum,

be approved for the purpose of ASX Listing Rule 10.14 and for all other purposes, including for the purpose of Section 200E of the Corporations Act in the event that the issue of shares constitutes a termination benefit in connection with his loss of office, on the terms set out in the Explanatory Memorandum."

Voting Exclusion Statement

In accordance with ASX Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 5 by or on behalf of:

- (a) Anthony Dragicevich; or
- (b) An associate of Anthony Dragicevich

Additionally, in accordance with ASX Listing Rule 14.11, the Company will also disregard any votes cast in favour of Resolution 5 by or on behalf of a person referred to in rule 10.14.1, 10.14.2, or 10.14.3 who is eligible to participate in the employee incentive scheme in question.

However, this does not apply to a vote cast in favour of Resolution 5 by:

- (a) a person as proxy or attorney for a person who is entitled to vote on Resolution 5, in accordance with the directions given to the proxy or attorney to vote on Resolution 5 in that way; or
- (b) the Chairman of the meeting as proxy or attorney for a person who is entitled to vote on Resolution 5, in accordance with a direction given to the Chairman to vote on the Resolution as the Chairman decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - a. the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on Resolution 5; and
 - b. the holder votes on Resolution 5 in accordance with directions given by the beneficiary to the holder to vote in that way.

In accordance with section 200E(2A) of the Corporations Act, Capral will disregard any votes cast on Resolution 5 (in any capacity) by or on behalf of Anthony Dragicevich or an associate (as defined in the Corporations Act) of Anthony Dragicevich.

In addition, in accordance with section 250BD(1) of the Corporations Act, a person who has been appointed as a proxy must not vote on Resolution 5 if the person is a member of the KMP at the date of the AGM, or a closely related party of a member of the KMP, unless the proxy appointment specifies the way the proxy is to vote on the resolution. This restriction on voting undirected proxies does not apply to the Chairman where the proxy appointment expressly authorises the Chairman to exercise undirected proxies even if the resolution is connected, directly or indirectly, with the remuneration of a member of the KMP.

By order of the Board



Tertius Campbell
Chief Financial Officer and Company Secretary
Sydney, 25 March 2022

ATTENDANCE & VOTING AT THE MEETING

In accordance with Corporations Regulation 7.11.37, the Board has determined that Capral shares are taken, for the purposes of determining the right of shareholders to attend and vote at the AGM, to be held by persons who held them at 7:00 pm (Sydney time) on **Monday 25 April 2022**. If you are not the registered holder of a relevant share at that time you will not be entitled to vote in respect of that share.

Shareholders will be able to attend and participate in the AGM Webinar:

- (a) From their computer, by entering the URL into their browser: <https://meetnow.global/MYAQDL9>; and
- (b) From their mobile device by entering the URL in their browser: <https://meetnow.global/MYAQDL9>.

ACCESSING THE AGM WEBINAR

We recommend logging in to the AGM Webinar at least 15 minutes prior to the scheduled start time for the Meeting using the instructions below:

- (1) Enter <https://meetnow.global/MYAQDL9> into a web browser on your computer or online device.
- (2) You will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) (this is printed at the top of your Proxy Form).
- (3) If your holding is registered to an Australian address, your password is your postcode. If your holding is registered to an overseas address, you should refer to the online meeting user guide for more information.
- (4) Proxyholders will need to obtain a username and password by contacting Computershare Investor Services on +61 3 9415 4024 during the online registration period which will open 1 hour before the start of the Meeting. For further instructions on how to participate online please review the online meetings user guide at <https://www.computershare.com.au/virtualmeetingguide>

QUESTIONS AND COMMENTS

Following consideration of the Reports, the Chairman will give shareholders a reasonable opportunity to ask questions about, or comment on the management of the Company.

The Chairman will also give shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the Independent Auditor's Report;

- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

The Chairman will also give the Auditor a reasonable opportunity to answer written questions submitted by shareholders that are relevant to the content of the Independent Auditor's Report or the conduct of the audit.

All shareholders will have a reasonable opportunity to ask questions during the AGM via the virtual AGM platform.

Shareholders who prefer to register questions in advance of the AGM are invited to do so. Please email any questions to the Company Secretary (InvestorRelations@capral.com.au) or please complete the enclosed shareholder question form and return to the Share Registry. To allow time to collate questions and prepare answers, please submit any questions by 5.00pm (Sydney time) 15 April 2022.

Questions received in advance by email or mail will be collated and, during the AGM, the Chairman will seek to address as many of the more frequently raised topics as possible. However, there may not be sufficient time available at the AGM to address all topics raised. Please note that individual responses will not be sent to shareholders. Shareholders will also have the opportunity to ask questions during the AGM via the AGM Webinar.

VOTING

There are a number of ways in which you can exercise your vote. You can:

- (1) cast your vote before the Meeting electronically;
- (2) cast your vote virtually at the AGM Webinar; or
- (3) appoint a proxy before the Meeting electronically or by submitting the Proxy Form provided with this Notice of Meeting.

Detailed instructions on the above options are set out in this Notice of Meeting.

Voting on each of the proposed resolutions at the AGM will be conducted by a poll, rather than on a show of hands.

Resolutions 1, 2, 4 and 5 are ordinary resolutions. Ordinary resolutions require the support of more than 50% of the votes cast by those shareholders voting in person, by proxy, by representative or by attorney. Resolution 3 is an advisory resolution which does not bind the directors or Capral however, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

Upon a poll, every person who is present in person or by proxy, or by representative or by attorney, will have one vote for each share held by that person.

The business of the AGM affects your shareholding and your vote is important. You may vote online, by proxy or personal representative.

VOTING ONLINE

You can cast your vote electronically either before the Meeting or during the Meeting as set out below.

Online voting before the Meeting

You can cast your vote before the Meeting at www.investorvote.com.au.

VOTING BY PROXY

A shareholder who is entitled to attend and vote at the AGM may appoint a person, who need not be a shareholder of Capral, as the shareholder's proxy to attend and vote on behalf of the shareholder.

If you are entitled to cast two or more votes, you may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If you do not specify a proportion or number, each proxy may exercise half of the votes. If you require a second proxy form, please contact Capral's share registry Computershare Investor Services Pty Limited on **1300 855 080 (within Australia) or +61 3 9415 4000 (outside Australia)**.

A proxy form accompanies this Notice. Should you wish to appoint a proxy, please complete the proxy form and return it (and any supporting documents attached) by no later than 10:00 am (Sydney time) on Monday, 25 April 2022 by one of the following methods:

- » **online**, Lodge the Proxy Form online at www.investorvote.com.au and follow the prompts. To use the online lodgment facility, Shareholders will need their Securityholder Reference Number (**SRN**) or Holder Identification Number (**HIN**) as shown on the front of the Proxy Form.
- » **by mail** to Capral's share registry, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, VIC 3001, Australia (a reply paid envelope is enclosed with this Notice of Meeting); or
- » **by mail** to Capral's registered office, c/o Company Secretary, 71 Ashburn Road, Bundamba, QLD 4304, Australia or to Capral's share registry, Computershare Investor Services Pty Limited, Level 3, 60 Carrington Street, Sydney, NSW 2000, Australia; or
- » **by facsimile** to Capral's share registry, Computershare Investor Services Pty Limited, facsimile number: **1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)**.

The Chairman will vote undirected proxies in favour of all resolutions

If you appoint the Chairman as your proxy, or the Chairman is appointed your proxy by default, and the proxy form does not specify whether to vote "For", "Against" or "Abstain", your appointment will be taken as a direction to the Chairman to vote in accordance with his stated voting intention, which is to vote in favour of all resolutions.

Shareholders always have the ability to appoint the Chairman as their proxy and direct him to vote contrary to the Chairman's stated voting intention or to abstain from voting on a resolution.

The Chairman intends to vote any undirected proxy in favour of all resolutions including Resolution 3 (Adoption of Remuneration Report), Resolution 4 (Increase to Non-Executive Director fees) and Resolution 5 (Issue of Share Rights and Shares to Anthony Dragicevich).

Appointment of other Key Management Personnel as your proxy

Due to the voting exclusions and requirements referred to in the Notice of Meeting, if you intend to appoint any other KMP or their Closely Related Parties as your proxy, you are encouraged to direct your proxy on how to vote on Resolution 3 (Adoption of Remuneration Report), Resolution 4 (Increase to Non-Executive Director fees) and Resolution 5 (Issue of Share Rights and Shares to Anthony Dragicevich) by marking either "For", "Against" or "Abstain" on the proxy form for the relevant item of business.

Definitions

Closely Related Parties are any of the following people:

- » a spouse or child of the KMP;
- » a child of the KMP's spouse;
- » a dependent of the KMP or the KMP's spouse;
- » anyone else who is a member of the KMP's family who may be expected to influence, or be influenced by the KMP, in the KMP's dealings with Capral; and
- » a company controlled by the KMP.

Key Management Personnel (KMP) are those people described as KMP, and whose remuneration details are included in, Capral's Remuneration Report for the financial year ended 31 December 2021 and includes all directors.

Remuneration Report means Capral's Remuneration Report included in the Directors' Report for the financial year ended 31 December 2021.

Attorney

If the appointment is signed by an attorney, the original power of attorney or a certified copy of it must be sent with the proxy form, unless it has been provided previously to Computershare Investor Services Pty Limited.

Corporate Representatives

A body corporate that is a shareholder, or that has been appointed as a proxy, is entitled to appoint any person to act as its representative at the AGM. Such appointment must comply with the requirements under section 250D of the Corporations Act. The representative should bring to the AGM a properly executed letter or other document confirming its authority to act as body corporate's representative.

Shareholder Questions

If you wish a question to be put to the Chairman or the Auditor and you are not able to participate in the AGM, please send your question to the Company Secretary via Capral's share registry by one of the methods detailed above. To allow time to collate questions and prepare answers, questions are to be received by 5:00 pm (Sydney time) on Wednesday 20 April 2022. Questions submitted in writing to the Company Secretary will be put to the Chairman or Auditor at the Board's discretion. A list of questions for the auditor will be available at the AGM.

Technical difficulties

Technical difficulties may arise during the course of the Meeting. The Chair has discretion as to whether and how the Meeting should proceed in the event that a technical difficulty arises. In exercising their discretion, the Chair will have regard to the number of Shareholders impacted and the extent to which participation in the business of the Meeting is affected.

Where they consider it appropriate, the Chair may continue to hold the Meeting and transact business, including conducting a poll and voting in accordance with valid proxy instructions. For this reason, Shareholders are encouraged to lodge a proxy not later than 48 hours before the commencement of the Meeting.



EXPLANATORY MEMORANDUM

This explanatory memorandum has been prepared to assist shareholders to understand the business to be put to shareholders at the AGM and forms part of the Notice of Meeting.

1&2 STATUTORY REPORTS AND SHAREHOLDER QUESTIONS

The Financial Report, Directors' Report and Auditor's Report for Capral for the year ended 31 December 2021 will be laid before the AGM in accordance with section 317 of the Corporations Act.

The Chairman will allow a reasonable opportunity for shareholders to ask questions or make comments about those reports and about the management of Capral in accordance with section 250S of the Corporations Act. Shareholders will also be given a reasonable opportunity to ask the Auditor questions about the conduct of the audit and the preparation and content of the Auditor's Report in accordance with section 250T of the Corporations Act.

3. RESOLUTIONS

Resolution 1 – Election of Director Mark White

The Board appointed Mark White as an independent non-executive Director of the Company pursuant to clause 68(b) the Constitution on 1 September 2021. In accordance with clause 68(b) of the Constitution, Mark White retires from office at the conclusion of the AGM and is eligible for election as a Director of the Company. If shareholders do not approve the election of Mark White, then Mark White will cease to be a Director at the conclusion of the Meeting.

ASX Listing Rule 14.4 provides that a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

Prior to Mark White's appointment, the Company completed several background and screening checks including in relation to Mark White's character's experience and qualifications, criminal history, bankruptcy with no adverse findings.

The Board also considered whether Mark White had any interest, position or relationship that may interfere with each of his independence as a Director, having regard to the relevant factors as set out in the ASX Corporate Governance Council Principles & Recommendations (4th edition) (ASX Principles). The Board considers that Mark White (if elected), will continue to be an independent Director.

Mr White is a member of the Audit & Risk and the Remuneration & Nomination Committees.

Mr White has extensive experience in the aluminum and building materials sectors. He is currently the General Manager of Gove Aluminum Finance Limited. Mr White has more than 10 years' experience as an Executive Director on the Board of Tomago aluminum smelter and has held a number of senior positions in CSR Limited's building products businesses and has over 20 years of experience across a number of manufacturing industries.

Prior to submitting himself for election, Mark White has confirmed that he would continue to have sufficient time to properly fulfil his duties and responsibilities to the Company.

The Board supports the election of Mark White as he will contribute to the Board significant experience in the areas of Aluminum and Building and manufacturing.

For the reasons set out above, the Directors, with Mark White abstaining, unanimously recommend Shareholders vote in favour of Resolution 1.

Resolution 2 – Election of Director Bryan Tisher

The Board appointed Bryan Tisher as an independent non-executive Director of the Company pursuant to clause 68(b) the Constitution on 24 February 2022. In accordance with clause 68(b) of the Constitution, Bryan Tisher retires from office at the conclusion of the AGM and is eligible for election as a Director of the Company. If shareholders do not approve the election of Bryan Tisher then Bryan Tisher will cease to be a Director at the conclusion of the Meeting.

ASX Listing Rule 14.4 provides that a director appointed to fill a casual vacancy or as an addition to the board must not hold office (without re-election) past the next annual general meeting of the entity.

Prior to Bryan Tisher's appointment, the Company completed several background and screening checks including in relation to Bryan Tisher's character's experience and qualifications, criminal history, bankruptcy with no adverse findings.

The Board also considered whether Bryan Tisher had any interest, position or relationship that may interfere with each of his independence as a Director, having regard to the relevant factors as set out in the ASX Corporate Governance Council Principles & Recommendations (4th edition) (ASX Principles). The Board considers that Bryan Tisher (if elected), will continue to be an independent Director.

Mr Tisher is a member of the Audit & Risk and the Remuneration & Nomination Committees.

Mr Tisher has extensive experience in the resources, building materials and electrical products sectors. He is currently the Chief Executive Officer of Legend Corporation, an Australian leader in industrial and electrical products and previously held senior positions at Orica, Boral and Rio Tinto.

Previously Mr Tisher was the Managing Director of Orica Asia responsible for manufacturing and distribution operations covering 14 countries, and the Divisional Managing Director of Boral Building Products responsible for the Plasterboard Australia, Timber, Bricks, Roofing, Masonry and Windows business units. He has had extensive board experience as an Executive Chairman for six joint ventures in Asia and the Boral Carter Holt Harvey Softwood Manufacturing Joint Venture at Oberon, and, as a Non-Executive Director at Sustainable Timber Tasmania and Cape York Enterprises.

Prior to submitting himself for election, Bryan Tisher has confirmed that he would continue to have sufficient time to properly fulfil his duties and responsibilities to the Company.

The Board supports the election of Brian Tisher as he will contribute to the Board significant experience in the areas of building products, manufacturing and distribution operations.

For the reasons set out above, the Directors, with Bryan Tisher abstaining, unanimously recommend Shareholders vote in favour of Resolution 2.

Resolution 3. Adoption of Remuneration Report

The Remuneration Report (which forms part of the Directors' Report) sets out Capral's remuneration for Capral's KMPs.

Section 250R(2) of the Corporations Act requires that at a listed company's annual general meeting, a shareholders' resolution that the Remuneration Report be adopted be put to the vote.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the AGM, in accordance with section 250SA of the Corporations Act.

Non-binding resolution on Remuneration Report

The resolution to adopt the Remuneration Report is advisory only and will not bind the directors or Capral, however, the Board will take the outcome of the vote into consideration when reviewing remuneration practices and policies.

The Directors abstain, in the interests of good corporate governance, from making a recommendation in relation to Resolution 3.

Resolution 4. Approval of Increase in Maximum Aggregate Non-Executive Director Fees

In accordance with clause 71.b of the Constitution and for the purposes of ASX Listing Rule 10.17, the maximum aggregate amount payable as remuneration to all NEDs of the Company in any year may not exceed an amount determined by shareholders from time to time at a general meeting (NED Fee Pool).

Accordingly, Resolution 4 seeks shareholder approval to increase the maximum aggregate annual amount available to be paid or provided to the NEDs of Capral Limited by \$150,000 from \$500,000 to \$650,000 per annum (including applicable statutory superannuation guarantee contributions payable by the Company to the NEDs).

If shareholders approve Resolution 4, then Capral Limited will have an additional \$150,000 for which may be used to pay its Non-Executive Directors including to retain existing NEDs or attract any new candidates to the Board (if required).

If shareholders do not approve Resolution 4, then the existing maximum aggregate NED Fee Pool of \$500,000 will remain and Capral Limited will not be able to pay its NEDs (in aggregate) fees above this amount.

The Board is seeking shareholder approval to increase the NED Fee Pool for the following reasons:

- » to ensure the NED Fee Pool can accommodate additional NEDs being appointed to the Board (if required); and
- » to enable the Company to maintain remuneration arrangements that are market competitive, so it can attract and retain high calibre individuals as NEDs.

If shareholder approval is obtained, the increased available NED Fee Pool will apply from and including the financial year ending 31 December 2022.

The NED Fee Pool was last increased by Members at the Company's 1999 Annual General Meeting.

While the NED Fee Pool is a maximum annual limit available to be paid or provided to all NEDs, the proposed increase to the NED Fee Pool does not imply that the fees payable to the NEDs will be increased according to that limit, or that the full amount of the NED Fee Pool will be used.

Details of fee arrangements NEDs have been disclosed in the Company's annual remuneration report which must be submitted for adoption by resolution of shareholders at every Annual General Meeting.

No securities have been issued to any of the NEDs under ASX Listing Rules 10.11 or 10.14 at any time within the preceding three years.

In the interests of good governance, the Directors abstain from making a recommendation on this Resolution 4.

Resolution 5. Issue of Share Rights to Mr Anthony Dragicevich

Mr Dragicevich was appointed to the Board on 15 April 2013.

The Board values the contribution of Mr Dragicevich and considers it to be in the best interests of Capral to align Capral's Managing Director with the interests of shareholders and retain his services.

ASX Listing Rule 10.14 requires shareholder approval by ordinary resolution before a director can be issued securities under an employee incentive scheme.

Shareholder approval is sought for the issue of Share Rights to Mr Dragicevich under Capral's Long Term Incentive Plan 2022. Specific details of the proposed issue are set out below.

A Share Right is a right to be issued one Capral ordinary share (Share) for nil exercise price upon the satisfaction of certain vesting conditions. 1 Share Right converts into 1 Share upon vesting.

The Board, in its discretion, may satisfy some or all of the Share Rights by acquiring existing Shares rather than issuing new Shares.

Number of Share Rights and Issue Price

If Resolution 5 is passed, then, subject to obtaining shareholder approval, Capral will issue up to 49,000 Share Rights to Mr Dragicevich for nil consideration.

The Share Rights are subject to continuous service requirements and vesting criteria over a three-year performance period from 1 January 2022 to 31 December 2024.

Timing of grant and vesting

The grant date of the Share Rights will be on or about the date of shareholder approval, but in any event no later than 12 months after the AGM. The vesting date of the Share Rights will be 1 March 2025 (subject to satisfaction of the continuous service requirements and the vesting criteria).

Vesting conditions

Vesting of the Share Rights is subject to Mr Dragicevich remaining employed at Capral on the vesting date and the following performance hurdles:

- » 50% of the Share Rights are subject to an Earnings Per Share (EPS) performance condition; and
- » 50% of the Share Rights are subject to a Total Shareholder Return (TSR) performance condition.

EPS performance condition

An EPS target is set each year based on the Net Profit After Tax Target specified by the Board (adjusted for any extraordinary items approved by the Board) divided by the weighted average number of securities on issue during the year.

The Net Profit After Tax Target used for this condition is set at least at minimum Budget level. The Board may adjust EPS to exclude the effects of material business acquisitions or divestments and certain one-off items. Adjustments would be disclosed.

Performance is measured over three years and tested every year. For the Share Rights to vest, actual performance over the three-year performance period must meet, in aggregate, the three annual targets combined (even if the target in any individual year(s) is not met) as set out below:

EPS TARGET RANGE	% RIGHTS VESTING
5% below target	50
More than 5% below target	None
Between 5% below target to 10% above target	Between 50 and 100 (pro rata)
10% above target and higher	100

TSR performance condition

The TSR performance condition is measured against entities with ordinary shares and units (as the case may be) included in the S&P/ASX All Ordinaries Index as at 1 January 2022 but excluding those companies who are classified in the Global Industry Classification Standard sector number 40.

The number of Share Rights subject to the TSR performance condition which may vest will be determined by comparing Capral's TSR against the TSR of each member of this comparator group over the three year performance period from 1 January 2022 to 31 December 2024, and the percentile position of Capral within that comparator group as set out below:

PERCENTILE OF TSR	% RIGHTS VESTING
Less than 50th	None
50th	50
More than 50th less than 75th	Between 50 and 100 (pro rata)
75th and higher	100

Treatment of Share Rights on cessation of employment

The Share Rights will lapse on termination of Mr. Dragicevich's employment except in special circumstances (such as death, permanent disability and redundancy) where the Board retains discretion, and then when determining the number of Share Rights that vest, having regard to his performance up until the termination date and the proportion of the unexpired performance period.

Clawback

The Board has discretion to forfeit some or all of the Share Rights and recover some or all Shares issued on vesting of

the Share Rights in certain circumstances, including in the event of fraud, material misstatement or misrepresentation of Capral's financial results.

Dividend rights

Share Rights confer no rights to dividends or other distributions, or to participate in a new offer of shares unless and until the Share Rights have vested and Shares are issued by Capral.

Change of control

If there is a change of control, the Board has discretion to convert all or any Share Rights to Shares whether or not Performance Conditions have been met.

Other information

For the purposes of ASX Listing Rule 10.15, the following additional information is provided for shareholders.

- » As Mr Dragicevich is a Director of Capral, under Listing Rule 10.14.1, shareholder approval is required for Mr Dragicevich to acquire equity securities under the employee incentive scheme.

The proposed maximum number of Share Rights (and subsequently, the maximum number of Shares) that may be acquired by Mr Dragicevich under Capral's 2022 LTI Plan and for which shareholder approval is sought is 49,000 Share Rights.

- » Mr Dragicevich's current total remuneration package for FY22 comprises:
 - » a fixed base salary of A\$729,300 (including superannuation);
 - » a variable short-term incentive (bonus) of up to \$729,300, of which any amount above \$364,650 is to be comprised of deferred equity, which Capral may satisfy through the purchase of ordinary shares on-market as allowed under ASX Listing Rule 10.16 or through an issue after obtaining shareholder approval; and
 - » a variable long-term incentive of up to \$364,650 worth of Share Rights, the subject of this Resolution 5.
- » The following securities have been previously issued to Mr Dragicevich for nil average acquisition price under Capral's Long-Term Incentive Plan:
 - » 86,400 Share Rights were issued to Mr Dragicevich under the 2021 scheme, following shareholder approval at the 2021 AGM. The acquisition price for those Share Rights was nil.
 - » 102,670 Share Rights were issued to Mr Dragicevich under the 2020 scheme, following shareholder approval at the 2020 AGM. The acquisition price for those Share Rights was nil.
 - » 78,330 Share Rights were issued to Mr Dragicevich under the 2019 scheme, following

shareholder approval at the 2019 AGM. The acquisition price for those Share Rights was nil.

- » 73,330 Share Rights were issued to Mr Dragicevich under the 2018 scheme, following shareholder approval at the 2018 AGM. The acquisition price for those Share Rights was nil.
- » 67,670 Share Rights were issued to Mr Dragicevich under the 2017 scheme, following shareholder approval at the 2017 AGM. The acquisition price for those Share Rights was nil.
- » 83,330 Share Rights were issued to Mr Dragicevich under the 2016 scheme, following shareholder approval at the 2016 AGM. The acquisition price for those Share Rights was nil.
- » 83,330 Share Rights were issued to Mr Dragicevich under the 2015 scheme, following shareholder approval at the 2015 AGM. The acquisition price for those Share Rights was nil.
- » 66,670 Share Rights were issued to Mr Dragicevich under the 2014 scheme, following shareholder approval at the 2014 AGM. The acquisition price for those Share Rights was nil.
- » The Share Rights are not quoted on the ASX and carry no voting or dividend rights. Shares issued on vesting of the Share Rights will rank equally with fully paid ordinary shares on issue.
- » The Share Rights will be issued to Mr Dragicevich on or about the date of the AGM, but in any event no later than 12 months after the AGM.
- » The issue price for the Share Rights is nil and no money is payable by Mr Dragicevich for a Share on the vesting of a Share Right. Accordingly, no funds will be raised from the issue or conversion of the Share Rights.
- » No loans will be made in relation to the acquisition of the Share Rights or Shares by Mr Dragicevich.
- » Details of any securities issued under Capral's Long-Term Incentive Plan will be published in Capral's annual report relating to the period in which the securities were issued, along with a statement that approval for the issue was obtained under ASX Listing Rule 10.14. Any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of securities under Capral's Long-Term Incentive Plan after this Resolution 4 is approved and who are not named in this notice of meeting, will not participate until approval is obtained under Rule 10.14.

A summary of the material terms of the Share Rights are outlined above in this Explanatory memorandum.

The Share Rights are being issued to incentivise Mr Dragicevich to deliver the Company's growth strategy and drive financial performance in the interests of shareholders. The Board is satisfied that Mr Dragicevich's

remuneration arrangements are competitive relative to ASX market and industry peers.

- » The value that the Company attributes to the Share Rights being issued is \$364,511 and is calculated using the 12-month Volume Weighted Average Price (VWAP) on 1 January 2022.
- » A voting exclusion statement is set out under the wording of Resolution 5 in this notice of meeting.

Listing Rule 7.1 imposes a 15% cap on the number of equity securities that can be issued by Capral without approval of shareholders in any rolling twelve-month period. However, Capral can exclude from the calculation of the 15% limit any securities issued in reliance on an exception to Listing Rule 7.1 or with the approval of shareholders.

If Resolution 5 is passed, any Share Rights and any Shares issued on vesting of those rights will be excluded from the calculation of the 15% limit in reliance on Exception 14 in Listing Rule 7.2.

Accelerated vesting and potential termination benefit

As noted above, the Share Rights may vest on an accelerated basis in certain circumstances. The accelerated vesting of the Share Rights in these circumstances may be considered a retirement benefit.

Section 200B of the Corporations Act requires Capral to obtain shareholder approval before giving a benefit to a director in connection with the director's retirement from office unless the benefit falls within certain exceptions set out in the Corporations Act. A payment will only fall within

those exceptions if the amount is less than a prescribed multiple of the director's base remuneration and if the nature of the payment falls within one of the categories set out in the Corporations Act. It is unlikely that these exemptions would apply.

Capral therefore seeks shareholder approval under section 200E of the Corporations Act to enable it to provide these benefits if it chooses.

The total value of the termination benefits that may accrue to Mr Dragicevich will depend on the market price of Capral Shares at the time the Share Rights vest.

Effect of not approving issue of the Share Rights

If shareholders do not approve the proposed issue of Share Rights to Mr Dragicevich under Resolution 4, the proposed award of Share Rights to him will not proceed and the Board will need to consider alternative remuneration arrangements.

The Board considers it to be important for Capral to be able to offer the Share Rights to the Managing Director as they are in line with market practice and ensure that Capral can attract and retain the right talent and align Mr Dragicevich's interests with those of shareholders.

Director recommendation

The Board (with Mr Dragicevich abstaining) considers that the award of Share Rights to Mr Dragicevich is an appropriate incentive which is in the best interests of Capral and recommends that shareholders vote in favour of Resolution 5.



