

30 September 2021

ASX Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Downer EDI Limited – Notice of Annual General Meeting and Proxy Form

Please find attached the following documents:

1. Notice of Annual General Meeting (AGM); and
2. Sample Proxy Form.

Downer will hold its AGM at 11:00am (Sydney time) on Thursday, 4 November 2021.

The AGM will be held virtually with the assistance of technology. The Notice of Meeting includes detailed information about how shareholders can participate in the AGM.

Yours sincerely,
Downer EDI Limited



Robert Regan
Company Secretary

Authorised for release by Downer's Board of Directors.

Notice is given that the Annual General Meeting of the Shareholders of Downer EDI Limited (Downer or Company) will be held online: on Thursday 4 November 2021 commencing at 11.00am Sydney time (meeting).



Notice of Annual General Meeting

2021

**Dear Shareholder,**

I am pleased to invite you to Downer's 2021 Annual General Meeting (**AGM**) to be held at 11.00am (Sydney time) on 4 November 2021. Registration will open from 10:00am (Sydney time).

In light of the COVID-19 pandemic and the potential for continued restrictions on physical gatherings, and to ensure the safety of shareholders and other participants, our Annual General Meeting will again be held virtually. Participants can attend via an online platform using their computer or mobile device and shareholders and proxyholders will be able to ask questions and vote in real time, subject to the connectivity of their devices.

Downer's AGM is the occasion where shareholders vote on a number of important resolutions, which are outlined in this Notice of Meeting. It also provides shareholders with the opportunity to meet virtually with the Board, hear from the Managing Director and CEO and ask questions.

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

The first item of business will be to consider and receive the Financial Report, the Directors' Report and the Independent Auditor's Report for the year ended 30 June 2021.

Election and re-election of Directors

The second item of business seeks approval for the re-election of Mr Philip Garling and Ms Nicole Hollows as Independent Non-Executive Directors as well as my election as an Independent Non-executive Director.

Phil Garling joined the Board in November 2011 and is currently a member of the Zero Harm and Remuneration Committees and has previously been Chairman of the Remuneration Committee and Rail Projects Committee and a member of the Audit and Risk Committee. Downer's process of Board renewal is ongoing and Mr Garling's experience and understanding of the Company is important at this time. If re-elected, Mr Garling intends to retire during the term.

Nicole Hollows joined the Board in June 2018 and is currently the Chairman of the Audit and Risk Committee and a member of the of the Remuneration, Tender Risk Evaluation and Nominations and Corporate Governance Committees.

I joined the Board in September 2021 and became the Chairman in October 2021. With an engineering and management background, I have over 40 years' experience in senior leadership and governance roles in industrial businesses, including as a Chief Executive Officer, Non-executive Director and Non-executive Chairman of large publicly listed organisations. If elected, I look forward to working with the Board and the management team to drive value for shareholders.

Remuneration Report and performance rights

The third item of business seeks approval of the Remuneration Report and the fourth item of business seeks approval of the grant of performance rights to the Managing Director as part of his 2022 financial year remuneration.

The Board has been working hard over many years to ensure that executive pay is appropriate and aligned with the outcomes of the business. The Chairman's letter on page 21 of Downer's Annual Report sets out a summary of Downer's remuneration strategy and outcomes for the 2021 financial year. I ask that you consider this letter and accompanying pages in the 2021 Annual Report when forming your views on these items of business.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Chelley', written in a cursive style.

Mark Chelley
Chairman

Ordinary Business

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

To consider and receive the Financial Report, the Directors' Report and the Independent Auditor's Report of Downer for the year ended 30 June 2021.

Note:

- No resolution is required for this item of business.

2. Election and re-election of Directors

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

- A. "That Mr Mark Chellew who was appointed as an Independent Non-executive Director of the Company, effective 1 September 2021 in accordance with Rule 3.3 of the Company's Constitution and being eligible, is elected as a Non-executive Director of Downer."
- B. "That Mr Philip Garling, who was appointed as an Independent Non-executive Director of the Company on 24 November 2011 and in accordance with Rule 3.6 of the Company's Constitution and being eligible, offers himself for re-election, is re-elected as a Non-executive Director of Downer."
- C. "That Ms Nicole Hollows, who was appointed as an Independent Non-executive Director of the Company on 19 June 2018 and in accordance with Rule 3.6 of the Company's Constitution and being eligible, offers herself for re-election, is re-elected as a Non-executive Director of Downer."

3. Adoption of Remuneration Report

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

"That the Remuneration Report for the year ended 30 June 2021 be adopted."

Notes:

- This resolution is subject to voting exclusions, which are set out in the Explanatory Memorandum.
- This resolution is advisory only and does not bind Downer or the Directors.
- The Directors will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing Downer's remuneration policies.

If 25% or more of votes that are cast are voted against this resolution and again at the 2022 Annual General Meeting in relation to the 2022 Remuneration Report, shareholders will be required to vote at the 2022 Annual General Meeting on a resolution that another meeting be held within 90 days at which all of Downer's Directors (other than the Managing Director) must stand for re-election.

A vote on this resolution must not be cast by or on behalf of a member of the key management personnel (**KMP**), details of whose remuneration are included in the Remuneration Report, or by any of their closely related parties (such as certain of their family members, dependants and companies they control).

However, this does not prevent those KMP or any of their closely related parties from voting as a proxy for a person who is not a member of the KMP or a closely related party if:

- the person specifies the way the proxy is to vote on this resolution in the proxy form; or
- the person voting as a proxy is the Chairman and the proxy form does not specify the way the proxy is to vote and expressly authorises the Chairman to exercise the proxy even if the resolution is directly or indirectly connected with the remuneration of a member of the KMP for the Downer Group.

Special Business

4. Approval of Managing Director's Long-Term Incentive (LTI)

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

"That approval is given to the grant of performance rights pursuant to the Company's LTI Plan and the acquisition of shares on vesting by issue or by transfer as the Managing Director's long-term incentive for 2022 on the basis described in the Explanatory Memorandum to this Notice of Meeting."

Note:

- This resolution is subject to voting exclusions, which are set out in the Explanatory Memorandum.

A member of the KMP for the Downer Group and their closely related parties must not vote as proxy on this resolution unless the proxy appointment specifies the way the proxy is to vote on the resolution. However, the Chairman of the meeting may vote an undirected proxy if the proxy appointment expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of KMP for the Downer Group.

How to participate online and vote

Shareholders or their proxies, representatives or attorneys who wish to attend online will be able to view a live webcast of the meeting, ask the Directors questions online and submit votes in real time.

To join the online meeting, visit <https://web.lumiagm.com/318904541> on your computer, tablet or smartphone. You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.

You can join the online meeting as a securityholder, proxyholder, or guest. Representatives and Attorneys should join the meeting as a securityholder, using the details for their appointing company. Guests will not be able to ask questions or vote.

Registration to join the online meeting will be open at 10.00am (Sydney time). To register, shareholders and proxyholders will need:

- The Meeting ID, if not using the direct website link: 318-904-541.
- Your Username, which is your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) (as set out in your proxy form).
- Your Password, which is the postcode of your registered address for Australian residents, or the three-character country code for overseas residents, which is available on the Computershare virtual meeting guide.

The virtual meeting guide can be viewed by visiting: www.computershare.com.au/onlineMeetingguide. This sets out more detailed instructions on the platform's functionality.

Technical difficulties

Technical difficulties may arise during the course of the AGM. If there is a technical difficulty affecting any online participants, the Chairman of the meeting has discretion as to whether and how the meeting should proceed. In exercising this discretion, the Chairman will have regard to the number of shareholders impacted and the extent to which participation in the business of the meeting is affected. Where the Chairman considers it appropriate, the Chairman 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 directed proxy by 11.00am (Sydney time) on Tuesday, 2 November 2021, even if they plan to participate online.

Questions at the meeting

Please note, only shareholders, their proxies, attorneys or representatives may ask questions or make comments online once they have been verified and they will be given a reasonable opportunity to do so. Shareholders are encouraged to lodge questions and comments prior to the meeting.

Eligibility to attend and vote

You will be eligible to attend and vote at the meeting if you are registered as a holder of Downer shares at 7.00pm (Sydney time) on Tuesday, 2 November 2021.

Corporate representatives

A shareholder, or proxy, that is a corporation and entitled to participate and vote at the AGM may appoint an individual as its corporate representative. Evidence of the appointment of a corporate representative must be lodged with Downer's share registry prior to the meeting or have previously been provided. The appropriate "Appointment of Corporate Representative" form may be obtained from Computershare or online at <http://www.investorcentre.com> under the help tab, "Printable Forms".

Attorneys

A shareholder entitled to participate and vote at the AGM is entitled to appoint an attorney to participate and vote at the AGM on the shareholder's behalf. The power of attorney appointing the attorney must be duly signed and specify the name of each of the shareholder, the Company and the attorney, and also specify the meetings at which the appointment may be used. To be effective, the power of attorney must be received by Downer's share registry not later than 48 hours before the time for holding the meeting.

Appointing a proxy

1. A proxy form is attached.
2. A member entitled to participate online and vote at the meeting is entitled to appoint not more than two proxies.
3. Where more than one proxy is appointed, each proxy should be appointed to represent a specified proportion of the member's voting rights. In the absence of such a specification, each proxy will be entitled to exercise half the votes.
4. You may appoint either an individual or a body corporate as your proxy. A proxy need not be a member of Downer.
5. A proxy form must be signed by the member or the member's attorney. Proxies given by corporations must be signed either under section 127 of the *Corporations Act 2001* (Cth) (Corporations Act) or in accordance with the Constitution of the Company. In the case of joint holdings, at least one of the joint holders must sign the proxy form.
6. **If you appoint the Chairman of the meeting as your proxy and do not direct the Chairman of the meeting how to vote on Item 3 (Adoption of Remuneration Report) or Item 4 (Approval of Managing Director's Long-Term Incentive (LTI)) (which you may do by marking any one of "For", "Against" or "Abstain" on the proxy form for those items of business), you will be expressly authorising the Chairman of the meeting to exercise your proxy even if those items are directly or indirectly connected with the remuneration of a member of the KMP for the Downer Group.**
7. The proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy of the power of attorney or authority) must be received not later than 48 hours before the time for holding the meeting, at the office of Downer's share registry:
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001 Australia
Fax: 1800 783 447 (within Australia)
+61 3 9473 2555 (outside Australia)

Shareholders can also cast their votes online at www.investorvote.com.au by following the prompts. To use this facility, you will need your SRN or HIN and postcode as shown on the proxy form. You will be taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.

Custodian voting – For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Annual report

Downer's 2021 Annual Report is available on the Downer website at www.downergroup.com.

All resolutions will be by poll

The Chairman of the meeting intends to call a poll on each of the resolutions set out in this Notice of Meeting.

Explanatory Memorandum for Shareholders

The purpose of this Explanatory Memorandum (which is included in and forms part of the Notice of Meeting) is to provide Shareholders with important information regarding the items of business proposed for the Downer 2021 Annual General Meeting as well as assist Shareholders to determine how they wish to vote on each resolution.

Shareholders should read the Notice of Meeting, including this Explanatory Memorandum carefully before deciding how to vote on the resolutions.

Item 1

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

The 2021 Annual Report (which includes the Financial Report, the Directors' Report and the Independent Auditor's Report) will be presented to the meeting. Shareholders can access a copy of the report at the Downer website, www.downergroup.com.

The Chairman will give shareholders an opportunity to ask questions about, and make comments on, the financial statements and reports and Downer's performance.

Shareholders will also be given an opportunity to ask a representative of Downer's auditor, KPMG, questions relevant to audit matters, including the Independent Auditor's Report.

The Chairman will also allow a reasonable opportunity for a representative of the auditor to answer written questions to the auditor submitted by shareholders to Downer no later than Thursday, 28 October 2021.

Item 2

Election and re-election of Directors

Item 2(A) Election of Mr Mark Chelley

Mark Chelley was appointed to the position of Non-executive Director, effective 1 September 2021. Mr Chelley joins Downer as an Independent Director.

Mr Chelley's profile is set out below.



Mark Chelley (65)

Independent Non-executive Director since September 2021

Mr Chelley has over 40 years of experience in the building materials and related industries, including roles such as Managing Director and Chief Executive Officer of Adelaide Brighton Limited, Managing Director of Blue Circle Cement in the United Kingdom and senior management positions within the CSR group of companies in Australia and the United Kingdom.

He is currently the Chairman of Cleanaway Waste Management Limited and a Non-executive Director of Ampol Limited. He is a former Non-executive Director of Virgin Australia Holdings Limited and Infigen Energy Limited.

Mr Chelley holds a Bachelor of Science (Ceramic Engineering), Masters of Engineering (Mechanical Engineering) and a Graduate Diploma in Management.

Board recommendation

The Directors, in the absence of Mr Chelley, unanimously recommend that shareholders vote in favour of this resolution, as Mr Chelley's skills and experience (as set out above) are valuable to the Board's existing skills and experience. Mr Chelley also adds considerable strength and leadership as Chairman of the Board and to the Committees on which he serves, including as Chairman of the Nominations and Corporate Governance Committee, and as a member of the Remuneration, Disclosure, and Tender Risk Evaluation Committees.

The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

Item 2(B) Re-election of Mr Philip Garling

Phil Garling is a Non-executive Director who is retiring by rotation in accordance with Downer's Constitution. He is eligible to be re-elected as a Director of Downer and intends to offer himself for re-election with the unanimous support of the other Directors.

Mr Garling's profile is set out below.



Phil Garling (67)

Independent Non-executive Director since November 2011

Mr Garling has over 40 years' experience in the infrastructure, construction, development and investment sectors. He was the Global Head of Infrastructure at AMP Capital Investors, a role he held for nine years. Prior to this, Mr Garling was CEO of Tenix Infrastructure and a long-term senior executive at the Lend Lease Group, including five years as CEO of Lend Lease Capital Services.

Mr Garling is currently the Chairman of Tellus Holdings Limited, Energy Queensland Limited and Newcastle Coal Infrastructure Group and a Director of Charter Hall Limited. He is a former Director of Spotless Group Holdings Limited and the NSW electricity distributor, Essential Energy and a past President of Water Polo Australia Limited.

Downer's process of Board renewal is ongoing and Mr Garling's experience and understanding of the Company is important at this time. If re-elected, Mr Garling intends to retire during the term.

Mr Garling holds a Bachelor of Building from the University of New South Wales and the Advanced Diploma from the Australian Institute of Company Directors. He is a Fellow of the Australian Institute of Building, Australian Institute of Company Directors and Institution of Engineers Australia.

Board recommendation

The Directors, in the absence of Mr Garling, unanimously recommend that shareholders vote in favour of this resolution, as Mr Garling's skills and experience (as set out above) are valuable to the Board's existing skills and experience. Mr Garling also adds considerable strength and leadership to the Committees on which he serves, being the Zero Harm and Remuneration Committees.

The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

Item 2(C) Re-election of Ms N M Hollows

Nicole Hollows is a Non-executive Director who is retiring by rotation in accordance with Downer's Constitution. She is eligible to be re-elected as a Director of Downer and intends to offer herself for re-election with the unanimous support of the other Directors.

Ms Hollows' profile is set out below.



Nicole Hollows (50)

Independent Non-executive Director since June 2018

Ms Hollows has over 20 years' experience in the resources sector in a number of senior managerial roles across both the public and private sectors, including in mining, utilities and rail. Her experience spans operational management, accounting and finance, mergers and acquisitions, capital management and corporate governance.

Ms Hollows is the Non-executive Chair of Jameson Resources Limited, a Non-executive Director of Qube Holdings Limited and a member of the CEO Advisory Committee for Dean of Queensland University of Technology (QUT) Business School.

She was formerly the Chief Executive Officer of SunWater Limited, a Queensland Government owned corporation, the Chief Financial Officer and subsequently Chief Executive Officer of Macarthur Coal Limited and Managing Director of AMCI Australia and South East Asia.

A Fellow of the Australian Institute of Company Directors and a Member of Chief Executive Women and the Institute of Chartered Accountants, Ms Hollows holds a Bachelor of Business – Accounting and a Graduate Diploma in Advanced Accounting (Distinction) from the Queensland University of Technology and is a Graduate of Harvard Business School's Program for Management Development.

Board recommendation

The Directors, in the absence of Ms Hollows, unanimously recommend that shareholders vote in favour of this resolution, as Ms Hollows' skills and experience (as set out above) are valuable to the Board's existing skills and experience. Ms Hollows also adds considerable strength and leadership to the Committees on which she serves, being Chairman of the Audit and Risk Committee and a member of the Remuneration, Tender Risk Evaluation and Nominations and Corporate Governance Committees.

The Chairman of the meeting intends to vote undirected proxies in favour of this resolution.

Item 3

Adoption of Remuneration Report

The Remuneration Report is contained in the Directors' Report in the 2021 Annual Report. Shareholders can access a copy of the report at the Downer website, www.downergroup.com.

The Remuneration Report provides information about the remuneration arrangements for KMP, which includes Non-executive Directors and the most senior executives, for the year to 30 June 2021.

The Remuneration Report covers the following matters:

- An introductory letter from the Chairman and Chairman of the Remuneration Committee to shareholders
- Year in review
- Details of Key Management Personnel
- Remuneration policy, principles and practices
- Relationship between remuneration policy and company performance
- The Board's role in remuneration
- Description of executive remuneration
- Details of executive remuneration
- Executive equity ownership
- Key terms of employment contracts
- Related party information
- Description of Non-executive Director remuneration.

Shareholders will be given a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report. Shareholders will be asked to vote on the Remuneration Report.

The resolution is advisory only and does not bind Downer or its Directors. The Board will consider the outcome of the vote and comments made by shareholders on the Remuneration Report at the meeting when reviewing Downer's remuneration policies.

Under the Corporations Act, if at least 25% of the votes cast on the resolution are against the adoption of the relevant Remuneration Report at two consecutive Annual General Meetings (each an “AGM”, and any such potential 25% or more vote “against” commonly referred to as a “first strike” or “second strike”), shareholders will be required to vote at the second of those AGMs on a resolution that another general meeting be held within 90 days, at which all of the Company’s Directors in office at the time of the Directors’ resolution to make the Directors’ Report containing that second Remuneration Report (other than the Managing Director) must stand for re-election.

At last year’s AGM the resolution to adopt the 2020 Remuneration Report was carried with over 99% of votes cast “for” the Remuneration Report.

Board recommendation

The Directors unanimously recommend that shareholders vote in favour of Item 3 (Adoption of Remuneration Report).

Voting exclusions

A vote on Item 3 (Adoption of Remuneration Report) must not be cast by or on behalf of a member of the KMP or by any of their closely related parties (such as certain of their family members, dependants and companies they control).

However, this does not prevent a member of the KMP, details of whose remuneration are included in the Remuneration Report, or any of their closely related parties, from voting as a proxy for a person who is not a member of those KMP or any of their closely related parties if:

- the person specifies the way the proxy is to vote on Item 3 (Remuneration Report) in the proxy form; or
- the person voting as a proxy is the Chairman and the proxy form does not specify the way the proxy is to vote and expressly authorises the Chairman to exercise the proxy even if the resolution is directly or indirectly connected with the remuneration of a member of the KMP for the Downer Group.

If you choose to appoint a proxy, you are strongly encouraged to direct your proxy how to vote on Item 3 (Adoption of Remuneration Report) by marking any one of “For”, “Against” or “Abstain” on the proxy form for that item of business. As set out in the section on Appointing a proxy, if you have appointed the Chairman of the meeting as your proxy and you do not mark any of “For”, “Against” or “Abstain” on the proxy form, you will be expressly authorising the Chairman to vote any proxies held by him in favour of Item 3 (Adoption of Remuneration Report), even if that item is connected directly or indirectly with the remuneration of a member of the KMP for the Downer Group.

The Chairman of the meeting intends to vote any undirected proxies held by him in favour of Item 3 (Adoption of Remuneration Report).

Item 4

Approval of Managing Director’s Long-Term Incentive

It is proposed to grant the Managing Director performance rights in Downer as the Managing Director’s 2022 long-term incentive plan (2022 LTIP) on the terms set out below (2022 Grant) and to seek approval for that grant under ASX Listing Rule 10.14.

This approval is being sought because Listing Rule 10.14.1 provides that a listed company must not permit a director of Downer to acquire equity securities under an employee incentive scheme unless it has been approved by shareholders. The 2022 Grant falls within Listing Rule 10.14.1 above and therefore requires the approval of Downer’s shareholders under Listing Rule 10.14.

Resolution 4 seeks the required shareholder approval to the 2022 Grant under and for the purposes of Listing Rule 10.14.

If approval is granted under ASX Listing Rule 10.14, the Company will be permitted to issue ordinary shares in the Company to Mr Fenn in satisfaction of its obligations under those performance rights if and when they vest. Further, Downer will be able to proceed with the 2022 Grant without impact on its ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12-month period.

Proposed Long-Term Incentive for the Managing Director for 2021

As a senior executive, Mr Grant Fenn has participated in Downer’s long-term incentive plans (LTIPs) since 2009 and in his capacity as Managing Director since July 2010.

Under his employment agreement with Downer as Managing Director, Mr Fenn is entitled to be granted performance rights each year with a maximum value equal to 100% of his annual fixed remuneration. Performance rights are being used to appropriately align Mr Fenn’s remuneration as Managing Director with shareholder returns. The performance rights are subject to long-term performance requirements and therefore only vest to Mr Fenn if those performance requirements are met. In the event that the resolution is not passed by shareholders, the Board intends to provide an LTIP equivalent through an alternative mechanism in order to meet Mr Fenn’s contractual entitlements.

In accordance with Downer’s contractual commitments, it is proposed to grant Mr Fenn performance rights with a maximum value of 100% of his annual fixed remuneration at the time the quantity of performance rights is determined (as described below). Mr Fenn’s current fixed remuneration is \$2,000,000. The grant will be in the form of performance rights which are a right to receive fully paid Downer ordinary shares which may be purchased on-market or issued by the Company.

Mr Fenn is also eligible to receive an annual short-term incentive (STI) up to a maximum opportunity of 100% of his fixed remuneration. Any entitlement to an STI is at the discretion of the Board, having regard to performance measures and targets. There is no STI entitlement where Mr Fenn's employment terminates prior to the end of the financial year, other than in the event of a change in control or by mutual agreement.

Dividends will be paid or accumulated only from the time the performance rights vest.

Entitlement under the 2022 grant

Mr Fenn will receive a grant on the same terms and at the same time as other eligible employees.

Subject to shareholder approval being obtained, the maximum number of performance rights granted to Mr Fenn will be 374,714. This quantity was calculated as his annual fixed remuneration of \$2,000,000 divided by \$5.3374 being the daily average of the volume weighted average price of Downer shares for the 10 trading days following the release of Downer's results for the year ended 30 June 2021, adjusted for the estimated value of dividends during the vesting period that do not attach to the rights. Each performance right will convert to one ordinary share once all vesting conditions are met.

If shareholders approve the proposed resolution in Item 4 (Approval of Managing Director's Long-Term Incentive (LTI)), the 2022 Grant will be made within 12 months from the date of this meeting.

Details of any securities issued under the Company's LTI Plan will be published in each annual report of the Company relating to a period in which securities have been issued, and that approval for the issue of securities was obtained under ASX Listing Rule 10.14. Any additional persons referred to in ASX Listing Rule 10.14 who become entitled to participate in the Company's LTI Plan after the resolution is approved and who are not named in this Notice of Meeting and Explanatory Memorandum will not participate until approval is obtained under ASX Listing Rule 10.14.

Price on grant or vesting

No amount is payable by the Managing Director on grant or vesting of the performance rights.

Vesting conditions

Vesting of performance rights granted under the 2022 LTIP will be subject to:

- meeting certain performance hurdles over a specified period; and
- continued employment with Downer over a period determined by the Board (service period).

Mr Fenn's proposed 2022 Grant will be divided into three equal tranches subject to the following performance hurdles:

- relative total shareholder return (TSR);
- compound annual earnings per share growth (EPS);
- net profit after tax and before amortisation of acquired intangibles (NPATA) and free cash flow (FFO) (Scorecard); and
- The performance rights are not transferable, and do not confer any right to vote or to a dividend, nor do they confer any right to a return of capital, to participate in surplus profits or assets of Downer, or to participate in new issues of securities.

TSR is measured over the three-year performance period to 30 June 2024. TSR is calculated as the difference in share price over the performance period, plus the value of shares earned from reinvesting dividends received over this period, expressed as a percentage of the share price at the beginning of the performance period. If the TSR for each company in the comparator group (see below) is ranked from highest to lowest, the median TSR is the percentage return to shareholders that exceeds the TSR for half of the comparison companies. The 75th percentile TSR is the percentage return required to exceed the TSR for 75% of the comparison companies.

Performance rights in the tranche to which the relative TSR performance requirement applies vest in accordance with the following table:

Downer's TSR ranking against the comparator group	% of performance rights subject to the relative TSR
<50th percentile	Nil
50th percentile	30%
Above 50th and below 75th percentile	Straight line so that a further 2.8% of the performance rights in the tranche will vest for every 1% increase between the 50th percentile and 75th percentile
75th percentile and above	100%

The comparator group for the 2022 Grant is the companies, excluding financial services companies, in the ASX 100 index as at the start of the performance period on 1 July 2021.

EPS growth is measured over the three-year performance period to 30 July 2024. The EPS measure is based on AASB 133 *Earnings per Share* and is externally audited.

The tranche of shares dependent on the EPS performance condition vests pro rata between 5% compound annual EPS growth and 10% compound annual EPS growth.

Performance rights in the tranche to which the EPS performance requirement applies vest in accordance with the following table:

Downer's EPS compound annual growth	% of performance rights subject to EPS condition that qualify to vest
<5%	Nil
5%	30%
Above 5% and below 10%	Straight-line so that a further 14% of the performance rights in the tranche will vest for every 1% increase in EPS growth between 5% and 10%
10% or more	100%

The Scorecard condition will be comprised of two independent absolute components of equal weighting. These components will be based on Group NPATA and Group FFO. FFO is defined as net cash flow from operating activities less investing cash flow.

The performance of each component will be measured over the three-year period to 30 June 2024.

NPATA and FFO targets will be set at the beginning of each of the three financial years. The performance of each component will be assessed each year relative to the targets. Performance of each component will be determined as the average of the annual performance assessments for the three years.

Performance rights in the tranche to which the Scorecard performance requirement applies vest in accordance with the following table:

Scorecard result	% of performance rights subject to Scorecard condition that qualify to vest
<90%	Nil
90%	30%
Above 90% and below 110%	Straight-line so that a further 3.5% of the performance rights in the tranche will vest for every 1% increase between 90% and 110%
110% or more	100%

Once some or all of the performance rights have met the vesting conditions, the performance rights will not vest unless the Board is satisfied there has been no conduct on the part of Mr Fenn that the Board considers inappropriate and that the financial results against which the performance vesting condition were tested were not incorrect in a material respect and were not reversed or restated.

Performance period

The performance period for the 2022 Grant will be the three years from 1 July 2021 to 30 June 2024 and the service period will end on 30 June 2025.

Change of control

Under the 2022 LTIP, if there is a change in control of Downer during the performance period, provided at least 12 months of the 2022 Grant's performance period have elapsed, unvested performance rights pro-rated with the elapsed performance period are tested for vesting with performance against the relevant performance hurdles for that period.

Performance rights that have already been tested and have met performance requirements but remain subject to the completion of the service period condition will fully vest.

Neither unvested pro-rated performance rights nor performance rights that have already been tested and met performance requirements will vest unless the Board is satisfied that there has been no conduct on the part of Mr Fenn that the Board considers inappropriate and that the financial results against which the performance hurdles were tested were not incorrect in a material respect and were not reversed or restated.

Cessation of employment

Upon cessation of employment of the Managing Director for any reason, all performance rights that have not vested by the cessation of employment will be forfeited unless, subject to the termination benefit provisions of the Corporations Act, the Board exercises its discretion to permit the Managing Director to retain performance rights by deeming him to be an "Eligible Leaver". If Mr Fenn is deemed to be an Eligible Leaver, he may be entitled to retain some or all of his performance rights and these will be tested for vesting against the Vesting Conditions other than the Continued Employment Condition in their normal course. An Eligible Leaver's performance rights will be settled with fully paid Downer ordinary shares or in cash in the Board's sole and absolute discretion. No performance rights will vest unless the Board is satisfied that there has been no conduct on the part of Mr Fenn that the Board considers inappropriate and that the financial results against which the performance hurdles were tested were not incorrect in a material respect and were not reversed or restated.

Other information

- Mr Fenn is the only Director of the Company who is entitled to participate in the Company's LTI Plan
- No loan is being made to Mr Fenn in relation to the acquisition of performance rights
- The following table shows the number of performance rights and restricted shares that have been previously granted by Downer to Mr Fenn under the Company's LTI Plan
- Each of the performance rights described below are a right to receive fully paid Downer ordinary shares on vesting. Each of the restricted shares described below were held in trust until vesting
- Each of the performance rights and restricted shares were granted for nil acquisition price.

Year	Number of performance rights	Number of restricted shares
2009	–	444,825
2010	–	95,410
2011	–	480,205
2012	–	464,996
2013	445,682	–
2014	243,576	–
2015	541,920	–
2016	711,717	–
2017	509,077	–
2018	338,524	–
2019	307,573	–
2020	318,175	–
2021	584,317	–

Board recommendation

In the view of the Non-executive Directors, it is in the best interests of shareholders to approve the performance right-based 2022 long-term incentive grant to the Managing Director because it appropriately aligns the Managing Director's remuneration with shareholder returns. Your Directors (in the absence of the Managing Director) therefore recommend shareholders approve the 2022 Grant and the Managing Director's participation in the 2022 LTIP.

Voting exclusions

The Company will disregard any votes cast in favour of Item 4 (Approval of Managing Director's Long-Term Incentive (LTI)) by or on behalf of:

- Mr Fenn; or
- associates of Mr Fenn.

However the Company need not disregard a vote cast in favour of the resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the Chairman of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the Chairman to vote on the resolution as the Chairman decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - 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 the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Shareholders should note that apart from Mr Fenn no Director is eligible to participate in any employee incentive scheme in relation to the Company.

If you choose to appoint a proxy, you are strongly encouraged to direct your proxy how to vote on Item 4 (Approval of Managing Director's Long-Term Incentive (LTI)) by marking any one of "For", "Against" or "Abstain" on the proxy form for that item of business. As set out in the section on Appointing a proxy, if you have appointed the Chairman of the meeting as your proxy and you do not mark any of "For", "Against" or "Abstain" on the proxy form, you will be expressly authorising the Chairman to vote any proxies held by him in favour of Item 4 (Approval of Managing Director's Long-Term Incentive (LTI)) even if that item is connected directly or indirectly with the remuneration of a member of KMP for the Downer Group.

The Chairman of the meeting intends to vote any undirected proxies held by him in favour of Item 4 (Approval of Managing Director's Long-Term Incentive (LTI)).

By order of the Board

Robert Regan, Company Secretary
Sydney, 30 September 2021

Need assistance?



Phone:
1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:
www.investorcentre.com/contact



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by 11:00am (AEDT) Tuesday, 2 November 2021.

Proxy Form

How to Vote on Items of Business

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

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting virtually and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

ATTENDING THE VIRTUAL MEETING

Please see participation details for a virtual meeting, outlined in the Notice of Meeting. If you wish to attend the meeting virtually, please have this form available to assist registration.

Corporate Representative

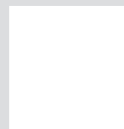
If a representative of a corporate securityholder or proxy is to attend the meeting virtually you will need to provide the appropriate "Appointment of Corporate Representative" prior to admission. A form may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Lodge your Proxy Form:

Online:

Use your computer or smartphone to appoint your proxy and vote at www.investorvote.com.au or scan your personalised QR code below using your smartphone.

Your secure access information is



Control Number: 185910
SRN/HIN:

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Downer EDI Limited hereby appoint

☐ the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Downer EDI Limited to be held as a Virtual Meeting on Thursday, 4 November 2021 at 11:00am (AEDT) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 3 and 4 (except where I/we have indicated a different voting intention in step 2) even though Items 3 and 4 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 3 and 4 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
2(A)	Election of Non-executive Director - Mr Mark Chellew	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(B)	Re-election of Non-executive Director - Mr Philip Garling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2(C)	Re-election of Non-executive Director - Ms Nicole Hollows	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	Approval of Managing Director's Long-Term Incentive (LTI)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically