

Beach Reserves Smashed

Company/ASX Code	Beach Energy Ltd / BPT
AGM time and date	10.30am ACDT Wednesday, 13 November 2024
Location	Adelaide Convention Centre
Registry	Computershare
Type of meeting	In person/Webcast
Monitor	James Hahn
Pre-AGM Meeting	Yes, with Chair Ryan Stokes

Monitor Shareholding: The individual or their associates involved in the preparation of this voting intention has a shareholding in this company.

1. How we intend to vote

No.	Resolution description	
1	Adoption of Remuneration Report	For
3	Election of Sally Martin as a director	For
4	Re-election of Peter Moore as a director	For
5	Approval of issue of performance rights to the MD for LTI	For
6	Approval of issue of performance rights to the MD for STI	For

2. Summary of Issues and Voting Intentions for AGM

- The 8% decline in 1P reserves, 20% decline in 2P reserves and 21% decline in 3P reserves is a significant negative outcome.
- Cost and time over-runs at Waitsia are negative.
- The failure to appoint an Independent Chair in a timely fashion

3. Matters Considered

Accounts and reports

Another disappointing year, which saw reserves again downgraded significantly by 20%. Impairments created a \$475m loss. Waitsia is again overbudget and yet to produce reasonable volumes. Otway Basin and Western Flank operations were downgraded. Beach Energy, at this stage, is shrinking in workforce, production and reserves. One can but hope this is the final major 'sweep of the deck'.

Financial performance

(As at FYE)	2024	2023	2022	2021	2020
NPAT (\$m)	-475.3	400.8	500.8	316.5	501
UPAT (\$m)	341	385	504	363	461
Share price (\$)	1.49	1.345	1.725	1.24	1.52
Dividend (cents)	4.0	4.0	2.0	2.0	2.0
Simple TSR (%)	13.8	(36)	39.1	(17.1)	(22.4)
EPS (cents)	-20.85	17.58	21.94	13.88	22
CEO total remuneration, actual (\$m)	0.638*	1.334	1.319	1.203	1.410

*Mr Woods commenced as MD and CEO on 29 January 2024.

Governance and culture

Beach Energy has 7 board members, comprising of 4 independent members, a Managing Director and two nominees from 45% shareholder, Seven Group Holdings. Ryan Stokes is Interim Chair since 14 November 2023. The board members have the appropriate qualifications and will be required to have a minimum holding equivalent to 100% of remuneration in shares. The company has appropriate Corporate Governance statements and reports.

It has been announced after the end of reporting period that Mr Ryan Stokes will remain Chairman until further notice. Upon questioning this action, it was suggested by Mr Stokes that continuity of the board through a difficult short-term period was a better decision than disrupting the 'corporate memory' whilst the new CEO is putting his team in place. This was reluctantly accepted on the understanding that it is only temporary.

Key events

There were no key events outside of the normal activities of the company.

Key board or senior management changes

Brett Woods was appointed Managing Director and Chief Executive Officer in January 2024.

Sustainability/ESG

Beach Energy has a detailed Sustainability Report in the 2024 Annual Report.

ASA focus issues (not discussed above or under remuneration report or re-election of directors)

Beach Energy has aligned with Australian Energy Sector Cyber Security Framework as well as additional activities. The board also considers this issue regularly.

4. Rationale for Voting Intentions

Resolution 1 Remuneration Report (for)

The total STI awarded was 11.6% and none of the 2020 STI Performance Rights vested, due to underperformance. Executives received a 1% increase in fixed salary, the CEO 9% and directors unchanged. The Chairman, Mr R. Stokes received a consultancy fee from Beach Energy pursuant to the agreement with SGH.

The overall layout of the remuneration report is good and conforms with ASA guidelines. Actual and statutory payments are displayed, as is the CEO remuneration quantum and mix. The report has all relevant information in easy-to-read format and charts. The STI performance conditions are clearly described and offer 75% company goal and 25% personal goals. If goals are achieved half is paid in cash and half is awarded in shares vested of 1 and 2 years. Also, a performance hurdles are in place.

The LTI is awarded by outperforming an Industry Comparator group. If the performance is <51st percentile – 0 vesting. From 51st to 76th percentile a straight-line prorated number will vest. The ASA prefers additional hurdles; however, they are being mooted for next financial year.

Changes to the remuneration report delivers a larger percentage of remuneration in variable incentives. The maximum STI to senior executives is up from 50% to 80% of TFR. The CEO now has maximum STI of 130% and LTI of 100%. The Total Shareholder Return comparator was changed from the ASX 200 Energy Index and now measures TSR against a broader group. Also, the company has introduced a minimum shareholding for NEDs (100% rem.), CEO (150% rem.) and executives (75% rem.). Executives received a 1% increase in fixed salary, the CEO 9% and directors unchanged. Further LTI hurdles are being reviewed for the 2025 REM.

The Chairman was questioned to the rational of increasing STI payments to the CEO. It was explained that this time Beach Energy must 'get it's execution right', over the next year, to reinstate shareholder confidence.

Resolution 2 - Election of Sally Martin' as a director

Ms Martin is good fit for the company. She has had various roles at Shell over 34 years and is an engineer. She has two additional directorships so should be able to devote enough time to her duties at Beach Energy.

Resolution 3 - Re-election of Peter Moore as a director

Mr Moore has over 40 years' experience in the oil and gas industry, mainly in geology and exploration. He is an appropriate director for the company.

Resolution 4 – Approval of the issue of performance rights to the Managing Director and CEO, Brett Woods under the Beach 2024 Long Term Incentive Offer

Mr Woods is eligible for performance rights under the LTI. Beach Energy is purchasing the shares at market value, on market and therefore does not need shareholder approval. This is good governance to present this resolution

Resolution 5 – Approval of the issue of performance rights to the Managing Director and CEO, Brett Woods under the Beach FY 24 Short Term Incentive Offer.

As in Resolution 4 Beach Energy is exhibiting good governance for presenting this resolution to shareholders.

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Appendix 1

Remuneration framework detail

CEO rem. Framework for FYXX	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.350	38%	1,350	30%
STI - Cash	0.675	19%	0.878	20%
STI - Equity	0.675	19%	0.878	20%
LTI	0.810	24%	1.350	30%
Total	3.510	100.0%	4.455	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting. Some remuneration framework set a maximum opportunity amount, but not all.