2021

AGM INTELLIGENCE REPORT

Computershare Georgeson

Contents

Introduction

> Computershare looks after 50% of the ASX300. This enables us to provide in-depth analysis of the AGM landscape. This report analyses the AGMs that Computershare helped to deliver in 2020.

Ann Bowering
CEO Issuer Services
Australia and New Zealand

2020 was a year when we all learned how to do things differently. By necessity, the familiar format of many Australian annual general meetings was replaced by virtual or hybrid events for the first time, with most attendees participating online rather than in person.

That necessity has brought with it a wealth of experiences and lessons that will help reshape AGMs for years to come. Issuers are looking ahead to 2021 with a new appreciation of how technology can support better outcomes for everyone involved.

The announcement from Treasurer Josh Frydenberg on 17 February extending temporary relief measures (including explicit approval for the option of virtual AGMs) brought welcome certainty to organisations with a 31 December year-end. While these temporary measures expire prior to the main 2021 AGM season, issuers can opt in to a further 12-month pilot program of hybrid meetings.

We see the year ahead as an opportunity to bring together the strengths of traditional in-person AGMs with the benefits we saw delivered by virtual meetings during 2020 – a 'best of both worlds' solution for our clients, whatever their objectives across governance, shareholder engagement and communications.

Globally in 2020, Computershare helped our clients conduct more than 2200 virtual and hybrid AGMs, 400 of those in Australia.

With expertise gained from years of championing these approaches paired with integrated technology solutions, our meeting services proved valuable to issuers adapting to rapidly changing and unpredictable lockdown regulations.

In this report, we analyse a broad range of trends, but five key insights stand out:

1. Computershare's Australian clients embraced online meetings – 68% of AGMs held in 2020 were either virtual or hybrid
2. For Computershare's clients, there was a strong uptake of digital voting, with 76% of shareholders voting online, up 14% from 2019.
3. Our Notice and Access solution saved our clients $2 million in printing and postage costs
4. Support for climate-related shareholder resolutions almost doubled, up to an average figure of 25.3% in favour during 2020
5. 93.6% of votes were lodged prior to the meeting, up by 1.6% from 2019, meaning that the overall percentage of votes received in 2020 was materially unchanged

Computershare greatly values the connections we've made over the past 40 years. We want to build and foster strong relationships with our clients, but we also want to remain engaged with the wider market, both learning from and offering leadership to it. We believe we are well placed to provide in-depth analysis and insight into the AGM landscape as it changes and adapts to new circumstances.

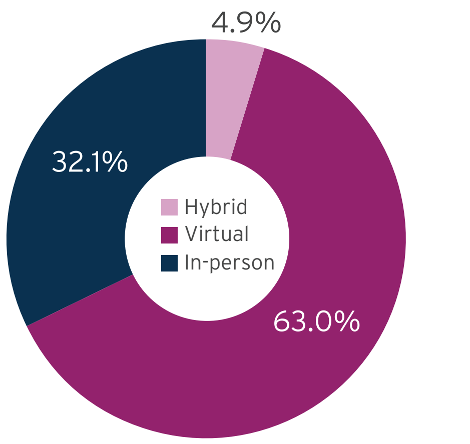
In this year's report, we carefully examine the changes that occurred during the past 12 months, overlaid with particulars we've observed in markets outside Australia. We've also included insights gained directly from our clients, in their own words.

We hope you find this report a valuable resource as you plan for the year ahead.

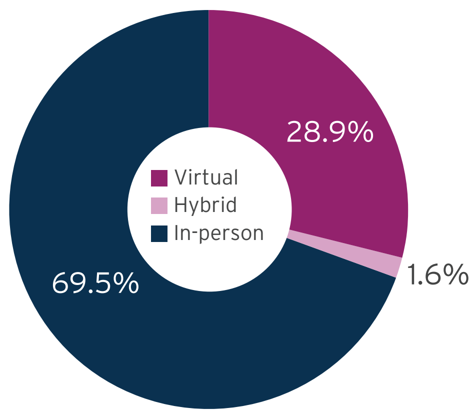
THE 2020 AGM LANDSCAPE

While our Australian clients embraced online meetings in 2020 with 68% being hybrid or virtual, the story was starkly different in other regions around the globe.

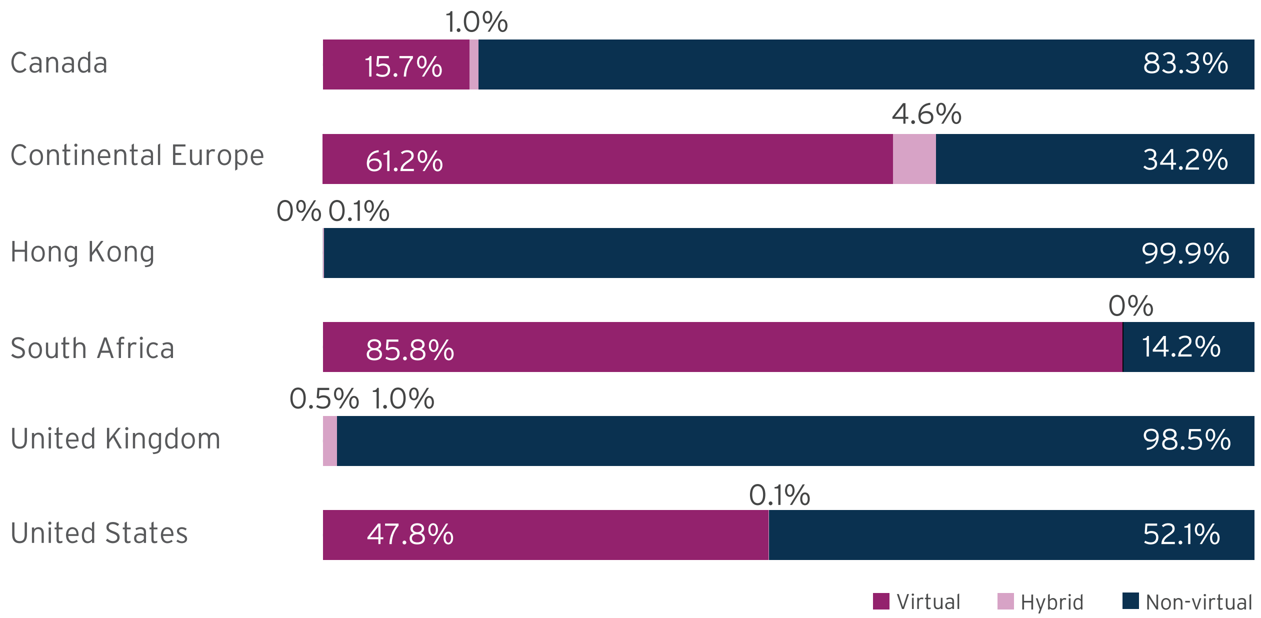
AGM BREAKDOWN - AUSTRALIA



AGM BREAKDOWN - GLOBAL



TYPES OF AGMS - REGIONAL BREAKDOWN



The graph above shows the rates of adoption of different meeting formats by region. The significant disparities were largely driven by the local regulatory framework.

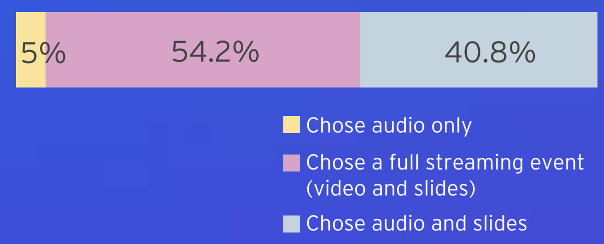
In the United Kingdom, where most issuers' articles did not allow for online AGM participation, meetings were held behind closed doors, with only the board and directors in attendance. In Hong Kong, where physical meetings are a long-standing tradition, the adoption of online meetings was also low.

For further insight into the regional drivers, be sure to read our global insight section on page 25.

AGM production

Throughout the year, the number of companies choosing an audio-only meeting format remained low. A slight increase in companies choosing a full streaming event (including live video) over the option of an audio and slide presentation reflected a rise in confidence levels as the year went on, especially as issuers were able to learn from the practices of others.

AGM PRODUCTION PREFERENCES



> "In choosing a high production value, you need to understand that there's going to be complexity involved and you need to understand how everything works. Not to mention what to expect of whom, at what time.

Malcolm Tyler
Company Secretary and General Counsel
GUD Holdings

ATTENDANCE

> "We were surprised how many different types of attendees we had. More of our shareholders attended in 2020 and our staff got much more involved than I would have thought.
>
> **Kirsty Lally**
> Company Secretary
> Integral Diagnostics

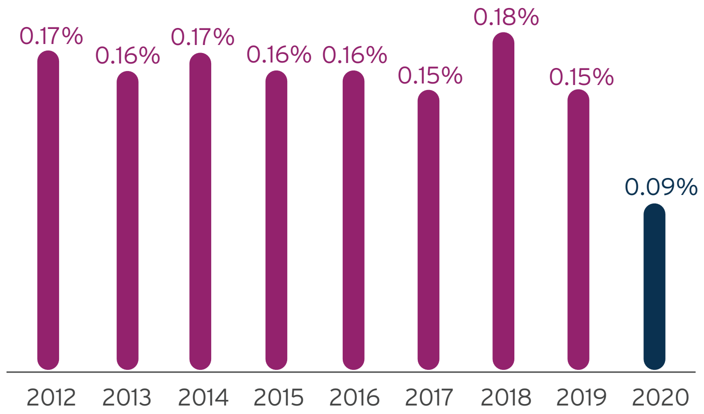
When comparing 2020 with 2019, we saw an increase in overall AGM attendance of 3.6%.

OVERALL ATTENDANCE

This is a positive indicator for virtual and hybrid meetings, where it is commonly believed that this format allows for a greater diversity of people to attend. We saw greater engagement from employees, interested onlookers, regulatory bodies and others.

As noted in our Virtual AGM Insight Report, published in June 2020, we observed a rise in the so-called 'passive shareholder' - someone who signs in to a virtual meeting as a guest, despite being eligible to register as a named shareholder. At this point, we're unsure how much of this is attributable to shareholders opting to watch the meeting as anonymous observers and how much due to users having technical difficulties completing the online registration process. This is something to examine further in future meeting seasons.

SHAREHOLDER ATTENDANCE

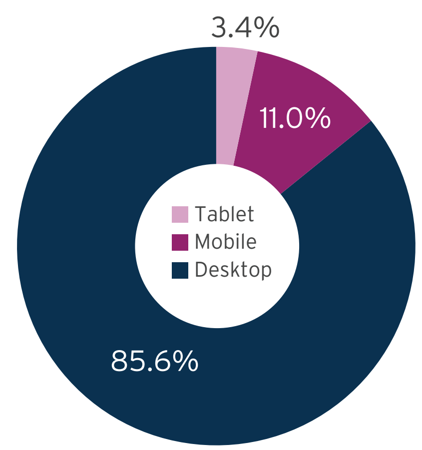


The number of shareholders who registered their attendance at AGMs in 2020 dropped by approximately 40%.

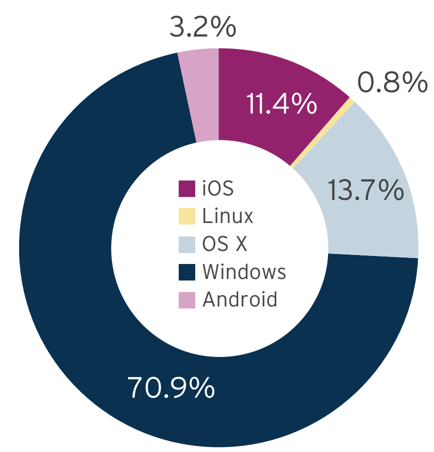
This decline may be attributable in small or large part to the increase in 'passive' attendees, as noted above. That is, many of the shareholders who didn't register may have participated anonymously. Others, though, may have been put off by other factors: reduced opportunities to speak face-to-face with directors and fellow shareholders, not being able to attend a physical venue, lack of proficiency with enabling technologies, or simply because of changed priorities or personal health concerns brought by the Covid pandemic.

HOW ATTENDEES ACCESSED AGMS IN 2020

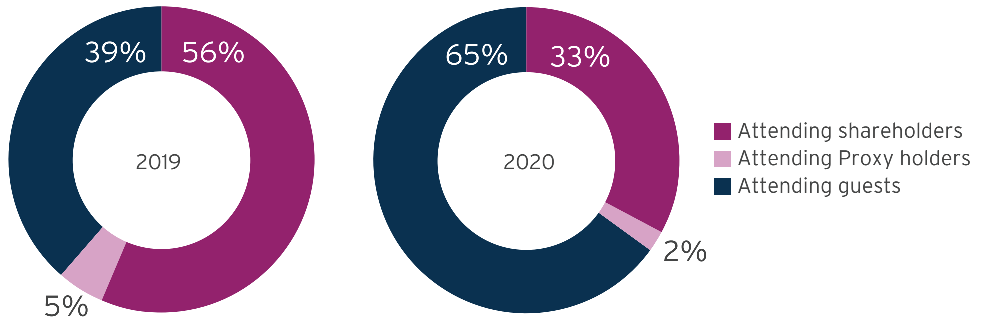
DEVICES



OPERATING SYSTEM



CHANGES IN ATTENDEE BREAKDOWN (2019 VS 2020)



Along with the decrease in registered shareholder and proxy attendance, there was a considerable increase in the numbers of people attending meetings as guests.

As noted on the previous page, this increase in guest attendance in 2020 may be partially attributable to shareholders who had previously lodged a proxy and then logged into the meeting without completing the registration login, also known as 'passive' shareholders.

Overall in 2020, the number of shareholders choosing to appoint a proxy decreased by 66.7%, which in turn meant fewer proxy holders were present at AGMs in 2020.

As noted in our 2020 Virtual AGM Report, during the off-peak meetings season, the number of guests in attendance also rose due to issuers attending other company AGMs to learn from the experiences of others.

In addition, after analysing 21 of our largest clients, we discovered that 38% of their guest attendees were employees of their company. Online meetings give employees a greater opportunity to hear their Chairman and CEO address shareholders and observe the meeting's formal procedures.

In situations where issuers had significant media exposure in the lead up to their AGM, guest attendee numbers also increased. One issuer in this category recorded their guests rising sharply, from only 40 in 2019 to over 450 in 2020.

> Companies in the ASX50 who held a virtual or hybrid meeting in 2020, saw on average 117 more guests attend their AGMs than in 2019.

In a fabulous reflection of the collaboration seen across our industry during the pandemic, various financial industry groups joined AGMs to observe and learn from the experience. The groups participating as guests include:

- Issuers
- Market regulators
- Media
- Investment Bankers
- Institutions/ Custodians
- Law firms

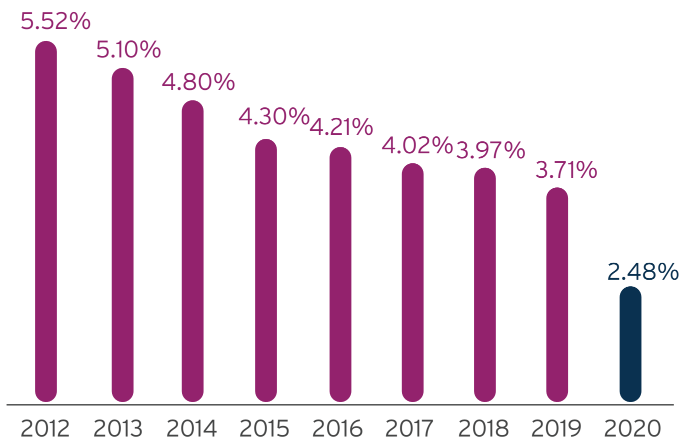
PERCENTAGE OF GUEST ATTENDEES (OVERALL)

65%	84%	82%
AUSTRALIA	**UNITED STATES**	**CANADA**

VOTING

On average, the percentage of shareholders voting dropped from 3.7% to 2.4% between 2019 and 2020.

SHAREHOLDERS WHO VOTED



The preference for online voting continued to grow during 2020, accounting for 76% of votes cast in 2020. Traditional voting channels (paper forms) decreased from 38% to 24%.

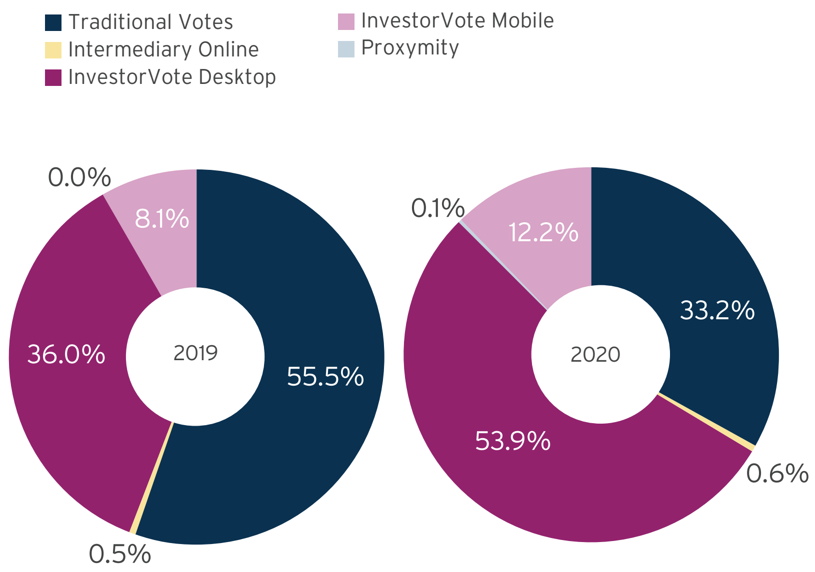
Many issuers encouraged their shareholders to submit their voting instructions before the AGM to allow for any technical difficulties that might arise due to new technologies being used. As many issuers chose not to mail a paper voting form, some shareholders simply switched to voting online.

In May 2020, the Corporations (Coronavirus Economic Response) Determination (No. 1) 2020 came into effect. This determination allowed issuers to use digital channels to provide their shareholders with notices of meeting and other information relating to the meeting.

Most Computershare clients took advantage of our Notice and Access initiative, reflected in the low return of paper proxy forms.

Issuers should consider putting digital engagement at the forefront of their 2021 planning. A strong and sustainable digital focus is an important part of any long-term shareholder engagement strategy.

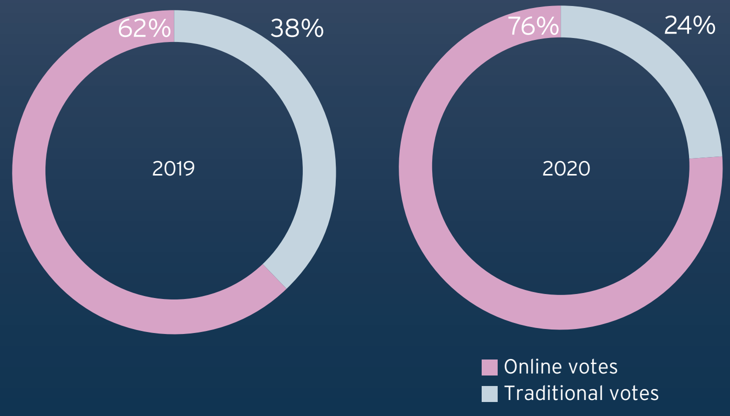
CHANNELS SHAREHOLDERS USED TO VOTE



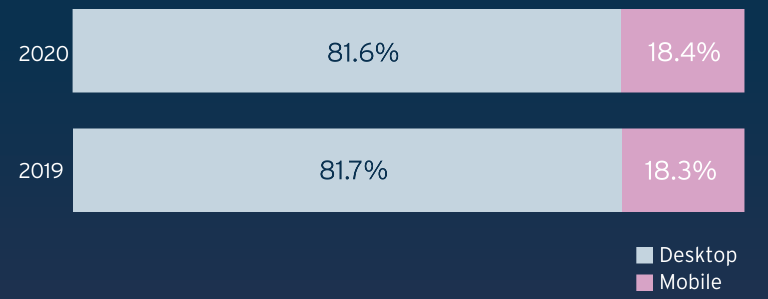
The number of shareholders using InvestorVote in 2020 increased by **22%**

The use of paper forms fell to **33%** in 2020.

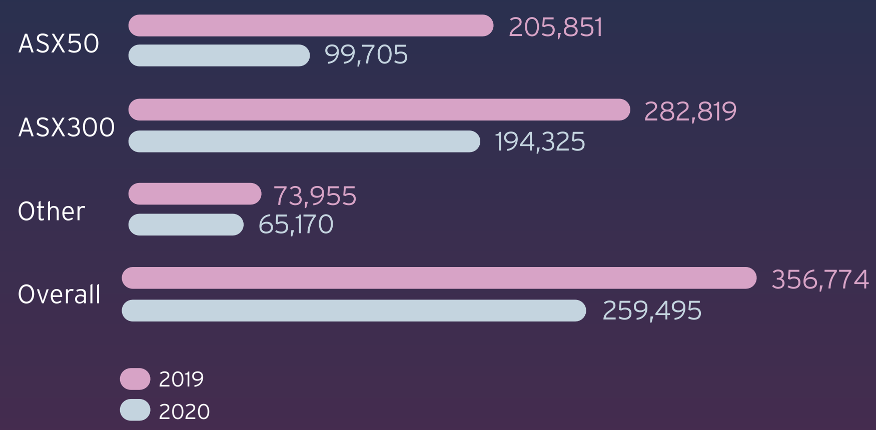
TRADITIONAL VS DIGITAL VOTING



MOBILE VS DESKTOP VOTING



NUMBER OF PROXY FORMS SUBMITTED



In analysing 21 of Computershare's largest clients:

36.4%

chose not to enclose a proxy form with their Notice of Meeting

This resulted in **92.2% fewer paper voting forms** being received

6.6%

fewer voting lodgements were received

58.7%

fewer voting forms were received on average

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14 Computershare clients included a proxy form with their AGM announcement and on average:

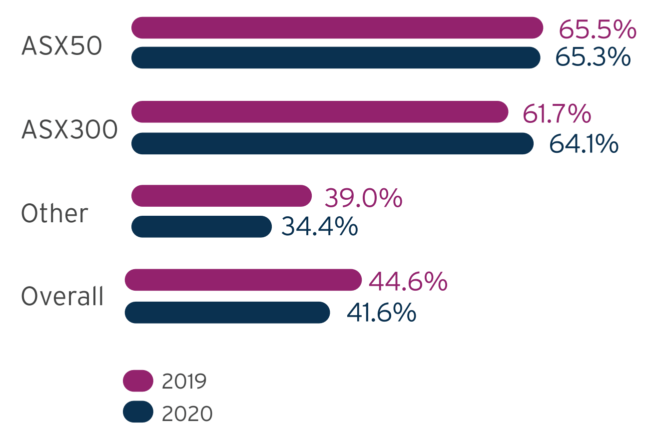
10%

fewer paper voting forms were received

19.2%

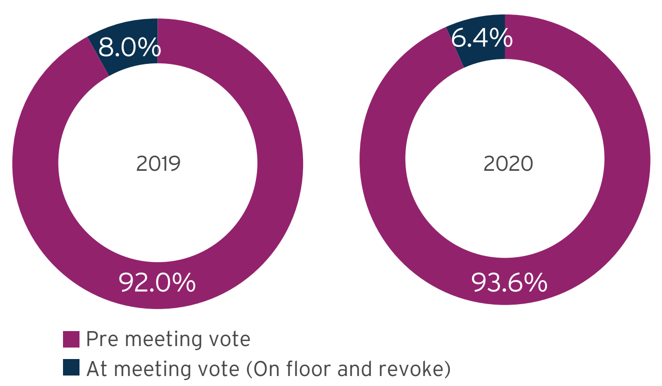
more shareholders voted online

ISSUED CAPITAL VOTED



The percentage of issued capital voted was slightly lower in 2020 due to the reduced number of retail shareholders voting. At the same time, companies in the ASX50 maintained, and those in the ASX300 increased their percentage of voted capital due to institutions and custodians continuing to exercise their voting rights.

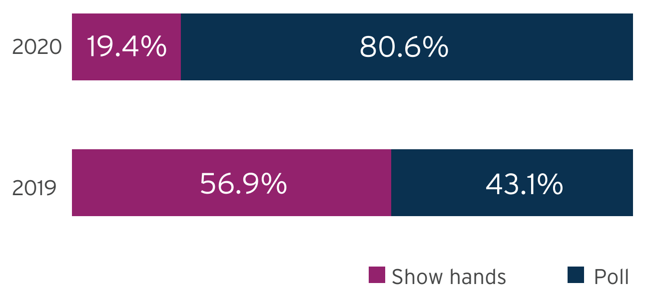
WHEN SHAREHOLDERS VOTE



In 2020, 93.6% of votes were lodged prior to the meeting, up by 1.6% from 2019.

This means that the percentage of votes received prior to AGMs in 2020 was materially unchanged.

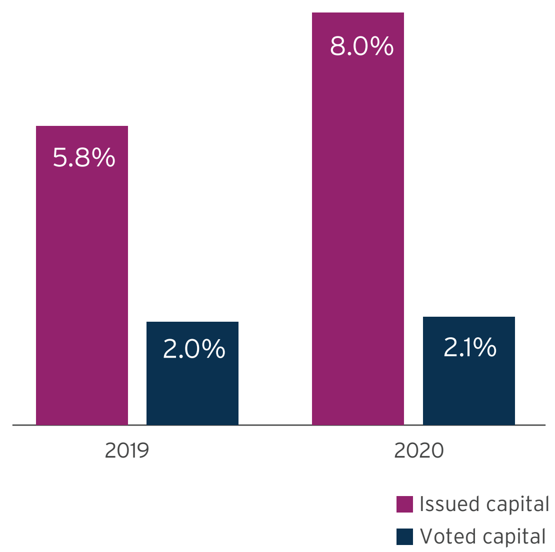
VOTING VIA SHOW OF HANDS VS POLLING



In 2020, 80.7% of issuers decided resolutions using a poll.

This is a significant increase from 2019, driven by changes to the ASX Listing Rules, which specified that, as a matter of proper governance, all Listing Rule resolutions must be decided by a poll rather than a show of hands.

EMPLOYEE SHARE PLAN PARTICIPANT VOTING TRENDS



In 2020, issued capital voted by employee plan participants rose by more than 2.5%.

However, the number of plan participants who chose to vote remained fairly steady, with only a marginal increase observed.

Of the shareholders who submitted voting instructions prior to the AGM:

66.1%
used InvestorVote

33.2%
lodged a hard copy form

Q&A

The introduction of virtual and hybrid AGMs in 2020 generated discussion regarding the transparency of using online platforms. Many were concerned it would be too easy for directors to simply ignore uncomfortable topics or questions lodged by shareholders during online Q&A sessions.

Despite the varying approaches issuers took in managing their Q&A in 2020, the number of questions received from shareholders suggests it was an effective process and enabled them to stay engaged and communicate with directors during the meeting, given the reduced opportunity for in-person attendance.

When it comes to managing Q&A, AIRA's Ian Mathieson suggests, '...consider publishing on the company's website and/or to ASX, any questions received in advance from retail and institutional shareholders (and the company's response). This enhanced transparency should make the meeting more efficient.'

In its 2020 guidelines for conducting virtual and hybrid meetings, ASIC advised that the review and selection of questions before and/or at the meeting 'should be balanced and representative'. The guidance also stipulated, 'there should also be transparency about the number and nature of the questions asked and not answered – and appropriate records of questions, comments and responses should be kept to enable this.'

While grouping similar questions on a single topic can help to streamline meeting proceedings, it involves prior planning and an established procedure. Grouping questions can make shareholders feel they aren't being heard – this should be taken into consideration when contemplating this approach.

It's worth noting that there are methods of providing transparency around Q&A that can be adopted, such as engaging an external moderator to run the session, and publishing a full list of questions, including those answered and unanswered during the AGM.

> "At our virtual AGM we only used the written Q&A which was easier to curate under the circumstances. But we might choose to have live questions in the future.

Malcolm Tyler
Company Secretary and General Counsel
GUD Holdings

All Computershare clients in the ASX50 allowed questions.

22	98	1
AVERAGE QUESTIONS ASKED	MOST QUESTIONS ASKED	LEAST QUESTIONS ASKED

Our client feedback suggested that one of the key factors in managing Q&A successfully is deciding early on in your planning process which channels you will provide for shareholders to submit questions.

There are three main options:

- **Pre-meeting questions**
  - These can be submitted via Computershare's InvestorVote tool, and companies can choose to accept questions via email or post.
- **At meeting questions**
  - Via teleconferencing, where registered shareholders dial in via a dedicated phone line to ask their question in real-time during the meeting
  - Via written Q&A, where registered shareholders submit their question in the appropriate field on the meeting platform.

> "We brought in an external moderator to facilitate the Q&A process with the Chairman during the meeting. We also made sure that shareholders could submit questions prior to the meeting if they couldn't attend on the day or they wished to dial into the meeting.
>
> **Kimalee Hunter**
> Assistant Company Secretary
> Wesfarmers

8 issuers RECEIVED LESS THAN 5 QUESTIONS

10 issuers RECEIVED BETWEEN 5 AND 25 QUESTIONS

7 issuers RECEIVED OVER 25 QUESTIONS

DIGITAL COMMUNICATIONS

In 2020, Computershare introduced a new Notice and Access product to market, delivering a QR code-enabled shareholder communication, with the option of linking to a purpose-built AGM microsite.

From digital communications and voting to virtual and hybrid meetings, 2020 saw a range of changes to the AGM experience for shareholders.

This shift has heightened the need for more engaging content, improved communications and user-friendly online solutions, to offer shareholders a more positive digital experience.

The key now is for issuers to stay abreast of any temporary relief extended by the government, and to engage early with Computershare regarding what shape their AGM communications should take in 2021.

>1.5m
less notices of meeting printed

>6m
less pages printed

$2m
of estimated savings on printing and postage

<0.1% SHAREHOLDERS REQUESTED HARD COPY NOM AND PROXY FORMS

3 DAYS APPROXIMATE REDUCTION OF PRINTING TIME

CLIENT VOICES
Learnings to take into 2021

We spoke to six of our clients about their AGM experiences in 2020 and these are the insights they had to share with us.

Lendlease Group (LLC)
Wendy Lee | Group Company Secretary

Integral Diagnostics (IDX)
Kirsty Lally | Company Secretary

GUD Holdings (GUD)
Malcolm Tyler | Company Secretary and General Counsel

Wesfarmers (WES)
Kimalee Hunter | Assistant Company Secretary
Christine Dargie | Communications Manager, Corporate Affairs

Scentre Group (SCG)
Maureen McGrath | General Counsel

Downer Group (DOW)
Karen Winsbury | Group Manager Corporate Affairs

What did you find simple about your AGM experience in 2020?

Wendy (LLC): On the day, the AGM went well, it was really smooth. We decided to replicate a "normal" AGM as much as possible, so we followed a format that our securityholders were used to which was: general Q&A commencing at the start of the formal business, followed by questions and answers after each resolution. We were happy with that approach and would do the same again at the 2021 AGM.

Kirsty (IDX): I was surprised how simple the technology and the voting process was. It was seamless and we didn't have any issues.

Maureen (SCG): In the first instance, nothing. With an early April AGM, we were riding the first wave with a very short period to get things done in a rapidly changing environment. There was no precedent.

Christine (WES): Something that we did to make the meeting run more smoothly was to pre-record parts of the AGM to reduce the risk of any technical issues and to avoid any live crosses during the meeting. We pre-recorded the Welcome to Country and also a quick acknowledgement from each of our directors and senior management. These recordings were played at the start of the meeting and as our Chairman made the introductions.

What challenges did you face as part of your 2020 AGM?

Wendy (LLC): Where it became really challenging for us was the fact that we had our Chairman, CEO and Board directors in different locations and with the border restrictions, we had to plan for different scenarios. So, planning for a hybrid AGM was a lot more time intensive, because there are a lot more factors to take into consideration.

Kirsty (IDX): Something that I didn't like about being remote, was that it was more difficult for me to manage all my stakeholders.

Malcolm (GUD): The process wasn't as simple as I thought it might have been, and that might be because we tried to produce such a high-quality outcome. And so, there was a lot more involved in the production.

Maureen (SCG): Our biggest challenge was getting used to the technology in that very short period of time. There are different ways you can approach the use of technology and although some additional time to plan may have been good, overall we were pleased with how everything came together at the meeting.

Christine (WES): Because of the uncertainty COVID-19 presented, we could only plan for what we knew. Once the Board made the decision to hold a virtual AGM, we had to cancel our venue and had to figure out 'now what?' We had to basically throw away the old plan and work out a new plan really quickly but it was a plan without a roadmap because we'd never done this before.

Karen (DOW): One of the things that can get lost at a virtual meeting is the visual of your board sitting at the table, allowing shareholders to see the diversity of directors. We are proud of our board diversity, so in the future we will consider having our directors more visible in the meeting via video.

How was your experience with technology?

Wendy (LLC): On the day, I thought it was relatively easy, and our partners (such as Computershare and Lumi) helped to make the experience for both our shareholders and the Company as seamless as possible. There were quite a few benefits, for example, increasing shareholder participation for those not normally able to attend and vote at a face to face meeting, and being able to keep the voting open for the whole meeting.

Malcolm (GUD): It was not a complete unknown for us however, given that the AGM is our preeminent interaction with our shareholders we wanted to make sure it went off without a hitch. So, we had tech run-throughs, we had two rehearsals and they ironed out a few of the issues in advance.

Maureen (SCG): I can't stress enough the need to test and retest the technology and to test people's thinking as to how to achieve the best outcomes for securityholders. Once we all understood how the technology worked, it was easier to navigate than we first thought it would be. Overall, it worked well in the circumstances with which we were faced. This year we will have had the benefit of not only our experience last year but the experience of other companies and service providers in navigating the COVID-19 environment.

Kimalee (WES): Given our unfamiliarity with the interactive online platform, everything was new to us. We needed to understand how it worked, then communicate this to our shareholders in the Notice of Meeting and on our website. We did lots of contingency planning and it was a bit of an iterative process but, thankfully, everything worked well on the day and we received good feedback from our shareholders. Something that added a bit of complexity was providing the telephone line into the meeting, but this was managed well by our service providers.

Karen (DOW): Initially it was hard to understand the best way to integrate the online voting with the rest of the meeting. That was the biggest challenge for us to overcome. But overall, we were happy with how the meeting went.

What surprised you most about online AGMs?

Wendy (LLC): Everyone had a different approach to running a virtual AGM. We held our AGM during the October/November peak season, so we were able to watch and learn from the AGMs held in the mini peak season (April/May). It was interesting to see how different companies organised and ran their AGMs.

Kirsty (IDX): We were surprised how many different types of attendees we had. More of our shareholders attended in 2020 and our staff got much more involved than I would have thought which is great. It's important for them to see what the board does and how the AGM works.

What were the key issues your board was concerned about?

Wendy (LLC): The board were mostly concerned around how they needed to interact with the technology on the day of the AGM, and making sure that our shareholders were comfortable with attending and asking questions at the AGM using the new online platform. We found though that by the time our AGM was held, our shareholders had become used to the online system (our AGM was held later in the season) and the technology was seamless and quite intuitive to use.

Maureen (SCG): Probably the unknown environment in which we were operating. However, our Chair and board wanted to ensure that our securityholders had as many avenues as possible to participate in the AGM.

Kimalee (WES): The Board wanted to make the AGM as accessible as possible for our shareholders given we were moving to a virtual environment for the first time. To enable this, our communications to shareholders were focused on how to register for the meeting, how to vote and how to ask questions.

Have you decided what type of meeting you'll hold in 2021?

Wendy (LLC): We haven't decided as yet, but our early thinking is that we will plan for a hybrid AGM. Our meeting isn't until November, so that way, if there are issues, we can quickly pivot to either a virtual or physical meeting if required. Having said that, we like the fact that a hybrid meeting increases the opportunity for more shareholders to attend and participate in the meeting.

Malcolm (GUD): We would probably look at holding a hybrid AGM in 2021, but it' a bit too early to say. There is a lot to consider and we haven't begun to have those conversations yet.

Maureen (SCG): We haven't made that determination as yet, but we recognise the need to be as flexible as possible. Both Melbourne and Auckland recently went into lockdown again which demonstrates the uncertain environment in which we continue to operate. However, we now have the benefit of the Treasurer's recent extension of measures relating to virtual AGMs. This will enable us to plan with more certainty.

Kirsty (IDX): We won't make that decision for a while yet.

Kimalee (WES): The Board hasn't decided what type of AGM we will hold in 2021 – they will consider the situation around COVID-19 and how that develops before making a decision, and it's important for us to keep our options open.

Karen (DOW): Our experience of the virtual model was positive and we are very interested in what the Federal Government finds in its assessment. Whether we will hold a hybrid meeting requires more thought because of the added complexity and cost given the small number of shareholders that attend our AGM.

What is your best piece of advice or a key learning regarding online AGMs?

Wendy (LLC): You must have at least one rehearsal. That is where you really where you get the opportunity to nut out the issues to make the experience as seamless as possible for attendees, and it also gives people the opportunity to conduct a dry run. We had two rehearsals: our initial practice was with just the management team, and we used a range of dummy questions to check the technology. We then conducted a full-dress rehearsal with the Chair and CEO. They'd never attended a virtual AGM before and given their key roles on the day of the meeting, it was important to hold a practice session to familiarise the Chair and CEO with the different technical aspects of a virtual AGM.

Malcolm (GUD): We need to understand that the world of digital is moving very quickly and it's leaving a lot of people behind, many of whom are retail shareholders. So we need to focus on improving the messaging to shareholders.

Maureen (SCG): You can't underestimate the reliance you have on your colleagues and your providers to deliver a good outcome. If you have those solid relationships, it makes the experience less stressful, especially when you're working in an environment where you don't know what to expect.

Kirsty (IDX): Don't be afraid of online meetings, just give them a go.

Christine (WES): Our key learning from holding our first virtual meeting was the importance of having at least one full rehearsal where we simulated the live meeting environment. This provided our Chairman, MD and company secretary with the opportunity to familiarise themselves so that they were prepared for the live meeting experience. After the rehearsal, they viewed the playback recordings which gave them a better idea of what the shareholder would see on screen. And that's a really practical thing to do. When you have a face-to-face meeting there's an energy from all of the people in the room , but in a virtual environment it's really different.

Karen (DOW): Do your research and watch or participate in other AGMs where you can. In 2021 everyone has the benefit of experience, so we can look back and make changes if necessary.

KEY ISSUES

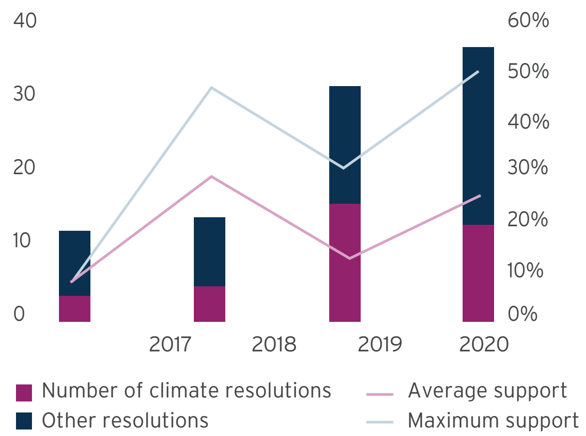
Climate change

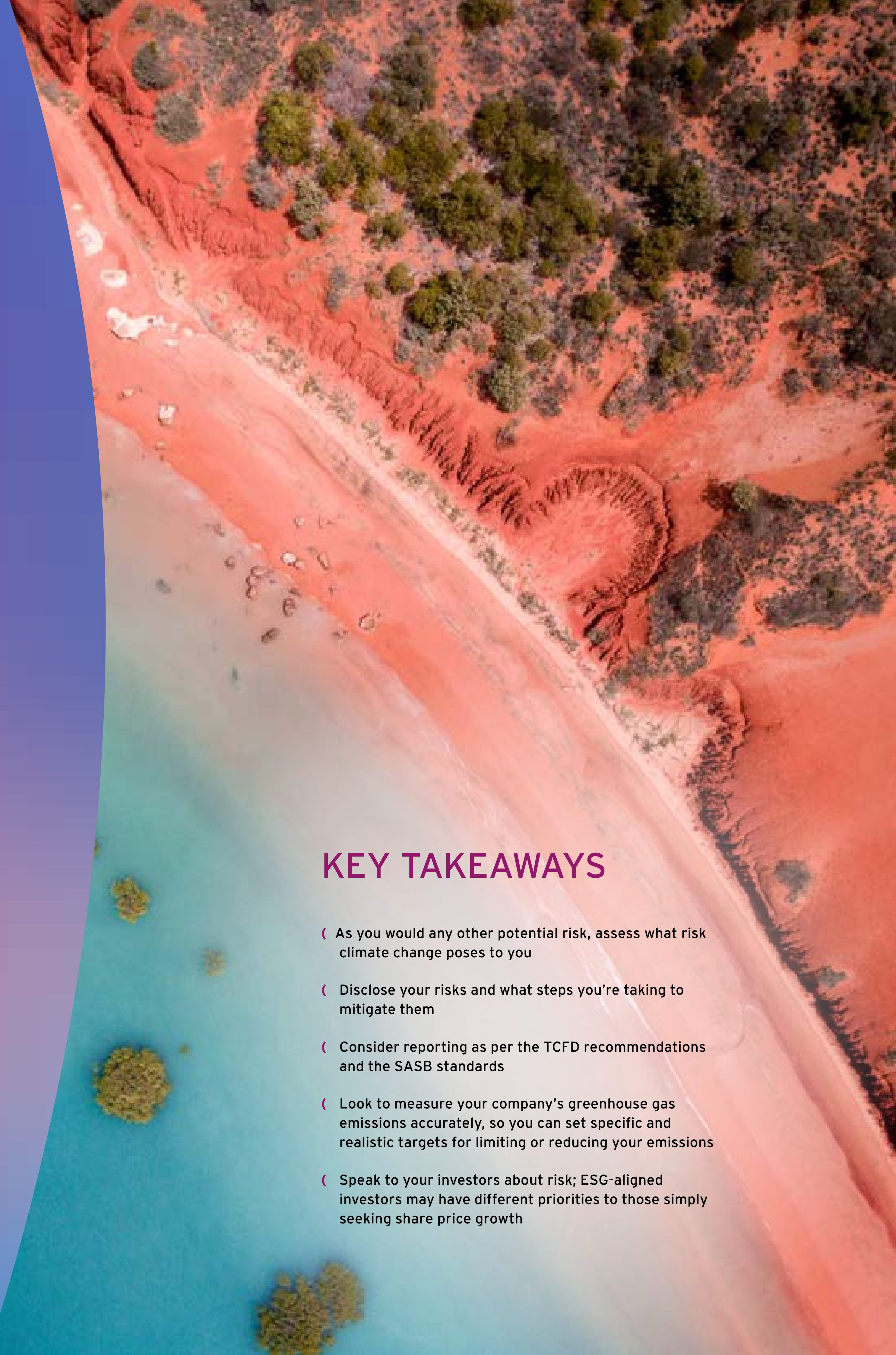
Despite the spread of the coronavirus globally, the focus on ESG and climate action has been undiminished. With the rollout of Covid-19 vaccines in progress, a year on from the first cases, there has been a coordinated global response to find solutions and move forward together. A similarly ambitious and unified approach to solving climate change is likely to see even greater progress achieved.

Investors recognise that climate action and greater adoption of sustainability disclosures is a journey, but pressure is mounting on organisations to align with the Paris Agreement. Issuers can't be expected to reach best practice in one reporting period, but they are expected to define clear targets, embed climate strategy in their businesses, and disclose their performance against international sustainability guidelines. For ease of comparability and commitment to transparency, fund managers (including BlackRock) and shareholder activists are seeking alignment to the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB).

The 2020 AGM season saw fewer climate-related shareholder resolutions raised than in 2019, but the average level of support was much higher, up from 13.2% in 2019 to 25.3% in 2020. One resolution had 50.2% support, a level previously unseen in Australian climate activism. While these results have no mandatory impact on the Boards or management, they should act as a shareholder call to action.

CLIMATE RESOLUTIONS





KEY TAKEAWAYS

- As you would any other potential risk, assess what risk climate change poses to you
- Disclose your risks and what steps you're taking to mitigate them
- Consider reporting as per the TCFD recommendations and the SASB standards
- Look to measure your company's greenhouse gas emissions accurately, so you can set specific and realistic targets for limiting or reducing your emissions
- Speak to your investors about risk; ESG-aligned investors may have different priorities to those simply seeking share price growth

Activism

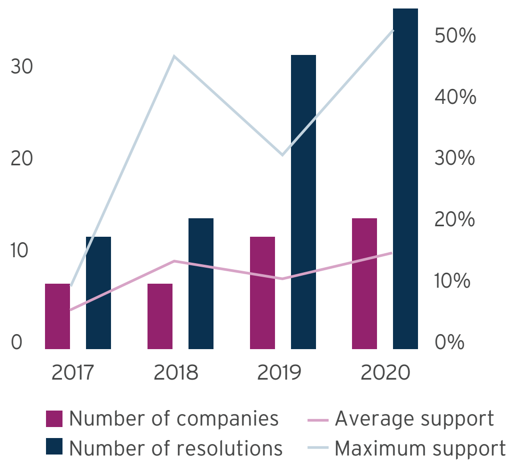
Shareholder activism continued to rise in 2020, with a focus on climate change along with an increasing consideration for social factors such as cultural heritage protection and indigenous native title. The number of shareholder resolutions and companies targeted was up from 2019, and support for those resolutions continued to climb. Fourteen issuers across the ASX300 received a shareholder proposal in 2020.

ACCR and Market Forces led most of the shareholder campaigns put to AGMs. Colong Foundation for Wilderness is a new voice seeking accountability for the protection of cultural heritage sites. ACCR's climate program aims to accelerate Australia's transition to a low carbon economy by targeting high emissions companies and demanding action. Market Forces targeted the big four banks, whom they perceive to have funding and investment strategies misaligned to the Paris Agreement. These resolutions were contingent on constitutional changes which were not passed.

With the Australian bushfire disasters still a major focus for concern, support for climate resolutions reached its peak early in the year; some resolutions received more than 40% shareholder support. A number of proxy advisors recommended support for these resolutions, as did large index funds where engagement was no longer deemed the appropriate mechanism to instigate action.

Overseas, the 'Say on Climate' initiative is gaining traction, giving shareholders a greater voice on the issue, similar to 'Say on Pay' resolutions. The aim is to hold Boards and management to account for the integration of sustainability risks into company strategy. As yet, no Australian issuer has voluntarily raised an advisory shareholder vote on climate transition policies, nor have Boards recommended in favour of shareholder-sponsored climate resolutions.

SHAREHOLDER RESOLUTIONS AND SUPPORT



KEY TAKEAWAYS

- Identify any activists who are currently invested in your organisation
- If you receive a shareholder proposal, engage early with the proponent to increase your chances of a favourable outcome
- Provide detailed disclosures relating to your organisation's response to any shareholder proposal in your notice of meeting
- Engage with your investors well ahead of your AGM to gauge the level of support the proposal is expected to receive
- Where shareholder resolutions received more than 10% support in prior AGMs, provide disclosures relating to your subsequent engagement with shareholders and any action taken as a result

KEY ISSUES

Director accountability

Directors nominated for election in 2020 received slightly more support from shareholders and proxy advisors than in the previous year. Average support for issuer-endorsed directors in 2020 was 95.8%, slightly up on the 95.3% support in 2019. Approval from proxy advisors, CGI Glass Lewis and ISS also increased from 92.1% and 91.4% to 95.2% and 94.9% respectively[1].

Directors up for re-election experienced dissent from shareholders where governance failures were evident. These included: asymmetric provision of information between majority and minority shareholders, poor oversight of problematic pay practices, failures by the nomination committee to ensure majority independent and diverse board composition, and failed risk oversight.

Overcommitment of directors remains an issue for investors, especially in a year marked by accelerated corporate actions, business closures and operational upheaval. Understandably, workload is under scrutiny, given 36% of director vacancies were filled by directors already in the pool of ASX300 directors. The average female director holds 1.45 board appointments while the average male director holds 1.18 seats.

When adjusted for the increased workload of chairpersons (assuming one chair is the equivalent of two board seats), in the ASX300, 65 male directors have the equivalent workload of four or more board seats compared to 28 female directors[2]. Legacy governance failures in previous directorships or senior executive roles will follow directors as they continue to be held accountable across their whole portfolio, both past and present.

The chair and members of nomination committees are also being held accountable for the diversity of boards and management. Gender and ethnic diversity are focus topics for index funds and proxy advisors, but diversity of demonstrable skills is also important. By providing a board skills matrix, investors can see the contribution of each director to the governance of the organisation more clearly. It is also wise for the nomination committee to identify any skills gaps and provide insight into how these gaps are being addressed in succession planning.

Where governance failures have occurred, boards and management will need to work hard to overcome the trust deficit and restore the issuers' social licence to operate in the eyes of shareholders and broader stakeholders.

KEY TAKEAWAYS

- Assess the independence of your board. Are the interests of all shareholders protected?
- How diverse is your board? Think ethnicity, gender, age, skills and geography
- The ASX Corporate Governance Council recommends issuers disclose a board skills matrix, which is an opportunity for you to demonstrate the skills of your board and articulate succession planning
- Are the procedures for director appointment and re-appointments transparent and sufficient?

1 Proxy Insights
2 Ownership Matters, "Many are called, few are chosen", Oct 2020

Executive remuneration

Among the 25 issuers who received a strike in the 2020 season, inadequate alignment between pay and performance was the most cited reason for institutional dissent on remuneration resolutions. Often the executive pay was considered excessive compared to industry peers or when compared with other employees in the organisation. This was highlighted further in instances where companies claimed government support for employees, such as JobKeeper or other wage subsidies, yet still increased fixed remuneration and variable pay opportunities. Conversely, there was support for companies who reduced executive and non-executive director pay during the height of the Covid-19 pandemic, as long as the variable components were transparent and reasonably set to promote long-term shareholder value.

Where shareholders were denied distributions, experienced steep share price declines or had their holding diluted by equity raisings, those shareholders wanted to see their experience correspondingly reflected in remuneration outcomes for executives and non-executive directors. Despite this, a number of issuers sought to make retroactive changes to performance conditions previously set to enable executives to be more highly remunerated. Some issuers swiftly withdrew these resolutions following comprehensive shareholder consultation and engagement, while others proceeded and received a strike.

Specific to Australian Prudential Regulation Authority (APRA) regulated entities, providing "material weight" to non-financial measures for remuneration is not straightforward but can be successfully utilised to align culture and risk with pay. Support is most forthcoming if the non-financial metrics allow for adequate stretch, have transparent and clear articulation of targets and performance outcomes, and are appropriately weighted to avoid the risk of misalignment between bonuses and shareholder outcomes and expectations.

In 2020, a number of ASX300 companies instituted swift and often very public managerial and board changes in the wake of serious conduct issues or risk mismanagement. Such events drew attention to a number of provisions within remuneration policies, including malus. Are historical awards allowed to be clawed back? Can former employees be held accountable? Are there adequate consequences for failure to manage non-financial risks? It's clear that remuneration frameworks need to be set appropriately to allow boards and management to make timely decisions without further damaging their credibility when submitting their remuneration report at the next AGM.

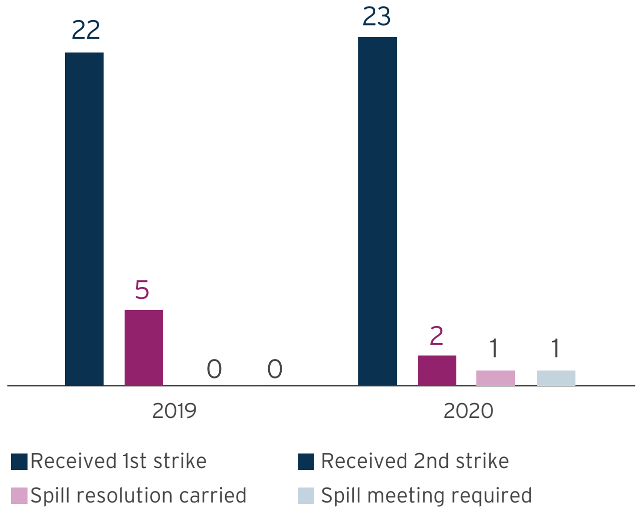
KEY TAKEAWAYS

- Is there adequate alignment between the proposed executive pay structure and the shareholder outcomes?
- Shareholders may support the use of downward discretion on remuneration packages but any positive discretion or change in structure to facilitate greater compensation will be viewed poorly
- Consult investors and proxy advisors when formulating remuneration structure
- Allow shareholder to vote on any long-term incentive grants
- Help your investors understand your remuneration structure and outcomes by providing a narrative, not just the numbers

Executive remuneration

Strike report for the entire ASX300

In 2020, retail and institutional shareholders continued to hold issuers to account on executive remuneration. They've shown few reservations in voting against the remuneration report when it is appropriate to do so.



25 issuers received a strike in 2020 and for the first time since 2014, an issuer's **spill resolution** was carried

266 companies decided their remuneration report by poll

23 companies received a first strike, compared to 22 in 2019. An increase of 13.64%

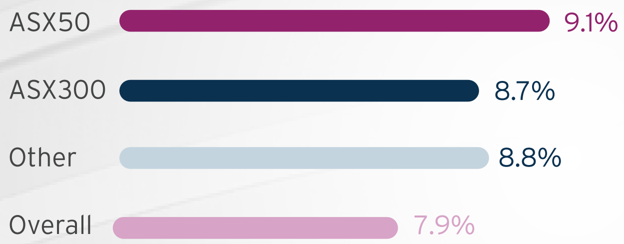
0 companies in the ASX50 received a second strike

22 companies across the ASX300 faced a second strike in 2020

2 companies received a second strike compared to 5 in 2019.

2 companies in the ASX50 received a first strike

AVERAGE VOTES AGAINST THE REMUNERATION REPORT IN THE ASX300



The highest average proportion of against votes sits with the ASX50 at 9.1%. The lowest level of average against votes was 8.7% and was recorded by the ASX300, and the overall average stands at 7.9%.

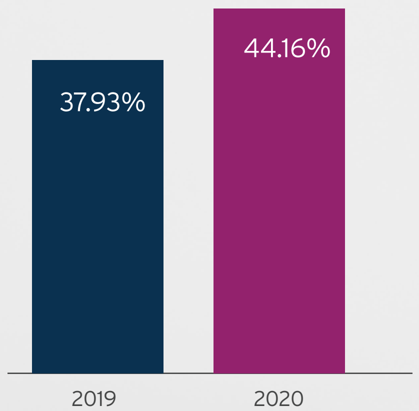
93.4% highest percentage of against votes received

169 issuers received less than 5% of votes against their remuneration report

9 issuers experienced near misses*

* receiving between 20% and less than 25% of votes against their remuneration report

AVERAGE AGAINST VOTES FOR ISSUERS WHO RECEIVED A STRIKE



0.58% - 16.72%

The range of against votes for the 19 companies who did not record a second strike

37.2% - 61.2%

The range of against votes for the 3* companies who received a second strike

* Includes an Issuer who was in the ASX300 in 2019 but not in 2020

KEY ISSUES

The rise of E&S

Australian companies are becoming increasingly conscious of their obligations for action and disclosure on environmental and social (E&S) issues, either as a response to investor demand, in recognition of the risk mitigation benefits and opportunities, or from a sense of societal obligation.

The depth of information and insights that can be generated from integrating E&S into corporate strategy and disclosures is considerable and requires more than a token mention at results or in AGM presentations to be well understood. The process of integrating E&S into an organisation is iterative; investors need to be taken on the journey to understand the targets, strategy and performance outcomes over multiple years.

Survey results from the Australasian Investor Relations Association (AIRA) found that only 32% of ASX200 issuers had a clear environmental, social and governance (ESG) engagement strategy in place. The intention of ASX20 companies to host a dedicated ESG roadshow in Australia was 55%, while this intention dropped to 33% across the ASX200. An international ESG roadshow was less likely to form part of the IR calendar, but the opportunity for virtual overseas engagement remains. Pleasingly, 17% of issuers intended to add additional ESG specific activities to their diaries, including ESG investor days or briefings on specific ESG issues.

The appetite from the sell-side to engage is also strong, with E&S factors influencing valuation outcomes and recommendations.

As more companies commit to adopt reporting aligned to Task Force on Climate-related Financial Disclosures (TCFD) standards, investors will seek evidence of genuine strategy and commitment from senior leaders, not just a formal exercise that is largely forgotten once the Annual Report is published. New Zealand is taking a lead by making TCFD disclosures mandatory for around 200 NZ entities from 2023. Meanwhile, the Australian Government has committed to tracking the carbon emission targets of all ASX200 companies, with the Energy and Emissions Reduction Minister Angus Taylor remarking "that making the commitment is the easy part, the doing is another" [3].

KEY TAKEAWAYS

- Consider if your ESG strategy is in place and appropriately integrated into your risk framework
- Help investors make informed decisions by aligning your ESG disclosures to TCFD and SASB
- Speak with your shareholders to see if they would benefit from an E&S specific engagement

3 Phillip Coorey, "Canberra to track corporate emissions pledges", The Australian Financial Review https://www.afr.com/politics/federal/canberra-to-track-corporate-emissions-pledges-20201204-p56kml

Proxy trends

The stewardship frameworks of Australia's top proxy advisors continue to evolve, as do their voting recommendations to investors. As the standard of issuer disclosures improves, so too does the standard to which the investor community deems acceptable governance practice - the high-water mark continues to rise.

Proxy advisors research and assess the performance and disclosures of issuers to provide investors with recommendations about how best to vote to hold the Board and management to account. Many investors or funds do not have the resources to dedicate to in-house governance research, so they take these recommendations at face value. Others use this information to inform their own research and supplement their own stewardship codes.

Proxy advisors also have additional 'lenses' investors can apply over a basic governance recommendation to bring environmental and social (E&S) agendas into sharper focus. This is of interest to a broad range of sustainable funds and investors, including signatories to the United Nations Principles for Responsible Investment (UN PRI), which includes nine of the top 15 Australian superannuation funds. Most of the policy overlays cover climate, sustainability, responsible investment or faith-based frameworks, which are updated annually. The inclusion of a Covid-19 pandemic policy by ISS, issued in April 2020, demonstrates how quickly proxy advisors adapt to changing shareholder expectations.

Consideration of proxy guidelines is good practice when writing Annual Reports and setting remuneration and governance disclosures. Even better practice is to engage with proxy advisors in advance to understand their current focus or specific concerns so they can be addressed ahead of embarrassing resolution withdrawals, remuneration strikes or significant opposition to director elections.

Georgeson can assist issuers in understanding the influence of proxy advisors on their register, as well as provide early vote data to allow for more targeted engagement. Being equipped with this information early increases the opportunity for resolution amendments, proxy report responses and constructive discussion to enhance opportunities for successful AGM outcomes. At the very least, armed with this information, investor relations officers and company secretaries can manage the expectations of the Board and Management more effectively in the lead up to a challenging meeting.

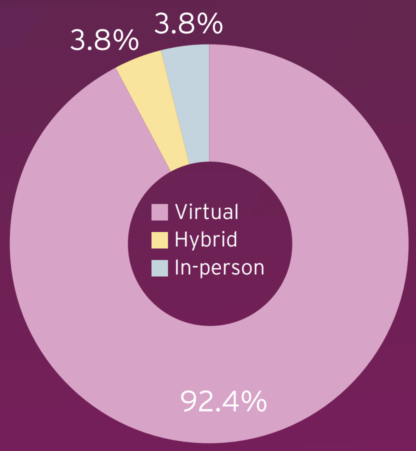
KEY TAKEAWAYS

- Review proxy advisor reports from prior years to identify "hot button" issues
- Understand how much influence proxy advisors have on your register
- Meet with the proxy advisors to discuss what you are doing in relation to corporate governance; answer the hard questions and address their concerns well before their reports are published
- Ensure the Board have demonstrable fluency in how climate risk affects the business and how management approached assessing, adapting to and mitigating the risk

ASX Snapshots

ASX50

BREAKDOWN OF MEETINGS



64% of our clients had over 200 attendees at their AGM

SHAREHOLDER ATTENDANCE

0.04%

SHAREHOLDER VOTING

1.82%

605

Highest number of attendees

94

Lowest number of attendees

PRE-MEETING VOTING

97.7%

ISSUED CAP VOTED

65.3%

96%

ALLOWED VOTING AT THE MEETING

100%

ALLOWED QUESTIONS

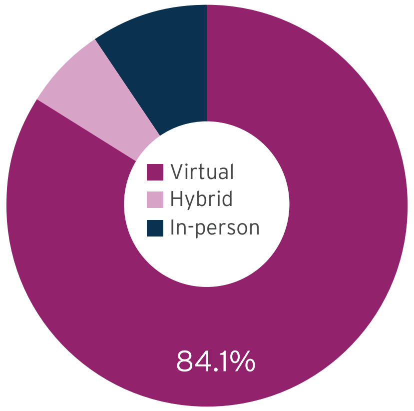
44%

ALLOWED TELECONFERENCING

ASX Snapshots

ASX300

MEETING TYPES



SHAREHOLDER ATTENDANCE

0.07%

SHAREHOLDER VOTING

2.2%

PRE-MEETING VOTING

94.9%

ISSUED CAP VOTED

64.1%

68%

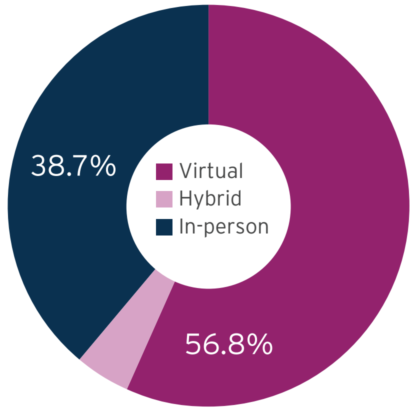
votes received online

25

STRIKES

OUTSIDE ASX300

MEETING TYPES



SHAREHOLDER ATTENDANCE

.25%

SHAREHOLDER VOTING

4.06%

PRE-MEETING VOTING

92.7%

ISSUED CAP VOTED

34.38%

82%

votes received online

INSIGHTS FROM AROUND THE GLOBE

United Kingdom

Mike Sansom
Head of Registry Computershare UK

The UK is entering its second full AGM season under the current Covid pandemic. In 2020, the UK government introduced emergency legislation to enable meetings to take place ‘behind closed doors’ with a minimum quorum present, either at a physical location or via remote means. As a consequence, relatively few meetings deployed additional technology to qualify as a proper ‘hybrid’ or ‘virtual’ meeting (ie authenticated login by attendees and technology-assisted Q&A and voting), with others using teleconferencing or zoom-style technology to enable a degree of shareholder engagement.

Emergency legislation provided temporary relief until the end of September 2020 and has been extended twice since. It is currently set to expire on 30 March 2021. The current indication is that it will not be extended further, as to do so would require further primary legislation, for which there is a lack of Parliamentary time available.

Consequently, the UK market is gearing up for an AGM season where the emergency provisions providing added flexibility apply for companies with meetings in the first three months of the year, and historic rules apply thereafter. For meetings from 31 March onwards, companies will need to balance the default UK rules (see below) with measures designed to ensure the safety of shareholders, boards, and the public in general.

The default position in UK law and company articles of association is as follows:

- UK law permits hybrid meetings, providing they are allowable (or at least not prohibited) by a Company’s Articles of Association.
- There is some uncertainty as to whether a fully virtual meeting is possible. This stems from a legal requirement for the Notice of Meeting to state the ‘place’ of that meeting, and common law indicating that the place means a physical location.

A variety of UK bodies and institutions are seeking to issue guidance and thought leadership papers with the intention of reshaping the format and purpose of the AGM in the future. Both the Financial Reporting Council (the body that issues the UK Corporate Governance Code) and ShareAction (a charity seeking to make investment a source for social good) have issued reports making suggestions on the format of the AGM in years to come. Both are seeking to improve the effectiveness of engagement between companies and their stakeholders. Such reports are likely to influence the longer-term picture for AGMs beyond 2021. The UK Governance Institute, on the other hand, has issued guidance designed to assist companies with navigating the various challenges of the 2021 AGM season, exploring the use of technology to facilitate remote participation by shareholders, and looking at the means by which companies might be able to retain physical venues (for their ‘hybrid’ or ‘in person’ elements of their meeting), with appropriate safety measures.

Given the quickly-evolving situation, many companies are adopting an approach of having a Plan A, B and C, to cover different contingencies. Which they choose to deploy when they issue their Notice of Meeting may depend on the precise timing of their meeting and the progress made in the UK’s vaccination programme, as well as local restrictions in force governing gatherings or movement of people, amongst other factors.

An interesting season ahead.

Continental Europe

Kirsten van Rooijen
COO Continental Europe

Most countries in Continental Europe are currently (as of 21 February) still in lockdown managing the Covid pandemic. If we look back one year, most listed companies were preparing for a physical meeting – no one was thinking about a virtual component. A month later, in March 2020, the world had changed. By April, most countries had emergency legislation in place to allow companies to hold a full virtual meeting. The only country that previously permitted fully virtual meetings was Denmark, but since the introduction of this legislation a number of years ago, the uptake remained very limited. Most companies still opted for a physical meeting.

We have seen a variety of 'virtual' meetings in Continental Europe. In the Netherlands and the Scandinavian markets, most companies adopted a full virtual meeting, allowing shareholders full rights (voting and questions) and allowing them to watch the video webcast of the shareholder meeting. In France, most meetings were held behind closed doors, similar to the United Kingdom.

In Switzerland, all companies opted for an in-person meeting as they did not want to add a virtual component. Their meetings were attended by the Board and company representatives with shareholders strongly advised not to attend.

In Italy, most meetings were held virtually, but without granting shareholders full rights and mostly with only an audio recording of the meeting that shareholders could listen to live. In Germany, at first, most meetings were postponed to June or even beyond, as legislation allowed companies to postpone their meeting beyond 30 June 2020. We saw a peak of meetings in the summer period. Most of them featured a live-video webcast of their meeting, but not all granted full rights to shareholders.

Most of the Continental European countries allowed shareholders to ask questions before the meeting. Some companies posted the answers to these questions prior to the meeting, while others addressed them during the meeting. Interestingly, in the Netherlands, only those shareholders that asked a question prior to the meeting were allowed to ask a follow-up question during the meeting.

We are now preparing for another AGM season in 2021. Although emergency legislation has not been extended in all countries, the expectation is that most companies will again prepare for another virtual AGM. The pressure from lobby organisations and shareholders is growing to ensure they can fully exercise their rights throughout the AGM season.

Companies have had a full year to prepare for their next virtual AGM, so the expectation is that they will at least provide a live video broadcast of their meeting, and shareholders will have access to both live voting and Q&A. In most central European countries, there is no right to be heard and seen, and therefore most companies will only opt for a live chat during the meeting.

Scandinavian markets typically have their peak season in March and April. Here we already see most companies opting for a full virtual meeting. The expectation is that the other central European countries will do the same. Given the current Covid situation, it won't be safe to allow shareholders to attend AGMs in person for some time.

United States

Ruthanne Wrenn
Global Regulatory and Market Initiatives Research Analyst

In March 2020, the beginning of the U.S. meeting season, the landscape rapidly changed with lockdowns and social distancing in place. Many companies had already begun planning their AGMs and had to swiftly change course. The Securities and Exchange Commission (SEC) issued guidance encouraging the use of virtual meetings and allowed for adjustments to change of venue and provided flexibility for proxy distribution material. However, for annual shareholder meetings in the U.S. companies are subject to the law of the state in which they are incorporated.

At the onset of the pandemic 30 states allowed for the use of fully virtual meetings. Since then six further states have made permanent changes to their laws to allow for the use of fully virtual meetings. The remaining states, some of which require in person meetings and others where hybrid meetings are acceptable, have been providing relief on a monthly basis and extending it along with the state of emergency. At time of writing, only one state, New York has extended relief until December 2021.

Due to the lack of certainty around the relief expiry dates Computershare worked with the Securities Transfer Association (STA) to communicate with relevant states to seek extended relief for this proxy season and, where appropriate, permanent change to state law to facilitate fully virtual shareholder meetings.

Despite clear challenges, the 2020 season was a success. In the U.S. we facilitated over 600 fully virtual shareholder meetings.

Following the main 2020 meeting season, stakeholders from across the industry convened to analyse lessons learned and create new recommendations for companies and meeting providers.

These recommendations culminated in the "Report of The 2020 Multi-Stakeholder Working Group on Practices For Virtual Shareholder Meetings", published by Rutgers Center for Corporate Law and Governance in partnership with the Council of Institutional Investors and the Society for Corporate Governance, and with input from multiple additional stakeholders, including Computershare as a steering group member.

Additionally, a key issue that emerged due to the widespread adoption of full VSM in 2020 was beneficial owner access to virtual meetings. Due to the structure of the US proxy system, many beneficial owners experienced constraints in attending virtual meetings. An existing industry working group, established under the auspices of the SEC to resolve certain aspects of proxy voting, took on the task of resolving this access issue in Q3 2020. This has now been achieved by the development of APIs to streamline validation of beneficial owner access to VSMs, giving issuers the option to make this solution available to their shareholders.

Computershare was the first US Transfer Agent to 'go live' offering this solution to issuers. The SEC has agreed that issuers who have already mailed proxy materials, prior to launch of the API solution, can advise beneficial owners of the option of accessing the VSM via the new arrangements by means of an electronic filing with the SEC. For these issuers, no additional client mailing, press release or other communications are required, making the process more cost effective and easier. This represents a significant step forward for the US market and we expect to see issuers offering this to their shareholders over the coming months.

As a result of these developments, despite the ongoing emergency, we are moving into the 2021 proxy season with improved regulatory certainty for issuers regarding their options for safely conducting shareholder meetings, and improved access options for shareholders.

THE FUTURE OF AGMS

Covid-19 has been a catalyst for major change to the Australian AGM landscape. It well and truly opened the door to wider discussions about the role technology can play in helping issuers engage and communicate with their shareholders.

With the shift toward digital engagement gaining momentum, issuers should consider putting digital options at the forefront of their 2021 planning. A strong and sustainable digital focus should be a primary aspect of any long-term shareholder engagement strategy.

In 2021, the core principles of good governance will continue to be enforced; where there is dissonance between corporate behaviour and shareholder or societal expectations, leaders will be held to account. Beneficiaries of government support should be especially mindful of this when structuring remuneration packages.

Importantly, proxy advisors, fund managers and asset owners have all set their 2021 stewardship targets with a sharpened focus on long-term, sustainable value driven by demonstrated action on diversity and climate change.

Despite the ongoing seriousness of the pandemic, the material concern of climate change remained a key focus of the responsible investment community. Shareholders want assurance that issuers are adequately managing their ESG risks, given their potential impact on positive long-term shareholder returns and wider sustainability. Issuers, therefore, need to understand the expectations of their shareholders around ESG and build a strategy towards better alignment.

2021 retains an element of uncertainty for those with meetings after 15 September. Over the past few months, we have seen circumstances and related restrictions change quickly and unpredictably. For this reason, issuers need to put in place a range of contingencies to cover scenarios that could affect their AGMs, particularly where physical meetings are being planned.

Computershare is committed to reshaping the AGM landscape to benefit companies, their shareholders and wider stakeholders across financial markets and the wider community. We always seek to deliver innovative solutions and to work with our clients to achieve successful and compliant AGMs.

Computershare Georgeson

About Computershare Investor Services

Computershare Investor Services encompasses a broad portfolio of products and services that cover an extensive range of financial markets across every major region. Register Maintenance and Corporate Actions are at the core of our business. We offer global coverage and deep expertise in international markets, to guide our clients through highly complex transactions.

For more information, visit www.computershare.com/au

About Georgeson — a Computershare company

Established in 1935, Georgeson is the world's original and foremost provider of strategic services to corporations and investors working to influence corporate strategy. We offer unsurpassed advice and representation for annual meetings, mergers and acquisitions, proxy contests and other extraordinary transactions. Our local presence and global footprint allow us to analyse and mitigate operational risk associated with various corporate actions worldwide.

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