2022

AGM INTELLIGENCE REPORT

Exploring the changing AGM landscape in Australia

CERTAINTY | INGENUITY | ADVANTAGE

Computershare | Georgeson

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In 2021 Computershare supported our Australian clients to deliver 736 AGMs.

Throughout 2021, many companies felt the aftermath of the uncertainty produced by 2020, but they also moved forward with a greater sense of resilience and the ability to triumph in the face of change.

During 2021, Computershare supported our Australian clients to successfully deliver over 900 meetings, 736 of which were AGMs. Throughout the year we witnessed a slight increase in the volume of in-person meetings, given certain states were unimpeded by lockdowns and restrictions as the year progressed. This trend was accompanied by shareholders continuing to use digital channels such as Proxymity and InvestorVote to lodge their votes online.

Computershare and Georgeson continue to engage and foster relationships across industry, government and the broader market to provide leadership and promote change. These relationships, combined with our ability to provide in-depth, valuable intelligence, places us in a unique position whereby we can use our knowledge and insight to inform the market.

With the temporary measures introduced via the *Treasury Laws Amendment Act 2021* set to expire on 31 March 2022 and an outcome still yet to be announced regarding the *Corporations Amendment Bill 2021*, we acknowledge the way forward is unclear.

Regardless of whether it's hybrid or in-person, we are ready to work with our clients to plan and deliver the best AGM solution that suits them and their shareholders.

Computershare will continue to advocate for our clients and partner with them through this period of change. Our goal is to ensure our clients can continue to deliver successful, compliant AGMs throughout 2022 and beyond.

We hope you find this report to be a valuable resource in planning for the coming 12 months.

Ann Bowering
CEO Issuer Services
Australia and New Zealand

2021 AGM INTELLIGENCE

Exploring what the Australian AGM landscape looked like in 2021 and how shareholders responded

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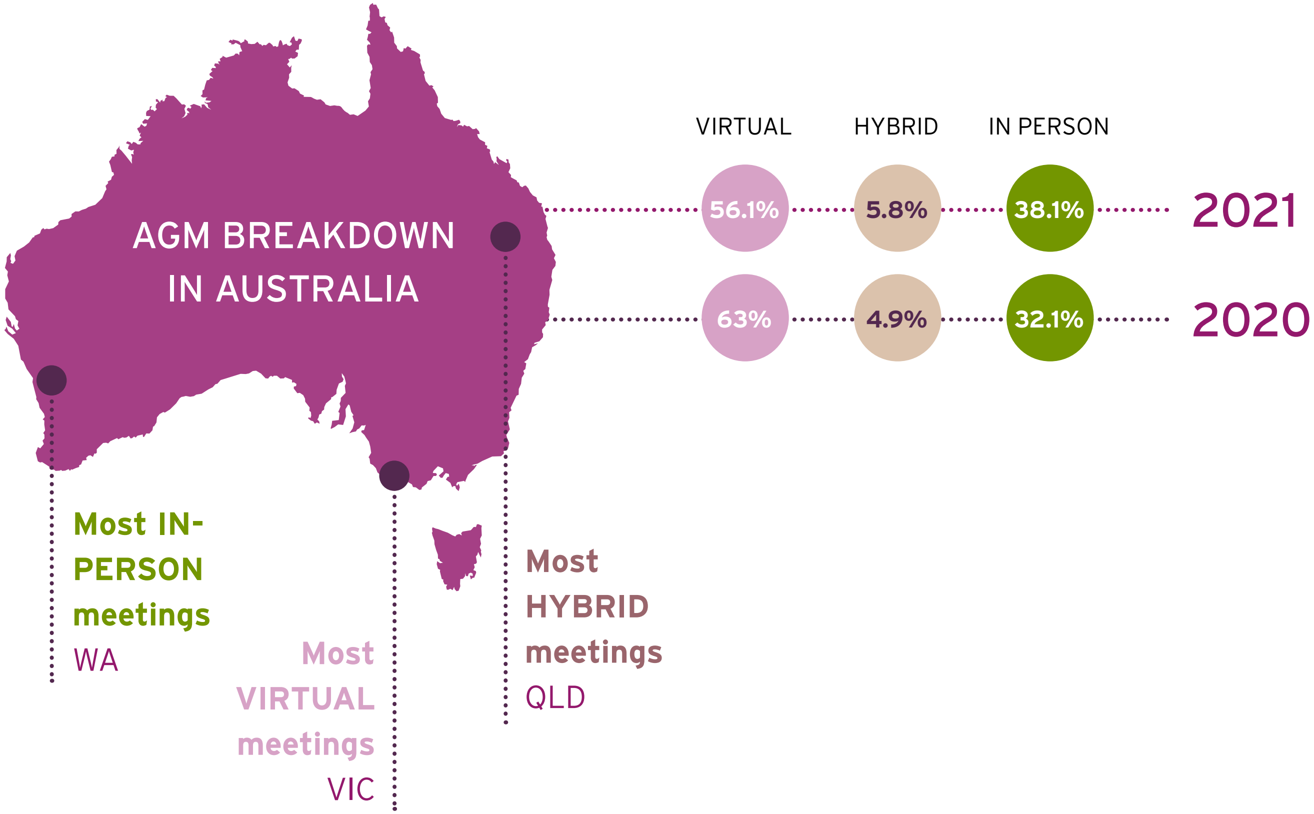
What AGMs looked like in 2021

In 2021 we witnessed the volume of virtual meetings decrease due to many issuers being forced to develop contingency plans for their AGMs and allow for a hybrid option with the continued uncertainty across the AGM landscape. We also saw the volume of in-person meetings increase throughout 2021, mainly for our clients in WA who remained largely unimpacted by changing restrictions and lockdowns.

Our clients in the Health Care and Financial sectors held the most virtual meetings throughout 2021. In contrast, issuers in the Materials and Energy sectors most often opted for in-person meetings and the Utilities sector showed the highest volume of hybrid meetings. When we break down meeting types across the ASX indices, our analysis shows the highest number of virtual meetings were held by our clients in the ASX100, and the highest number of in-person meetings held by those that sit outside the ASX300.

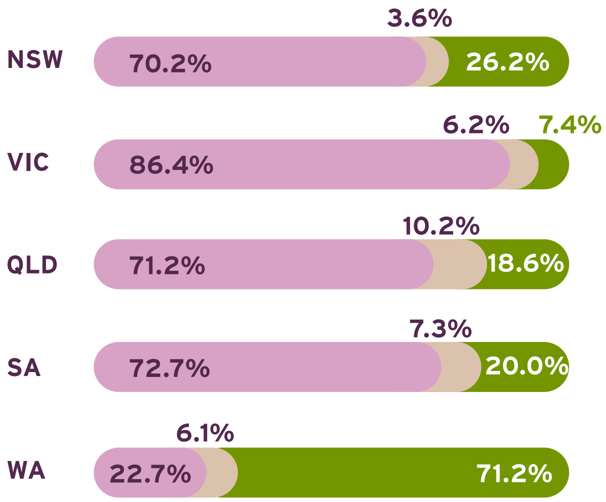


Chalice has a longstanding relationship with Computershare, who have played an increasingly key role in our AGMs. In 2020, the Company made the decision to offer a hybrid scenario for our Shareholders, offering in-person and online attendance simultaneously. Wendy and the team at Computershare offered invaluable guidance on the logistics alongside service solutions to ensure our AGM was delivered in a seamless and professional manner.

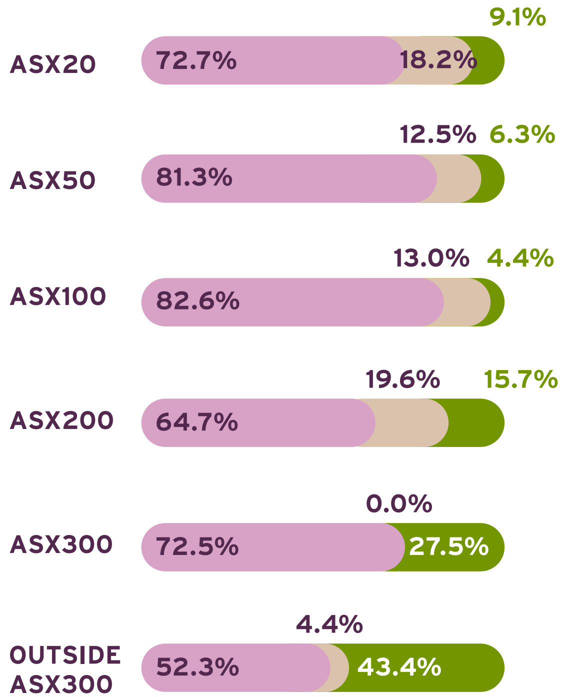
Jamie Armes
Company Secretary, Chalice Mining Limited

Meeting formats were clearly impacted in 2021 by various restrictions in place around the country.

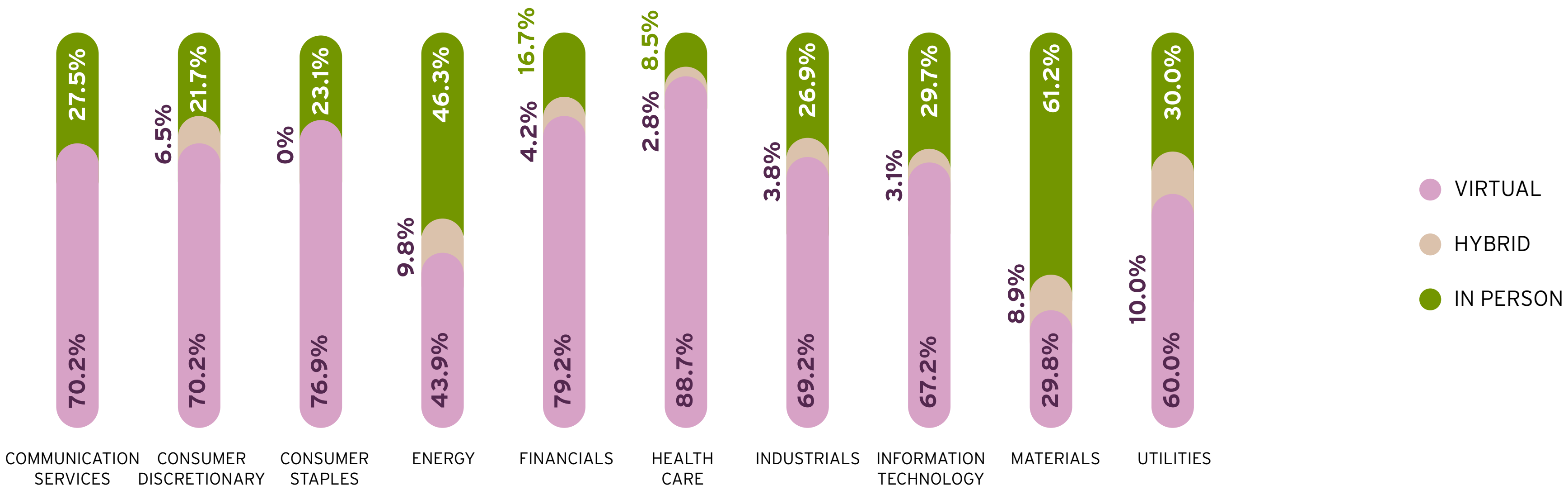
AGM TYPE BY STATE



AGM TYPE – BY ASX INDEX



AGM TYPE – BY SECTOR



Constitutional changes to permit virtual AGMs

The uncertainty of government restrictions on in-person gatherings, combined with lockdowns and health and safety risks brought on by the pandemic, meant that for most states in Australia, apart from Western Australia, it was a second AGM season mostly delivered through virtual and hybrid meetings. The Australian Federal Government introduced changes allowing companies to hold virtual meetings if their constitution permitted them to do so. That triggered a number of companies to seek amendments to their constitution to allow for virtual meetings in the future.

In 2021, 29 companies[1] across the ASX300 proposed changes to their constitution that would enable them to hold virtual meetings. Overall, the average support received was 81%, exceeding the approval threshold of 75%. Additionally, four proposals were withdrawn and one received a majority of votes against.

With these changes in mind, there are a number of key lessons to be learnt from the last two AGM seasons:

- Some of the observed benefits of both virtual and hybrid meetings are that everyone can attend and participate regardless of their situation and location - and the carbon footprint reduction that they represent.
- The importance of being flexible. Virtual-only meetings can raise concern amongst shareholders as some fear that it could undermine meaningful exchanges between directors and shareholders.
- Facilitating a Q&A session. Companies must remain vigilant in the management of Q&A sessions in an online environment, ensuring that all shareholders are accurately represented at the meeting.
- Planning is a key factor in ensuring the success of the meeting. This includes making certain that meeting technology works as intended and is up to standard, satisfying legal requirements as well as market expectations.

[1] *Based on ASX300 data provided by CGI Glass Lewis*

The Australian Shareholders' Association recommends company member meetings be conducted both in a physical and online format (hybrid meetings). In the current AGM environment, we commend the issuers that are working hard to find appropriate solutions to facilitate effective shareholder engagement via virtual meetings.

Fiona Balzer
Policy and Advocacy Manager, Australian Shareholders' Association

We saw an increase in the number of shares voted and number of questions submitted online during the meeting, which indicates our shareholders are more familiar with the digital format this year. Thanks to our experiences in 2020 and support from Computershare our second virtual AGM was a success.

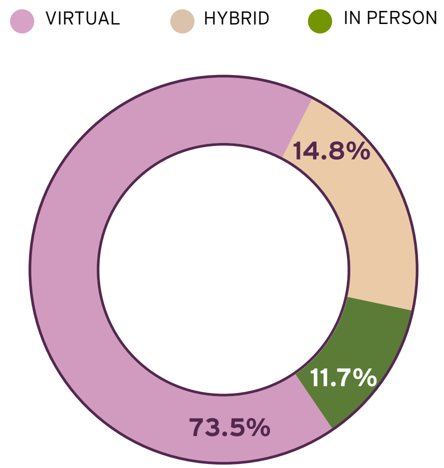
Amber Jackson
Head of Investor Relations, NIB

Attendance

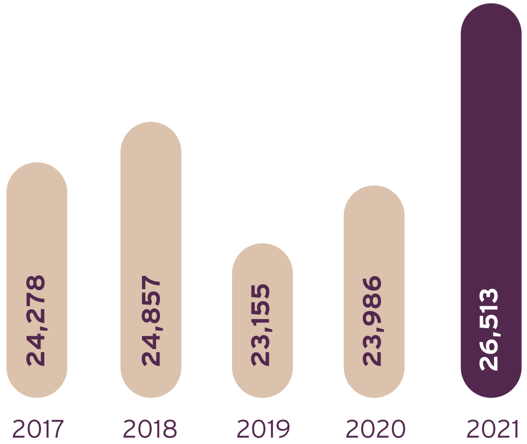
Our data shows only a marginal increase in registered shareholder attendance in 2021, up from 0.33% to 0.37%, which reflects the continued uncertainty across the country due to the pandemic.

When we look at attendance overall, we can see that the number of attendees has slowly been increasing over the last three years, despite the fluctuations in both registered shareholder, visitor, and proxy attendance.

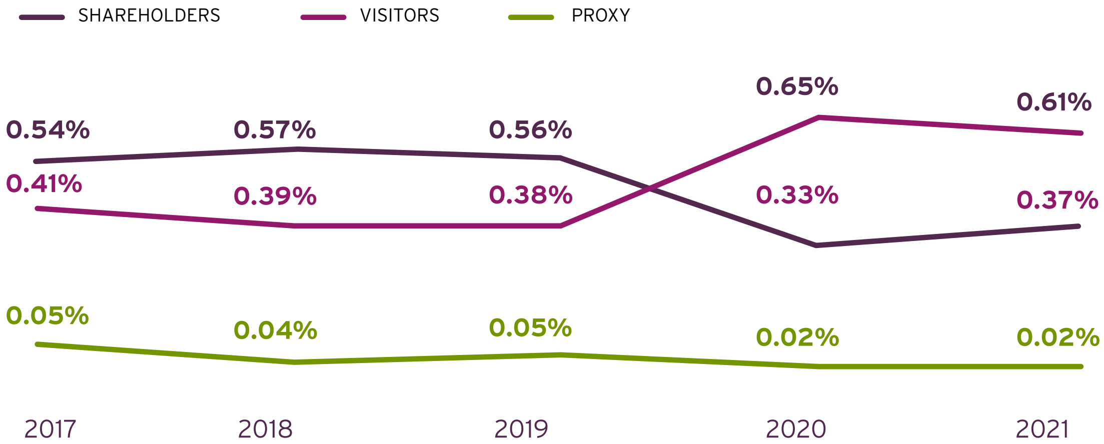
TOTAL ATTENDANCE BY MEETING TYPE



TOTAL ANNUAL AGM ATTENDANCE



ATTENDANCE BREAKDOWN

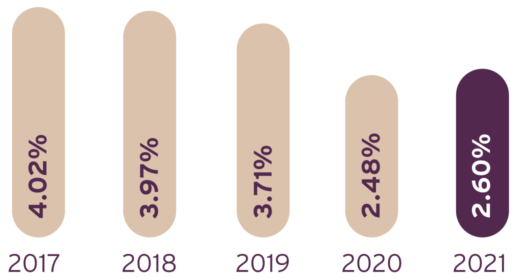


A passive shareholder is an individual who signs into a virtual meeting as a guest, despite being eligible to register as a named shareholder.

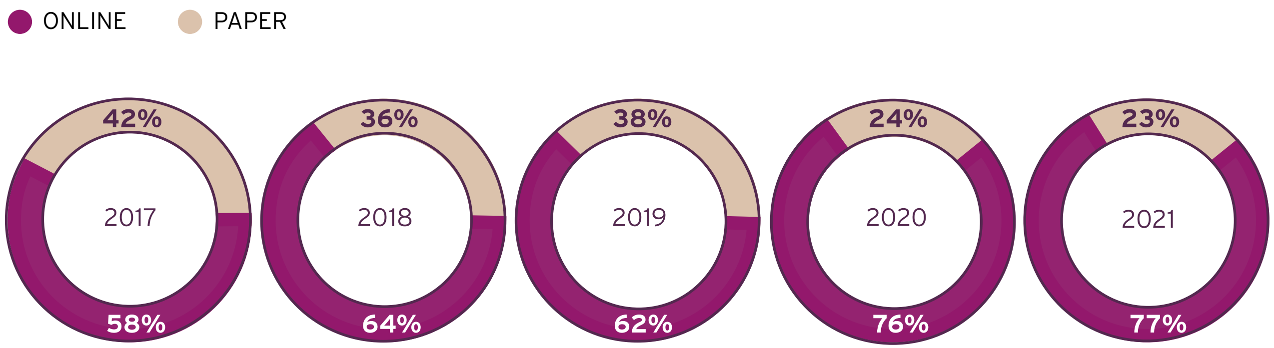
Voting

On average, the number of shareholders voting increased slightly from 2.48% in 2020 to 2.60% in 2021. This could be in part due to many shareholders still trying to successfully navigate the online environment as the uncertainty of the pandemic continues to impact the country.

PERCENTAGE OF SHAREHOLDERS VOTING



ONLINE VOTING VS PAPER VOTING

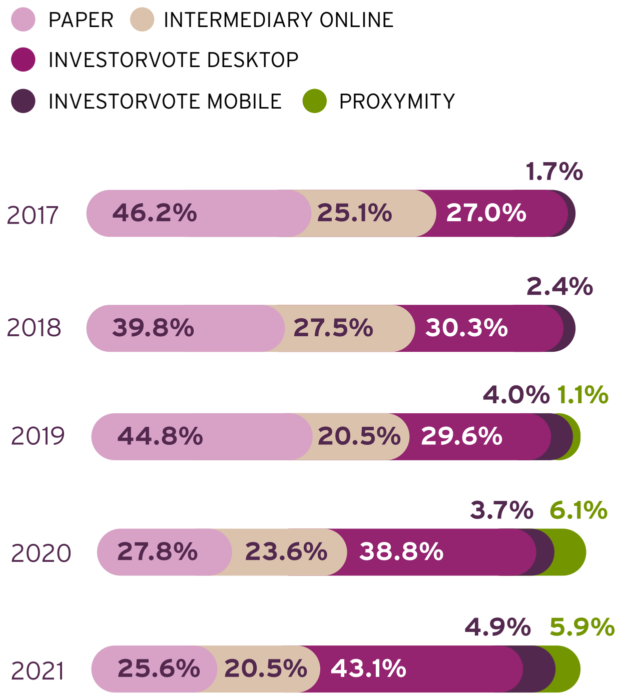


Across all Computershare clients, 77% of votes were received online in 2021 and this is a 1% increase from 2020. Mobile voting also increased in 2021, now accounting for over 1:5 of all online votes submitted via our InvestorVote platform, which is not surprising given how many people use their personal device to receive and read an array of digital communications.

An increasing number of institutional investors continue to utilise the market-leading investor communications platform, Proxymity, to lodge their votes with the volume of votes remaining close to 6% for the second year in a row. Surprisingly, we've seen an increase in InvestorVote Desktop use over the last two years – this could be attributed to a large number of people working from home and having more convenient access to a desktop computer.

It will be interesting to monitor whether the shareholder channel of choice starts to shift in 2022 once we have an outcome from the Corporations Act Amendment Bill, currently tabled in Parliament.

VOTING CHANNEL PREFERENCES 2017-2021

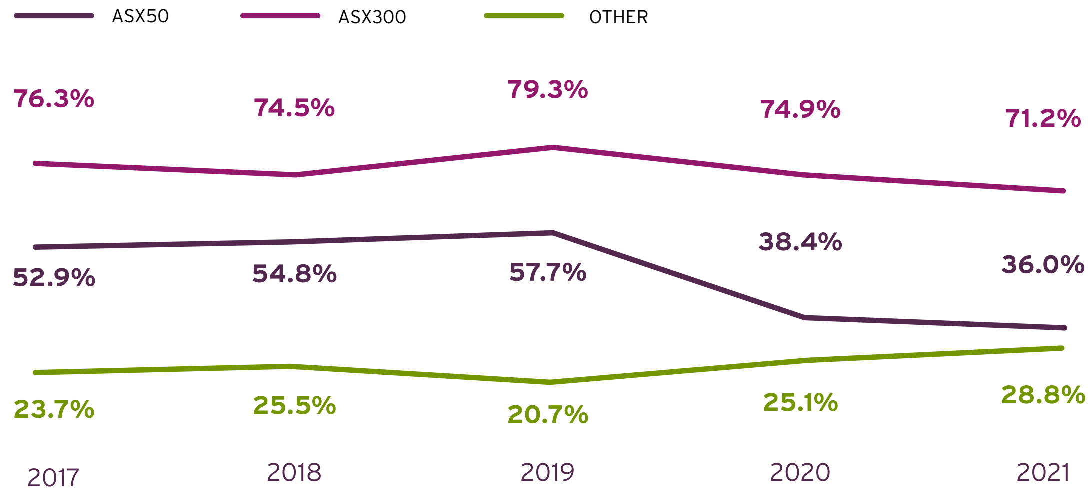


Having dealt with the challenges presented by the pandemic over the last two years (and notwithstanding the ongoing uncertainty), we're confident that we have the resilience and agility required to deliver a well-run AGM.

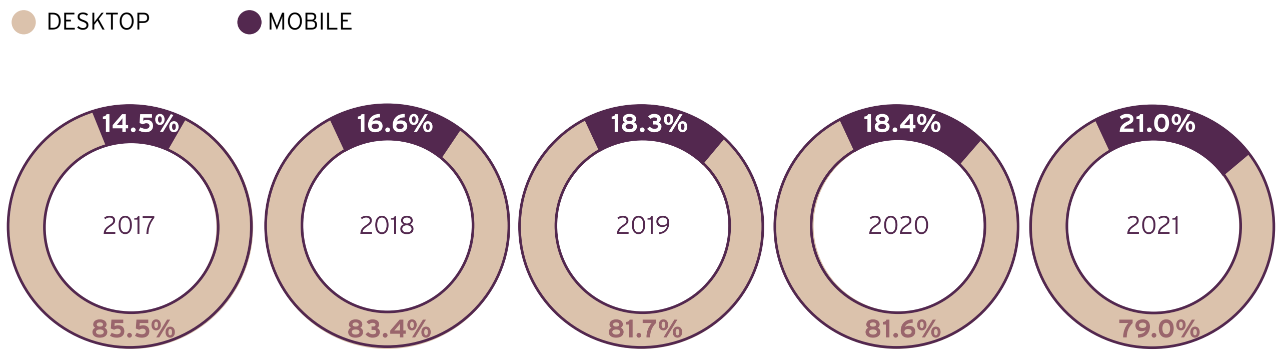
Nat McKaig
Deputy Company Secretary, Transurban

In 2021 our clients across the ASX50 and ASX300 experienced small decreases in their overall volume of proxy returns, while clients outside the ASX300 saw an uplift of almost 4% in overall proxy lodgements.

TOTAL NUMBER OF PROXY RETURN



INVESTORVOTE – MOBILE VS DESKTOP VOTES



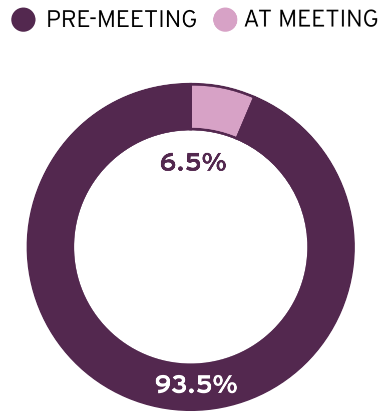
The percentage of issued capital voted in the ASX300 passed 65% for the first time in a decade.

ISSUED CAPITAL VOTED – BY ASX INDEX

Computershare clients saw the percentage of issued capital voted decline slightly in 2021, dropping by 1% to 40.5%. However in the ASX300, issued capital voted across the year increased by 1.2% from 2020.

In 2021 the percentage of capital voted prior to meetings was materially unchanged, sitting at 93.5%

2021 ISSUED CAPITAL VOTED



2021 was a year of further improvement in AGM practice and many companies adapted admirably, coming to the view that virtual and hybrid meetings weren't as challenging as they first appeared. Regardless of the outcome of current legislative agenda, there is no doubt that the greater use of technology is here to stay and stands to improve investor engagement at meetings.

Ian Matheson
CEO, Australasian Investor Relations Association

From 7 February 2022, proxy advisors will be required to provide a copy of their recommendations to issuers on the same day they are provided to investors.

The proxy advisor landscape

There are four main proxy advisors publishing voting recommendations for their clients prior to the AGMs of Australian issuers: CGI Glass Lewis, Institutional Shareholder Services (ISS), Australian Council of Superannuation Investors (ACSI) and Ownership Matters.

Their clients include most Australian and offshore fund managers, index funds, superannuation funds, offshore pension funds and quantitative funds. All these shareholders are influenced by the proxy advisors to varying degrees. Some completely outsource their vote decisions and others use it as information to support their own internal research.

From 7 February 2022, proxy advisors will be required to provide a copy of their recommendations to issuers on the same day they are provided to investors.

Issuers should, however, be engaging with the proxy advisors prior to their AGM to discuss any governance issues that they are focused on. This is an important step in securing a positive AGM outcome. Their key areas of focus are outlined in their policies and are developed in consultation with their clients.

Areas of focus:

- Remuneration – quantum, structure, links to financial and non-financial performance.
- Board – independence, diversity, skills, succession.
- Performance – accountability, culture, over-boarding.
- Risk management – climate change, human capital, supply chain, workers' rights, data security.

Key takeaways

- 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.
- Both ISS and CGI Glass Lewis have periods of no engagement in the lead up to AGM season so make sure to engage outside the peak periods.
- ISS and CGI Glass Lewis will also publish a report about issuers outside the ASX300 (if their clients hold shares in those issuers).

Proxymity: Digitising the proxy voting process

Proxymity, a pioneering institutional investor communication and voting platform, is leading the way toward improved voting outcomes and greater market transparency for both issuers and their large investors. Combining comprehensive market expertise with market-leading technology, Proxymity connects issuers more directly to their major underlying holders, reinventing the traditionally paper based and risky institutional proxy voting system through a fully integrated and truly global solution.

With the efficiency that Proxymity provides, investors can access key meeting information earlier and vote up until the meeting deadline. This can allow them up to six additional days to consider the business of the meeting and submit their votes. The market-leading platform also offers real-time status updates for issuers on votes lodged and gives investors confirmation that their votes have been received in time to be counted.

Since its launch in 2020, Proximity, has been successfully used at over 1,200 company meetings across Australia. In 2021, Computershare and Proxymity partnered to broaden the platform's scope in APAC by launching in New Zealand, offering our clients access to digital-first voting for the 2022 AGM season.

Ann Bowering, CEO of Issuer Services – Australia and New Zealand said, "Computershare is proud to be leading the market again with innovative solutions that benefit both issuers and shareholders. It is great to see how industry-led innovation can drive transformation in markets, and with the recent addition of JP Morgan to the Australian and New Zealand offering, the benefits will continue to multiply."

Australian issuers stand to receive a larger percentage of votes through Proxymity in 2022, with JP Morgan recently joining the platform alongside Citi. Proxymity will continue to expand its reach in the coming year when additional institutions join the platform, resulting in an increase in the issued capital voted via the platform in 2022.

In addition, beneficial holder reporting will soon become available as a unique offering for Computershare clients. This reporting has been incorporated into Proxy Watch, bringing with it increased transparency, and real-time insight into how beneficial holders are voting, which will help to improve stakeholder engagement.

Proxymity encompasses global insights, delivered locally and Computershare is proud to be a foundation investor, providing first-to-market access for our clients. For more information on Proxymity, visit: **proxymity.io**

ASX SNAPSHOTS

A deeper analysis of the trends we identified across the ASX indices

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Issuers in the ASX50 saw increased shareholder attendance and voting throughout 2021, which was accompanied by a total of 7 first strikes being handed down.

ASX50

VIRTUAL	HYBRID	IN-PERSON
81.3%	12.5%	6.3%

SHAREHOLDER ATTENDANCE
0.05%

SHAREHOLDER VOTING
1.9%

65.3%
TOTAL ISSUED CAPITAL VOTED

99%
ISSUED CAPITAL VOTED PRE-MEETING

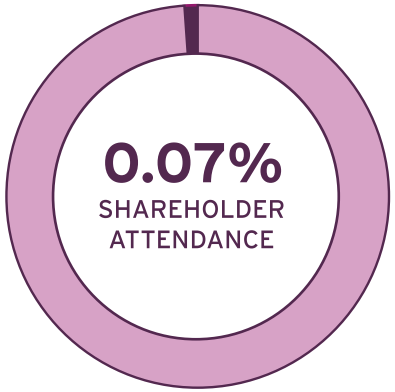
FIRST STRIKES
7

VOTES RECEIVED ONLINE
53%

ASX300

VIRTUAL	HYBRID	IN-PERSON
72.5%	0.0%	27.5%

The number of first strikes dropped when compared to 2020, and issuers in the ASX300 saw the percentage of issued capital voted pass 65% for the first time in a decade.



SHAREHOLDER VOTING
2.3%

TOTAL ISSUED CAPITAL VOTED
65.4%

ISSUED CAPITAL VOTED PRE-MEETING
95.4%

FIRST STRIKES
21

SECOND STRIKES[2]
6

VOTES RECEIVED ONLINE
61.0%

[2] There were at total of 6 companies who received a second strike in 2021, 3 of which were in the ASX300 in 2020 but not in the ASX300 in 2021.

OUTSIDE ASX300

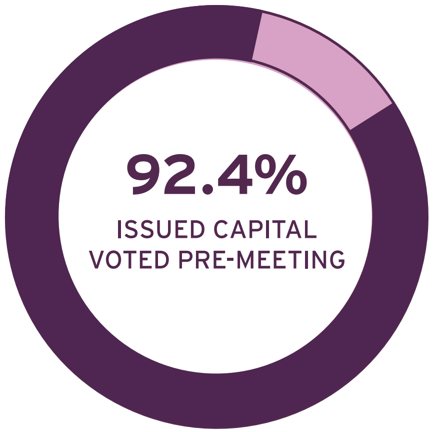
The number of votes received online increased in 2021 for issuers outside the ASX300, however overall, shareholder voting dropped along with total issued capital voted.

VIRTUAL	HYBRID	IN-PERSON
52.3%	4.4%	43.3%

SHAREHOLDER ATTENDANCE
0.2%

SHAREHOLDER VOTING
3.9%

TOTAL ISSUED CAPITAL VOTED
33.7%



VOTES RECEIVED ONLINE
83.0%

CORPORATE GOVERNANCE

The latest insights from Georgeson, exploring the evolving corporate governance landscape in Australia

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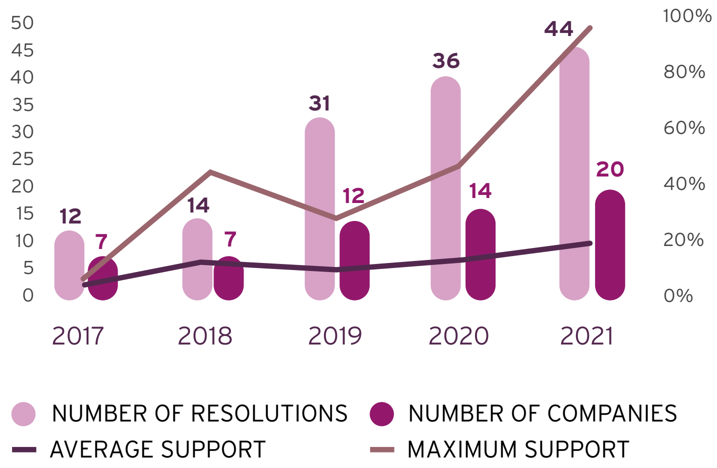
SHAREHOLDER RESOLUTIONS AND AVERAGE SUPPORT



SHAREHOLDER CLIMATE RESOLUTIONS

Say on Climate

Climate action is one of the major Environmental, Social and Governance (ESG) topics and corporate commitment to action has been steadily building momentum with net zero commitments tripling among the ASX200. There is also a growing trend towards the adoption of disclosures aligned with the Task Force on Climate-Related Financial Disclosures (TFCD), with 80 companies in the ASX200 doing so and, an increasing number of executives with their remuneration outcomes linked to climate change transition performance.[3]

We expect this momentum to continue with key events in 2021 such as the release of the Intergovernmental Panel on Climate Change (IPCC) Sixth Assessment Report, the COP26 Summit and the commitments made by the Australian Federal Government on greenhouse gas (GHG) emission reductions and climate action targets.

Shareholder groups including the Australasian Centre for Corporate Responsibility (ACCR) and Market Forces have focused their efforts on climate change for many years, including raising shareholder-sponsored resolutions for a constitutional change allowing an annual shareholder voice on climate strategy, disclosures and performance, known as 'Say on Climate'. As of 2021, many of the larger emitters have switched the narrative and have committed to including company sponsored 'Say on Climate' resolutions for the 2022 AGM season.

In 2021, there were 20 ASX300 companies subject to shareholder proposals, up from 14 in 2020. Support for these resolutions has also increased with an average of 21.8% of votes in favour compared to 15.2% in 2020.

Significantly, 48% of shareholder proposals were climate-related (21 out of a total of 44 resolutions) and received substantial maximum support of 98.6% and an average of 56.7% within the ASX300. Market Forces place a major focus on holding banks accountable for their funding of fossil fuel projects, companies and industries. That was indeed the case for the Big Four Australian banks which were all subject to shareholder proposals to report on fossil fuel exposure, increasing from two in 2020. Although these proposals were not successful, they set a relevant precedent to watch closely next AGM season given the increased pressure that the financial sector is experiencing.

In 2021, average support for shareholder resolutions increased to 21.8%.

Read more about our Say on Climate.

[3] *Australian Council of Superannuation Investors, 2021, Promises, pathways & performance*

Female representation on ASX200 boards continues to improve, reaching 34.2%.

Director elections

Reflecting on overall director election results for the ASX300, average support reached 96.3%, slightly up from 95.8% in 2020. Shareholder support has grown steadily over the last three years.

Protest votes (with over 20% against) were received by 21 individuals, representing 3% of total director election resolutions. These results show improvement from the 2020 results when 26 individuals were affected.

The key elements for issuers to consider to avoid director dissent are:

- Ensure you have a majority of independent board members.
- Ensure your skills matrix is complete.
- If a director has more than five board seats in their portfolio, this could be an issue (a chair role is equivalent to two board seats).
- Board members are to be held accountable for all risk oversight including reputational and cultural issues. Are your board members properly managing ESG risks?
- Ensure your board is diverse across gender, ethnicity, age and education amongst other factors.

Diversity

Diversity amongst board members is a key topic for proxy advisors and investors. However, diversity factors are not limited to gender but also include age, education, professional experience (skills matrix), ethnicity and overall board tenure. Moreover, some proxy advisors will assess diversity amongst board members, executives and the whole company's workforce with the expectation that it reflects the demographics and society in which a company operates. This includes, for example, engagement and having employee programs in place focused on First Nations people.

In 2021, the ASX200 achieved the milestone of having no boards without female members, reaching the highest percentage of women on boards since 2015, with 34.2%[4]. However, within the ASX201-300, eight companies remain with all-male boards. In that sense, proxy advisors are likely to target laggard companies and CGI Glass Lewis considers negative recommendations for those mid to large cap boards with at least six members and fewer, less than two women and boards with five members and zero females.

Gender diversity expectations are likely to accelerate in the coming years as the market drives the 40:40:20 model or expectation of no less than 30% of either gender. Having a diverse board is key to attracting investors and achieving the AGM results you expect. If your company does not meet diversity expectations, having targets in place to do so in the future is recommended.

[4] *Australian Institute of Company Directors, 2021, Board diversity statistics*

27
Total strikes

21
First strikes, down

6
Second strikes

1
Spill resolution was carried

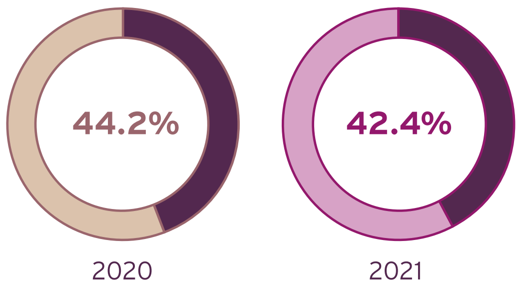
7
ASX50 companies received a first strike

ASX300 Strike report

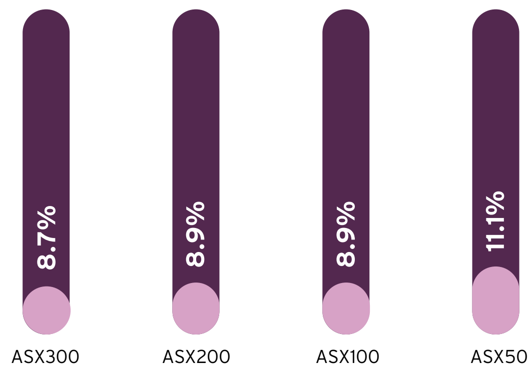
In 2021, retail and institutional shareholders continued to hold issuers to account on executive remuneration, making their opinions clear - particularly in the ASX50 where seven companies received strikes, up by five from 2020. However, in 2021 we saw 27 total strikes awarded across the ASX300, this number is down by three from the previous year.

The number of companies receiving a second strike increased to six[5] in 2021. In addition, for the second year in a row, one company's spill resolution was carried. The highest average percentage of against votes was again recorded by the ASX50 at 11.1%. The lowest average percentage was recorded by the ASX300 at 8.7%.

AVERAGE AGAINST VOTES FOR ISSUERS RECEIVING A STRIKE



AVERAGE PERCENTAGE OF VOTES AGAINST REMUNERATION REPORT IN ASX300



VOTING ON THE REMUNERATION REPORT

229 companies used a poll[6]

2 companies used a show of hands

[5] 3 of the 6 companies that received a second strike were in the ASX300 in 2020 but not in the ASX300 in 2021.

[6] 69 companies were not required to put the remuneration report to their shareholders. (Example of companies included in this group - overseas incorporated companies who are not governed by the Corporations Act, trust companies and Exchange Traded Funds.)

Over the last 10 years, the "two strikes" policy has led to increased transparency and better alignment of pay and performance measures.

Executive remuneration

The "two-strikes" policy has now been in place for a decade. Its aim is to hold companies accountable for board and executive remuneration via the risk of a shareholder instigated board spill.

The result has seen increased levels of transparency, strengthened alignment of pay and performance, including remuneration being linked to non-financial sustainability targets, representing an opportunity for greater shareholder engagement.

Throughout 2021 across the ASX300, there were 24 strikes of which three were second strikes. Although there were no board spills, one company did receive a fourth consecutive strike. Interestingly, the scrutiny surrounding retention awards continued from last year, especially in the context of rising markets, record profits and JobKeeper support.

Avoiding a strike is important for directors, executives and the reputation of the business - being in the media for the wrong reasons is never ideal. So, what can be done to avoid it? Understand how proxy advisors assess your remuneration policy and actively engage with investors ahead of significant changes.

Structure

Executive remuneration for listed companies is generally broken into three components: Base Pay, Short-Term Incentives (STI) and Long-Term Incentives (LTI).

Considerations

Base Pay	STI	LTI
› Quantum not excessive compared to industry peers and the underlying workforce › Pay increases transparently explained and justifiable due to change in role and responsibility › STI and LTI are usually a percentage of base pay so justification of the overall potential increase is also valuable	› Targets (threshold, target and maximum), performance and outcomes clearly disclosed for all key executives (retrospective is permissible) › Linked to short term strategies that are outside the "day job" of the executive › Sufficient stretch aligned to shareholder outcomes › Usually in cash with a component of deferred equity preferred	› Awarded as deferred unvested equity with clear hurdles, targets and maximum awards › Combination of relative and absolute measures preferred › Any changes to targets, hurdles or quantum need to be appropriately justified and aligned to long term shareholder outcomes › Demonstrated over time as genuinely 'at risk' › Non-financial metrics need to be clearly articulated and must be beyond the scope of an executive's "day job"

Transparency is the key to success. Is your remuneration policy easy to understand and are changes clearly represented and justified?

Additional inclusions to consider:

- Change of control provisions
- Use of discretion by the board clearly articulated and justified by the financial results and underlying performance
- Excessive termination benefits beyond the statutory cap
- Limited dilution of other investors
- Quantum

The Australian Prudential Regulation Authority (APRA) is also seeking material weight to non-financial metrics when determining variable remuneration from January 2023 under the CPS511 Executive Remuneration standard.

At the end of the day, it is about transparency - is your remuneration policy easy to understand and are changes clearly represented and justified? Does it align with the long-term expectation of shareholders?

Knowing investor sentiment in advance of the AGM can prepare the board for a strike but even better is engaging with investors prior to locking in any new remuneration arrangements.

Issuers can attract Responsible Investment capital by accurately and effectively disclosing ESG oversight and strategy to the market.

Understanding the relevance of ESG for small caps

ESG considerations are known to have a material financial impact on businesses, both now and into the future. Understanding this impact isn't just the remit of large organisations, these risks and opportunities do not discriminate and do impact smaller companies as well.

Access to capital

There is a growing pool of funds dedicated to Responsible Investment (RI) and ESG impact[7]. Contrary to popular belief, a company's purpose does not need to be built on positive environmental and social impacts to be considered by these investors. Rather, issuers can attract RI capital if they accurately and effectively disclose ESG oversight and strategy to the market:

- Do you already include non-financial issues in your risk assessment?
- Have you started collecting data on your energy emissions or water consumption?
- How regularly does your board assess these risks and opportunities?
- Have you tested the resilience of your supply chain?
- Are you taking cyber security and data privacy seriously to protect those in your value chain?
- Are your employees happy or do you have high employee turnover?

ESG aligned capital is more likely to be invested in companies that address these issues and articulate their strategy, especially amongst companies outside the ASX300 where there is less coverage.

AGM voting outcomes

Whilst some companies may not be large enough to warrant proxy advisor coverage, understanding the expectation of good governance can help set the foundations for the future, for example:

- What is the composition of your board? Is there a majority of independent directors on the board to assure shareholders that their voice is being heard in strategic decision making?
- Are you maximising the benefits of board and executive diversity in your discussion and decision making?
- Does your board have the skills to appropriately assess the risk posed by cyber security, climate change and modern slavery?
- Do you have the right remuneration structure incentivising performance aligned to shareholder outcomes?
- Do you have all the right policies in place to support your business as you grow including trading policies, continuous disclosure policies, diversity and inclusion, supplier code of conduct and related transaction policies?

[7] Responsible Investment Association Australasia, 2020, Australian Impact Investor Insights, Activity and Performance Report

Getting sell-side coverage is incredibly valuable for small cap companies as it can attract new investors

Proxy Research

In Australia, investors may follow proxy advisors recommendations verbatim or use their research to inform their own voting decisions.

Currently, both ISS and CGI Glass Lewis include ESG ratings as part of their coverage. For instance, ISS uses their own proprietary rating system known as the ISS QualityScore to assess risk exposure on a number of categories based on the level of disclosure including:

- **Environment:** management of environmental risks and opportunities, carbon emissions and climate, natural resources and, waste and toxicity.
- **Social:** human rights, labour, health and safety, stakeholders and society, and product safety, quality and brand.
- **Governance:** board structure, compensation, shareholders rights and, audit and risk oversight.

On the other hand, CGI Glass Lewis identifies the material financial impacts from ESG factors according to the SASB Industry Topics and includes data and ratings provided by Sustainalytics. The exposure to risk is measured across five material topics, being: data privacy and security, human capital, corporate governance, business ethics and product governance. These are also assessed from a management perspective to identify whether the company is strongly addressing ESG issues. Starting in calendar year 2022, CGI Glass Lewis will also include the Arabesque S-Ray score which also looks at ESG performance.

Investor Engagement

Some companies may already have a robust investor engagement process in place to communicate financial results and market sensitive announcements. But the fund managers or asset owners a company meets with may not necessarily be the same person making the voting decision. Stewardship teams assess each company differently and look to protect the long-term interest of investors through supporting the right ESG practices in each company.

- Do you know who holds the voting mandate on your register?
- Do you know if they are subscribing to any proxy advisor research?
- Are your ESG disclosures reported in a clear and transparent format that supports comparability?

Sell-Side Coverage

Getting sell-side coverage is incredibly valuable for small cap companies as it can attract new investors that rely on the independent sell-side research to guide their decision making. It's important to note that the trend for these research reports is moving beyond financial estimates and price targets and increasingly including ESG ratings, metrics and analysis to inform the buy, sell, hold recommendations.

GLOBAL OUTLOOK

A global perspective on the AGM experiences from key markets

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In 2022, an increasing number of issuers are exploring how technology can support their shareholder meetings and supplement other.

United Kingdom

Mike Sansom
Head of Share Registry

The UK is now entering its third AGM season since the Covid pandemic first hit. Market expectations had evolved for 2021, with expectations increased regarding the extent to which companies should facilitate stakeholder engagement. Hybrid meetings were more common than in 2020, as was the use of technology. And many companies made changes to their Articles to provide future protection and flexibility regarding hybrid AGMs.

In 2022, an increasing number of issuers are exploring how technology can support their shareholder meetings and supplement other activities they might be undertaking under the banner of stakeholder engagement. We expect to see further growth therefore in the number of hybrid meetings, or those companies deploying additional technology alongside a physical meeting. Fully virtual meetings will likely remain rare given the legal uncertainty and, the presence of in-person meetings at a physical venue will continue, where companies feel that such a format meets the requirements of their board and shareholders. Perhaps the overarching trend is one of measured evolution, rather than revolution.

Data on the 2021 season for Computershare's FTSE350 clients shows:

- 25% had a hybrid meeting with authenticated remote shareholder access and the facility to exercise all shareholder rights (voting, asking questions etc).
- Around 2% had what they classed as a virtual meeting, with no physical venue option for shareholders.
- 25% had a closed-door meeting, supplemented with added technology such as a conference line or webcast.
- Just under 30% had a closed-door meeting, primarily during the early part of 2021 when the emergency legislation was still in force and such meetings were permitted
- Around 20% had an in-person, traditional style meeting

Given the state of the pandemic, it won't be safe to allow shareholders to attend AGMs in person for some time.

Continental Europe

Kirsten van Rooijen
Head of Issuer Services

The pandemic has continued to challenge the continent with the omicron variant of Coronavirus. Many countries have already extended their emergency legislation, or are about to do so, meaning the landscape is set for another year of virtual meetings. As we embark on a third AGM season living with the pandemic, we are seeing great examples of how issuers have successfully adapted to the world of virtual meetings.

Overall, we saw many companies facilitating greater live interaction during meetings. Although some companies are still hesitant, the technology is workingeither through a simple set-up (phone line) or a live video connection via web-based streaming platforms.

The Netherlands has been at the forefront of virtual meetings right from the beginning and allows full shareholder rights including voting and Q&A. However, only shareholders that asked a question prior to the meeting were permitted to ask a follow-up question during the meeting.

This sits in strong contrast to Italy, where across the country most meetings were virtual without granting shareholders full rights and mostly with audio-only broadcasts, and Switzerland where only board and company representatives attended meetings, with shareholders discouraged from attending.

Spain quickly established new legislation to allow for live Q&A so that shareholders can instantly interact with the board and ask questions. This was established at the end of the last AGM season and we will see more of this during 2022.

In addition, German and French governments are seeking to establish new regulation to allow room for virtual variants of shareholder meetings following successful uptake over the last 12 months.

Companies have now had two years 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. However, pressure from lobby organisations and shareholders is growing to ensure they can fully exercise their rights throughout the AGM season.

Given the state of the pandemic, it won't be safe to allow shareholders to attend AGMs in person for some time. So, the question remains, will they come back, or will they opt for virtual participation?

We envisage further uptake of fully virtual meetings throughout the 2022 season

United States

Ruthanne Wrenn
Global Research Analyst, Regulatory and Market Initiatives, Global Capital Markets

In the U.S. Computershare facilitated 23 hybrid shareholder meetings, 582 fully virtual meetings and 678 in person meetings throughout the 2021 season.

Annual shareholder meetings for U.S. companies are governed by the law in the state of their incorporation. 2021 saw a significant move by many states to permanently change laws permitting fully virtual attendance where they previously only permitted physical or hybrid participation.

Due to the structure of the U.S. proxy system, many beneficial owners experienced constraints in accessing and attending virtual meetings. This became a significant concern and became subject to industry action to create solutions for 2021. The industry working group, which Computershare participates in, developed a solution for issuers to optionally facilitate direct beneficial owner participation in, and voting at, virtual meetings.

This is achieved by implementing a service between various providers of proxy and tabulation services to streamline validation of the entitlement of beneficial owners. While issuer usage of this solution was low for the 2021 season, those who did participate provided positive feedback and we expect greater uptake in the 2022 season.

In the second half of 2021, the same industry working group agreed to provide end-to-end vote confirmation for Fortune 500 companies in the 2022 season. Computershare already provides vote confirmation for omnibus bank/broker votes to the proxy service providers for all meetings that we tabulate. The working group also agreed to conduct a pilot to assess early-stage entitlement reconciliation and Computershare will participate along with eight other companies for the 2022 season.

Looking ahead to 2022, there is a mix of interest in hybrid and fully virtual meetings with many clients still undecided. We envisage further uptake of fully virtual meetings throughout the 2022 season given the recent surge in Coronavirus cases. Despite ongoing pandemic-related uncertainty, the 2022 proxy season brings with it improved regulatory certainty for issuers and improved access options for shareholders, in addition to being one step closer to end-to-end vote confirmation in the U.S.

2022 AND BEYOND

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Over the last two years, issuers have achieved a great deal in the face of adversity. Will 2022 bring with it a renewed sense of hope about what lies ahead?

To further support our clients, Computershare is pleased to launch our scalable, modern meeting solution in 2022. To date, our solution has been used to successfully deliver over 1,000 meetings in 9 countries around the globe, using advanced technology that ensures a dependable, seamless user experience. Following successful launches in many major markets around the world, we are proud to be launching in Australia this year and look forward to supporting our clients with an intuitive, easy-to-use platform that provides a superior user experience.

As the pandemic continues to encourage digital acceleration, we see more issuers choosing to adopt the hybrid AGM model to achieve a "best of both worlds" approach for their stakeholders. We also see evidence of shareholder's digital behaviour emerging, with online voting holding steady at 77% and use of mobile voting increasing by 2.6% overall. This means issuers should have comfort about the role of digital in their AGM plans moving forward.

With the increased use of technology comes new concerns around appropriate AGM governance, including issues around transparency. Issuers are encouraged to ensure meeting transcripts are available online shortly after the meeting, along with a record of questions asked accompanied by company responses. Following these steps will increase transparency by ensuring shareholders can review the meeting in full or revisit any questions and responses at a later date.

With investors of all types becoming increasingly active in their ownership, and ESG considerations increasingly driving voting decisions, it's more important than ever for companies to engage with their stakeholders. As an ongoing focus for shareholders, issuers must keep abreast of the ever-changing ESG landscape while ensuring engagement and disclosures are transparent and timely.

Computershare and Georgeson are committed to partnering with our clients to achieve positive AGM outcomes. We look forward to supporting our clients throughout 2022 as they move forward with a greater sense of clarity. No matter what form your AGM might take or what challenges you might face, you can trust Computershare and Georgeson to support you in engaging and communicating with your shareholders and in achieving successful meeting outcomes.

APPENDIX

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It remains to be seen how voting outcomes will be interpreted by companies and shareholders alike.

What is a Say on Climate vote?

Say on Climate is an annual, non-binding vote on the climate report issued by a company based on the TCFD recommendations and the Climate Action 100+ Net Zero Company Benchmark. The transparency of the disclosures, scientific basis of the emissions targets, quality of the short, medium and long-term strategies and the accountability of performance across board and management are all under scrutiny.

Proxy advisor CGI Glass Lewis "maintains concerns" on the Say on Climate vote initiative, wary that shareholders may not have sufficient information to fully evaluate the company's business strategy in relation to climate action[8]. They have therefore affirmed that they will likely recommend against shareholder 'Say on Climate' proposals, but where the advisory vote is management sponsored, they intend to "evaluate each climate transition plan in the context of each companies' unique operations and risk profile".

ISS applies a case-by-case analysis to their support of shareholder sponsored ESG resolutions, however, advocate for disclosure of proxy votes cast ahead of a meeting for each shareholder proposal, even if it does not proceed to the meeting. As for management sponsored Say on Climate resolutions, the guidelines will likely be updated early in 2022 and engagement with ISS prior to the disclosure of such a proposal is recommended. Thus far, the latest announcements from ISS demonstrate greater pressure in the APAC region towards management Say on Climate proposals. Recommending against these would be determined by the adequate alignment with TCFD recommendations and whether the emissions and targets have third-party assurance[9].

As a member of the Investor Group on Climate Change (IGCC), ACSI supports an efficient transition to a low-carbon economy and when companies face material climate-related risks, reporting in alignment with the TCFD framework is expected. Aligned key disclosures include Scope 1, 2 and 3 emissions, scenario analysis and disclosure of the physical and transition risks and opportunities they represent. ACSI supports the provision of a Say on Climate vote and will focus attention on director accountability for climate change related risks when providing voting recommendations to members[10]. In the latest update to their proxy voting guidelines, ACSI specifies that they may recommend voting against directors where companies consistently fall short of their expectations.

What threshold of support is deemed "supportive"? What actions should companies take to remedy a "poor" outcome? Will the shareholder voice be heard loud and clear? It remains to be seen how voting outcomes will be interpreted by companies and shareholders alike.

[8] CGI Glass Lewis, 2021, 2022 Policy Guidelines
[9] Institutional Shareholder Services, 2021, Asia-Pacific Proxy voting guidelines updates for 2022
[10] Australian Council of Superannuation Investors, 2021, Climate Change Policies

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 offerunsurpassed 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.

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

The content of this report is intended to provide a general overview of the relevant subject matter and does not constitute legal advice. It is important that you seek independent legal advice on all matters relating to your AGM, compliance with the ASX Listing Rules and other applicable legal and regulatory requirements.

Unless stated otherwise, the content of this report is based on data relating to Computershare's ASX listed issuer clients and does not relate to all ASX listed issuers. Any broader ASX 300-specific analysis contained in this report is based on data provided by CGI Glass Lewis.