

### **Link Group AGM Snapshot reveals AGM turbulence continues to rise**

- Shareholder resolutions jump from 17 in 2017 and 2018, to 31 in 2019
- 47 directors received more than 20% of votes against their re-election
- Catastrophic bushfire season likely to further increase ESG scrutiny in 2020

**9 March 2020:** The sixth annual Link Group *AGM Snapshot* released today has revealed investors continued to ramp up the pressure on Australian boards during the 2019 AGM season with performance, environmental, social and governance (ESG) and transparency under the spotlight.

Despite the overall number of strikes in the ASX200 declining a year on from the highly contentious post-Royal Commission AGM season, the number of shareholder resolutions lodged almost doubled from 17 to 31. Groups including Market Forces, Mercy Investment Services and the ACCR pressed on climate change, human rights and transition planning disclosure, while the 'Bank Warriors' were proxy at meetings in the financial sector and focused on ensuring organisations adhere to the model litigant principle.

The 2019 AGM season was equally turbulent for individual directors, with 47 directors seeking re-election confronted with a vote against of more than 20 per cent. Super funds and investment managers increased their number of 'against' votes on re-elections by 7 and 4 per cent respectively on the previous year.

**Link Group Corporate Markets CEO, Asia Pacific, Lysa McKenna** said the results demonstrated the surge in activism in the post-Royal Commission 2018 AGM season was not a one off, but a new norm for companies and boards to address.

"Our *AGM Snapshot* reveals significant investor activism is here to stay. With the catastrophic bushfire season Australia has just suffered plus the commencement of the Modern Slavery Act and its associated reporting requirements, we're likely to see increased scrutiny around ESG performance accelerate into this year and beyond," Ms McKenna said.

"This applies to more than just ESG concerns, with shareholders also applying increasing scrutiny to opaque short-term incentive plans, excessive CEO remuneration and most interestingly, voting against directors on the basis of governance or performance issues arising in their directorships at other organisations.

"Director re-elections are no longer the non-events they were once perceived to be. The clear expectation now is that prospective directors address the meeting, argue for their skills and experience, and provide an explanation for poor governance or underperformance they have overseen either at the organisation in question, or in another role."

The increase in activism, resolutions and questions from the floor saw more than 1 in 6 (17.65 per cent) ASX100 AGMs run for longer than three hours, with Westpac's meeting running for more than six hours.

There was also significant growth in the proportion of issued capital which casted votes in 2019, with a 10.89% year-on-year increase among ASX201+ companies, and a 6.81% increase among the ASX200. A record 38.5 per cent of these votes were cast online, representing record year-on-year growth in this measure of 4.5 percentage points.



The fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, released in February 2019, encourages large companies with geographically diverse registers to encourage greater AGM participation through the use of technologies like webinars.

Link Group helped A2 Milk set a new record for online AGM participation in 2019, with 528 people utilising Link's hybrid meeting technology to take part digitally.

"With investors increasingly demanding transparency and accountability from boards, taking heed of the ASX's latest corporate governance principles and introducing online AGM participation functionality is crucial for Australian companies who want to demonstrate initiative in these areas," Ms McKenna added.

"But the key takeaway from this report is that investor relations teams need to comprehensively plan for AGMs, which have transformed from a procedural exercise to an opportunity for investors to strongly communicate their thoughts and feedback in a public arena. By having a purposeful shareholder engagement strategy both around the AGM and year-round, you're far less likely to receive an unwelcome surprise."

The Link Group AGM Snapshot is available [here](#).

**Ends**

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#### **About Link Group (ASX: LNK)**

Link Administration Holdings (Link Group) administers financial ownership data and drives user engagement through technology. Underpinned by our investment in technology, people and processes, we deliver comprehensive data and information solutions for companies, large asset owners and trustees across the globe. We are a market-leading provider of technology-enabled administration solutions, continually developing our offerings to expand with our clients' needs.

Our core business, which consists of Retirement & Superannuation Solutions and securities registration, is complemented by our expertise in digital solutions and data analytics. Our clients represent all industries and include some of Australia's largest superannuation funds and the world's largest corporations.

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