



## USA starts to perform

<b>Company/ASX Code</b>	<b>Computershare/CPU</b>
<b>AGM date</b>	Thursday 10 November 2022
<b>Time and location</b>	10am, 452 Johnston Street, Abbotsford, VIC 3067
<b>Registry</b>	Computershare
<b>Type of meeting</b>	Hybrid: <a href="https://meetnow.global/CPU2022">https://meetnow.global/CPU2022</a>
<b>Poll or show of hands</b>	Poll on all items
<b>Monitor</b>	Stewart Burn assisted by John Whittington
<b>Pre AGM Meeting?</b>	Yes, with Simon Jones (Chair), Dominic Horsley (Company Secretary) and Paul Reynolds (Chairman - elect)

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

### Summary of issues for meeting

Computershare is a well-run company which is well governed and has performed well during the difficult pandemic period. The business has shown a significant turnaround during this past financial year with total shareholder return being 49%.

### Proposed Voting Summary

No.	Resolution description	
2	Re-election of Tiffany Fuller as a Director	For
3	Adoption of Remuneration Report	For
4	FY23 LTI Grant to the CEO Stuart Irving	For
5	To replace the constitution of the company	For

### Summary of ASA Position

#### Consideration of accounts and reports - No vote required

#### Governance and culture

Computershare Ltd (CPU) is a consolidated entity which operates globally. Reporting segments are delivered across six business lines and a technology function. Computershare is well governed and has an excellent people culture in place

## **Financial performance**

Excellent financial performance considering the climate in the last year. Sales revenue up 12.3%, NPAT up 20.5%, EPS up 11.7% and dividend up 30%.

## **Key events**

In 2021, CPU acquired Wells Fargo Corporate Trust Services a leading US based provider of trust and agency services to government and corporate clients, which services over 26,000 clients in the USA, for a total consideration of US \$750m. This Trust now called Computershare Corporate Trust (CCT) has contributed for eight months and has exceeded expectations and delivered \$90m of EBITDA for the year, with \$80m of that in the second half.

## **Key Board or senior management changes**

Simon Jones, the Chairman since 2015 will stand down at this AGM to be replaced by Dr Paul Reynolds.

## **Summary**

(As at FYE)	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
NPAT (US \$m)	227.7	189.0	232.66	418.96	308.33
UPAT (US \$m)	344	283.7	303.8	281.4	344.7
Share price (AU \$)	24.64	16.90	13.25	16.21	18.43
Dividend (AU cents)	54	46	46	44	40
Simple TSR (%)	49	31	-15.4	-9.7	33.2
EPS (US cents)	37.71	33.77	42.97	55.17	48.76
CEO total remuneration, actual (US \$m)	4.595	2.717	2.141	2.583	2.736

## **Election or re-election of directors**

The CPU board aligns well with objectives sought by the ASA. A majority are independent and diversity objectives are achieved with three female directors out of eight in total. Four directors are based in the northern hemisphere and a meaningful director skills matrix is provided in the annual report. The chair, Simon Jones will retire at the end of his term. Tiffany Fuller offers herself for re-election, Tiffany meets the ASA requirements for a director, with respect to independence, skills, workload, remuneration and shareholding. All directors have an adequate shareholding and skill matrix. Whilst Australian directors are remunerated at a suitable level, in the bottom quartile of equivalent sized companies from the Godfrey Remuneration Group report, some of the overseas directors are remunerated in the top quartile of equivalent sized companies. The board justifies this because they are competing for talent in global markets and their KMP are in the UK, US and Australia and they benchmark against companies of similar size and industry in the UK and US.

## **Adoption of Remuneration Report and approval of equity grants to Managing Director/CEO**

In 2020, the ASA had issues with CPU changing the remuneration of the CEO by issuing Share Appreciation Rights (SARs). In 2021 the STI and LTI components of the CEO's remuneration were realigned to be compatible with ASA guidelines which puts a considerable portion of the CEO's remuneration at risk, although the maximum level of remuneration could still be considered to be high.

For FY2022, the STI for KMP was awarded at between 56% and 78% of maximum, whilst the FY2020 LTI was awarded at 50%.

The Company is seeking shareholder approval for the grant of 146,771 performance rights valued at A\$3,463,792, to the CEO, Stuart Irving, in respect of his FY23 long-term incentive grant under the Computershare Long Term Incentive Plan (LTI Plan). This compares to the LTI awarded last of \$2,971,052.

Following a benchmarking exercise, Computershare increased the CEO's total remuneration by 11.5%, with no increase to the CEO's fixed pay and all of the increase allocated to his variable opportunities. The STI target was increased to 100% of base salary and the LTI to 172% of base salary. If the STI and LTI are awarded in full it would place the CEO's remuneration in the top quartile of all similar companies. Whilst we believe the LTI is excessive if fully vested, we currently support this as a major component (40%) is aligned with TSR. The structure of the proposed FY23 LTI plan comprises a grant of performance rights that are subject to three separate performance hurdles: rTSR – 40% (100% if above the 75<sup>th</sup> percentile of ASX 100 companies, 0% if below the 50<sup>th</sup> percentile of ASX 100 companies), Earnings per Share – 30% (100% if above 10%) and Return on Invested Capital – 30% (100% if above 14.5%). We prefer an absolute TSR hurdle rather than the current system and have raised this with CPU. As neither the STI nor LTI grants vested fully this year, we will monitor this grant in future years.

CPU takes ESG issues seriously and provides an extensive standalone sustainability report. In 2022 they appointed their first ESG manager and have mandatory sustainability training for all employees. They have taken significant steps to reduce their carbon footprint and have the aim of a net zero target by 2042 with 2020 being their base year. Th Following a benchmarking exercise Computershare increased the CEO's total remuneration by 11.5%, with no increase to the CEO's fixed pay and all of the increase allocated to his variable opportunities. The STI target was increased to 100% of base salary and the LTI to 172% of base salary. Their carbon footprint is calculated using and external advisor.

They have a diversity and inclusion program and wish to make Computershare a better place to work for all employees, providing equal opportunities for everyone, regardless of gender, ethnicity, sexual orientation, or age. They have seven employee resource groups to support these initiatives including, their Women4Women network, Black Leadership Group, Purple Pride, Mental Health and Wellbeing and Disability Resource Group.

## **Replacing the constitution of the company**

We have reviewed the changes and find them acceptable. We note the proposed new Constitution does not include virtual only meeting provisions.

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## Appendix 1

### Remuneration framework detail for 2022

CEO rem. Framework for FY22	Target* US \$m	% of Total	Max. Opportunity US \$m	% of Total
Fixed Remuneration	1.467	30%	1.467	26%
STI - Cash	0.611	12.5%	0.916	16.5%
STI - Equity	0.611	12.5%	0.916	16.5%
LTI	*	45%	2.2	40%
Total		100.0%	5.499	100%

\*The company does not disclose this figure