

Improved performance continues

Company/ASX Code	Elders Limited (ELD)
AGM date	Thursday 16 th December 2021
Time and location	Virtual AGM @ 10am
Registry	Boardroom
Webcast	Yes
Poll or show of hands	Poll
Monitor	Ken Wakeman assisted by Malcolm Keynes & Bob Ritchie
Pre AGM Meeting?	Yes with Chairman Ian Wilton, CEO Mark Allison & Company Secretary Peter Hastings

Please note any potential conflict as follows: The individuals or their associates involved in the preparation of this voting intention have a shareholding in this company.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Summary of ASA Position

Financial performance

- It was another good year for the company despite the continuing problems with the Covid pandemic.
- Underlying NPAT increased to 151.1million from 107.7 million, (an increase of 40%).
- ROE = 22% ROC = 22.5%
- EPS increased to 96.7cps from 69.9cps (an increase of 38.3%)
- Dividends increased to 44cps, an increase of 22% although only franked at 20%
- Net Debt decreased to 216.9m (38.6%) from 237.5m (47.2%). In addition, interest covered increased to 23.6 times from 17.5 times.
- Total shareholder return (TSR) was 16.77% after a very impressive increase of 75% last year.

Governance and culture

- Website statements and annual reports indicate the company places strong emphasis on culture.
- A detailed Sustainability report was issued as a separate report.

Key events

- Impact of COVID-19 pandemic was minimal
- Zero employees stood down due to Covid 19
- No Job Keeper payments were received
- Sales of \$2,548.9million, up 22%, Gross margin of \$529million, up 21%
- 36% growth in gross margin contribution from Ag Chem sales, a continuation of growth margins through the backward integration strategy and other business improvement initiatives
- Agency services outperformed despite lower volumes
- Real Estate turnover up 39%
- Strong recovery of the wool business, up 44%
- The wholesale business contributed \$61.2 million in gross margin in its first full year of operation post acquisition
- Task Force on Climate announced the following targets, and are actively working to achieve them:
 - 100% renewable electricity in all Australian sites by 2025
 - 50% reduction in Scope 1 and 2 emissions intensity (tCO₂e/\$m revenue) by 2030, against a baseline year of 2021 (subject to commercially viable technology being available to address feedlot cattle emissions)
 - Net Zero Scope 1 and 2 emissions by 2050

Key Board or senior management changes

- Ms Raylene Murphy was appointed to the board on 28th January 2021.
- Ms Tania Foster was appointed Chief Financial Officer (CFO) on 31 May 2021
- Mr Malcolm Hunt was appointed as Executive General Manager National & Victoria/Riverina (EGM National & VIC/RIV) 8 March 2021
- Mr James Cornish, General Manager Network, left Elders 31 January 2021
- Mr Richard Davey, Chief Financial Officer, served in a special advisor capacity when Ms Foster commenced until he retired 30 June 2021
- Mr Richard Norton, General Manager Rural Supplies, left Elders 31 October 2020

ASA focus issues

Board Composition

- The board of 6 comprises 3 male (50%) and 3 female directors (50%). It has an independent chairman and four other independent directors, making the board majority independent.

Remuneration disclosure

- See Item 2, vote on Remuneration report

Risk Management:

- Elder's risk management policy has worked well during the Covid pandemic.
- Elder's Sustainability report details the company's attitude towards Diversity in the workforce, Health & Safety, Climate Change, Energy & Emissions, Sustainable Farming, Animal Welfare, and a number of other initiatives. It is an excellent report.

Shareholder participation

- There were no capital raisings during the year.
- Elders provides information to shareholders via announcements to the ASX when there are significant events.

Summary

(As at FYE)	2021	2020	2019	2018	2017
NPAT (\$m)	149.8	122.9	68.9	71.6	116.0
UPAT (\$m)	151.1	107.7	63.6	63.7	57.7
Share price (\$)	12.23	10.85	6.32	7.09	4.85
Dividend (cents)	42	22	18	18	15
TSR (%)	+16.77%	+75.2%	-8.3%	+50%	+36%
Underlying EPS (cents)	96.7	69.9	57.0	62.0	101.8
CEO total remuneration, actual (\$m)	3.76	3.2	3.2	4.1	1.7

For 2021, the CEO's total actual remuneration was **41.65 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2021 data from the Australian Bureau of Statistics).

Item 2	Remuneration Report
ASA Vote	For

Summary of ASA Position

There were significant changes to the remuneration report for FY2020 after the strike received in FY2019. For FY2022, the Long-Term Incentive relative TSR comparator peer group will comprise all companies in the S&P/ASX 200 (previously it excluded companies in the ASX100).

The fixed remuneration of directors and executives is in line with similar companies.

The short-term incentive (STI) is based on four components, each clearly described in detail including how they are measured. It can be found in the annual report (page 56) and the weighting for each component is clear.

The long-term incentive (LTI) scheme has two components: absolute TSR (50%) and EPS growth (50%). Absolute TSR must be positive.

We supported the remuneration report in FY2021 and will support it again this year.

Item 3	Re-Election of Director – Robyn Clubb
ASA Vote	For

Summary of ASA Position

Ms Clubb has been a Non-Executive Director since September 2015. She is Chair of the Audit, Risk and Compliance Committee (appointed on 11 September 2019) and a member of the Remuneration and Human Resources Committee (former Chair), the Work Health and Safety Committee and the Nomination and Prudential Committee.

She holds positions as a chair and director of a number of unlisted organisations that she estimates take up 90-110 hours per month and therefore has sufficient time to fulfil her responsibilities to Elders

Ms Clubb is a resident of New South Wales.

Ms Clubb is an independent director.

We support her election to the board.

Item 4	Election of director – Raelene Murphy
ASA Vote	For

Summary of ASA Position

The Board appointed Ms Murphy in January 2021. She is a member of the Audit, Risk and Compliance Committee, Remuneration and Human Resources Committee, Work Health and Safety Committee and Nomination and Prudential Committee.

Ms Murphy has non-executive director experience in the Australian listed company environment, across a range of industry sectors. Her current ASX non-executive director roles are at Bega Cheese Limited, Integral Diagnostics Limited and Altium Limited. Ms Murphy was also previously a non-executive director of Clean Seas Seafood Limited and Service Stream Limited and has executive experience.

She has estimated her other responsibilities take 68 hours of her time per month and therefore has sufficient time to fulfil her responsibilities to Elders.

Ms Murphy is an independent director.

She is a resident of New South Wales.

We support her election to the board.

Item 5	Approval of Issue of Securities under Long-Term Incentive Plan
ASA Vote	Against

The proposal is for issue of shares to executives whose performance right incentives vest, the issue under this approval does not count towards the annual 15% issue limit. The ASA prefer the shares to be purchased on market to avoid the dilutionary effect on shareholders. If shares are to be issued, ASA prefers that those shares be included in the 15% cap on selective placements.

Item 6	Managing Director's Long-Term Incentive
ASA Vote	For

Summary of ASA Position

The proposed award of up to 102,400 performance rights is the LTI component of FY22 remuneration for the MD. Performance is to be tested over the three-year period 1 October 2021 to 30 September 2024. There are two components of LTI: **rTSR** (relative total shareholder return, 50%), **EPS** (earnings per share) growth (50%). The maximum incentive is set at 110% of FAR for FY22 (fixed annual revenue which includes superannuation and other benefits). No grant for the rTSR tranche will be made if aTSR (absolute total shareholder return) is negative.

rTSR (Relative Total Shareholder Return)

50% of the grant will be subject to Elders' Total Shareholder Return (TSR) performance relative to the TSR performance of the Comparator Companies. The Comparator Group comprises the companies in the S&P/ASX 200 index as at the start of the Performance Period.

The start and end share values are calculated as the Volume Weighted Average Price over 5 trading days at the start and end of the Performance Period.

The rights will vest at 50% at the 50th percentile, 100% at 75th and above percentile and between 50%-100% on a straight-line sliding scale between 50th-75th percentiles.

EPS (Earnings per Share)

The opening value for EPS used in the testing performance conditions will be 96.7 cents per share. The target measure is 7.5% Compound Annual Growth Rate (CAGR) with the stretch measure of 10% CAGR. The rights will vest at 50% if the target is reached, 100% if the stretch is reached and between 50-100% on a straight-line sliding scale if the CAGR is between 7.5-10%.

We would prefer the performance period to be 4 years but accept that the 8 point plan is over 3 years and it makes sense to have the performance period in step with this. However, at the conclusion of the 3rd iteration of the 8-point plan we will be looking for the performance period to increase to 4 years.

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