



GWA has up and down year and price still the same

Company/ASX Code	GWA Group/GWA
AGM date	29 October 2021
Time and location	Virtual Platform 10am AEST
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll
Monitor	Noel Ambler assisted by Shirley Watson
Pre AGM Meeting?	Yes with Chair Darryl McDonough

The individual(s) (or their associates) involved in the preparation of this voting intention have a shareholding in this company.

Summary of issues for meeting

Appointment of new CEO

Commercial sector recovery forecast.

Increase in total injury frequency.

Consideration of accounts and reportsSummary of ASA Position

GWA has been a conservatively managed company, with a new CEO in place since March 2021. More time will be required to see how this change will affect the performance of the company.

The company has benefitted from a strong performance in the retail sector, particularly in the first half of the financial year. Of concern is the commercial sector which provides generally higher margins for the company and did achieve greater momentum in the second half. The company is confident this will continue. The company order book is very favourable at this stage, however a number of projects' commencement dates have been extended.

The company produced a separate sustainability report for 2021, covering company information, innovation, people, environment, ethical and sustainable sourcing, community support, and Risk Materiality table.

The company supply chain has been maintained during the Covid pandemic. Initially there were no major issues however there are now some concerns regarding container freight costs.

Governance and culture

A major achievement for GWA was all sites being granted the global safety standard ISO45001. The company's Safety Homecoming program which has been running for four years and includes all employees in Australia and New Zealand achieved success achieving 0.9 in 2020. Unfortunately, this increased to 4.3 in 2021. The company is now providing additional manual handling training.

The workforce of GWA is now 43% female up from 42% the previous year as it continues to improve its diversity and inclusion.

Environmental products have been introduced with the Caroma Smart Command and Caroma Germguard, providing water solutions and hygienic outcomes for bathroom users.

The sustainability report referred to the Ethical and Sustainability sourcing by GWA. Audits conducted showed there were no modern slavery issues identified, or material breaches of ethical sourcing policies identified.

GWA has established a formal IT security risk and governance framework. With the current concerns over cyber-security, it may be appropriate for GWA to have a director delegated responsibility for cyber-security.

To provide stability GWA has introduced a retention bonus (with conditions) for senior executives and key management of 25% of fixed remuneration.

Financial performance

The ups and downs are reflected in the financials with revenue up to \$405.7m but the adjusted group earnings down 4.7% to \$68.5m. Net profit after tax fell from \$43.8m to \$35m. Net cash increased from \$60.9m to \$78.2m. Net debt decreased by \$40m. Dividend per share increased from 11.5c to 12.5c

The share price remained the same at \$2.77.

Key events

Sale of its China Plant. Consolidation of the New Zealand warehouses. Ongoing costs associated with the Methven integration. Project costs of the Enterprise Resource Planning and Customer Relationship Management systems.

Key Board or senior management changes

The new CEO, Urs Meyerhans, joined the company in March 2021 as Acting Chief Executive Officer, and was appointed Managing Director and Chief Executive Officer on 1 July 2021.

Two senior executives have left in recent months, former Managing Director Mr T Salt in February and Group General Manager Ms C Reil in July.

Summary

(As at FYE)	2021	2020	2019	2018	2017
NPAT (\$m)	35.056	43.886	94.044	54.252	53.671
UPAT (\$m)	42.323	44.923	50.839	50.139	49.251
Share price (\$)	2.77	2.77	3.42	3.40	3.15
Dividend (cents)	12.5	11.5	18.5	18.0	16.5
Simple TSR (%)	4.5%	-15%	6.0%	13.7%	58.6%
EPS (cents)	13.3	16.6	35.6	18.9	20.3
CEO total remuneration, actual (\$m)	\$0.509m 4 months	\$1.318m	\$1.846m	\$1.502m	\$1.501m

For 2021 the CEO's total actual remuneration was 19 times the Australian Full time Adult Average Weekly Total Earnings (based on May 2021 data from the Australian Bureau of Statistics).

Item 1	Re-election of Mr Daryl McDonough as a Director
ASA Vote	For

Summary of ASA Position

Mr McDonough was appointed Deputy Chairman and Non-Executive director in 2009 and appointed Chairman in 2013.

Mr McDonough indicated at our previous meeting that he would be stepping down, ASA regards any director with more than twelve years, no longer independent.

Clarification was sought from Mr McDonough on his continuing position on the board. Two major issues were the reason for his actions, one being COVID-19 and its effect on the company. The second, which he considered of greater need, was the resignation of the former CEO in February. With the resignation of Mr Salt the company needed stability in the period whilst a new CEO was sought, and guidance and board direction for the new CEO Mr Urs Meyerhans when he commenced his role in July 2021.

Further discussion with Mr McDonough mentioned the need for board renewal as three of the independent directors on the board, have been on the board for more than twelve years. He is aware of this and will be following up if re-elected.

Item 2	Re-election of Mr Peter Birtles as Director
ASA Vote	For

Summary of ASA Position

Mr Birtles is a very experienced director, however he has been on the board of GWA since 2010 and has served eleven years. The chairman clarified Mr Birtles' reason for continuing past the twelve years, once again citing the need for stability. With his previous statement regarding board renewal we have indicated a "for" vote.

Item 3	Adoption of remuneration report
ASA Vote	For

Summary of ASA Position

The report is in line with last year's, but the new CEO has only one financially measurable KPI. This is only a short-term situation, and further KPI's will be introduced.

Item 4	Approval of grant of Performance Rights to Managing Director under LTI
ASA Vote	For

Summary of ASA Position

The amount offered in one tranche is greater than the previous Managing Director. This can only be available to be paid in equity as the board is changing its emphasis to LTI rather than the STI.

Item 5	Approval of grant of Performance Rights to Executive Director under LTI
ASA Vote	For

Summary of ASA Position

Clarification from the Chairman at our meeting for the LTI for Mr Thornton as he already receives an STI. This has been the result of the change in emphasis to LTI.

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Remuneration framework detail

CEO rem. Framework for FY22	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.0	33%	1.0	33%
STI - Cash	0.5	17%	0.5	17%
STI - Equity	0	0%	0	0%
LTI – Equity only	1.5	50%	1.5	50%
Total	3.0	100%	3.0	100%

The maximum incentive is in the long term and only based on one KPI, the TSR.

STI is based on a number of KPI's but are a combination of both financial and critical non- financial KPI's.

Financial KPI's include EBIT ROFE and TSR. Non-Financial KPI's include improved safety and environmental performance, delivering major projects on time, market share and productivity improvements. We would need more information on how these are measured.