



A late recovery

Company/ASX Code	New Hope Corporation Limited
AGM date	18 November 2021
Time and location	12 noon on Lumiagm /323922395
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	John Collins
Pre AGM Meeting?	No

Please note any potential conflict as follows: The individual involved in the preparation of this voting intention has a shareholding in this company.

Summary of issues for meeting

The biggest issue facing NHC would appear to be how the company is to prepare for the future beyond about 2035 when demand for coal is expected to be in decline. The decline for coal may come earlier. NHC clearly recognises the potential hazards, but does not seem to have quantified the level of risk each hazard is to the future wellbeing of the company. Nor has it considered how it might try to ameliorate the high risk hazards. In turn, retail shareholders are being left with uncertainty.

Item 1	Financial Statements and Reports
ASA Vote	No vote required

Summary of ASA Position

NHC had a mixed year that ended well. Coal prices for the first half were at operating cost prices but the demand for coal over the latter half reached record levels. With coal production for the year much the same as last year, NHC was able to produce a comfortable statutory NPAT of \$79m after paying some \$120m non-regular costs (mainly associated with impairments and financing costs). NHC did not pay a dividend in the first half but paid 4c dividend in the latter half.

NHC has noticeably identified the hazards of future Climate Change but it is has not as yet indicated the company's assessment of the risks or plans to deal with them. This information was expected in the 2021 Sustainability Report which was not available at time of writing.

NHC has issued \$200m of convertible notes at 2.75% maturing in 2026. This capital raising is for administrative flexibility for takeovers and new technology opportunities should they arise. The offer was taken up in a remarkably short time. Retail shareholders were not given the opportunity to participate.

Two directors and three KMP (including the CEO MD) retired during the year. A new CEO together with a CFO/Secretary were appointed. Streamlining the senior management to meet cost demands in the low coal price period does appear to be permanent.

Agreement was reached with Bowen Coking Coal to sell the Burton/Lenton project. The sale is pending exchange of deeds.

Washington Soul H Pattinson reduced the shareholding in NHC from 49.94% to 39.85% during the year.

New Acland Stage 3 is awaiting a decision from the Land Court as to whether it can proceed or be closed as the stage 2 resource is now apparently exhausted. The hearing was due 3 November. Only Bengalla is now providing coal.

The ship loading facility was reduced to a 4 day week in response to the lack of coal to handle.

The Colton project remains a serious potential cost and is still in the courts. A claim of \$175m plus costs is being made on NHC concerning payments to WICET for work done on the coal loading facility.

Good progress was indicated with agricultural activities both at Acland and Bengalla helped considerably by increased cattle prices.

Activity continued at the oil and gas business in SA and Qld but remains a small contributor to the company yielding a revenue of \$22m.

Summary

(As at FYE)	2021	2020	2019	2018	2017
NPAT (\$m)	79	-157	211	150	141
UPAT (\$m)	199	NA	NA	NA	129
Share price (\$)	2.00	1.34	2.51	3.19	1.60
Dividend (cents)	4	15	16	12	6
Simple TSR (%)	52	-41	-16	107	4
EPS (cents)	1	-19	25	18	17
CEO total remuneration, actual (\$m)	2.2	1.8	2.3	1.9	1.4

For 2021, the CEO's total actual remuneration was **24 times** the Australian Full time Adult Average Weekly Total Earnings (based on May 2021 data from the Australian Bureau of Statistics). Note - For May 2021, the Full-time adult average weekly total earnings (annualised, original) was \$93,444 (<http://www.abs.gov.au/ausstats/abs@.nsf/mf/6302.0>, "Full-time adult average weekly total earnings").

Item 2; Resolution 1	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

The Remuneration report is readable, transparent and understandable for a retail investor.

The CEO's take home remuneration is clearly shown.

The CEO's pay is 47% at risk while ASA would prefer at least 50%

There is an annual STI based on a score card. The scorecard KPIs appear suitable for both the company and retail shareholder requirements. The Board scores the card. No STI is paid unless each KPI on the scorecard meets a set level. The KPI are not specified but the total performance is.

A three year LTI is granted on 1 August each year. There is a service requirement of the three year performance period and the following year.

There are two hurdles; comparative TSR and individual scorecards. The KPI's are similar in structure to those for STI. The Board scores the card. There is a gate on granting LTI of exceeding the 50% TSR of the comparator groups.

Overall, ASA believes the system is aligned with shareholders' interests.

ASA will support the Remuneration Report.

Item 3; Resolution 2	Re-election of Mr Todd Barlow as a Director
ASA Vote	For

Summary of ASA Position

Mr Barlow is seeking re-election as a director of NHC

He has been a NHC director since April 2014.

He is currently chair of the Nomination Committee and member of the SHE&P and A&R committees.

He has been Managing Director of Washington H Soul Pattison since 2015 after joining WHSP in 2014.

He was Managing Director of Pitt Capital Partners.

He is appropriately qualified and experienced to act as a director.

While the ASA believes he is near being fully loaded with his responsibilities, ASA will support his re-election.

Item 4; Resolution 3	Re-election of Mr Thomas Millner as a Director
ASA Vote	For

Summary of ASA Position

Mr Thomas Millner is seeking re-election as a director of NHC.

He has been a director of NHC since December 2015.

He does not have any committee roles in the NHC Board.

He is a NED for the WHSP board.

He is a director and Co portfolio manager for Contact Portfolio Management.

He is appropriately qualified and experienced to act as a director.

The ASA will support his re-election.

Item 5; Resolution4	Ratification of Prior Issue of Convertible Notes
ASA Vote	For

Summary of ASA Position

NHC seeks shareholder approval for a prior capital raising event that exceeds their 15% capitalisation under rule 7.1. This is possible under rule 7.4 provided shareholders approve.

On 7 July 2021 NHC issued \$200m Convertible Notes having gone to the market on 24 June 2021.

NHC requires the money for administrative flexibility and opportunistic events.

The terms and conditions were attractive for NHC 2.75% per annum, initial conversion price \$2.10 and a maturity date of July 2026.

ASA would prefer that retail shareholders had been given the opportunity to participate.

However, in the current situation it is doubtful if retail shareholders could find the terms attractive or meet the short time it took to finalise the matter.

The amount requested only marginally exceeds the 15% capitalisation value and NHC is going to go ahead with the matter regardless, be it smaller in value, if the meeting does not approve the request.

ASA will support the request.

Item 6; Resolution 5	Amendment to the Constitution
ASA Vote	Against

Summary of ASA Position

A group of NHC shareholders want to amend the NHC constitution such that resolutions seeking explanation about how the directors manage particular identified risks can be listed on the Notice of Meeting.

We expect the company to respond to such question without the constitution being changed.

Item 7; Resolution 6	Capital Protection
ASA Vote	Against

Summary of ASA Position

A group of NHC shareholders want NHC to disclose in their annual report how the company's projects are being managed to meet the requirements to achieve zero carbon emissions by 2050.

ASA is disappointed the Sustainability Report 2021 has not yet been released but expects it be issued shortly. We look forward to the disclosures which have taken Task Force on Climate-related Financial Disclosures (TCFD) recommendations into consideration and expect the company to address the question fully.

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Appendix 1

Remuneration framework detail

CEO rem. Framework for FYXX	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration			1.500	53%
STI - Cash			.776	27%
STI - Equity	0	0%	0	0%
LTI			.555	20%
Total			2.831	100.0%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.