Australian Shareholders' Association Limited
ABN 40 000 625 669
Suite 11, Level 22
227 Elizabeth Street, Sydney NSW 2000
PO Box A398, Sydney South NSW 1235
t (02) 9252 4244 | f (02) 9071 9877
e share@asa.asn.au

Two worlds merged

Company/ASX Code	TPG Telecom Ltd / TPG
AGM date	Thursday 6 May 2021
Time and location	10am AEST Virtual meeting through Lumi
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Estelle Renard assisted by Benjamin Ferry
Pre-AGM Meeting?	Yes, with Independent director Helen Nugent OA chair of GRNC (Governance, Remuneration and Nomination Committee) and Vanessa Hicks (Group Executive, People Experience)

The individuals involved in the preparation of this voting intention have no shareholding in this company.

Summary of issues for meeting

Lack of independent and non-executive directors on the board.

Shareholders left with unmarketable parcels.

Female representation in senior roles.

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

Summary of ASA Position

TPG Telecom Limited is a provider of telecommunications services to consumers, business, enterprise, government and wholesale customers in Australia. The Group owns significant network infrastructure throughout Australia (as well as a subsea cable connecting Australia to Guam with onward connectivity into the US and Asia) that facilitates the provision of fixed and mobile telecommunications services. The Group markets its services through multiple well-known brands including Vodafone, TPG, iiNet, Lebara, Internode and AAPT. The Group has over 5,000 employees across Australia, New Zealand and the Philippines and the business is also supported by outsourced service centres in India and South Africa.

In this document TPG Telecom Limited is referred to with the ticker code TPG whilst the former companies Vodafone Hutchison Australia Ltd is referred to as VHA and the original TPG Telecom (TPM) is referred to as TPG Corporation.

The Vodafone TPG merger was long in the making. First announced in August 2018 and, after many hurdles finally becoming effective 26 June 2020. Detailed information of the merger history is available in the voting intentions prepared for the merger meeting which took place on 24 June 2020.

It was a logical merger between a mobile service provider and a fixed line internet provider, VHA 50.1% and TPM 49.9%. The merged company being the third full telecommunications service provider, is a serious competitor to Telstra and Optus.

As at 31 December 2020, the Group had 5.25 million mobile customers, down from 5.99 million the year before. The decline is attributable to the effect that COVID-19has had on the number of international visitors and temporary visa holders in Australia. TPG Corporation, being a provider of fixed telecommunications services, brought two million fixed broadband subscribers into the merged group finishing 2020 with 2.17 million fixed broadband customers.

TPG Telecom Limited heads into 2021 amid uncertainty due to COVID, ongoing NBN headwinds and the introduction of the Regional Broadband Scheme ('RBS') levy. Merger synergy cost savings around $70 million is expected.

In 2021 TPG will begin offering 5G fixed wireless services to customers which will be a compelling alternative to NBN.

Substantial shareholder the Li KA-Shing Unity Trustee Company as trustee of the Li Ka-Shing Unity trust holds 50.1% of issued capital.

Governance and culture

The Corporate Governance Statement 4G is available on the company's website. The current Governance Remuneration and Nomination Committee (GRNC) does not have a majority of independent directors as recommended by the Corporate Governance Council principle 8.1

A board skills matrix is presented although it would be difficult to match the individual board members to the listed skills.

The proportion of female employees throughout the Group remained stable at about 43% during FY20. Female representation is 20% at board level and 30% at CEO, Executives & General Manager level which is unusual for an ASX200 company.

Financial performance

Due to the mid-year merger, it is difficult to form a complete picture of 2020's performance and not possible to form a meaningful comparison with previous years. TPG Corporation full financial year was up to 31 July (last available data was the half year ending 31 January 2020), VHA operated on a calendar year cycle and therefore the merged entity TPG Telecom now listed as TPG reports on a calendar year cycle. The results reported are for a full year of VHA plus 6 months and 4 days contribution from TPG Corporation.

Net financing costs reduced, which was mainly due to the debt restructure that occurred as part of the merger implementation in July 2020, under which $4,475 million of debt was removed from the Company and assumed by the Company's pre-merger shareholders, reflected in the changes in equity on page 106 of the Annual Report.

Since the merger, the share price has deteriorated significantly relative to the market. The company reported a loss of $86 million before tax but, by applying a non-cash credit of $820 million (deferred tax asset) to the income tax expense, reported NPAT of $734 million.

Key events

- Merger effective 26 June 2020
- Merger implementation 13 July 2020
- Corporate restructure effective 17 August 2020 with change of several KMPs
- Resignation of Chairman 26 March 2021

Key board or senior management changes

A new board was established with previous VHA board members Iñaka Berroetta CEO, Canning Fok Kin Ning, Pierre Klotz, Diego Massidda and Frank Sixt. Previous TPG Corporation board members David Teoh, Robert Millner and Shane Teoh remained with David Teoh the chairman of the merged entity. Two independent board members were appointed, Dr Helen Nugent and Arlene Tansey to the merged company bringing female representation on the board to 20%.

On 26 March 2021 David Teoh, the Chairman and Shane Teoh, his son, resigned, while Jack Teoh and previous TPG Corporation's company secretary Anthony Moffatt were appointed with existing board member Canning Fok Kin Ning the new Chairman.

Six former executives ceased to be KMP during the course of the year; while three other senior executives became KMP at or after the organisation restructure on 17 August 2020. TPG Corporation's Stephen Banfield and Craig Levy became Group Chief Financial Officer and Chief Operating Officer TPG, iiNet and Internode respectively.

Summary

NOTE: 2020 figures reflect a full year for VHA and 6 months and 4 days of TPG Corporations as the merger occurred on 26 June 2020. Comparative figures to 2019 are not meaningful. On the Commsec website company historical numbers for previous years are those of TPG Corporation (TPM) prior to the merger and the merged company as at 2020/12. A special merger dividend of 49 cents per share was paid to TPG Corporation's shareholders.

(As at FYE)	**2020**	**2019**
NPAT ($m) Loss of $86m before tax	734	(280)
UPAT ($m)	734	(280)
Share price $	7.22	
Dividend (cents)	7.5	
TSR (%) post-merger for 6 months	(18)	
EPS (cents)	64	
CEO total remuneration, actual ($m)	5.5	

For 2020, the CEO's total actual remuneration was **59.5 times** the Australian Full time Adult Average Weekly Total Earnings of $92,034.80 (based on November 2020 data from the Australian Bureau of Statistics)

Item 2	**Adoption of Remuneration Report**
ASA Vote	**For**

Summary of ASA Position

The remuneration report in The Annual Report contains much detail and shows actual outcomes for KMPs where previous practices were in place, pre and post merger. Prior to the merger VHA accelerated 2018 and 2019 LTI payments while maintaining the 2020 LTI scheme. $92,500 of the retention payment of $555,000 was paid to the CEO during 2020, it was contractually approved to be paid in 6 equal tranches on specified dates between 1 October 2020 and 1 January 2022.

Mr David Teoh received a final termination payment of $371,538 related to 12 weeks severance pay as CEO and Executive Chairman of TPG Corporation prior to the merger, as well as Annual Leave and Long Service Leave of $2,265,146. This payment was approved by the post-merger Board of TPG Telecom, based on legal advice, with Mr Teoh not receiving any papers and absenting himself from the meeting. Mr Teoh is a substantial shareholder in TPG Corporation.

Going forward the remuneration approach is designed to support short and longer-term alignment between employees and shareholders.

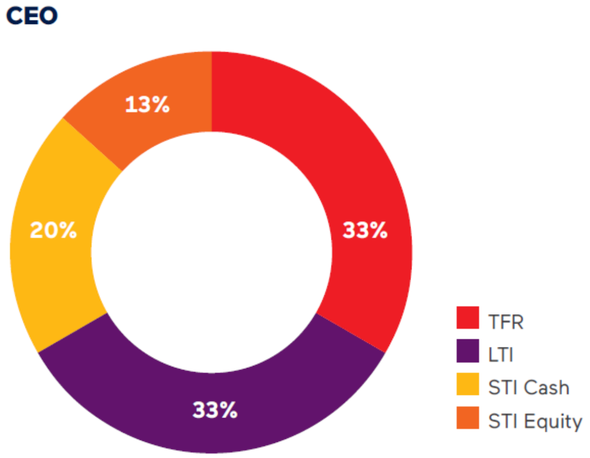
Fixed remuneration is benchmarked at the median of the ASX 11-50 peer group.

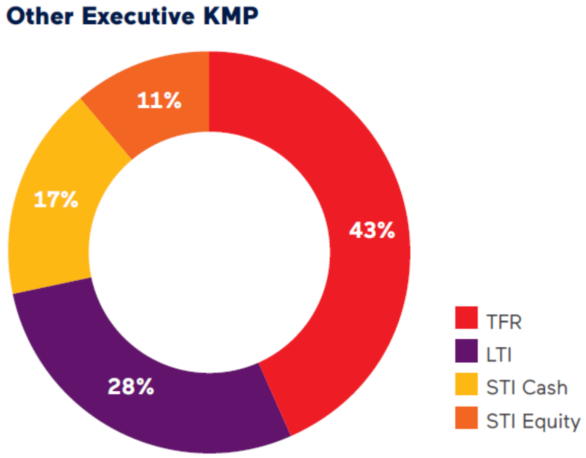
Short-term Incentives (STI) are aligned with the annual assessment of Group financial, non-financial and individual performance; delivered in cash and share rights deferred over one and two years (DSRs). The deferred share rights portion of the STI is currently at 40% with the intention of increasing the split to 50% by 2023. Performance measures are based on 50% financial (Total service revenue 15%, Operating Free Cash Flow 15%, and unadjusted EBITDA 20%) and 50% non-financial (Customer experience 10%, Employee outcomes 10% and Individual performance 30%). 50% of STI Share Rights vest after 1 year and the other 50% after 2 years.

Long term incentives (LTI) for 2021 are assessed over a three-year period based on Group financial performance and a market performance hurdle and granted in DSRs, fully described under item 6.

Shares will be purchased on market, no dividend will be paid and the exercise price is zero.

The target remuneration mix going forward as given in the Annual Report:





Item 3	**Re-election of Mr Frank John Sixt as a Director**
ASA Vote	**For**

Summary of ASA Position

Frank John Sixt aged 69 has been a Director of TPG Telecom Limited (VHA) since 2001, therefore cannot be viewed as independent. He has almost four decades of legal, global finance, risk management and internal control systems experience as well as sustainability issues and related risks. Mr Sixt holds a Master's degree in Arts and a Bachelor's degree in Civil Law, is a Member of the Bar and of the Law Society of the Provinces of Québec and Ontario, Canada.

Mr Sixt has been a director of Hutchison Telecommunication (Australia) Ltd since 1998. He is an executive director of CK Hutchison Holdings Ltd (Hong Kong) since 2015 and held many different directorships in the past.

Mr Sixt is a Non-Executive Director, he is not considered to be independent having been associated with the company since 2001 and being an executive elsewhere is a workload concern. He is a member of the Governance Remuneration and Nomination Committee since 20 August 2020.

There is an insufficient number of independent board members but the ASA accepts representation in line with ownership.

Item 4	**Election of Mr Antony Moffatt (Tony) as a Director**
ASA Vote	**For**

Summary of ASA Position

Mr Antony Moffatt (Tony) was appointed on 26 March 2021 to fill one of the vacancies created by the resignation of Mr David Teoh and his son Shane Teoh.

Mr Moffatt is a lawyer with over 30 years' experience, practising in corporate, commercial and telecommunications law. Mr Moffatt has had a long association with TPG Corporation and played a significant role in its development. He cannot be viewed as independent. The ASA supports his election as he can provide continuity from the perspective of TPG Corporation. He holds 611,269 shares in TPG and can be expected to also represent the Teoh's substantial holding.

Mr Moffatt holds a Bachelor of Arts and Laws from the University of New South Wales.

Item 5	**Election of Mr Jack Teoh as a Director**
ASA Vote	**Against**

Summary of ASA Position

Mr Jack Teoh was appointed on 26 March 2021 to fill one of the vacancies created by the resignation of Mr David Teoh and his son Shane Teoh. Mr Jack Teoh, another son of Mr Teoh, who cannot be viewed as independent due to the family's large shareholding and his indirect holding of shares through Total Forms (Pty) Ltd.

He is on the board of Tuas Ltd (TUA), is involved in several other businesses including Total Forms (Pty) Ltd a private Australian Software Business and director of retail operations at eyewear company Oscar Wylee. Having other executive roles, it is unlikely he will have enough time to allocate to this directorship and it is unclear what specialist skills he will bring to the board.

Item 6	**Approval of Performance Rights and LTI Plan for CEO/Managing Director Iñaka Berroeta**
ASA Vote	**Against**

Summary of ASA Position

If this resolution was divided into one for the DSR for the short-term plan and one for the DSR under the long-term plan we would be voting for the DSR on the LTI and against the DSR on the STI. However, as they are combined, we are voting against the resolution.

Shareholder approval is sought for the grant of 54,709 deferred share rights (DSRs) under the 2020 short term plan (STI) to Mr Berroeta paid 60% in cash and 40% in DSRs. This payment is not based on the current remuneration structure but a previous one which had a number of faults. In addition, the calculation is opaque.

Approval is also sought for 408,088 DSRs under the 2021 long term incentive plan (LTI). The maximum opportunity under the LTI which is equivalent to 150% of Mr Berroeta's 2021 base salary of $1,850,000 is $2,775,000. The number of DSRs is calculated by dividing $2,775,000 by $6.80, the VWAP of the Company's shares traded on the ASX over the 5 trading days following the announcement of the Company's financial results, up to and including 4 March 2021. The performance period will run for 3 years, from 1 January 2021 to 31 December 2023 and vesting will be subject to two performance criteria: 50% subject to total shareholder return (TSR) and 50% subject to Operating Free Cash Flow (Operating FCF).

As we said, if this resolution was just for the LTI award we would be voting for it as it follows the Remuneration Report outlined in item 2, the only concern being that the three-year vesting period is too short.

CEO rem. Framework for FY2021	Target $m	% of Total	Max. Opportunity $	% of Total
Fixed Remuneration	1.850	33.3%	1.850	25.0%
STI – Cash	1.110	20.1%	1.665	22.5%
STI - Equity	0.740	13.3%	1.110	15.0%
LTI	1.850	33.3%	2.775	37.5%
Total	5.550	100.0%	7.400	100%