

Continuous improvement better than delayed perfection

Company/ASX Code	TPG Telecom / TPG
AGM date	Tuesday 3 May 2022
Time and location	3:30 pm AEST held virtually
Registry	Computershare
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Benjamin Ferry assisted by Fiona Balzer
Pre AGM Meeting?	Yes with the following TPG representatives: <ul style="list-style-type: none"> • Non-Executive Director - Dr Helen Nugent AC • Group Executive People Experience - Ms Vanessa Hicks • Investor Relations - James Hall

The individuals (or their associates) involved in the preparation of this voting intention have no shareholding in this company.

Summary of issues for meeting

In 2020, the company spoke of progressing on some governance areas such as remuneration benchmarking and STI structure. Two questions were raised: Has progress been made? Whilst board structure is reflective of ownership, how will board independence evolve?

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

Summary of ASA Position

As with most businesses, the impacts of the COVID-19 global pandemic continued to be felt and in TPG Telecom's case, that resulted in a decline in mobile revenue due to a full year of highly restricted international travel. There was however an upside in the residential and commercial fixed broadband revenue stream and is attributable to stolen market share.

The company has also noted that they are ahead of target in realising post-merger synergies and are likely to deliver the goal cost reduction target, one year earlier in 2022.

In 2021 there was also significant change within the KMP's of the company with only two KMP's (including CEO Iñaki Berroeta) present for the full year. Four KMPs left the company including Stephen Banfield, the Chief Financial Officer who has not yet been replaced, with Sean Crowley appointed as the Interim CFO. There does not appear to be any underlying reason for the high volume of KMP turnover beyond the merger of two listed entities in 2020.

The Board of Directors remains comprised of ten individuals, with only two directors recognised as independent: Dr Helen Nugent, appointed as Senior Independent Director and chairing the Governance, Remuneration and Nomination Committee, and Ms Arlene Tansey chairing the Audit and Risk Committee. The non-independent directors reflect the ownership of the company's shares by substantial shareholders. It is the view of the ASA that TPG Telecom would find an additional independent director on its board useful and provide more effective governance.

The board aims to introduce an ESG metric for company KMP's that in turn will be incorporated into potentially both, but at least one of the STI and LTI plans. The goal timeline for implementation is 2023 with 2022 seen as the period to define the baseline for measurement.

The balanced scorecard for KMP STI remuneration will also be adjusted for the 2022 financial year with a greater focus placed on Service Revenue (From 15% contribution to 20%) and EBITDA (From 20% contribution to 25%). Individual performance measures have in turn decreased from 30% contribution to 20%. The ASA sees this as another step in the right direction given the opaqueness of the individual performance measure.

Summary

(As at FYE)	2021	2020	2019
NPAT (\$m)	110	734	(280)
UPAT (\$m)	110	734	(280)
Share price (\$)	5.89	7.22	
Dividend (cents)	8.5	7.5	
Simple TSR (%) ²	(17)	(18)	
EPS (cents)	6	64	
CEO total remuneration, actual (\$m)	3.3	5.5	

For 2021, the CEO's total actual remuneration **was over 36 times** the Australian Full-Time Adult Average Weekly Total Earnings¹.

¹For November 2021, the Full-time adult average weekly total earnings (annualised, original) was \$91,266 Source: ABS, *Average Weekly Earnings, Australia, November 2021* [link](#)

²Simple TSR is calculated by dividing change in share price plus dividend paid during the year, excluding franking by the share price at the start of the year.

Item 2	Adoption of Remuneration Report
ASA Vote	For

Summary of ASA Position

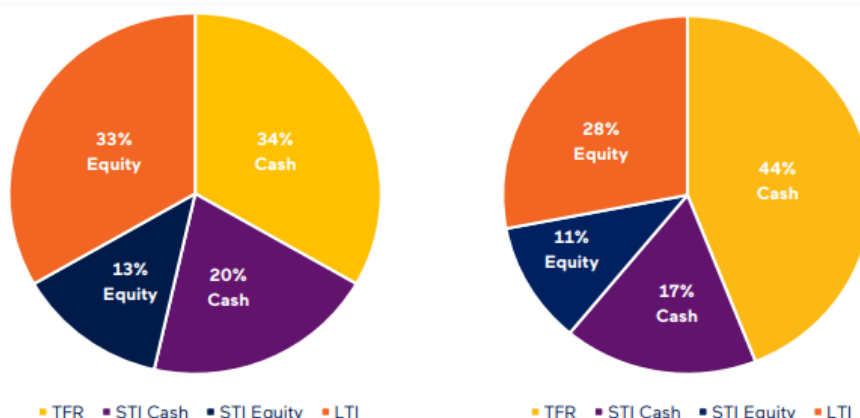
CEO rem. Framework for FY21	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.873	33%	1.873	25%
STI – Cash	1.124	20%	\$1.686	23%
STI – Equity	0.749	13%	1.124	15%
LTI	1.873	33%	2.810	38%
Total	5.619	100.0%	7.492	100%

*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.*

Being the first full year of operation post-merger, the remuneration report is now easier to understand as it is not being compiled from multiple structures. That being said, of the KMP team, only two team members were on board for the full year and this has resulted in changes as roles were replaced. There are also legacy LTI payments still occurring from the Vodafone Hutchison (VHA) for four of the KMP's and will be reflected as actual cash in the 2022 remuneration report.

Benchmarking of fixed remuneration has been adjusted to refer to both the ASX 11-50 peer group as well as the ASX 21-60 peer group. No increases to fixed remuneration have been recommended for 2021.

It has been pleasing to see the intended adjustment of the STI structure to increase the share of Deferred Share Right (DSR) relative to cash from 40% in 2021 to 45% in 2022 and finally to 50% in 2023. These DSR's vest equally in two annual tranches and help align KMP actions with sustainable returns for shareholders.



Source: 2021 Annual Report

There is no adjustment to the LTI structure and the ASA has made mention of our wish to see LTI vesting over a period longer than three years.

One additional item of note is the sign-on payment of \$969,366 for Kieren Cooney, Group Executive Consumer. This payment reflected the total remuneration required to lure Mr Cooney away from his previous employer and was benchmarked against the aforementioned ASX peer groups.

Item 3	Re-election of Mr Canning Fok as a Director
ASA Vote	For

Summary of ASA Position

Mr Canning Fok has served as a Director of TPG Telecom (previously as Vodafone Hutchison Australia) since 2001 and Chairman since March 2021. He has chaired the board of Hutchison Telecommunications (Australia) Limited since 1999. Mr Fok also has held several chairmanships and directorships across various other Hutchison subsidiaries over the past 25 years.

Mr Fok is not considered to be an independent director given his association with Hutchison. He has overseen the continued merger process following the departure of David Teoh in 2021. While we would prefer an independent Chair, the board has addressed this governance issue with the appointment of Dr Helen Nugent as Senior Independent Director.

Item 4	Re-election of Dr Helen Nugent AC as a Director
ASA Vote	For

Summary of ASA Position

Dr Helen Nugent AC has served as an Independent Director of TPG Telecom since July 2020 and has over 20 years of directorship experience with a focus on the financial services sector.

Dr Nugent currently holds 11,000 shares of equity in TPG telecom and given her early tenure with the company is not of concern at current although this would be expected to grow in line with director requirements.

Noting the company's ownership structure, the importance of independence is paramount and with the experience that Dr Nugent contributes, the ASA will be voting their non-directed proxies in favour of her re-election.

Item 5	Re-election of Mr Pierre Klotz as a Director
ASA Vote	For

Summary of ASA Position

Mr Pierre Klotz has served as a Director of TPG Telecom since May 2020 and is currently the Vodafone Group plc Corporate Finance Director since July 2011. He is not considered to be independent.

The ASA will be voting open proxies in favour of his re-election.

Item 5	Allocation of Equity to the CEO and Managing Director
ASA Vote	For

Summary of ASA Position

This resolution is for 128,727 in Deferred Share Performance Rights (DSR) valued at \$733,744 to be issued in line with the STI in respect to the 2021 financial year and 486,842 Long Term Incentive Performance Rights in line with the LTI in respect to the 2022 financial year.

The allocated DSR will vest equally in two tranches after a one and two year vesting period, subject to the CEO's continued employment.

The LTI Performance Rights are accrued in line with the maximum LTI opportunity of 150% of the 2022 base salary and are valued at \$2,775,000.

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