Australian Shareholders' Association

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Westpac left reeling as AUSTRAC claims erode shareholder trust

Company/ASX Code	Westpac Banking Corporation (WBC)
AGM date	Thursday 12 December 2019
Time and location	10:00am International Convention Centre Sydney
Registry	Link Market Services Ltd
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Carol Limmer and Lewis Gomes
Pre AGM Meeting?	Yes with Chairman Lindsay Maxsted and Head of Investor Relations Andrew Bowden

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

The AUSTRAC Allegations and Responses

In the runup to the year's December AGM, Chair Lindsay Maxsted was probably feeling confident that despite some likely pointed questions on Westpac's financial performance and remuneration report, he would get all of his resolutions across the line and avoid a second strike. Westpac had emerged from the Hayne Royal Commission relatively unscathed. Then, on 20 November, AUSTRAC lodged its claim against Westpac. The regulator is alleging not just 23 million unreported international funds transfer instructions (IFTI) financial transactions (associated with the ACM product), but of greater concern, claims that 12 of the Bank's customers used its services to forward small payments to offshore bank accounts (LitePay product) associated with people engaged in child sexual exploitation. On our reading of the various allegations and reporting of the AUSTRAC allegations and discussion with Westpac, it appears AUSTRAC claims also indicate the bank had prior knowledge of the transactions associated with the ACM product but allowed them to happen in any case, and that the bank should have been awake to the risks associated with the payments supporting the exploitation of children due to the transaction characteristics. Hence the outrage.

Mr Maxsted and CEO Brian Hartzer immediately denied knowledge of the child abuse payments until a few days prior to the claim being lodged. They each expressed their horror and apologised profusely but stated their intentions to stay in their roles to address the matters. Pressure rapidly mounted on both men from diverse sources; the Prime Minister and other senior ministers, major and smaller shareholders, proxy advisors and the media. ASIC, APRA and the Federal Police also announced they were launching investigations. It became apparent that AUSTRAC had been discussing its concerns with Westpac on its non-reporting for at least 18 months and had been investigating the child abuse allegations using Westpac's own supplied data. Claims that neither the Board nor the CEO were aware of these very serious matters left most observers aghast. It also has stakeholders and shareholders very rightly querying whether a lack of questioning by the Board downwards and lack of reporting upwards is suggestive of a breakdown of governance within Westpac. ASA's Representative met numerous requests for media comments including 4 TV networks and various print media as the story unfolded.

With presumably everyone in Westpac being aware of AUSTRAC's actions against the Commonwealth Bank a few years ago, and the $700 million fine settled for "only" 53,000 unreported transactions (and no child abuse connotations), it beggars belief that these reporting failures to AUSTRAC were not conveyed almost immediately to the Board via the CEO. It has since become apparent that the reporting failures within Westpac had been an issue for years and were partly a result of poorly performing computer systems and insufficient investment. More disturbingly these issues have also been attributed to perhaps relatively junior staff not realising the seriousness of the problems, a reluctance to report "bad news" upwards and more senior managers not responding to the mounting internal evidence of problems. It is clear that there is a problem at the top with these issues pointing to technological risks not being dealt with in time, a culture of penalising employees for reporting unpopular news upwards and senior employees not doing their part in ensuring critical accountability.

On Sunday 24 November, Westpac issued a press release announcing its "Response Plan" which, included a number of specific actions to close or fix relevant transaction services and acknowledging its shortcomings. The bank failed to acknowledge any individual or collective responsibility through resignations or terminations and merely proposed "that either all or part of the grant of the 2019 Short Term Variable Reward will be withheld for the full Executive team and several of the general management team subject to the assessment of accountability". The outrage was immediate on all fronts. The next day, Monday 25 November, the Chair met with a range of stakeholders and a number of meeting were held with Board members. By that evening the game was up. The CEO's resignation was announced at 8am the next day, the Chair said he will retire during the first half of 2020 and Ewen Crouch, Chair of the Risk and Compliance Committee would not be standing for re-election at the upcoming AGM. Peter King, currently CFO, was announced as Acting CEO and several current Group Executives were similarly appointed to acting positions as Mr King stepped up.

Westpac has also engaged expert consultant Promontory to investigate the circumstances that have led to the AUSTRAC allegations and an independent committee of 3 people will be appointed to consider Promontory's findings and recommendations. Peter Nash, a current Board member and former Chair of KMPG Australia, has been tasked with chairing a special Board committee to look at the issues.

ASA representatives met with Mr Maxsted by video conference on Friday 29 November to seek further information on the Board's intentions and, more specifically, the likely timing of Board renewal and Mr Maxsted's own retirement as Chair and a director of Westpac. Mr Maxsted openly discussed recent events and stressed the need for accountability but also emphasised the need for stability within Westpac.

When ASA considered how to respond to this breakdown, we took into account the large size and complexity of Westpac. Stability is important in building a culture and repairing practices within the organisation to ensure this type of breach does not occur again. It is also important to manage the expectations of shareholders (many who have invested in Westpac shares in order to fund their retirement pensions) with regards to financial performance but also the Bank's thousands of customers and staff who are be impacted by existence and outcomes of the AUSTRAC allegations.

All of these concerns need to be dealt with while also ensuring that stability is maintained. Westpac may need to maintain leadership that understands the breadth and complexity of the organisation and its issues while also holding directors and executives to account. As Nobel prize-winning economist Herbert Simon would put it, an organisation only learns in two ways – by the learning of its members or by ingesting new members who have knowledge the organisation did not previously have. The upcoming decisions that Westpac and its stakeholders will have to make will need to be balance both, members who have learned from this debacle as well as new members who can teach the organisation and help it better its practices.

With regard to Board renewal, Mr Maxsted advised that a new chair is being sought with candidates both external and internal to be considered. He advised that he would step down as soon as the new chair is in place, probably within the next 2 to 3 months. He noted the challenges of finding directors with significant banking as well as public company director experience. He also advised that the search for a new CEO was underway and would look also externally as well as internally. It was noted that Mr King had previously announced his intention to retire in late 2020 but has now indicated his interest in being considered for the role in a permanent capacity.

ASA supports all of these departures but like many other stakeholders is disappointed that it took too long for the Chair and CEO to recognise reality and accept accountability. As noted later in these Intentions, ASA is seeking the removal or resignation, over a managed timeframe, of some other directors and Group Executives with accountability for these failings. ASA recognises the need for ongoing stability in the Bank's operations and the need to manage the impacts on staff who are not implicated in these matters. Finding the right balance between collective and individual accountability is important and at this point in time not enough is known of just who was responsible for what. ASA is also seeking the cancellation of all 2019 Short Term Variable Reward (STVR) grants (not just their withholding) on the grounds of collective responsibility and making no Long Term Variable Award (LTVR) grants. A previously proposed "one off" 20% reduction of director fees for Financial Year 2019 (FY19) in recognition of the poor financial performance should be extended for FY20.

Financial Performance for FY19

On the financial front, it was a poor year for Westpac with most metrics having deteriorated and remediation costs arising from the Royal Commission findings seeming to continually increase. Westpac has now provisioned $1.4 billion for customer remediation of which $1.1 billion relates to "fees for no service" conduct amongst its wealth management businesses. Among other actions, this deterioration prompted Westpac to undertake a $2.5 billion share raising to improve its capital ratios and provide a buffer to the "unquestionably strong" position that the Australian Prudential Regulation Authority (APRA) requires (CET1 capital ratio 10.5% minimum). In addition, Westpac continues to have legal actions on foot with the Australian Securities Investment Commission (ASIC) on responsible home loan lending assessment data (an initial win to Westpac in the "wagyu and shiraz" case but now subject to appeal by ASIC) and a loss in another case involving alleged cold-call sales pitches by its former BT subsidiary to customers.

We were also advised by Westpac in its Annual Report that it had self-reported possible breaches of anti-money laundering rules and was now subject to an enquiry from AUSTRAC from which an unknown (and non- tax deductible) fine was anticipated. At the time of making these statements, Westpac made no reference to the magnitude of the transgressions (23 million unreported transactions) and certainly no hint of the child abuse concerns.

The recent capital raising initiated to strengthen the balance sheet was effected by an institutional offer of $2.0 billion worth of shares at a price of $25.32 per share to be followed by a $500 million (m) Share Purchase Plan (SPP) to retail investors at the lesser of the same price or a 2% discount to the 5 day Volume Weighted Average Price (VWAP) prior to close (2 December 2019). Westpac decided against the so-called PAITREO offer preferred by ASA on the grounds that the raising was small and while the company prefers pro-rata raisings, considers the size makes a PAITREO unwieldy. An SPP is less risky and quicker, notwithstanding the dilution of retail investor interests which account for some 46% of total equity (note that ASIC now allows offers for shares of up to $30,000 under SPP arrangements). This capital raising does not include potential significant increases in capital requirements for New Zealand based banking operations but which are yet to be finalised by the Reserve Bank of New Zealand. Neither, of course, does it allow for any fines from AUSTRAC or remediation/IT upgrade costs or any additional capital overlay costs that APRA may require as a consequence of the AUSTRAC allegations. We expect there is a risk much of the capital raising could now be consumed by the AUSTRAC consequences rather than for its initial intended purposes. Westpac, however, maintains that no further capital raising is required even though the magnitude of the fine and associated costs is still unknown. With regard to the New Zealand situation, Westpac is of the view that additional capital requirements will likely be implemented over a number of years and could be met through the Dividend Reinvestment Plan (DRP) or from other capital management measures.

It is noted that subsequent to the AUSTRAC revelations, Westpac has obtained the agreement of ASIC to allow existing applicants to the SPP to be able to withdraw their applications (up to 6 December). Whether these recent events will result in a shortfall in the SPP component is unknown at this time. Not surprisingly, a number of parties are looking at possible class actions against Westpac in relation to the adequacy of disclosure of the AUSTRAC matters and ASIC has also announced that it is investigating disclosure matters in relation to the capital raising.

The Annual Report notes that the Bank Levy introduced by the current Government before it agreed to the Royal Commission was the equivalent of 8 cents per share over FY19. This amount was higher than the previous year as the Levy is based on the total of certain liabilities and not on earnings.

Financial Summary

(As at FYE)	**2019**	**2018**	**2017**	**2016**	**2015**
NPAT ($m)	6,784	8,095	7,990	7,445	8,012
UPAT ($m) #	7,979	8,346	8,062	7,822	7,820
Share price ($)	29.64	27.93	31.92	29.51	29.70
Dividend (cents)	174	188	188	188	187
TSR (%)	12.4	(6.6)	14.5	5.69	(1.8)
EPS (cents)	198	236	240	235	248

CEO total remuneration, actual ($m)	4.02	4.95	5.46	4.94	5.12

UPAT excluding notable items (eg customer remediation, legal costs, wealth exit costs)

For 2019 the CEO's total actual remuneration was 45.6 times the Australian Full Time Adult Average Weekly Total Earnings (based on May 2019 data from the Australian Bureau of Statistics).

Reported net profit is down 16% to $6.784 billion, return on equity (RoE) is down 225bps (basis points or one hundredth of one percent) to 10.8%, lending margin is down 7bps to 2.04% and expense to income ratio has risen substantially to 48.6%, the latter figure indicative of the costs, including many staff (approximately 800) associated with working through remediation matters. In addition, Westpac has cut its second half dividend to 80 cents, a drop of 15% on the first half dividend or a 7% overall drop on the FY18 dividend.

Performance was significantly impacted by notable items of $1,130m (after tax) in FY19 - $849m higher than in FY18 - largely reflecting customer remediation costs and costs associated with exiting its financial planning businesses. Cash earnings were also reduced by $367m from FY18 due to the 7bps decline in lending margins and reduced revenue from wealth and insurance.

Perhaps unexpectedly, the Total Shareholder Return (TSR) has increased to 12.4% for FY19 largely due to a recovery of the share price from the very low levels that were reached during the Royal Commission. Hayne's final report, issued in February of this year, gave shareholders a lift in confidence as his recommendations were not as draconian as first feared. Nevertheless, the share price continued to be volatile as remediation costs and other headwinds affect Westpac. Not surprisingly, in recent weeks the share price has fallen by about 10% on the back of the AUSTRAC actions and is now below the institutional capital raising price of $25.32.

Governance and Culture

The AUSTRAC allegations go to the heart of the governance and culture problems at Westpac. AUSTRAC described Westpac's management as being "indifferent" to the transaction issues and the Board as "lacking oversight". These remarks were initially strongly rejected by the (now former) CEO and Chair, but subsequent information and actions tend to confirm AUSTRAC's views.

The Chair, in his report to shareholders prior to the AUSTRAC allegations becoming public, recognised that Westpac was slow to focus on non-financial risks that emerged from the Royal Commission hearings. He said the bank did not fully appreciate the underlying risks in the financial planning business and that some remuneration arrangements inadvertently led to poor behaviour.

Prompted by the findings of the Royal Commission and at the direction of APRA, Westpac (and the other major banks) undertook a detailed Culture Governance and Accountability (CGA) self-assessment with input from an independent global expert (Oliver Wyman for Westpac). Unlike some other banks, Westpac did release its report to the public via its website.

In response to the CGA assessment, Westpac is implementing its 45 recommendations, 40% of which are now in place. Of the 49 Royal Commission recommendations, 11 have been implemented and another 11 are underway with the remaining 27 requiring further clarity or legislation before being further progressed. In the meantime, APRA has applied a $500m capital overlay on CET1 until such time as actions arising from the CGA are completed.

Given the new set of issues arising from the AUSTRAC claims and likely recommendations from the Promontory investigation, there will need to be a significant overhaul of Westpac's governance practices and culture, and that can only be achieved through a new Chair and a refreshed Board.

Board and Senior Management Changes

Two new directors joined the Board in March 2019 being Margaret Seale and Steven Harker and both are subject to election at the upcoming AGM. Nerida Caesar (appointed September 2017) and Peter Marriott (appointed June 2013) are subject to re-election at the AGM. Ewen Crouch was seeking re-election but has since advised that he will be retiring at the end of the AGM in the wake of the AUSTRAC revelations. Other long-standing directors who should be considering their positions include Craig Dunn (ex AMP CEO appointed June 2015) and Alison Deans (appointed April 2014). Mr Dunn is Chair of the Board Remuneration Committee and a member of the Board Risk & Compliance Committee. Ms Deans is Chair of the Board Technology Committee and a member of the Board Risk & Compliance Committee. Given that the AUSTRAC allegations are based on inadequacies in both technology systems that failed to report the transactions and risk and compliance that failed to pick up and address the consequences of the reporting failures, both of these directors must bear some accountability for these failures. ASA accepts that Board renewal needs to be managed over time to avoid major disruption to the ongoing business of the Bank and is likely to be led by the new chair.

Key management changes in the last 12 months include appointment of Craig Bright as Group Chief Information Officer (December 2018), David Lindberg as Chief Executive, Consumer (April 2019), David Stephen as Chief Risk Officer (October 2018), Gary Thursby as Chief Operating Officer (April 2019) and Alastair Welsh as Acting Chief Executive, Business (April 2019). Apart from David Stephen and Craig Bright, all of these appointments were internal. Mr Stephen joined Westpac from the Royal Bank of Scotland where he was Chief Risk Officer and Mr Bright was Chief Technology Officer, Global Consumer Bank at Citigroup.

As noted earlier, Peter King is now Acting CEO having been CFO since April 2014. Mr Thursby has been appointed as Acting CFO and Alastair Welsh as Acting COO.

Given the seriousness of the AUSTRAC allegations, the roles of several other long-standing executives with roles associated with these matters must be addressed. These executives include Rebecca Lim who was Chief Compliance Officer from 2013 to 2017 and is now Group Executive, Legal & Secretariat and Lyn Cobley who has been Chief Executive, Westpac Institutional Bank since 2015 with responsibilities including transactional banking and reporting. It is presumed that the Promontory investigations will shed further light on the roles that these executives and others have played and what repercussions may follow.

Item 2(a)	**Re-election of Ms Nerida Caesar as a Director**
ASA Vote	**For**

Summary of ASA Position

Ms Caesar was appointed a director on September 2017 and has a background in commercial and business management experience. She previously held senior roles in Telstra, IBM and Equifax (formerly Veda Group). She holds 13,583 shares in Westpac as at the time of issue of the Annual Report. She is a member of both the Board Risk & Compliance and Board Technology Committees. As such, she was in a position to challenge and actively enquire into the AUSTRAC matters but it is not known whether she did so. In determining ASA's vote, we consider Ms Caesar will have some ability to identify larger issues that could immediately be addressed by the organisation. This will enable Westpac to more effectively address gaps in their management of risks such as the ones highlighted by AUSTRAC. While ASA understands there needs to be corporate accountability, it is also clear to us that there needs to be an investigation into these matters and having Ms Caesar in her position will enable a more thorough understanding of how the governance issues emerged or persisted which will promote better and more long-term organisational learning and accountability. It is for these reasons and these reasons alone that ASA intends supporting Ms Caesar's re-election.

Item 2(b)	**Re-election of Ewen Crouch as a Director**
ASA Vote	**Not required**

Summary of ASA Position

This resolution has been withdrawn.

Item 2(c)	**Election of Steven Harker as a Director**
ASA Vote	**For**

Summary of ASA Position

Mr Harker joined the Board in March 2019 and has over 35 years of experience in investment banking. He was formerly Managing Director and Chief Executive Officer of Morgan Stanley Australia from 1998 to 2016 and then Vice Chairman until February 2019. Prior to joining Morgan Stanley, he spent 15 years with what is now Barclays Investment Bank. He currently holds 10,365 shares in Westpac. Given Mr Harker's extensive experience in international banking and his newness to the Board, the ASA intends voting for his election.

Item 2(d)	**Re-election of Peter Marriott as a Director**
ASA Vote	**Against**

Summary of ASA Position

Mr Marriott has been a director since June 2013 and has over 30 years of experience in senior roles in the finance industry encompassing international banking, finance and auditing. He holds 20,870 shares in Westpac. He chairs the Board Audit Committee and is a member of each of the

Board Technology and Risk & Compliance Committees. Arguments have been put forward in support of his re-election on the basis of him being the only director on the Board with deep banking experience. Indeed, it has been suggested that he was a likely successor to Mr Maxsted given "normal" circumstances. ASA acknowledges these arguments but notes that for the board of a major bank to not have several directors with deep banking experience may leave it exposed to just the predicament in which Westpac now finds itself. It is also clear that given his experience, his presence around the board table has not protected the bank from breaches against compliance. Given his time in office and his roles on all the relevant Board committees, ASA intends voting against his re-election. Even if he is re-elected, it is unlikely now that Mr Marriott could be considered for the chair's role and he will likely leave the Board during his next term in the interests of Board renewal.

Item 2(e)	**Election of Margaret Seale as a Director**
ASA Vote	**For**

Summary of ASA Position

Ms Seale joined the Board in March 2019 and has more than 25 years of experience in senior executive roles in Australia and overseas including in consumer goods, global publishing, sales and marketing and transitioning traditional business models to digital environments. She was previously Managing Director of Random House Australia and New Zealand. As a new director, she holds a very respectable 21,719 shares in Westpac. While the relevance of her expertise to Westpac is questionable given the limited banking expertise currently on the Board, she does have significant public company director experience (Telstra and Scentre) and as a recent appointment, ASA intends voting for her election.

Item 3	**Approval of equity grant to MD and CEO Brian Hartzer**
ASA Vote	**Not required**

Summary of ASA Position

This resolution has been withdrawn

Item 4	**Adoption of Remuneration Report**
ASA Vote	**Against**

Summary of ASA Position

Lindsay Maxsted sent a letter on 20 November (prior to the extent of the AUSTRAC allegations being fully known) which gave comprehensive details on changes made as a result of the consultations conducted with the ASA and others on its remuneration framework. Not surprisingly, key remuneration outcomes for FY19 were impacted by the financial performance and outcomes from the Royal Commission. In particular, the CEO's Short Term Variable Award (STVR) was reduced to zero and the average of the STVR's for Group Executives was 56% of target, down from 87% in FY18. The FY19 STVR scorecards for non-financial risk were reduced to zero for all Group Executives but somewhat surprisingly, STVR assessments for customer outcomes, customer service transformation and culture and capability were deemed to have met target levels. It was noted that the Board made "downward remuneration adjustments" to two current and two former Group Executives. In the case of the two former Group Executives, the STVR outcomes were reduced to zero.

The LTVR awards that would have vested in 2019 lapsed for the CEO and all Group Executives because neither the FY16 TSR nor cash ROE hurdles were met. Furthermore, Board fees for FY19 were reduced by 20% as a one-off measure as an indication of Board accountability for the FY19 outcomes. Westpac managed 1,134 employee matters in Australia in 2019 of which 163 employees exited the business and 545 employees were subject to formal disciplinary outcomes.

As a result of the considerable discussions and reviews held on remuneration following last year's first strike (including with ASA), substantial changes have been made for FY20 rewards. These include no change to the (former) CEO's fixed remuneration, the introduction of clawback provisions and, importantly, removal of the so-called "fair value" allocation of performance share rights to a face value calculation and a reduction in total target remuneration of 23% for the (former) CEO and 12.5% for Group Executives. The former fair value calculation of share rights was inimical to shareholder interests as it was typically awarding shares at about 40% of face value. However, these rights did not vest due to the LTVR hurdles not being met in recent years.

One other notable change for FY20 is the removal of the cash ROE hurdle for the LTVR as the Board "considers that setting an absolute cash ROE range over a three year period has become increasingly difficult in the light of current uncertainties surrounding future regulatory capital requirements and historically low levels of interest rates". The Board intends to review the FY21 LTVR plan following APRA's final regulatory framework for remuneration. As a consequence, relative TSR will be the sole LTVR measure for FY20 and will be measured over 4 years with no holding lock.

STVR awards are made in 50% cash paid shortly after the end of the relevant financial year with the other 50% awarded as shares, half of which are deferred for one year and the other half for two years. It is the cash components of the FY19 awards that are now frozen by the Board pending the investigations into the AUSTRAC matters.

In the absence of the AUSTRAC revelations, ASA would have been quite supportive of the Remuneration Report, indeed all of the substantive issues that the ASA raised in its discussions with Mr Maxsted and the Chair of the Remuneration Committee (Craig Dunn) were adopted. But we are also conscious that a company's remuneration framework should support and reinforce a positive company culture and the breaches suggest it doesn't.

As noted earlier, given the current circumstances, ASA believes that all FY19 awards for Group Executives should be reduced to zero under the provisions of Board discretion. Any relevant clawbacks arising from its investigations should also be instigated. The 20% reduction in director fees should be extended beyond FY19 (and possibly be increased) until such time as the outcomes of the AUSTRAC matters are resolved. Executive positions and remuneration arrangements need to be thoroughly reviewed and variable awards modified downwards to reflect the seriousness of the allegations depending on the outcome of various investigations into direct accountability for the matters of concern. These matters will be specifically raised at the AGM.

The remuneration arrangements for the Acting CEO have been modified downwards from those proposed for the former CEO. The base salary for Mr King will be $2.1m, down from $2.686m for Mr Hartzer, with Short Term Incentive (STI) and Long Term Incentive (LTI) being in the same proportions as Mr Hartzer, giving Mr King a target remuneration of about $7m compared with nearly $9m proposed for Mr Hartzer. These figures show an approximate 22% reduction in total target remuneration for Mr King compared to what would have applied to Mr Hartzer.

It is noted that Mr Hartzer will be paid 12 months base salary (approximately $2.7m) in lieu of notice but will forfeit all outstanding share awards not yet vested under the terms of his employment contract. While there will be some opposition to this payout, Mr Maxsted advised that were Mr Hartzer to be terminated, there could be significant and disruptive legal disputes that would only serve to further distract the Bank.

Given all of the above considerations, ASA will vote against the resolution.

FY20 CEO Rem#	Target $m	% of Total	Max. Opportunity $m	% of Total
Fixed Remuneration	2.10	30.0	2.10	26.0
STI - Cash	1.05	15.0	1.575	19.6
STI - Equity	1.05	15.0	1.575	19.6
LTI	2.80	40.0	2.80	34.8
Total	7.00	100.0	8.05	100.0

Figures are given for our understanding of what is intended for Mr King to receive as Acting CEO but we note while he may be considered for the ongoing CEO role this is not a permanent arrangement is will likely change when a new CEO is confirmed in the role.

Item 5	**Conditional Spill Motion**
ASA Vote	**Against**

Summary of ASA Position

As indicated above the stability of the company is necessary for the repair of the breaches and ASA believes that a board spill would only exacerbate the difficulties in effectively achieving change. An orderly Board renewal process under a new chair is the preferred. The ASA will therefore vote against a spill motion should it arise.

Item 6 a & b	**Resolutions Requisitioned by Shareholders**
ASA Vote	**Against**

Summary of ASA Position

This resolution has been requested by an advocacy group, Market Forces, concerned with the company's approach to climate change. The resolution is not endorsed by the board. Whilst, on the face of it, a resolution to increase shareholder power may appear beneficial to shareholders, under the existing framework, shareholders who wish to raise an issue must propose a constitutional amendment in order to provide for such a power. We are reluctant to vote in favour of changing company constitutions – our preference is for a public policy consultation on whether there should be a right to more non-binding shareholder resolutions. ASA believes that there are sufficient opportunities for shareholders to express their views at AGMs.

The individuals (or their associates) involved in the preparation of this voting intention have shareholdings in this company.