

## Steady as she goes

<b>Company/ASX Code</b>	Computershare/CPU
<b>AGM time and date</b>	10:00am AEDT Thursday, 14 November 2024
<b>Location</b>	452 Johnston Street, Abbotsford, VIC 3067
<b>Registry</b>	Computershare
<b>Type of meeting</b>	Hybrid
<b>Monitor</b>	Stewart Burn
<b>Pre-AGM Meeting</b>	No - Chair resides overseas

Monitor Shareholding: the individuals involved in the preparation of this voting intention have a shareholding in this company.

### 1. How we intend to vote

No.	Resolution description	
2	Re-election of Mr Paul Reynolds as a director	For
3	Re-election of Ms Lisa Gay as a director	For
4	Re-election of Mr John Nendick as a director	For
5	Election of Mr Gerrard Schmid as a director	For
6	Remuneration Report	For
7	FY25 LTI Grant to the Chief Executive Officer	For

### 2. Summary of Issues and Voting Intentions for AGM

Computershare is a company which is well governed and has performed satisfactorily during the past year. Following a significant turnaround over the last 3 years, the business has shown an excellent return for investors with total shareholder return (TSR) being 16%. The performance of CPU is heavily influenced by interest rates (due to all the funds they hold in transition), so the current performance is not surprising. The company has stated that it expects FY25 to be another year of positive earnings growth and although they anticipate lower interest rates globally will give lower margin income, it anticipates this should be more than offset by other profit drivers.

### 3. Matters Considered

#### Accounts and reports

A good financial performance considering the climate in the last year and the impact of interest rates. Sales revenue up 3%, Net profit after tax (NPAT) down 20.7%, earnings per share (EPS) down 20% and dividend up 17%. As mentioned above TSR was very good at 16%.

#### Financial performance

(As at FYE)	2024	2023	2022	2021	2020
NPAT (US \$m)	352.6	444.7	227.7	189.0	232.66
UPAT (US \$m)	708.4	652.1	349.9	283.7	303.8
Share price (AU \$)	26.34	23.38	24.64	16.90	13.25
Dividend (AU cents)	82	70	54	46	46
Simple TSR (%)	16.1	-2.3	49	31	-15.4
EPS (US cents)	58.9	73.67	37.71	33.77	42.55
CEO total remuneration, actual (US \$m)	5.29	7.044	4.595	2.717	2.141

Simple 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.

UPAT – underlying profit after tax which excludes infrequent and one-off items.

#### Governance and culture

Computershare (CPU) is a consolidated entity which operates globally. Reporting segments are delivered across six business lines and a technology function. Computershare is well governed and has an excellent people culture in place. One concern for the ASA is that they don't have a skills matrix representing individual directors' skills but provide a skills graphic.

#### Key events

Computershare completed the integration of Wells Fargo Corporate Trust, which it acquired in 2021, it purchased BNY's Canada Corporate Trust business (which should complete later in FY25, it completed the sale of its US Mortgage Services business to Rithm Capital in May and completed the strategic acquisition of the Solium Capital UK business in December.

#### Key board or senior management changes

Mr Gerrard Schmid was appointed to the Board as an additional non-executive director on 14 March 2024. Mr Schmidt is a former CEO with extensive executive and board experience in Computershare's key operating market of North America across the financial services and technology sectors. Mr Schmid is based in Toronto, Canada.

## **Sustainability/ESG**

CPU takes ESG (Environmental Social & Governance) issues seriously and provides an extensive standalone sustainability report. They have taken significant steps to reduce their carbon footprint and have the aim of a net zero by 2042 with 2020 being their base year. In 2024 they reduced their emissions by 5.6%. Their carbon footprint is calculated using an external advisor. They have a diversity and inclusion program and wish to make Computershare a better place to work for all employees, providing equal opportunities for everyone, regardless of gender, ethnicity, sexual orientation, or age. They have seven employee resource groups to support these initiatives including, their Women4Women network, Black Leadership Group, Purple Pride, Mental Health and Wellbeing and Disability Resource Group.

## **4. Rationale for Voting Intentions**

### **Resolution 2, 3, 4 & 5: Election or re-election of directors (for)**

The CPU board aligns well with ASA guidelines. A majority of directors are independent and diversity objectives are achieved with three female directors out of seven in total, four directors are based in the northern hemisphere. Paul Reynolds, Lisa Gay and John Nendick offer themselves for re-election, they all meet the ASA requirements for a director, with respect to independence, skills, workload, remuneration and shareholding. Gerrard Schmid, has recently been appointed and offers himself for election. All directors have an adequate shareholding and their skills appear in a skill schematic, unfortunately the skills matrix does not allocate those skills for each director. Director's fees were increased by 3% from 1 October 2023. Whilst Australian directors are remunerated at a suitable level, in the bottom quartile of equivalent sized companies from the GRG remuneration report, some of the overseas directors are remunerated in the top quartile of equivalent sized companies. The board justifies this because they are competing for talent in global markets and their key management personal (KMP) are in the UK, US and Australia and they benchmark against companies of similar size and industry in the UK and US.

**ASA proposes to support their election.**

### **Resolution 6 and 7. Adoption of Remuneration Report and approval of equity grants to Managing Director/CEO (for both resolutions)**

The CEO remuneration framework for the CEO increased by 3% in FY24. The CEO scored 78% against maximum on STI performance and was awarded US\$1.66m. 70% of his FY2022 LTI's vested and he was awarded US\$2.2m. When combined with his base salary of US\$1.43. this gives a total remuneration of US\$5.29. See Appendix 1 for more details.

The company is seeking shareholder approval for the grant of 136,605 performance rights valued at A\$3,782,175, to the CEO, Stuart Irving, in respect of his FY24 long-term incentive grant under the Computershare Long Term Incentive Plan (LTI Plan). This compares to the LTI awarded last of \$3,463,792.

For a company such as Computershare, which operates in a market where profit is heavily influenced by interest rates, the influence of the CEO on TSR and EPS is minimal and cannot justify the premium for the LTI nor his total remuneration package. Whilst there are some aspects we like, due to the high level of remuneration relative to his Australian peers we

would normally vote against his level of remuneration. However, we recognise that Computershare is a global company and that they are competing for talent in global markets and that they benchmark against companies of similar size and industry in the UK and USA. We have on balance decided to support the remuneration report and the awarding of the LTI's.

**Although Computershare remuneration structure is at the high end of key ASA's guidelines. On balance the ASA supports the Remuneration Report and the awarding of the LTI's.**

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## Appendix 1

### Remuneration framework detail

CEO rem. Framework for FY24	Target* GBP \$m	% of Total	Max. Opportunity GBP \$m	% of Total
Fixed Remuneration	1.15	27%	1.15	24%
STI - Cash	1.15	13%	1.73	18%
STI - Equity	0.00	13%	0.00	18%
LTI	1.98	46%	1.98	40%
Total	4.28	100.0%	4.86	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. Some remuneration framework set a maximum opportunity amount, but not all.

The structure of the proposed FY25 LTI plan comprises a grant of performance rights that are subject to three separate performance hurdles: rTSR – 40% (100% if above the 75th percentile of ASX 100 companies, 0% if below the 50th percentile of ASX 100 companies), Earnings per Share – 30% (100% if above 10%) and Return on Invested Capital – 30% (100% if above 14.5%).