

CSL 2024 AGM Report

ASX code	CSL
Meeting date	Tuesday, 29 October 2024
Type of meeting	Hybrid
Monitor	Michael Muntisov
Pre AGM-meeting	With Megan Clark, Chair of Remuneration Committee and others

Meeting Statistics

Number of holdings represented by ASA	688
Number of shares represented by ASA	1,134,414 (equivalent to the 15 th largest shareholder)
Value of shares represented by ASA	\$322m
Total number attending meeting	229 attendees in person and 171 online.
Market capitalisation	\$138 billion
ASA open proxies voted	ASA voted in favour of all the resolutions except resolution 7 on raising the director fee aggregate cap

Monitor Shareholding: The individual involved in the preparation of this report has no direct shareholding in this company.

CSL held its AGM at a new venue - the RACV Club in Melbourne. Shareholders entering the venue were met with a small protest group seeking accountability for contaminated blood incidents in the 1990s.

In his address, the Chair indicated that CSL was entering a lower capital investment period. He mentioned challenges with the Vifor business but reiterated the board's confidence in its long-term prospects. He announced the appointment of new US-based director Dr Brian Daniels, a 30-year veteran of the pharmaceutical industry, from 1 December.

The CEO highlighted the progress on strategic initiatives in the plasma, vaccine and Vifor iron and nephrology businesses. He confirmed the guidance for FY25 of revenue growth of 5-7%, and NPATA growth of 10-13%. Finally, he reaffirmed the outlook of CSL achieving annual double-digit earnings growth "over the medium term".

New director Elaine Sorg – a US-based former biopharma executive – spoke to her election and received more than 99% support. The other new director Samantha Lewis – with audit and listed director experience – received similar support. Existing directors were also comfortably re-elected.

The surprise result was the 26% vote against the remuneration report. ASA voted in favour. This result constitutes a first strike and follows on from a near miss last year, so CSL has some work to do to regain the confidence of the proxy community.

The resolution on granting of performance rights to the CEO received a 23% vote against, but the resolution to raise the director fee cap passed comfortably.

ASA raised the question of the CEO Long Term Incentive quantum potentially increasing from A\$13m to A\$19m, and if so ASA would like to see the performance hurdles made more challenging. The answer was that CSL competed for talent in the global industry and that current remuneration was only around 70% of the peer median.

This question received a lot of media attention, probably because it was the only question on remuneration at a meeting receiving a first strike.

ASA also asked what were the challenges that had hindered Vifor's performance. The answer was competitor medicines had gained approval more quickly than expected, and that in the US an intermediate treatment was prescribed before the Vifor treatment could be accessed.

Other questions and answers included:

Was there any secondary potential for failed heart drug CSL 112? No.

Will there be more franking credits? Australian contribution to overall profit is only 8% so franking is very limited.

Return on Invested Capital (ROIC) has halved over ten years. Is CSL ex-growth? This year is seen as a low point for ROIC and will increase in coming years. CSL is a growth stock.

ASA Disclaimer

This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:

- makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.