



Company	Ansell
Code	ANN
Meeting	AGM
Date	14 November 2019
Venue	Park Hyatt, Melbourne
Monitor	John Whittington assisted by Barbara Crook

Number attendees at meeting	91 shareholders plus 50 visitors
Number of holdings represented by ASA	167
Value of proxies	\$7.4m
Number of shares represented by ASA	255,871 (equivalent to 19th largest holder)
Market capitalisation	\$3.78b
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	Yes, with Chair Glenn Barnes and Deputy Chair (and incoming Chair) John Bevan

A Challenging Year

Chair Glenn Barnes opened his last Ansell AGM (and first to be webcast) with a discussion of the state of the company. In particular, he made references to the improvements since he joined the board in 2005. He also specifically highlighted the issues of sustainability, CSR issues, climate change risk, and labour standards before looking at risk in general. He then handed over to the Chair-elect, John Bevan, to talk about the future. John discussed both board and management succession and telegraphed forthcoming retirements of long-standing directors Marissa Peterson (in 2020) and Peter Day (in 2021) which would leave the board with a majority of independent directors, something (in ASA eyes) it does not have now. He also indicated that succession plans for the CEO were also underway.

He also stressed a number of times the need to always do the right thing and the principle of fairness for all.

The CEO gave a confident presentation commencing with safety (which was somewhat side-lined in the Annual Report), then highlighting the importance of emerging markets for Ansell growth, and the performance of Ansell and its divisions in 2019. He spoke about how the company had progressed against targets given to analysts last year and the balance between cyclical and non-cyclical markets in Ansell's business. The slides he used with his presentation were ones a

management consultant would love – very complex and showing far more information than could be effectively communicated to a normal shareholder in a presentation.

Refreshingly, the Chair got the Chair of the Audit Committee to give a short outline on the history of their (16 year) relationship with the external auditor, their (annual) review process, and the rotation of lead audit partner (this year). Their main reason for not changing their external auditor for such a long time was that there had been a major restructuring of the business and significant leadership changes. She also indicated that non audit work is under 5% of the total charges and that they plan to tender prior to the next audit partner change.

ASA thanked Mr Barnes for his service and asked whether, with very low levels of capital expenditure compared with the past, Ansell was focusing more on acquisitions for growth rather than internal investment and innovation. The CEO responded indicating that capital expenditure was probably at a low point and would be likely to increase. We also asked about Ansell's low Return on Equity (RoE) which is currently about 8% (response – they don't focus on RoE but on Return on Capital Employed) and whether safety statistics include subcontractors (response – only if they are in Ansell run factories so does not include subcontract manufacturers).

Other questions/comments included a request to keep the DRP unchanged, how would the company size compare to what it had been with the Sexual Wellness business (response – difficult to answer), whether Ansell would get some franking credits to pay a franked dividend (response – Ansell were *some way off paying tax in Australia*) and comments about the AGM's timing, access for the disabled, and the lack of biscuits.

Three directors were up for election – Ms Christine Yan, Mr Peter Day, and Mrs Leslie Desjardins. The chair opened this section with a good discussion on director selection and balance and then asked all directors to speak to their (re-)election. Each spoke well with Peter Day especially impressive. Each was easily (re-) elected.

The meeting also considered approval of continued on-market buy-back of shares (easily passed), the grant of performance rights to the CEO (16% against) and the Remuneration Report (14% against). ASA asked why the CEO's targets had been lowered and expressed concern about the substantial adjustments in variable remuneration targets. A shareholder also asked, "what's wrong with just a salary?" to which the Chair suggested that nobody knows of a better system and that when it comes to executive remuneration, scientific evidence is short and public opinion is long! He gave his view that forced disclosure has inflated senior salaries.