



## Westpac Banking Corporation 2022 AGM report

ASX code	WBC
Meeting date	14 December 2022
Type of meeting	Hybrid plus phone facility
Monitor	Mike Robey at AGM, Carol Limmer, and Michael Jackson
Pre AGM-meeting	Yes, with Board Chair, John Mr McFarlane and General Manager, Investor Relations, Andrew Bowden

### Meeting Statistics

Number of holdings represented by ASA	1,196
Number of shares represented by ASA	7,413,063 (13th largest shareholder)
Value of shares represented by ASA	\$175m
Total number attending meeting	280 in room, 880 online, 20 on phone
Market capitalisation	\$82.8 billion
ASA open proxies voted	On a poll. ASA voted in favour of the resolutions except Resolution 1(a) and (b)

This meeting was Westpac's first hybrid so with online etc there were 1,180 attendees.

### Resolutions:

1. Resolutions Requisitioned by Shareholders (Not Supported by the Board)
  - (a) Amendment to the Constitution
  - (b) Climate Risk Safeguarding
2. Financial Reports
3. Re-election of Peter Nash
4. Grant of Equity to Managing Director and Chief Executive Officer
5. Remuneration Report
6. Spill motion, in the event of a second strike

The meeting was similar in theme to last year's and those held by all the four pillar banks in Australia, in that the bulk of the time spent was on matters of climate. Westpac realised in advance that activists may attempt to hijack the meeting, so arranged the notice of meeting to place the shareholder submitted resolution on climate as the first on the agenda. At the meeting, the patient Board Chair requested attendees who had concerns with Westpac's policy on funding of members of the Oil and Gas and coal industries, to air them first, before returning to other business.

During the opening chair's address, a group of activists in the front of the auditorium commenced loud manic laughing at each mention of Westpac's approach. The meeting was stopped in each of these interruptions until these died down. The Chair asked if they were finished before continuing, only to have this happen at each mention of climate. In the end, during the CEO's speech, due to the same behaviour, the security guards were called on to eject the group.

Most were accompanied out of the hall and the remaining diehards were ejected by the police, who made it clear that they would be arrested if they did not comply with requests to leave. There were calls from a number of annoyed attendees to eject the disruptors.

The Chair and CEO ( Mr Peter King) speeches are given [here](#) and [here](#). Of note, the Board Chair announced his intention to step down from the Board at the next AGM. The speeches addressed the funding issues facing banks with contracted loans to some in the fossil fuel industry, and their responsibility to support the transition to renewables.

The contrast between the noisy activist stunt and the speaker invited to support the shareholder resolution was stark. Mr Robinson, a young representative from Market Forces was invited to make the case for the resolution and articulated the case for their joint position (with Australian Ethical Investments) in clear understandable terms. The laughing activists had failed to state the reason for their opposition and would have better served their cause by speaking to it during the question period.

Upon calling for questions by the Chair, in a now reduced audience, a number of those opposed to Westpac's support of funding of the fossil fuel industry spoke. Memorable were comments from two teens from a group called "Schools Strike for Climate", who received audience applause for their well-presented cases.

Issues raised by questioners among others included:

- Funding support of coal mining companies, particularly Whitehaven coal.
- Funding of oil and gas industries in general
- Funding of farming practices which did not contain contractual clauses related to deforestation
- Funding for the Tiwi Island Barossa project, apparently even after being advised of legal proceedings against Santos.
- The reputational risk of support for the fossil fuel industry

Both the CEO and Chair restated the position of Westpac, namely that they would only fund new fossil fuel projects if this was necessary to keep essential energy supply.

The Chair gave the voting position of proxies received prior to the AGM with 95% against the 1(a) and 89% against 1(b).

In response to resolution 2, on questions to the financial statements, the ASA asked about:

- cost saving progress (making headway on lowering cost to revenue ratio,
- remaining class actions and whether the provisions in the accounts were adequate (two underway, one in the wings and yes, the \$82m provision should suffice)
- Westpac's intention with its consortium on AI in banking and the risk of another Robodebt outcome (proceeding carefully with human oversight and ethical standards)

- the Venture capital business Reinventure (using this to understand the capabilities and opportunities of Fintech)
- Were there any signs of mortgage stress? (not yet but post-Christmas is the likely time to surface)

Other questions from a number of shareholders (often accompanied by ideological judgements) covered matters such as:

- off-market share buy-backs (perceived as anti-shareholder by some and pro-shareholder by others such as Geoff Wilson of Wilson Asset management, who called in by phone)
- branch closures (the response to a rapid pivot to digital banking)
- staff underpayments and Enterprise Agreement settling on half the rate of inflation (voted on and accepted by the vast majority of staff, with staff engagement in top 25% of companies globally, so they are in general satisfied)
- personal complaints (see the Customer Service Executive Manager afterwards)
- share price position and dividends are well behind those prior to the Banking Royal Commission (can't turn the clock back and need to make more profit to enable both of these to improve)

Shareholder questions on remuneration quantum for both the CEO, the Chief Risk Officer (answered by the Chair of Remuneration Committee, Ms Sheinkestel - we pay benchmark rates set by the market) and workload of the director Peter Nash (has promised to drop other commitments if needed). Cyber security was also raised (have an extensive process for monitoring, testing and reporting).

Resolutions 4 and 5 passed with over 90% pre-meeting support, but Mr Nash's re-election received 88% FOR vote. We were advised that the size of no vote resulted from a large institutional fund which believed that Mr Nash was 'overboarded'.

The spill motion, resolution 6, was not put to the meeting since there was no second strike.

The overall impression from the AGM was that considered open debate about climate stands a greater chance of cutting through than stunts. Banks which can state their reasons for retaining some funding for or the flexibility to fund fossil fuel projects (in the event of an energy crisis) are likely to have the support of the majority of shareholders.

Young voices sang sweeter.

Final Voting results were 95.58% Against on Item 1(a), 1(b) was not put to the vote, 88.76% For Item 3, 96.72% For Item 4, 93.15% For Item 5 and Item 6 was not put the vote.

There was some media in the day following – mainly relating to Westpac's defence of their position on Climate.

*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.*