

## Telstra 2023 AGM report

|                 |   |
|-----------------|---|
| ASX code        | TLS   |
| Meeting date    | 17 October 2023   |
| Type of meeting | Hybrid  |
| Monitor         | Mike Robey, assisted by Lionel Werbeloff  |
| Pre AGM-meeting | With Chairman John Mullen, chairman-elect Mr Craig Dunn and Investor Relations Manager, Nathan Burley |

### Meeting Statistics

|                                       |   |
|---------------------------------------|---|
| Number of holdings represented by ASA | 1344  |
| Number of shares represented by ASA   | 18,236,572  |
| Value of shares represented by ASA    | \$71m   |
| Total number attending meeting        | 711 (351 online attendees and 360 physical attendees) |
| Market capitalisation                 | \$44.8 billion  |
| ASA open proxies voted                | ASA voted in favour of all the resolutions.           |

This was the swansong of the 15-year board membership and 7-year chairmanship of Mr John Mullen. He obliged by giving some of the major achievements of his long tenure but conducted these in his usual self-effacing way. The Chairman, incoming Chairman, and CEO speeches are available [here](#).

In his reflections, Mr Mullen pointed to the growing attractiveness of listed companies going private, to avoid the onerous stakeholder management needs of the proxy advisors and ASX listing requirements. He also stated that in contrast to the proxy advisors, he believed board remuneration ought to be in company shares and not cash. This position is not too far away from ASA's policy of requiring directors to have 'skin in the game' in the form of at least a year's remuneration in shares.

He timed his departure well and left the company free of what they call 'headwinds', also known as NBN migration costs, and back onto a growth trajectory. The only acknowledged problem children were the Enterprise data and network services, which are not meeting target and were handballed to the new Chairman Mr. Craig Dunn.

Telstra AGMs historically have been a grizzle fest, where disgruntled customers air their personal service stories on the public stage. This AGM was a little disappointing, as the range and passion of the grumbles was limited. The outgoing chair had arranged a special service counter to deal with what were presumably expected to be rich pickings. However, only two questioners were directed there. The network of last resort seems to be losing its status as a punching bag, with the digitisation strategy enabling customer self-service and a significant simplification of product offers leading to lower complaint levels and higher customer satisfaction.

The only awkward governance question concerned Ms. Maxine Brenner, a new director appointment, and her Qantas directorship during the Joyce bonanza remuneration period. It was suggested the questioner take this up with Qantas and added Ms. Brenner had done a sterling job in the few months she has been on the Telstra board.

ASA questioned opportunities for growth in an industry where the value sits with the over-the-top online companies, which use Telstra's network without payment.

We also questioned the optics and apparent favouritism in remunerating the CEO a substantially higher percentage of her maximum variable pay vis-à-vis her key senior executives. As usual we shared our proposed questions in advance of the AGM. Some were partially answered during the meeting.

We had proposed to request all directors up for election to identify in their speeches the two key skills they will bring to the board, or what they had achieved in the prior 3 years. We had also advised we would ask Ms. Brenner what lessons she had learned from the shareholder backlash on the Joyce affair. In her speech, she mentioned obliquely she had learned from the ups and downs in her long board career.

All resolutions were passed with high 90s favourability, apart from the appointment of Ms. Brenner, which received 83%. We understand from talking to the new director Ming Long after the meeting that this was due to one proxy advisor (ISS, we believe) who held the same view as the questioner mentioned above. The new Chair, Mr. Dunn, agreed in a discussion after the meeting that his succession timing was well timed, when business was looking up, but who can tell?

ASA's view on Ms. Brenner is that she has announced her retirement from Qantas in February 2024, well in advance of the Chairman, so she has acknowledged shareholder concerns with the Joyce affair. She also didn't chair any committees, which had a material influence on the Joyce matter. On balance we voted for her appointment as well as for all the other resolutions.

The meeting finished early, and an early lunch was set out.

## Guidance

Telstra reiterated its 2024 guidance as follows:

Revenue: \$22.8b

EBITDA: \$8.2 to \$8.4b

Capex. \$3.6b-\$3.7b, (including \$150m for Digicel Pacific)

### 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.*