Australian Shareholders' Association Limited
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Changes afoot

Company/ASX Code	Computershare/CPU
AGM time and date	10am Wednesda,y 15 November 2023
Location	452 Johnston St, Abbotsford, Vic & https://meetnow.global/CPU2023
Registry	Computershare
Type of meeting	Hybrid
Monitor	Stewart Burn assisted by John Whittington
Pre-AGM Meeting	Yes, with Chair, Paul Reynolds, and Company Secretary, Dominic Horsley

Monitor Shareholding: The individual 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 Joseph Velli as a Director	For
3	Re-election of Abigail Cleland as a Director	For
4	Adoption of Remuneration Report	Against
5	FY24 LTI Grant to the CEO Stuart Irving	Against

2. Summary of Issues and Voting Intentions for AGM/EGM

Computershare is a well-run company which is well governed and has performed well during the past year. Following a significant turnaround over the last 2 years, the business has shown a relatively flat return for investors with shareholders return being -2.3%. The performance of CPU is heavily influenced by interest rates (due to all the funds they hold in transition), so the current bounce in performance is not surprising.

3. Matters Considered

Accounts and reports

Excellent financial performance considering the climate in the last year. Sales revenue up 24.8%, NPAT (Net profit after Tax) up 95.4%, EPS (Earnings per share) up 95.4% and dividend up 33%.

(As at FYE)	**2023**	**2022**	**2021**	**2020**	**2019**
NPAT (US $m)	444.7	227.7	189.0	232.66	418.96
UPAT (US $m)	652.1	349.9	283.7	303.8	281.4
Share price (AU $)	23.38	24.64	16.90	13.25	16.21
Dividend (AU cents)	70	54	46	46	44
Simple TSR (%)	-2.3	49	31	-15.4	-9.7
EPS (US cents)	73.67	37.71	33.77	42.55	76.57
CEO total remuneration, actual (US $m)	7.044	4.595	2.717	2.141	2.583

Simple TSR (Total Shareholder Return) 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.

Governance and culture

Computershare Ltd (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 for the directors but provide a skills graphic.

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 target by 2042 with 2020 being their base year. Their carbon footprint is calculated using and 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.

Key events

In 2021 CPU acquired Wells Fargo Corporate Trust Services a leading US based provider of trust and agency services to government and corporate clients, which services over 26,000 clients in the USA, for a total consideration of US $750m. This Trust now called Computershare Corporate Trust (CCT) has exceeded expectations and delivered $451m of EBITDA for the year an increase of 403%.

Computershare has also divested itself of Kurtzman Carson Consultants (KCC), the Bankruptcy and Class Actions business in May and more recently the US Mortgage Services business for $720m, resulting in a loss of US$150-180m. It has also announced a recent acquisition of Morgan Stanley's UK and European Share Plans Business, Solium UK. On 15 August 2023 Computershare Limited announced an on-market buy-back of ordinary shares. The on-market buy-back commenced on 4th September 2023 and ends on 3rd September 2024 with a maximum aggregate value of A$750m.

Key board or senior management changes

Nil

4. Rationale for Voting Intentions

Resolution 2 & 3: Election or re-election of directors (for)

The CPU board aligns well with objectives sought by the ASA. A majority are independent and diversity objectives are achieved with three female directors out of seven in total, four directors are based in the northern hemisphere. Abi Cleland and Joseph Velli offer themselves for re-election, they both meet the ASA requirements for a director, with respect to independence, skills, workload, remuneration and shareholding. All directors have an adequate shareholding and their skills appear in a skill schematic, unfortunately a skills matrix is not given for each director. Whilst Australian directors are remunerated at a suitable level, in the bottom quartile of equivalent sized companies from the Godfrey 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 KMP are in the UK, US and Australia and they benchmark against companies of similar size and industry in the UK and US.

Resolution 4 & 5: Adoption of Remuneration Report and approval of equity grants to Managing Director/CEO (against both resolutions)

In 2020, the ASA voted against the awarding of FY21 SAR's (Share Appreciation Rights) to the CEO as we believed that this awarded the CEO during the Covid time frame when shareholders returns were negative and the LTI's (long term incentives) were unlikely to vest. The total vote was almost 30% against. The total actual remuneration of US$7.044m in 2023 is thus higher than 2022, because of the STI (Short term Incentives) outcomes being higher and full vesting of the FY2021 LTI which includes the one-off grant of SARs. This level of income is considered to be excessive when benchmarked against companies of a similar size, especially as the performance of CPU is heavily influenced by interest rates, a factor outside the control of the company. Whilst there are some aspects we like, due to the high level of remuneration relative to peers and the vesting of the share appreciation rights, we have on balance decided not to support the remuneration report.

In 2021 the STI and LTI components of the CEO's remuneration were realigned to be compatible with ASA guidelines which puts a considerable portion of the CEO's remuneration at risk, although the maximum level of remuneration could still be considered to be excessive, especially the LTI component at 172% of base remuneration, which has been increased from 150% last year. The STI target has also been increased from 83.3 to 100% of base salary and STI max is now 150% of base salary. For FY2023 the STI for the CEO was awarded at 90% of maximum.

The Company is seeking shareholder approval for the grant of 151,774 performance rights valued at A$3,694,181, 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.

If the STI and LTI are awarded in full it would place the CEO's remuneration in the top quartile of all similar companies. The structure of the proposed FY24 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%).

For a company such as Computershare, which operates in a market where profit is heavily influenced by interest rates, the influence of the of the CEO on TSR and EPS is minimal and cannot justify the premium of 172% of base salary for the LTI, let alone the increase from last year's rate of 150%. Again, whilst there are some aspects we like, due to the high level of remuneration relative to peers, we have on balance decided not to support the awarding of the LTI's.

Appendix 1
Remuneration framework detail

CEO rem. Framework for FY23	Target* US $m	% of Total	Max. Opportunity US $m	% of Total
Fixed Remuneration	1.34	27%	1.34	24%
STI - Cash	0.67	13%	1.0	18%
STI - Equity	0.67	13%	1.0	18%
LTI	2.3	46%	2.3	40%
Total	4.98	100.0%	5.64	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.