

ACGM

DEEP DIVE
INTO ASX200
AGMS IN 2024

REPORT

INTRODUCTION

KEY OBSERVATIONS

Against global activism trends and recent AGM seasons, 2024's ASX200 meetings might appear at first uneventful. A closer look, however, reveals a vocal new activist on the scene, significant interest by shareholders in nature-related considerations, and a heightened focus by regulators on notice of meeting compliance, AGM timing and virtual-only meetings.¹

Hybrid formats remained the clear preference. Support for director elections and re-elections headed back towards former levels after a slight dip the previous year. Strikes on remuneration reports trended back towards longer term averages after a peak the previous year. The number of companies receiving requisitioned resolutions remains consistent with the previous year.

In the face of continuing cost-of-living pressures, companies continue to face elevated public scrutiny - of board conduct and executive pay in particular. This has important implications for corporate strategy and narrative.

Notably also amid global discussion on the implications of America's change of direction on diversity, equity and inclusion (DEI), 2024 saw some progress on boards' gender diversity, although cultural and age diversity remains limited.

Shareholder questions at AGMs again spanned a very broad range of topics. We have included some of the key questions we observed coming up again and again in Annexure A.

Looking forward to 2025:

- there will be new remuneration disclosure requirements which may lead to increased attention at the AGM for companies to navigate;
- we expect some companies will look to do a 'dry run' of the new mandatory sustainability reporting regime which may include laying the sustainability report before the AGM; and
- many companies are maturing their approach to nature-related risks and nature may well continue to feature in requisitioned resolutions and shareholder questions.

With these multiple moving parts, we look forward to seeing how the 2025 AGM season will play out.

63%

opted for hybrid AGMs
(2023: 61%)

95%

average support for director elections and re-elections
(2023: 94%)

26

strikes on remuneration reports
(2023: 30)

6

companies received requisitioned ESG resolutions
(2023: 6)

21%

average support vote for requisitioned ESG advisory resolutions
(2023: 19%)

13

companies refreshed their constitutions
(2023: 8)

¹ Notes on our dataset for 2024:

Our data for 2024 covers the top 200 ASX companies by market cap as at 4 March 2024 that held an AGM in calendar year 2024 (ASX200).

Our dataset captures fewer than 200 AGMs, given not all ASX200 companies needed to hold an AGM in calendar year 2024 and not all companies that held an AGM were required to present their remuneration report.

All references to 'companies' in this report are inclusive of entities with other corporate structures that are listed on the ASX (eg. stapled securities and listed trusts).

Although year-on-year comparisons have been used in this report, the report does not necessarily provide a direct company-for-company comparison due to, for example, movements in the composition of the ASX200 between calendar year 2023 and calendar year 2024. Refer to last year's report for details on our dataset for calendar year 2023.

All figures have been rounded to the nearest whole number, except where decimal places are used to show small deviations.

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FORMAT OF AGMS

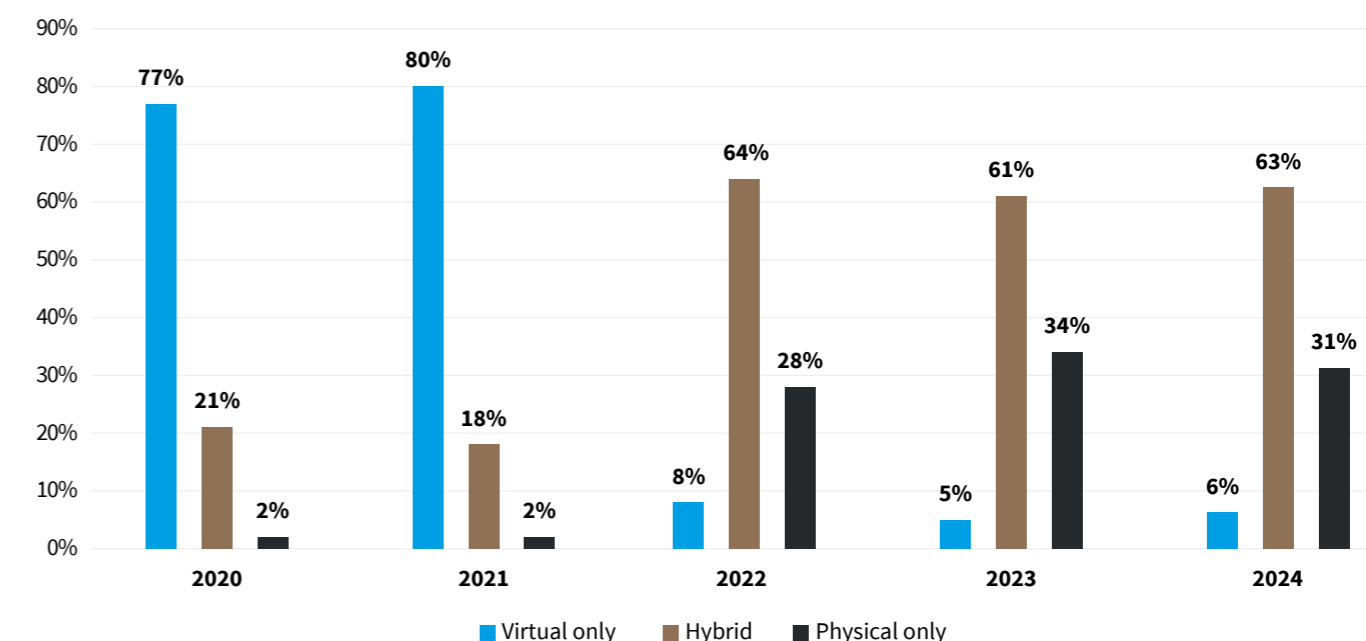
(a) Clear preference for hybrid AGMs continues

We observed a **continued preference for hybrid AGMs in 2024** (i.e., an AGM held at one or more physical venues and using virtual meeting technology).

63% of the ASX200 held hybrid AGMs, with 31% holding physical-only AGMs² and about 6% opting for virtual-only AGMs.

Of the companies that held virtual-only AGMs, the majority were again dual-listed or based outside Australia. Based on our review, only two companies without foreign ties had virtual-only AGMs (and these companies had also held virtual-only AGMs in 2023).

Chart 1: Format of AGMs



Notwithstanding the clear overall preference for hybrid AGMs, we did observe some sector trends. Companies in sectors like finance, technology and healthcare tended to favour hybrid formats, whereas sectors with traditionally strong in-person attendance like mining and resources showed a slight preference for physical-only AGMs.

(b) Treasury review of amendments permitting hybrid and virtual-only meetings

In 2024, Treasury sought feedback on the effectiveness of amendments made to the *Corporations Act 2001* (Cth) which permitted companies to hold hybrid and virtual-only meetings.³ This review found that while the use of technology to facilitate meetings has been welcomed by most, virtual-only meetings should be treated with caution as they may diminish the level and effectiveness of communication between management and members. Treasury also emphasised the need for notices of meeting to clearly identify the AGM format and what technology is available, to support better participation.⁴

² Where an AGM had a webcast option without a function for shareholders to both ask questions and vote online, it has been counted as a "physical only" AGM.

³ See *Statutory Review of the Meetings and Documents Amendments – final report* Treasury, August 2024.

⁴ Ibid.



DIRECTOR ELECTIONS AND RE-ELECTIONS

(a) Vast majority of candidates supported

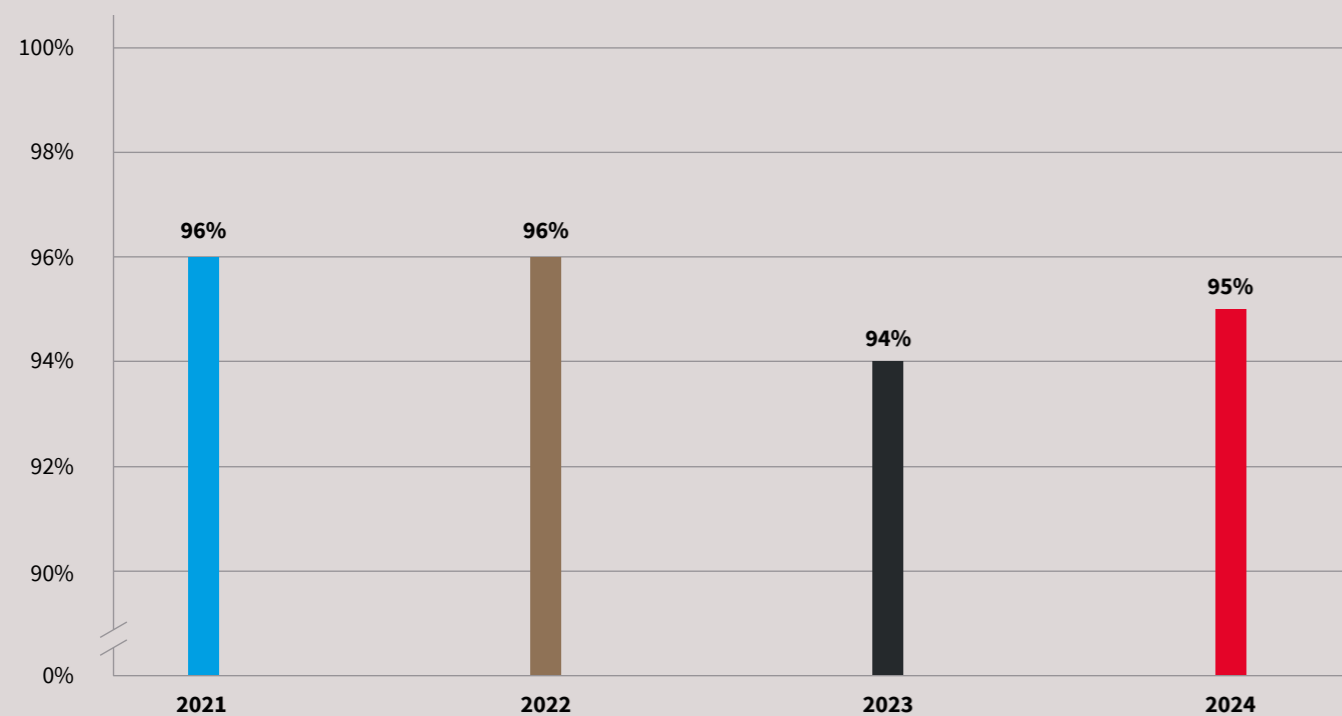
As in previous years, the vast majority (99%) of directors seeking re-election or election received support from their respective boards. Similar to last year, 4 individuals stood for election at 2024 AGMs without being endorsed by the company's board, generally on the back of existing shareholder dissatisfaction with the operations or direction of the respective companies. None were successful.

Among those directors who were seeking re-election or election in 2024, 67% were up for re-election, while 33% were newly elected. This suggests a stable board environment with many incumbent board directors retaining their positions, which may also reflect shareholder confidence in existing leadership.

Average support votes for director re-elections and elections were again high in 2024, at 95% (2023: 94%). There were again some notable protest votes, for example HESTA voting against the re-election of Santos chair Keith Spence based on a perceived lack of engagement with and response to investor concerns.⁵

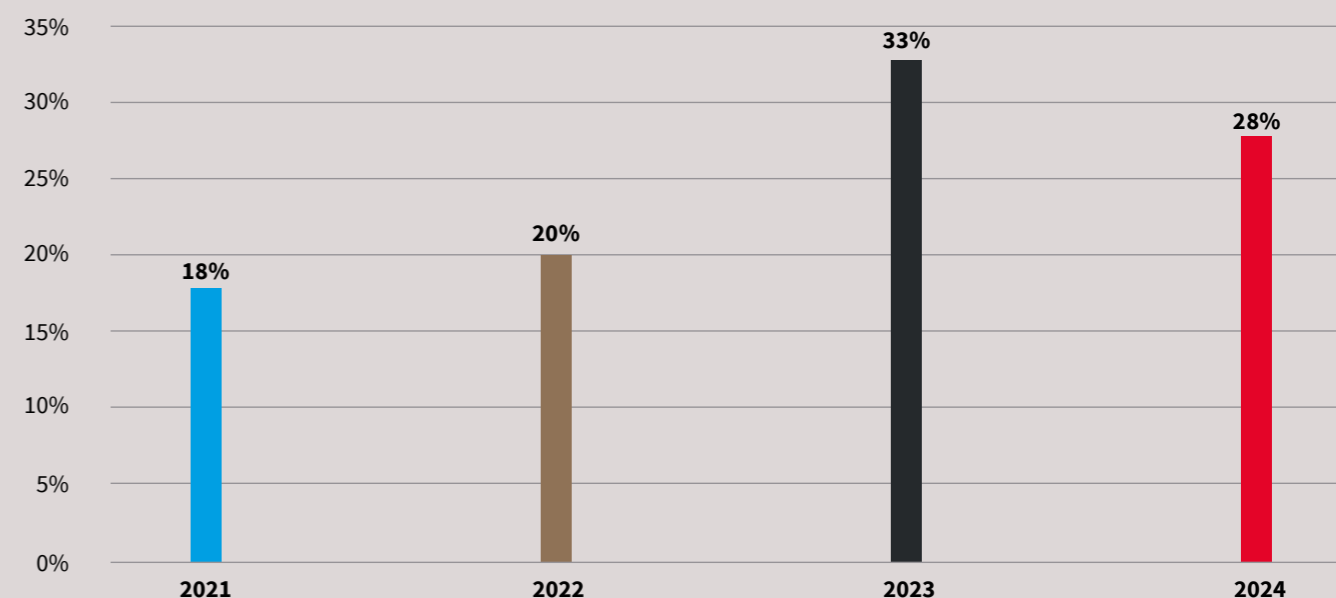
We also observed a marginal increase in the average support for candidates seeking election or re-election.

Chart 2: Average support for director elections and re-elections



We observed a marginal decrease in the percentage of candidates receiving a support vote of less than 95%, trending back towards 2021/2022 levels.

Chart 3: Percentage of candidates who received a support vote of less than 95%



(b) Some progress on gender diversity, but cultural and age diversity remains limited

Our analysis of ASX200 AGMs reveals that 61% of directors up for re-election or election were male, while 39% were female, in line with previous years.

According to the AICD:

- 13% of the ASX200 had women chairs at the end of June 2024, representing an increase of around 3% from the start of 2024;⁶ and
- of the 49 chair appointments across the ASX200 in 2024, only 30% were women.⁷

The Governance Institute of Australia's 2024 Board Diversity Index found that cultural diversity remains limited. According to the index, 9% of ASX300 directors come from culturally diverse backgrounds, with Indigenous representation at 0.3%. The index also found the average age of directors has crept up to 61 years, with a notable decline in the number of directors under 50. These statistics highlight the ongoing challenge for boards in diversifying their talent pools and incorporating a wider range of perspectives, and the need to balance that against the advantages that experience and continuity on boards brings.

⁵ See HESTA statement on Santos voting Position HESTA, April 2024.

⁶ See Record number of women Chairs at Australia's top companies AICD, July 2024.

⁷ See Number of women directors climbing, but not women chairs AICD, October 2024.

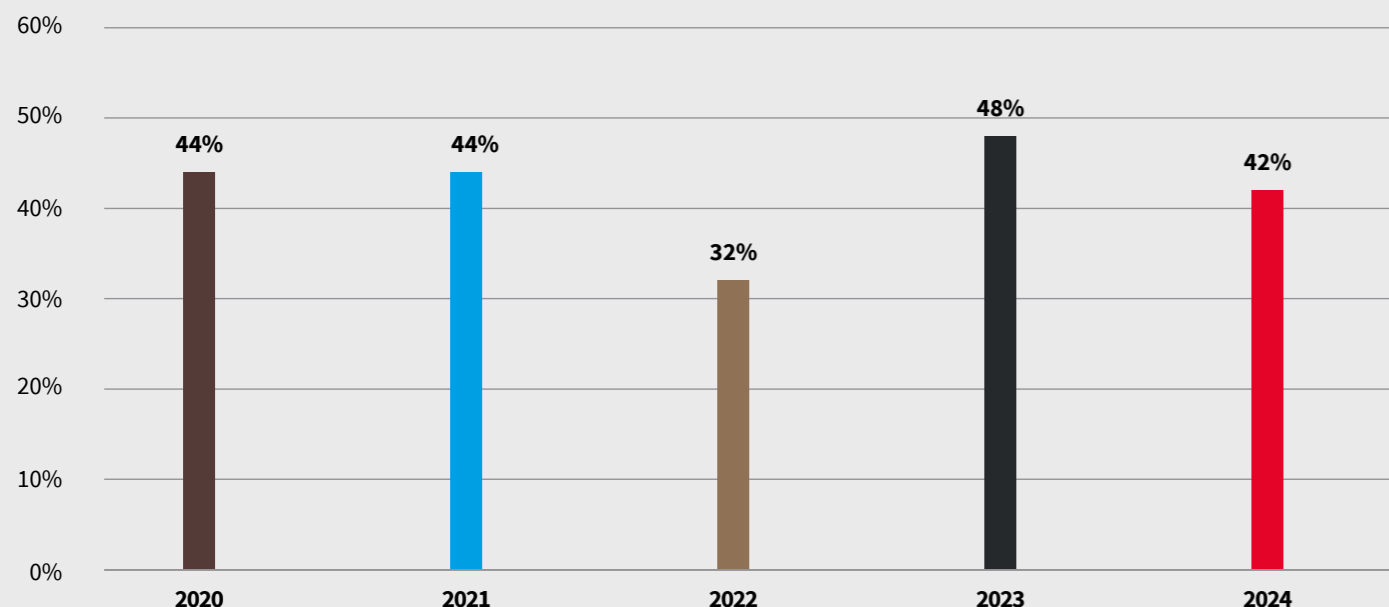


REMUNERATION

(a) Average votes against remuneration resolutions down

Where a strike was received, the average vote against the remuneration report was 42%, down from the peak of 48% in 2023 when cost-of-living pressures was front of mind for many.

Chart 4: Average votes against remuneration resolutions where a strike was received



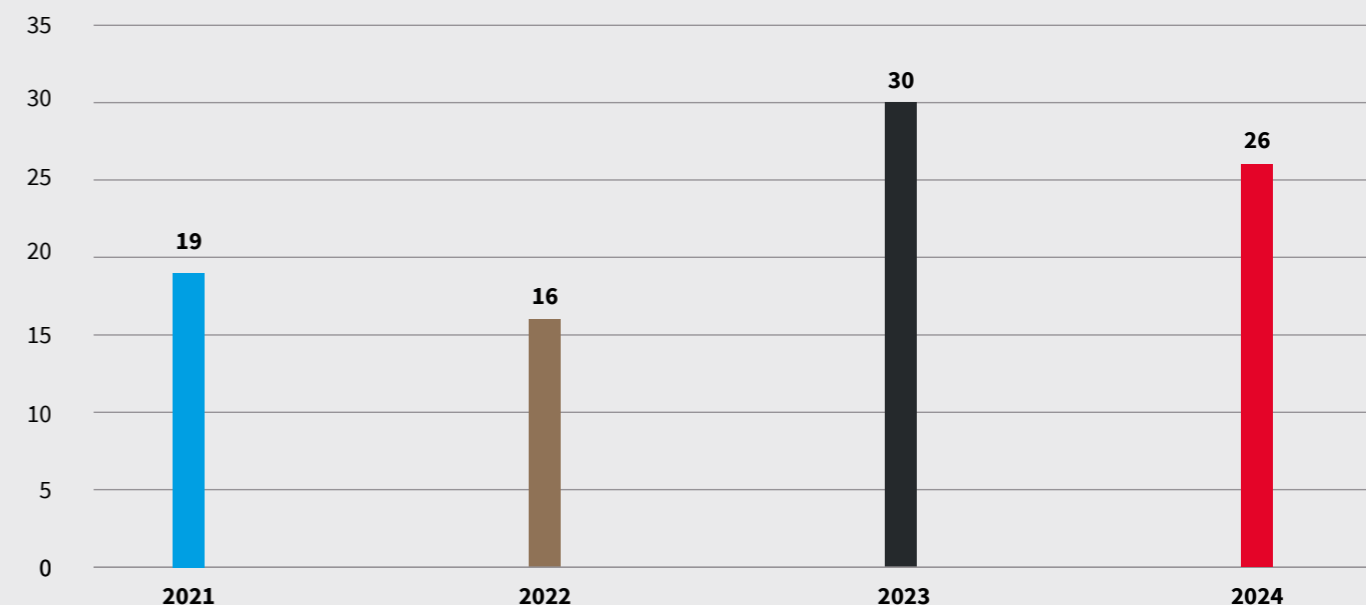
The average vote against remuneration reports generally has also marginally decreased in 2024, at nearly 11% (2023: 14%). Notwithstanding this, shareholders and other stakeholders have continued to voice their concerns about remuneration, particularly where they perceive a disconnect between pay and performance, with pressure for board accountability for executive pay persisting.

In addition, stakeholder reviews of remuneration reports are becoming more sophisticated, and there is more pressure on boards to justify adjustments they make when assessing performance against financial performance conditions/hurdles.

(b) Remuneration strikes continue

In 2024, 26 companies in the ASX200 received strikes on their remuneration reports (compared to 30 companies in 2023). Consistent with the above, this reflects a downwards trend following the peak in 2023 when cost-of-living pressures were in the spotlight, but the strike rate remains significantly above 2021/2022 levels.

Chart 5: Number of companies receiving remuneration strikes



(c) Sentiment behind protest votes

While there are a range of reasons shareholders may vote against remuneration reports, and it is difficult to gauge those reasons based on publicly available information, the following page details the common triggers that appear to have played a role in protest votes against remuneration reports.

(d) Links to public M&A activity

Not only can strike or ‘near strike’ voting outcomes signal shareholder dissatisfaction with company performance, they can also embolden potential bidders to make buy-out or break-up proposals in the aftermath of the AGM. In one case, shortly after a financial services company narrowly avoided a first strike against its remuneration report, it found itself the subject of a bidding war. In another case, a mining company had weaker voting results on its remuneration report shortly before it was acquired by way of scheme of arrangement. Finally, another financial services company received a second strike on its remuneration report, amidst rumours that the board was courting takeover offers.

We continue to see intense media attention and stakeholder activism, predominantly driven by proxy advisors scrutinising board conduct and executive pay in the face of continuing cost-of-living pressure





PERCEIVED GOVERNANCE AND OVERSIGHT ISSUES

A financial services company received a strike at their AGM following governance concerns, regulatory investigations, and prominent proxy advisers recommending shareholders vote against the remuneration report. A resolution to grant performance rights to the CEO was withdrawn prior to the AGM and more than 38% of votes were against the remuneration report.

The board of an agribusiness company survived a spill resolution after receiving consecutive strikes on its remuneration report. Shareholders signalled their discontent over the board's handling of the long-serving CEO's succession via a second strike. The same company received over 62% of votes against its remuneration report in 2023 and over 67% in 2024.

A mining company received its first strike following concerns over the board's conduct in a tax issue involving senior executives. Prominent proxy advisers recommended shareholders reject the company's remuneration report citing governance oversight and poor disclosure. Almost 73% of votes were against the company's remuneration report.



PERCEIVED MISALIGNMENT OF PAY WITH PERFORMANCE

A proxy adviser advised investors to vote against the remuneration report of a market operator, citing significant increases in short-term bonuses for executives, including the CEO, which it perceived as misaligned with the company's financial performance and ongoing regulatory challenges, as well as governance issues. The operator received a strike with over 26% of votes against the remuneration report.

A fashion company received its fourth consecutive strike amidst continued concern that it was falling behind market expectations on sales and new store expansion. The board survived the spill resolution but more than 73% of votes were against its remuneration report in 2024.

An investment group faced a near 88% protest vote against its remuneration report. Influential proxy advisers publicly cited misalignment between executive pay on the one hand and, on the other, company performance (an over \$400m loss) and share price (the group's share prices were reported to be at a 35-year low) as reasons for recommending shareholders vote against the remuneration report.



REMUNERATION STRUCTURES

A property group received a strike at their AGM following recommendations from proxy advisers to vote against the company's remuneration report, describing the hurdles to the long-term incentive plan as 'insufficiently challenging'. More than 34% of votes were against the remuneration report.



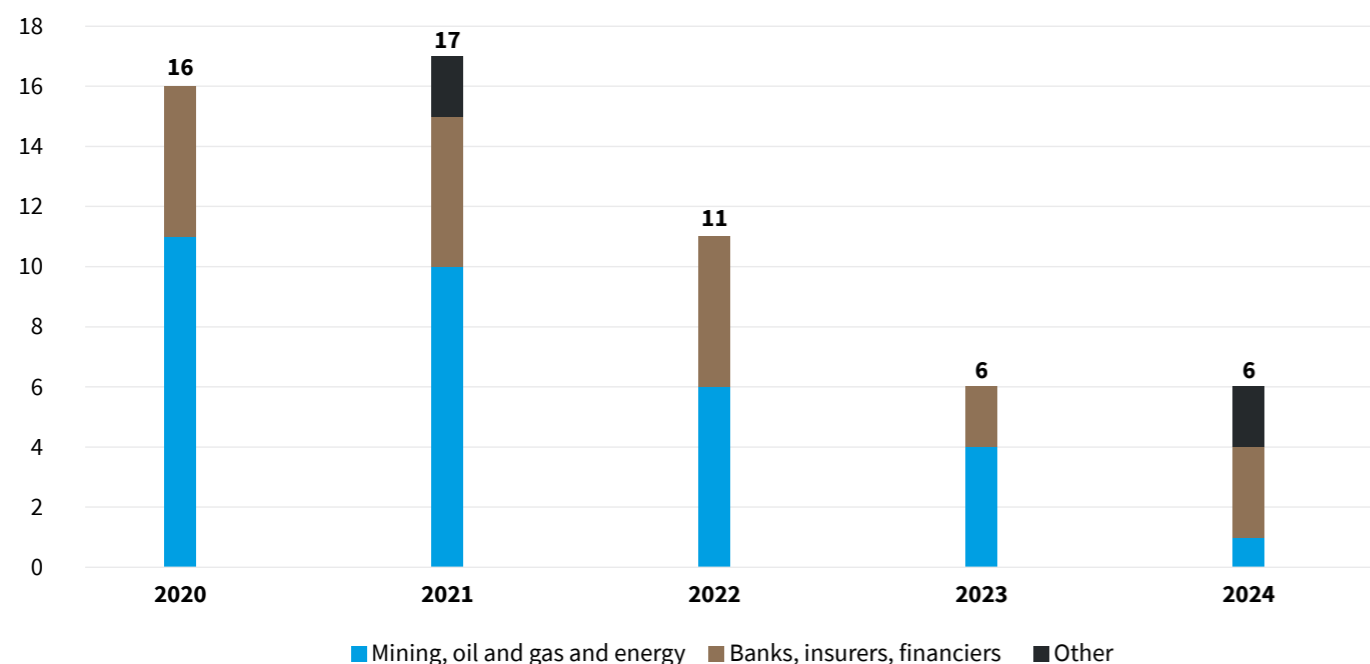
ESG RESOLUTIONS

(a) Shareholder ESG resolutions hold steady

The number of companies requisitioned with shareholder resolutions relating to ESG matters in 2024 held steady at 6, in line with 2023. This follows the downward trend from previous years. As in previous years, Market Forces was the key player behind these resolutions.

The vocal new activist on the scene since February 2024 is SIX (Sustainable Investment Exchange), a share trading platform that combines activism with investing. SIX allows customers to use its platform to purchase shares and then appoint SIX as their agent to lodge resolutions on their behalf. SIX was behind the ‘Save the Skate’ campaigns against large supermarkets in 2024.

Chart 6: Breakdown of ESG resolutions by industry/sector



(b) ESG resolutions focus on climate change

All requisitioned resolutions followed the usual formula:

- first, a proposed amendment to the company’s constitution, which would enable shareholders at a general meeting to, by ordinary resolution, express an opinion or request information about the way in which power of the company vested in directors has been or should be exercised, where this relates to a material risk for the company; and
- second, an advisory resolution which is contingent on the constitutional amendment being passed.

In 2024, the subject matter of 4 of the advisory resolutions related to climate change: specifically, to **transition plans**. The subject matter of the remaining 2 advisory resolutions related to the **sustainability of seafood farming practices and their impact on certain endangered species** – part of the ‘Save the Skate’ campaign. At one of these AGMs, over half of the approximately thirty questions asked by shareholders related to nature considerations.

Unlike in previous years where mining, oil and gas and energy companies dominated requisitioned resolutions, only one company in that sector received a requisitioned resolution in 2024. This could be due to the fact that some companies in that sector (notably, BHP and Woodside Energy) put their ‘Paris-aligned’ climate transition action plans to the vote as advisory resolutions at their AGMs in 2024, which provided an avenue for shareholders to voice their opinion on their climate strategies and targets.

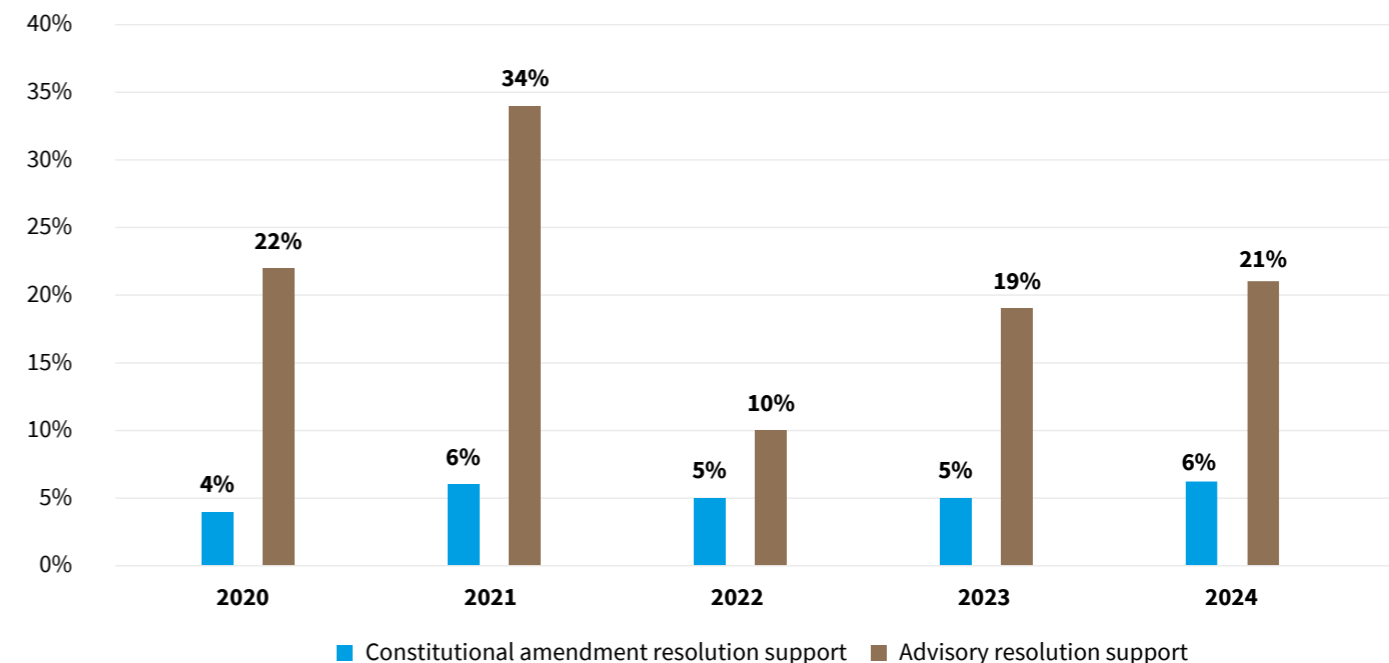
(c) 0% success rate

As was the case in 2023, no requisitioned resolutions were successful in 2024.

As none of the 6 constitutional amendment resolutions passed, none of the 6 advisory resolutions were put to a vote at the AGM.

However, based on proxy votes as at proxy close and pre-AGM direct voting (where applicable), the average support for the advisory resolutions was around 21%. This is a slight increase on 2023 (at 19%) and in line with the average over the last 5 years (at 21%).

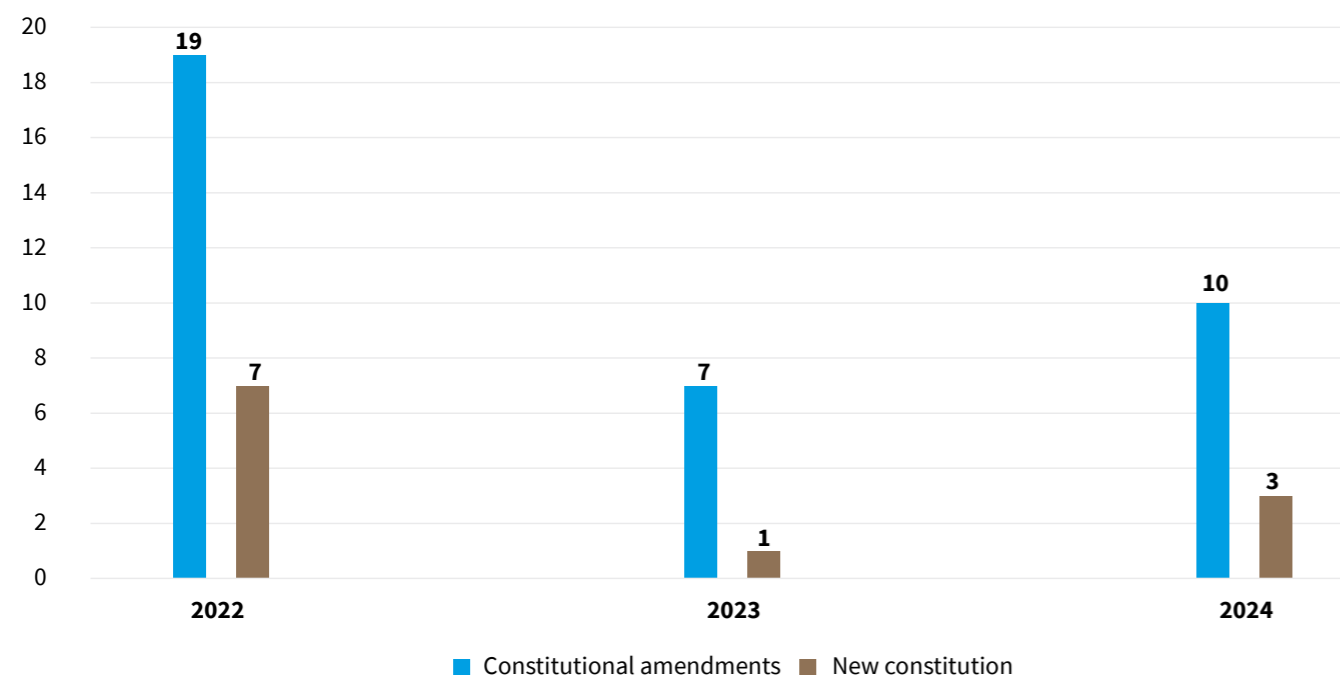
Chart 7: Year-on-year comparison of average support for ESG resolutions



CONSTITUTION REFRESHES

In 2024, we saw 13 ASX200 companies ‘refresh’⁸ their constitution, either by way of amending the existing constitution (10 companies) or adopting a new constitution (3 companies). This is an increase on 2023 when 8 companies refreshed their constitutions, but significantly down on 2022 when 26 companies refreshed their constitutions.

Chart 8: Year-on-year comparison of constitution refreshes



Compliance with regulatory changes or developments in corporate or commercial practice were key drivers for the refreshes, which spanned the following topics:

1. Company dividends and distributions
2. Conduct of general meetings, including member and proxy participation
3. Board size and other director-related changes
4. Joint holdings
5. Small holdings
6. Restricted securities
7. Uncontactable members
8. Notice provisions
9. Stapling provisions
10. Technology-neutral signing and meetings

The constitution refreshes considered in 2024 were successful, with the only exception relating to amendments to create a class of preferred shares and remove the ability of certain shareholders to call a special meeting.⁹

This suggests there is continued appetite for constitution refresh amongst ASX200 companies and their shareholders, where the changes are perceived as appropriate or mechanical.

⁸ This excludes companies which included amendments solely to refresh proportional takeover provisions, and constitutional amendments requisitioned by shareholders as part of ESG resolutions discussed in the ESG resolutions section on pages 12 and following above.

⁹ The relevant company is incorporated and based in the US. The relevant constitutional amendments were proposed under US legislation and instruments.



APPENDIX A: 2024'S COMMON AGM QUESTIONS

In 2024, we saw a number of questions being repeatedly asked at different AGMs, often relating to corporate governance and ESG-related issues. Below is a list of some of the most commonly asked questions we observed:

Corporate governance

- Did any proxy advisers recommend a vote against any of the resolutions? If so, what reasons did they give, and will the company disclose the proxy votes before the debate on each resolution so shareholders can ask questions about the reasons for the recommendation?
- Does the company require this number of directors? Why doesn't the board voluntarily put all directors up for election every year as done by other comparable listed companies?
- Given the company's current share price, is the current level of director remuneration justified?
- Given the director's responsibilities across multiple companies, how can shareholders be confident that they have the capacity to manage their workload in the best interests of the company?
- When disclosing the outcome of voting on all resolutions today, including the remuneration report, could the company please advise the ASX how many shareholders voted for and against each item, similar to what happens with a scheme of arrangement?
- Could the CEO summarise their past LTI grants as to whether they have vested or lapsed? Also, have they ever sold any ordinary shares in the company or bought any on market without relying on an incentive scheme to build their equity position in the company?
- Could the company make an archived copy of the webcast of the AGM plus a full transcript of proceedings available on the company's website?

Business operations

- How has the company ensured that its supply chain is engaging labour in a manner that is not complicit in modern slavery or the exploitation of workers?
- Is the current debt and borrowing level sustainable? How is the company planning to manage its borrowing and future interest payments?
- Has the company donated to any political parties or causes? What is the rationale of the donation of significant sums to major political parties?

Climate & emissions

- Is the company continuing to invest in fossil fuel projects? Has the company taken any measures or steps towards divestment from investment in fossil fuels?
- What are the company's emissions reductions targets over the short to medium term? How is the company tracking in its emissions reporting in relation to these targets?
- Does the company see the risk of legal action from inactivity on climate change as a potential financial risk?
- How has the company repositioned its commercial strategy to face the challenges posed by climate change?

Nature & sustainability

- Is the company developing its understanding of nature-related risks in accordance with the Taskforce on Nature-related Financial Disclosures (TNFD)?
- What measures has the company taken to ensure that their products are sustainably sourced?
- How is the company seeking to geolocate and stamp out deforestation and unsustainable farming practices in its supply chains?

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