
Media Release
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AGM season focus on ESG a welcome development, says Martin Currie Australia

Pressure on companies to improve their policies and reporting on sustainability increased significantly at annual general meetings this year, according to a Martin Currie Australia review of the AGM season.

After attending 120 meetings and engaging with around 70 companies, Martin Currie, a global active equity specialist and part of Franklin Templeton, identified sustainability and other ESG issues as key themes for investors and boards.

Reece Birtles, Chief Investment Officer of Martin Currie Australia, says this year's AGM season saw the emergence of KPI hurdles based on non-financial sustainability targets for executives at a range of companies, including Ansell, Flight Centre, Corporate Travel Management, Brambles, Amcor, The a2 Milk Company, GUD Group, Goodman Group, Endeavour, BHP and South32.

"These KPIs have included targets based on emissions reductions, recycling and modern slavery and they are being included in remuneration for all levels of management," Birtles says.

Woolworths, Wesfarmers and Coles Group were among companies that took the opportunity to discuss their plans for transition to net zero carbon emissions.

"ESG factors create risks and opportunities for investors and it is important to consider these when making an investment in a company, and for companies to manage them appropriately," Birtles says.

"We integrate ESG insights into the investment process for all investment decisions made for Martin Currie Australia strategies. We welcome the increased focus on ESG by both companies and investors at AGMs."

More than ever, shareholders are using their votes on remuneration reports to send a message to companies that appear to be turning a deaf ear to shareholder concerns.

Dexus Property Group received a first strike from investors who argued the company's business plan was poorly communicated and Transurban got a first strike after management was rewarded, despite poor shareholder returns.

Martin Currie Australia Portfolio Manager Ashton Reid says it was too early to reward Transurban management, given shareholders are still wearing the pain of the pandemic with the share price still trading below pre-COVID-19 levels.

Martin Currie's review of the AGM season confirms that company meetings are no longer just for procedural matters and have become important forums for better understanding the drivers of a business.

Meetings provided an opportunity for companies to provide guidance on their short-term prospects coming out of the most recent Delta variant COVID lockdowns. Comments from tourism related companies, including Corporate Travel Management, Qantas and Flight Centre, were particularly bullish.

Analysts' earnings revisions were positive over the AGM season, with 19% of earnings per share revisions upgrades, compared with 12% downgrades.

Birtles says: "Despite the positive revision environment, we did see a strong top-line offset to some extent by margin contraction. This is further evidence of the inflationary impacts we are currently seeing and the varied ability of companies to pass on these costs."

Martin Currie Australia's full analysis of the AGM season is available [here](#).

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About Martin Currie

Based in Edinburgh, Scotland, Martin Currie is a global active equity specialist with leading credentials in sustainable investing, crafting high-conviction portfolios for client-focused solutions. It had US\$22.5 billion in assets under management as of 30 June 2021. Investment excellence is at the heart of its business. Central to its philosophy is a stock-driven approach, based on in-depth fundamental research, active ownership and engagement and skilled portfolio construction. Martin Currie is rated A+ in all three categories under the Principles for Responsible Investment (PRI) 2020. As a Specialist Investment Manager of Franklin Resources Inc., it also has the backing of one of the world's largest asset management firms. For more information, please visit martincurrie.com.

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