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The Power of Together

Deep dive into ASX 200 AGMs in 2019

28 February 2020

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Contents

AGMs in 2019 for ASX 200 companies remained challenging. Companies have continued to face the pressure from strikes (or potential strikes) on remuneration reports, ongoing protest votes against director elections/re-elections, increasing numbers of companies receiving shareholder-requisitioned ESG resolutions and institutional investors (including super funds) becoming increasingly active players. Our key observations of the trends in calendar 2019 are set out in this report. By way of comparison, our report for ASX 200 AGMs in 2018 can be accessed here.

Key observations for 2019

The AGM has cemented its position as the public-facing centrepiece for Australia's top listed companies. Its pre-eminence as the forum for issues of stakeholder significance has important implications for company directors and management. Engaging year-round with key institutional shareholders like superannuation funds, and paying close attention to the signals they send will be vital to anticipating issues of importance and informed decision-making. How companies explain their approach to non-financial risks also merits careful thought. Regulators are watching, but our research reveals that the use of non-financial metrics to determine remuneration outcomes can be a factor that will lead shareholders to vote against remuneration reports. Therefore, thoughtful design and communication of remuneration structures and outcomes is critical to minimise the risk of disruption. Lastly, the rise of ESG-related shareholder requisitions cannot be ignored. Sophisticated responses will blend engagement with activist players and a rigorous understanding of the boundaries – enabling companies to protect themselves against inappropriate activity, while ensuring their AGMs remain relevant to all stakeholders.

We've summarised our more detailed observations on key themes from ASX 200 AGMs in 2019 below following our analysis of the data for the full year.

Theme	Observation
Remuneration reports: consistent number of strikes but lower 'no' votes	15 companies received strikes in 2019, the same number as in 2018. 3 of the strikes were also 'second strikes' (NRW Holdings, Harvey Norman and Westpac), forcing Board spill resolutions to be put to those companies' respective meetings - though none of the spill resolutions passed or otherwise received votes in favour above 11.2%. Remuneration report votes in 2019 were generally less dramatic than in 2018, with the magnitude of votes against remuneration reports lower this year. Only one ASX 200 company had a 'no' vote that involved its remuneration report being voted down (i.e. more than 50% of the votes

Theme	Observation
	cast were against the report) in 2019, compared to the 6 voted down in 2018. 2019 also saw a number of companies successfully address shareholder concerns to turn around the vote on their remuneration reports and avoid a second strike, including in the face of having received massive protest votes last year. Importantly, while changes to remuneration changes were important in addressing shareholder concerns, changes at director level and the corporate response to the issues raised were also factors. The Financial Services Royal Commission clearly had a role to play in voting outcomes in 2018 and partially explains why there weren't the same massive protest votes in 2019. However, the fallout of the Royal Commission is still being felt through associated enforcement action, class actions and 'cross-contamination' issues for directors – trends that can reasonably be expected to continue in 2020. Remuneration will continue to be a hot topic in 2020. We will see significant new remuneration standards implemented by APRA, the extension of the BEAR regime and its remuneration requirements to a much broader range of entities (a consultation paper on this was released on 22 January 2020) and the publication of ASIC's Corporate Governance Taskforce review into remuneration governance and practices. ASIC has already publicly flagged a continued focus on the governance of executive remuneration, with the possibility of enforcement action. Depending on the timing of the release of reports (and any enforcement action) these could all affect sentiment around remuneration and flow through to the outcome of votes on remuneration reports in 2020.
Continuing trend of protest votes in director elections	In our 2018 AGM report, we commented that the days of almost universal unanimous support for director elections/re-elections appear to be over and we are seeing an emerging trend of 'protest' votes against directors. This trend continued in 2019. While the majority of directors are still overwhelmingly supported, the average magnitude of 'protest' votes is increasing (although only marginally), with those seeking re-election as opposed to election for the first time again facing the strongest opposition. As flagged above, 'cross-contamination' issues continue to play out with directors' actual or perceived performance on other Boards (or as executives in prior roles) affecting support for their election or re-election. Issues of Board diversity, tenure and 'overboarding' also continue to be raised in specific cases. As in 2018, there continue to be examples of directors removing themselves as candidates before the election is held.
ESG votes: increasingly on the agenda, but appear to be gaining less support from shareholders	Activists continue to take full advantage of the available toolkit under Australian law to highlight environmental and social issues. This includes both requisitioning shareholder resolutions at AGMs and focussed and co-ordinated questioning at AGMs themselves. While the number of companies receiving these requisitioned resolutions is increasing, the average vote in favour is down slightly on the figures seen in 2018. At the same time, some companies are being bombarded with a

Theme	Observation
	number of ESG-related resolutions with Origin Energy topping the chart, having to respond to (and put before shareholders) 6 resolutions on ESG-related matters.[1] Despite the lower levels of support, these resolutions continue to be an important part of activists' long-term engagement strategies, particularly given the associated media attention they can generate.
Institutional investors more influential than ever	The considerable size and influence of institutional investors, particularly industry super funds, has prompted more commentary on their apparently increasingly active role in AGM voting and governance matters generally. While the role and influence of these investors is not always apparent, that hasn't stopped commentators focussing on the role they have played (or are perceived to have played) in influencing the outcome of votes at AGMs and other governance matters including Board renewal and executive resignations. Institutional investors appear to be generally reluctant to put themselves front and centre and prefer to exercise their influence in the background. It is not common to see direct quotes from them on specific voting matters. Voting intentions are usually attributed to them by commentators and are difficult to substantiate, at least until some institutional investors/super funds release detailed reports listing out how their shareholdings were voted at AGMs. For example, AustralianSuper appears to typically release quarterly voting summaries within one month of the end of the relevant period. The question remains as to whether, and the extent to which, Australian institutional investors will increasingly take public stances on matters and place themselves in the mix of voting campaigns or continue to act 'behind the scenes' in exercising influence.

Notes on our dataset for 2019

In looking at the data for 2019, we considered AGMs held in calendar year 2019 for companies that were in the ASX 200 as at 31 October 2019. Our dataset captures fewer than 200 AGMs due to M&A activity during the year and because not all ASX 200 companies are required to hold an AGM.

Our dataset also captures fewer than 200 votes on remuneration reports because not all companies need to present remuneration reports to their investors (given their corporate structure). It also does not include the small number of votes on remuneration for ASX 200 companies that are held under foreign legal requirements, which do not use the same 'two strikes' structure as Australian law.

In this note, references to 'companies' are inclusive of entities with other corporate structures that are listed on the ASX (e.g. stapled entities).

In the few cases where resolutions were carried on a show of hands, we have assessed voting results (where possible) on the basis of combined 'in favour' and 'open' proxy votes. In 2019, there were 6 companies that passed some or all of their resolutions on a show of hands. Given the introduction of the

[1] One of the resolutions was subsequently withdrawn prior to the AGM.

4th Edition of the Corporate Governance Principles and changes to the ASX Listing Rules[2] we would be surprised to continue to see any items passed on a show of hands at ASX 200 companies in 2020.

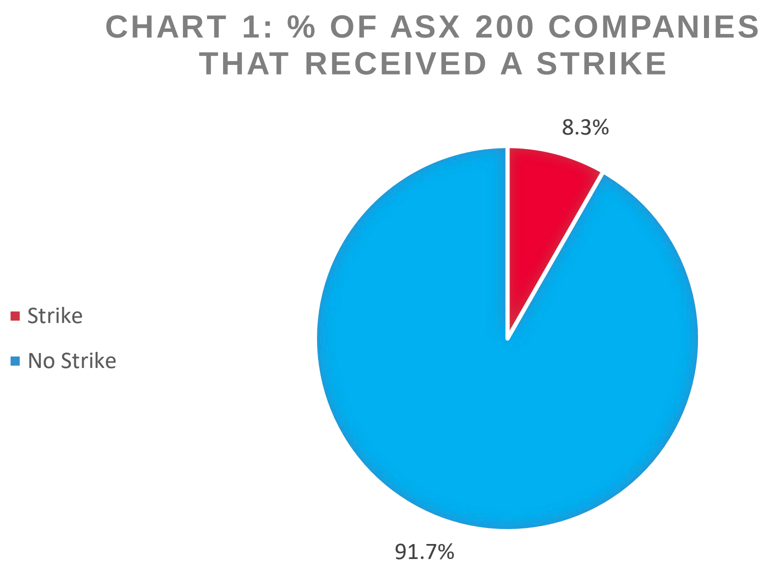
While year on year comparisons have been used in our 2019 report, movements in the composition of the ASX 200 between 2018 and 2019 means that our report cannot be a direct company-for-company comparison.

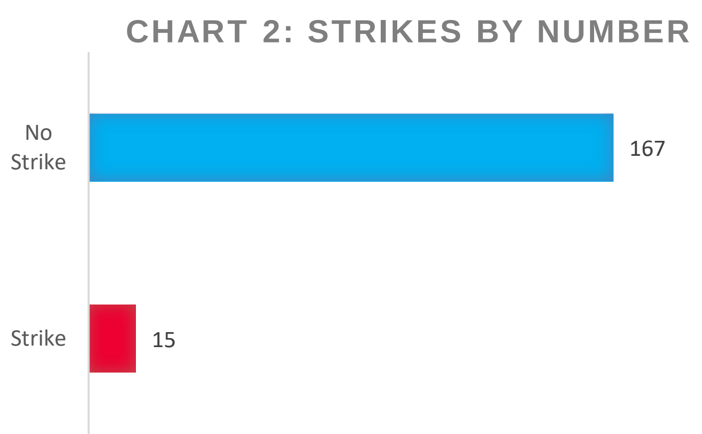
Remuneration reports

Consistent number of strikes year on year

15 ASX 200 companies received a strike in 2019. Of these companies, 3 received second strikes. There were the same number of strikes as in 2018 overall, although there was an increase in the number of second strikes (there were no second strikes in 2018).

The 15 strikes in 2019 represent 8% of the remuneration reports presented to investors for a vote during the year, as seen in Chart 1 below.





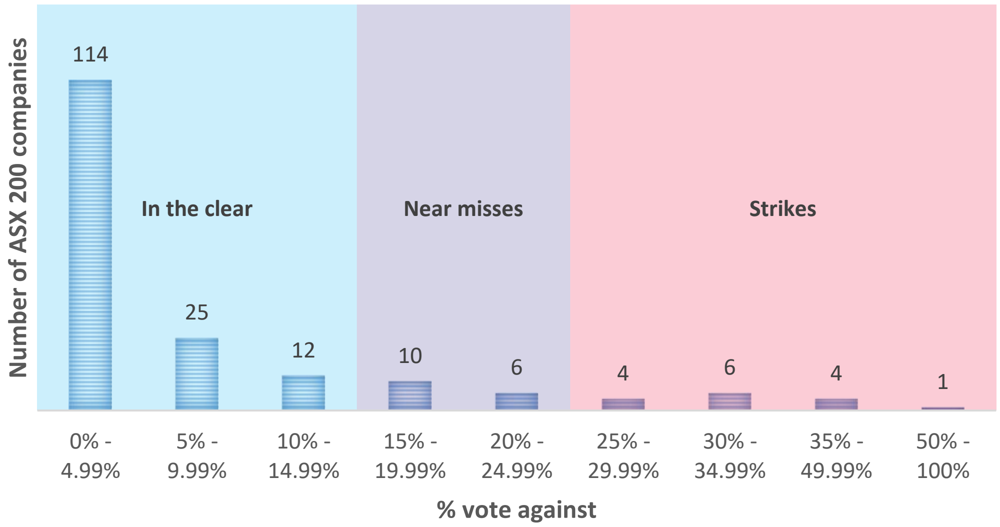
[2] Recommendation 6.4 in the 4th Edition recommends that all substantive resolutions at shareholder meetings are decided by a poll. Further, in its new Guidance Note on securityholder resolutions (GN 35) ASX stats that "… as a matter of governance, all Listing Rule resolutions must be decided by a poll rather than a show of hands".

Magnitude of votes cast against remuneration reports

The average vote against a remuneration report was 7.6% in 2019, which is slightly lower than the 2018 average of 8.6%. However, there are more interesting data points when you look beyond this average.

- **Most reports are still overwhelmingly approved**: The majority of companies (76%) had more than 90% shareholder support in favour of their remuneration report, as shown in the breakdown of votes in Chart 3 below.
- **Near misses**: There were a significant number of near misses, with an additional 16 companies within 10% of a strike. This is a slight increase over the 14 near misses seen in 2018.
- **The magnitude of 'no' votes has decreased**: For the strikes that occurred in 2019, the average 'no' vote was substantially lower than in 2018. Only one remuneration report was voted down in 2019 (i.e. more than 50% of the votes cast were against the report) compared to the 6 remuneration reports voted down the previous year.

CHART 3: % VOTE AGAINST THE REMUNERATION REPORT



Likely causes of votes against remuneration reports

Once a company has received a strike there is a technical requirement under the Corporations Act to disclose comments made at the AGM and the directors' responses to those comments in the next remuneration report. There is no specific requirement to respond to comments made outside the AGM. Generally, companies that receive a strike attempt to summarise their understanding of shareholder concerns from comments at the AGM as well as feedback provided outside that forum.

Before this disclosure is made, it's not always easy to discern what drives a vote against a remuneration report. It's well accepted that voting patterns are not always related to remuneration matters, although the votes in 2019 appear to have been more directly motivated by remuneration matters than in 2018.

We've extracted some of the most likely causes of negative votes in 2019. As we flagged last year, this is not an exact science because the real motive behind voting behaviour is not always evident from publicly available information. Motives may become identifiable when the next remuneration report is published. Also, in many cases there may not be one single or clear reason for the voting outcome, or there could be considerable overlap between the causes, or indeed other reasons that motivated voting behaviour.

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- Remuneration structure and outcomes
- Company performance
- Matters that do not relate to remuneration

Theme	Observation
Remuneration structure and outcomes	A number of companies faced opposition to their remuneration reports due to their remuneration structure. Concerns covered: ▪ perceived excessive use of non-financial targets for remuneration; ▪ poor disclosure of targets; and ▪ the level of discretion given to the Board in remuneration matters. For example, ISS took issue with the high weighting given to non-financial metrics in Lendlease's remuneration report and Carsales received a strike after moving to a remuneration structure where non-financial targets comprised 40% of performance targets. Wesfarmers also received a strike, with commentary focussing on the poor disclosure of bonus targets and the use of 'soft' metrics some proxy advisors considered were day-to-day responsibilities that did not warrant the award of bonuses. The response to the use of non-financial metrics demonstrates how many shareholders and others hold a contrary view to some regulators who have been advocating for a greater proportion of remuneration to be tied to non-financial hurdles and risk outcomes. For example, APRA proposed to mandate a 50% limit on financial targets for regulated entities under its draft Prudential Standard CPS 511, although recent press suggests this requirement will be dropped following negative responses received during the consultation phase for that new prudential standard. The figures Boards use for the grant of performance rights have also come under scrutiny in a small number of cases. CGI Glass Lewis reported that it was unable to reconcile the EPS figures Elders used to allow a payout under its long-term incentive plan where the annual report utilised a lower EPS outcome elsewhere in the report.
Company performance	The share prices for roughly half of the companies that received strikes in 2019 had increased in the period between their 2018 and 2019 AGMs. The position was different in 2018, where the majority of companies that received a strike also experienced a share price decline in the 12 months before the AGM. To the extent that share prices are a proxy for company performance, there was therefore a less direct link between strikes and company performance this year despite there still being some correlation. There was still some public dissatisfaction with the quantum of bonuses paid relative to companies' financial performance – i.e. 'pay for performance' outcomes were skewered. For example, CGI Glass Lewis took issue with payouts being made by Elders under the long-term incentive plan in light of the company's financial performance over the last year. Similarly, Ownership Matters was reported to have advised voting against CSR's remuneration report because 'above target' bonuses were awarded despite shareholder returns falling by 33% for the financial year.

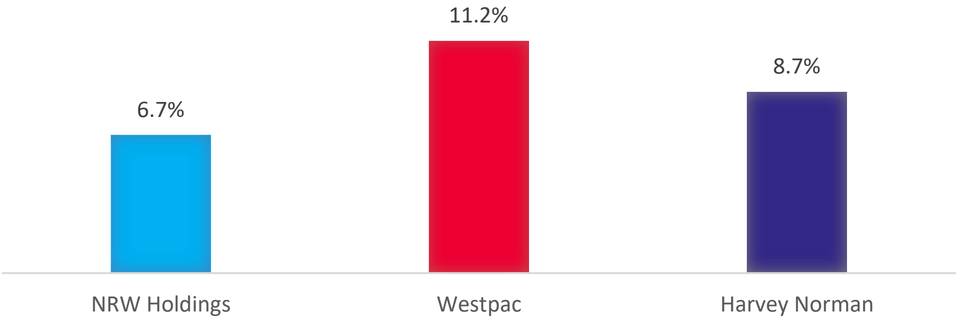
Theme	Observation
	Worley also received a strike, with shareholders reported to have been unhappy with the decision to pay a combined bonus of $680,000 to the CEO and CFO. The bonuses were expressed to have been paid to recognise the executives' efforts in completing an acquisition earlier in the year but the share price had dropped significantly between the announcement of the acquisition and the 2019 AGM.
Matters that do not relate to remuneration	A couple of strikes received in 2019 appear, at least in part, to have been caused by tussles between the company and a major shareholder. These were not the first times that votes on remuneration reports have been exercised at AGMs to exert pressure on Boards for matters that do not relate to remuneration. One example involved Cromwell Property Group which has faced an activist campaign from its largest shareholder, Singapore-based ARA Real Estate Investors, which holds a 23.7% stake in Cromwell. Public reports have suggested that ARA believed that Cromwell's business strategy was not maximising shareholder returns and was also aggrieved at being excluded from a recent capital raising. Cromwell suffered a 53% vote against its remuneration report. With press suggesting that at least 80% of shares were voted at the AGM, it can be assumed that ARA played a role in voting down the remuneration report.

Second strikes and spill resolutions

There were 3 second strikes for ASX 200 companies in 2019 (NRW Holdings, Westpac and Harvey Norman). By comparison, there were no second strikes in 2018.[3]

Under the Corporations Act, receiving a second strike triggers a requirement for a Board spill resolution to be put to shareholders. None of the spill resolutions for the companies that received a second strike passed. Chart 4 below sets out the votes that each company received in favour of the spill resolutions which demonstrates that there is not necessarily a correlation between a second strike and a willingness to spill the Board. Put another way, when asked to really pull the trigger, shareholders became gun shy. The more likely explanation is that shareholders are extremely reticent to spill the Board given the resulting instability and disruption for the company and a second strike is itself a sufficient expression of dissatisfaction to force directors to respond.

CHART 4: % VOTE IN FAVOUR OF BOARD SPILL RESOLUTIONS



3 Last year, Mineral Resources received a third successive strike which counted as a first strike after an unsuccessful spill resolution in 2017.

Year on year comparison for ASX 200 companies that received a strike in 2018

While the number of strikes and near misses have been consistent year on year, companies that received a first strike in 2018 have shown that acting to address shareholder concerns can greatly improve outcomes for the next remuneration report vote.

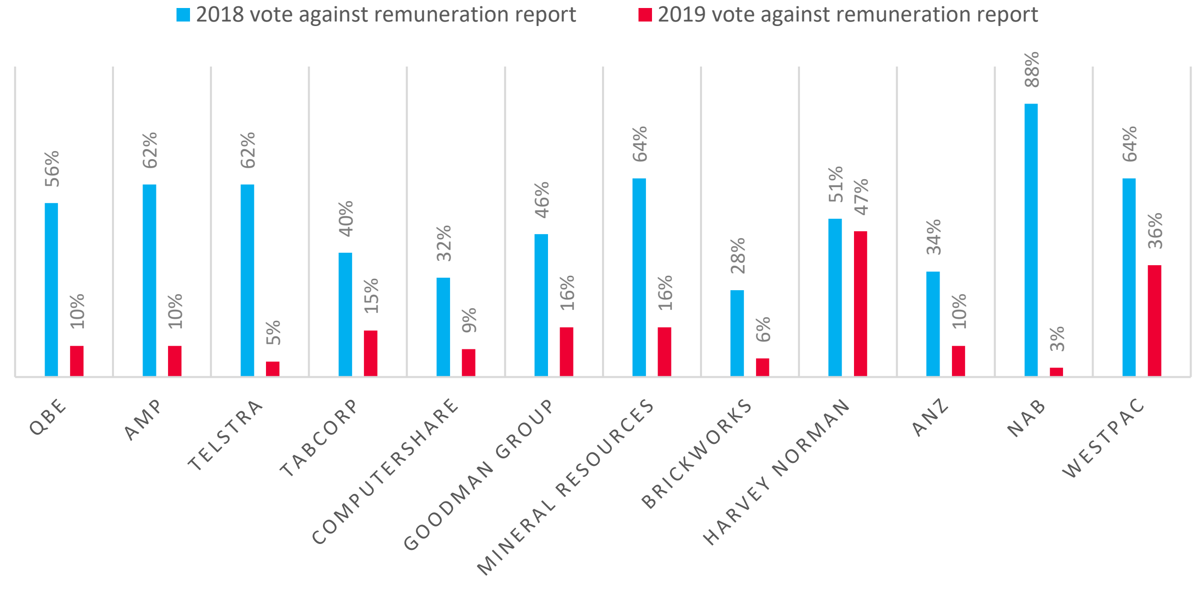
Those companies have generally avoided second strikes through any combination of:

- significantly revising their remuneration structures;
- making adjustments to remuneration outcomes;
- focussing on the disclosure in remuneration reports to provide more detailed and clearer explanations of remuneration arrangements, structure, outcomes and any adjustments; and
- changes to strategy/corporate response to issues with performance more generally.

This was also typically coupled with an intensive shareholder and proxy adviser engagement program, with one company disclosing that up to 44 such meetings were held during the year.

Chart 5 shows the year on year comparison of the votes against the remuneration report for the 12 ASX 200 companies that received a strike in 2018 and were still in the ASX 200 in 2019:

CHART 5:
REMUNERATION REPORT VOTES FOR ASX 200 COMPANIES THAT RECEIVED A STRIKE IN 2018



As shown above, 10 of the 12 companies that received a strike in 2018 avoided a strike in 2019 and all apart from Harvey Norman greatly reduced the votes against their remuneration reports.

Environmental, social and governance (ESG) resolutions

Who are the main players and what is their toolkit?

The Australasian Centre for Corporate Responsibility (**ACCR**) and Market Forces continue to be the main players in ESG-related activity at AGMs during 2019. Their toolkit is a combination of pre-AGM engagement and targeted, co-ordinated questioning at AGMs, escalating to requisitioning resolutions at meetings.

Requisitioned resolutions are an important, but still 'last resort', tool for these bodies in their engagement strategy with companies on ESG issues. Requested action is the desired result. If they do not garner an acceptable response, they have demonstrated that they can engage in year on year campaigns to maintain the profile of the underlying issue. When commenting on its proposal to requisition resolutions at Rio Tinto, Market Forces stated in a media release that "nothing short of the release of Paris-aligned targets for all of Rio's emissions will result in this resolution being withdrawn".

In the past, there have been questions around the validity of activist resolutions on legal grounds, enabling companies to refuse to add them to AGM agendas. However, as noted in our 2018 AGM report, the path through legal impediments to these resolutions is now relatively clear through using the gateway of a constitutional amendment (which, provided the amendment is properly prescribed, is a matter rightly within the scope of shareholders' consideration) and a follow-on associated advisory resolution that is contingent on the passage of the constitutional amendment.

In a small number of cases, there were still some hiccups in requisitioning resolutions. Santos and Woodside Petroleum declined to put ESG resolutions to their shareholders on the basis that they did not meet the requirements for requisitioning resolutions under the Corporations Act and were therefore invalid.

What did the ESG resolutions relate to?

12 companies put activist-requisitioned ESG resolutions to their shareholders in 2019, which was almost double the number (7) that did so in 2018. The advisory resolutions mainly related to:

- **climate change**: the majority of contingent advisory resolutions lodged in 2019 related to climate change related issues. These included requesting the disclosure of low-carbon transition planning and fossil fuel exposure reduction targets, as well as recommending that companies cease membership of industry bodies perceived to be undertaking lobbying that is inconsistent with the Paris Agreement.
- **human rights**: a small number of advisory resolutions related to a range of human rights issues, including free, prior informed consent for fracking activities (Origin), deportation and transportation of asylum seekers (Qantas) and human rights and labour rights in fresh food supply chains (Coles).

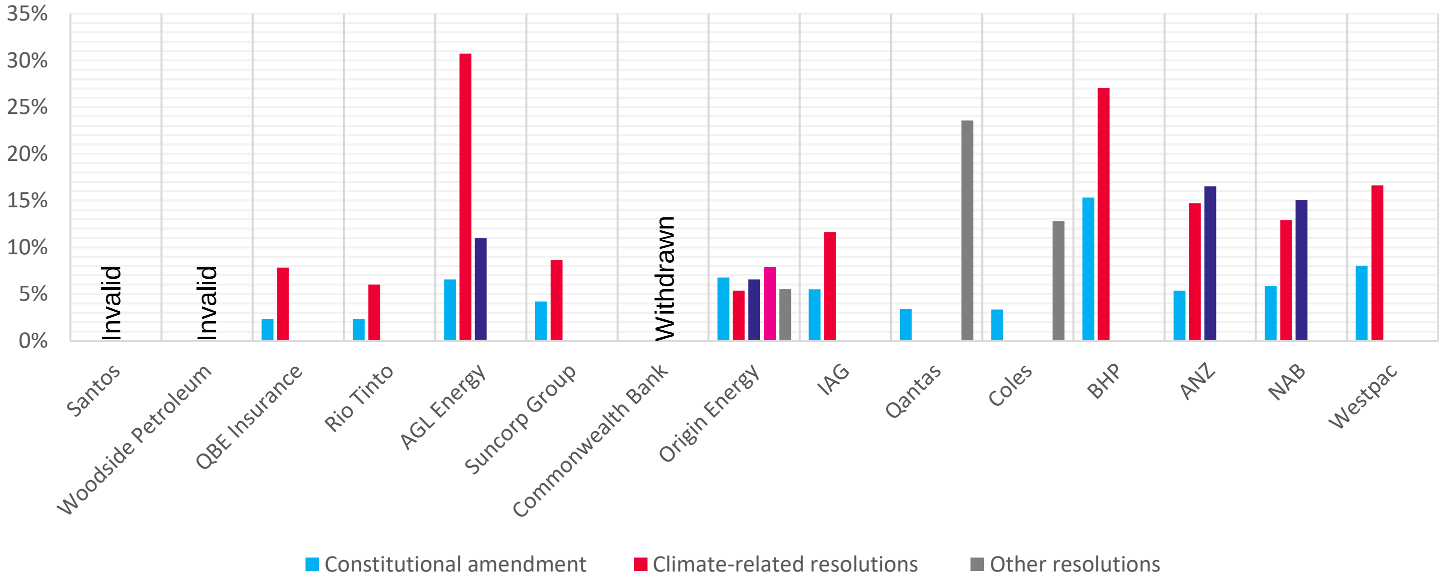
Notes on the ESG dataset

The results of the conditional advisory resolutions noted in Chart 6 below refer to both the instructions given to validly appointed proxies and the direct votes received (if applicable) prior to the AGM as disclosed to the ASX.

What's the success rate?

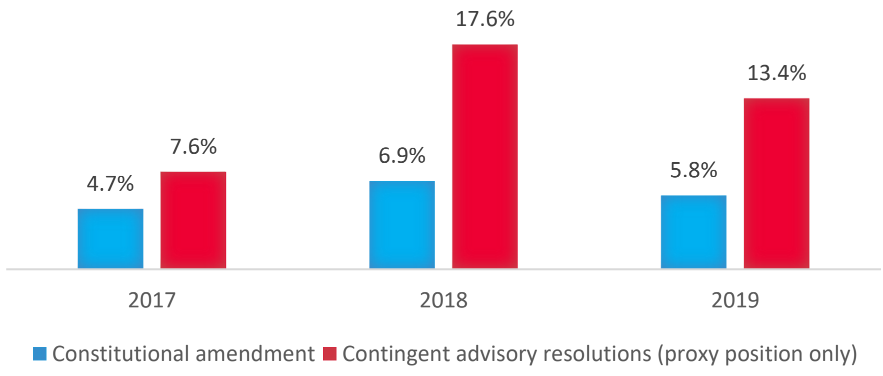
None of the resolutions to amend a company's constitution gained much traction, with an average vote in favour of 5.76% and a highest vote of 15.32%. However, as shown in Chart 6 below, some shareholders responded much more favourably to the contingent advisory resolutions, with the highest vote in favour of a contingent advisory resolution coming in at just over 30% (AGL).

CHART 6: SHAREHOLDER-REQUISITIONED ESG RESOLUTIONS



While these figures arguably show a level of shareholder support for ESG resolutions, they are lower than the support we saw for both constitutional amendments and contingent advisory resolutions in 2018, as shown in Chart 7.

CHART 7: YEAR ON YEAR COMPARISON OF ESG VOTING TRENDS



Obviously, unless the first resolution to amend the company's constitution is passed, the company does not need to hold a vote on the contingent advisory resolution. However, disclosure of the proxy position arguably achieves the activists' goals by demonstrating the 'will' of the shareholders to some extent.

At the same time, it's not uncommon for companies to negotiate a solution with ESG activists in response to receiving a requisition in the hope that the requisition will be withdrawn or to otherwise respond favourably to the requisition even when it is voted down. Examples in 2019 included:

- **CBA**, which pledged to end all financing of coal used in electricity generation by 2030 and only finance new oil, gas or metallurgical coal mining projects if they are demonstrated to be compatible with the goals of the Paris Agreement. In response to CBA's commitments which were published in its Environmental and Social Framework, Market Forces withdrew its requisitioned resolution for the 2019 AGM.

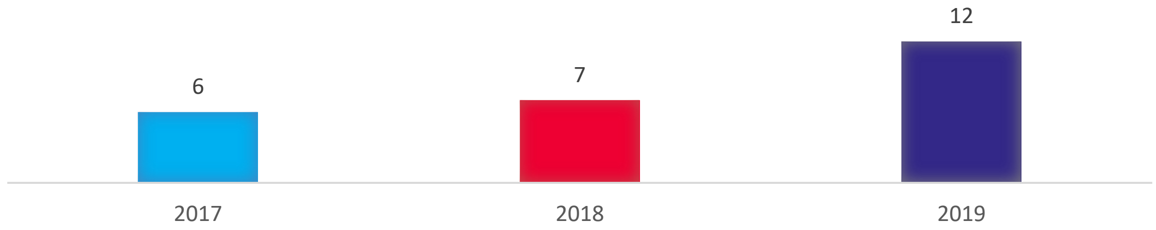
- **BHP**, which has set robust 'scope 3' emissions targets, committed US$400 million to reduce its carbon footprint and is aiming for net zero emissions by 2050. The inclusion of scope 3 emissions in BHP's decarbonisation plan allowed it to avoid receiving a shareholder resolution from Market Forces in 2019. However, BHP still received a resolution from ACCR calling on BHP to suspend its membership of industry associations whose lobbying or advocacy were inconsistent with the goals of the Paris Agreement. BHP's Board did not endorse this resolution and while it did conduct a review of its memberships, it has now chosen to remain a member of all 4 of the industry associations scrutinised by activists (subject to further review).

When promises are made by a company in response to a requisitioned resolution, these activists will still police those promises. At the 2019 CBA AGM, Market Forces representatives pressed the Board on a number of business decisions which potentially conflicted with the commitments published in CBA's Environmental and Social Framework.

Trends in the number and range of ASX 200 companies receiving requisitioned resolutions

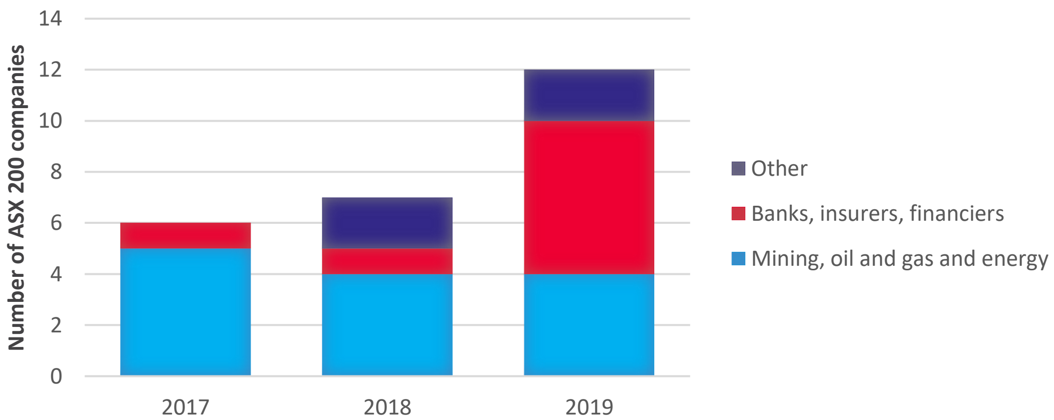
Despite the decreasing support for ESG resolutions, there has been a year on year increase in the number of ASX 200 companies receiving and putting shareholder-requisitioned ESG resolutions to their shareholders at the AGM, as shown in Chart 8 below.

CHART 8: NUMBER OF ASX 200 COMPANIES WHICH HAVE PUT SHAREHOLDER-REQUISITIONED ESG RESOLUTIONS TO THE AGM



Historically, the main target of shareholder-requisitioned ESG resolutions has tended to be companies whose activities directly impact the environment (e.g. mining and energy companies). As reflected in our 2018 AGM report and as seen in 2019 to an even greater extent, their focus has extended more broadly to financial services companies which provide the financial support and products that underpin the operations of carbon intensive industries, investment entities and even companies facing particular supply chain issues. This marked shift can be seen in Chart 9 below.

CHART 9: NUMBER OF ASX 200 COMPANIES RECEIVING ESG RESOLUTIONS BY INDUSTRY/SECTOR



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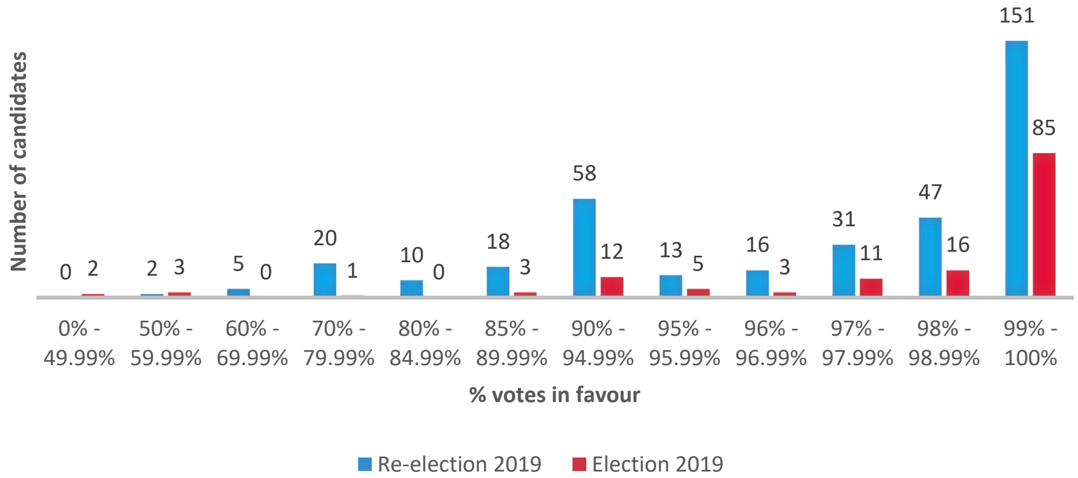
Director elections and re-elections

Continuation of trends from 2018

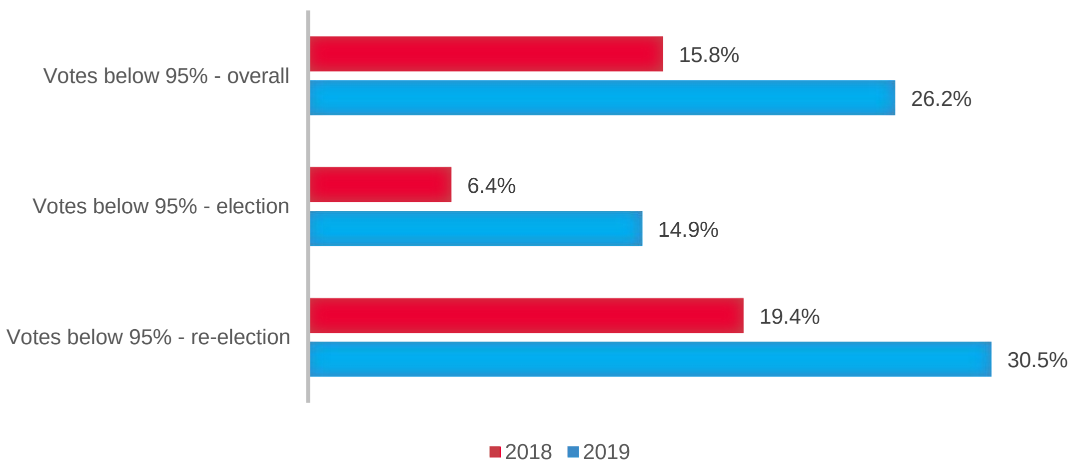
As can be seen in Chart 10 below, nearly half of all directors up for election or re-election received a vote in favour of 99% or more of the votes cast. The average vote in favour is 95%, which is only slightly lower than the 96% average vote in favour that directors received last year.

CHART 10: BREAKDOWN OF DIRECTOR ELECTIONS/RE-ELECTIONS BY OUTCOME



At the same time, there is a growing number of directors whose election outcome was below 95% in favour and some materially below that. This trend is obvious when comparing against 2018's figures, as shown in Chart 11.

CHART 11:
% OF VOTES WITH OUTCOMES LESS THAN 95%



While there is a demonstrable increase in the number of elections and re-elections with a vote in favour below 95%, the majority of those votes fell between 85% and 95%, meaning that directors were still supported by most shareholders. However, at the same time, the result in 2019 continues the recent trend of a greater number of sizeable protest votes against directors. There were 2 candidates who did not get elected in 2019, although neither were Board endorsed and so this outcome is to be expected. Whether 2020 will see more non-endorsed candidates present themselves for election remains to be seen.

Charts 10 and 11 also show that directors seeking re-election (as opposed to election for the first time) are significantly more likely to face protest votes. Of the total of 64 voting outcomes below 90%, 55 were for re-elections.

The statistics on director elections and re-elections should be also be considered in light of the fact that directors facing the prospect of defeat may choose to retire and not present themselves for election or re-election.

What could be driving these voting outcomes?

As with remuneration report voting, it can be difficult to deduce the reasons behind voting outcomes for director elections and re-elections. Some of these reasons may be the same as those that prompted votes against remuneration reports but others relate to perceived or actual concerns on diversity, ‘overboarding’ and other matters.

Our assessment of some of the causes of these voting outcomes is summarised below.

Theme	Observation
Gender diversity	The Australian Council of Superannuation Investors (**ACSI**) has a Gender Diversity Voting Policy and recommended against the re-election of Joseph Pang to the TPG Telecom Board on the basis that there were no women on the Board. This may have influenced the moderate protest vote of 11% recorded against him. The re-election of Peter Johnston to the NRW Holdings Board, another company without female representation on the Board, also recorded a moderate 9% protest vote.
Cross-contamination	‘Cross-contamination’ refers to the situation where an individual director’s perceived or actual performance in a previous or current management or Board role affects their vote across other companies in their NED profile. Cross-contamination continued to be a major influence on a number of director votes in 2019, in some cases due to ongoing fallout from the Financial Services Royal Commission.
Compliance matters and company performance/strategy	Where companies face intense scrutiny involving regulatory actions or major compliance breaches, directors perceived to be more active in monitoring those areas (e.g. by virtue of having chaired relevant committees) have faced voting implications. This was seen with a number of directors of Westpac in connection with alleged breaches by Westpac of anti-money laundering and counter-terrorism finance laws. In that case some directors seeking re-election received ‘no’ votes of 42% and 25% respectively while another director withdrew his nomination for re-election prior to the AGM.
Tenure and independence of directors	The issue of tenure likely contributed to a number of votes against directors’ re-elections during 2019. Length of service on a Board is a factor that can compromise a director’s independence. Proxy advisors vary on the length of tenure they consider leads to a director being non-independent (or when they consider it necessary to review a director’s independence). However, the most common position is 12 years (used by CGI Glass Lewis, ASA and ISS). In 2019, protest votes due in part to tenure occurred at Harvey Norman and Tabcorp.

Theme	Observation
Overboarding	'Overboarding' is the concern that a director is serving on too many Boards. One prominent example in 2019 was ARA's attempt to install Gary Weiss as a director on the Cromwell's Board against the recommendation of the Board. None of the major proxy advisors recommended in favour of Mr Weiss' appointment based on his extensive existing workload, which they consider is already one of the highest director workloads seen within the suite of ASX 300 Index directors (Mr Weiss is the Chairman at 3 ASX-listed companies, an executive director at another ASX-listed company and a non-executive director at 2 more ASX-listed companies, in addition to his responsibilities at private and community organisations).
Director nominations not endorsed by the Board	There were 2 director nominations which were not endorsed by the incumbent Boards in 2019. ARA's nomination of Gary Weiss for Cromwell's Board continued the shareholder's activist campaign against Cromwell's business strategy and remuneration decisions. Mr Weiss fell short of a majority vote by 1.3%, while the 2 Cromwell directors seeking election for the first time were elected with 'for' votes of 51.7% and 52% respectively. Harvey Norman also did not endorse the nomination of Stephen Mayne, a journalist and shareholder activist who had previously unsuccessfully nominated himself for 49 other Boards. Despite Gerry Harvey and his associates holding the majority of shares, Mr Mayne's nomination was supported by proxy advisors Ownership Matters, ISS and ASA in a bid to bring accountability and independence to the Harvey Norman Board. Mr Mayne ultimately only received 8% of the vote in favour of his election.