



# CGI GLASS LEWIS 2021 Policy Updates

Australia

## AUSTRALIA

CGI Glass Lewis published updates to its Australian benchmark proxy voting policies. These new policies are applicable to all meetings held on or after January 1, 2021.

### COVID-19

CGI Glass Lewis will take a pragmatic approach when applying the 2021 guidelines, allowing for exceptions where guidelines are breached or are expected to be breached due to COVID-19 and where the breach is explained and justified by the issuer.

### BOARD GENDER DIVERSITY

CGI Glass Lewis has extended its policy on gender diversity for ASX300 companies such that it may consider recommending against board member elections if a company with six or more directors (including the managing director) has less than two female directors. They will also expect at least one female director if a company has five directors.

### AUDIT AND/OR RISK COMMITTEE

CGI Glass Lewis has widened the criteria for financial expertise (chartered accountant, certified practicing accountant or retired CFO) on the audit committee. Rather than recommending against the committee chair where no such expert is on the committee, they will consider the collective experience of the committee when considering the appropriate composition.

They will continue to highlight in their research where the audit committee does not have a financial reporting expert.

### SKILL MATRICES

CGI Glass Lewis has provided a sector-based board skills appendix that should be applied in disclosed board skills matrices. This includes criteria for skills, expertise and experience across various industry sectors. Where no board skills matrix is supplied, they will continue to consider recommendations against the board chair or the chair of the nomination committee.

### VIRTUAL MEETINGS

Companies must provide the following information for virtual-only and hybrid meetings:

- Where, when and how shareholders will have an opportunity to ask questions;
- The way appropriate questions received prior to or during the meeting will be address by the board;
- The procedure required to participate; and
- Technical support that is available to shareholder.

Where a company fails to establish and disclose clear procedures to protect shareholder participation, CGI Glass Lewis will generally recommend that shareholders hold the board or relevant directors accountable for the inadequate disclosure.

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## INTEGRATION OF CLIMATE CHANGE

Given the growing support for climate-related shareholder proposals and the mainstream integration of ESG in investor decisions, CGI Glass Lewis has created a Climate Change policy overlay for the users of their research. The focus is on limiting companies' climate impact and mitigating companies' climate related risk and has been structured around Task Force on Climate-related Financial Disclosures (TCFD) guidelines.

The intended supplementary voting recommendations would be as follows:

- Board of directors: incorporates considerations of the board's level of oversight of climate-related issues, whether companies have provided sufficient disclosure concerning environment and climate-related risks, and whether companies have established a climate strategy that includes greenhouse gas reduction targets
- Remuneration proposals: incorporates considerations of whether the company's incentive structure adequately account for climate or other environmental issues
- Shareholder proposals: generally support all climate related and lobbying resolutions and will apply the Sustainability Accounting Standards Board (SASB) materiality principles in relation to recommendations on other shareholder proposals.

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