

AUSTRALIAN SHAREHOLDERS' ASSOCIATION

GOOD PRACTICE GUIDELINE FOR RETAIL SHAREHOLDER ENGAGEMENT

May 2019

Introduction

This guideline has been developed by the Australian Shareholders' Association (ASA) as a basis for representing the interests of Australia's retail investors' engagement with companies and participation at annual general meetings.

1. Conduct of meetings

The formal addresses at the beginning of an ASX200 AGM should be used to concisely communicate essential information about the year reported on and the future prospects of the company.

Chairs are encouraged to limit the time allowed to individual speakers and to two questions during each visit to the microphone. Questions and discussion should not be curtailed if there are shareholders wishing to speak on the business of the meeting. All items of business should be conducted separately and a shareholder is entitled to speak on every resolution. If there is to be a media briefing following the meeting, shareholders should be entitled to attend with details outlined in the notice of meeting. Directors should allocate time immediately after the AGM to meet with shareholders.

2. Polls preferred over show of hands

ASA prefers ASX 200 companies to hold a poll on all resolutions. A show of hands does indicate the voting intentions of those present but it does not usually reflect shareholder intent indicated by proxy votes. ASA will call for a poll on items where we have indicated an against vote in our voting intentions report, so as to ensure undirected proxies received by ASA are formally counted.

ASA expects the Chair to call a poll on the remuneration report where the proxy position reveals a near-strike, as this avoids any uncertainty as to whether the company has received a strike. Companies which have received a strike should specifically indicate this has occurred in the voting results provided to the ASX following the AGM.

3. Shareholder questions at AGMs

Companies are encouraged to invite shareholders to submit written questions to the board before the AGM in the documentation sent with the notice of meeting. The chair should endeavour to address key issues raised in the formal addresses. In addition to the ability of shareholders and proxies physically attending the AGM to ask unscripted questions on each separate item of business, ASA encourages those companies which webcast their AGMs to allow shareholders to ask questions remotely during the AGM. Any shareholder intending to do this would need to pre-register their interest with the company.

4. Virtual and hybrid AGMs

ASA encourages companies to hold a hybrid AGM which would allow shareholders to attend the physical meeting or virtual meeting to participate, ask questions and vote. We are not supportive of a move to a full virtual AGM as we believe the physical AGM is an important event and in most cases, the only opportunity for shareholders to meet board members and key executives in a face to face environment.

5. Public disclosure of aggregate proxy position

The overall proxy position on a particular item of business should be displayed on a screen at the AGM **before** the Chair calls for questions and comments. This is to allow debate to flow as to the reason for any material “against” votes and also to give shareholders more time to consider calling a poll. A useful additional disclosure to gauge retail shareholder sentiment would be for companies to disclose, both at the AGM and later to the ASX, the percentage of eligible shares that have been voted and the number of voting shareholders. The undirected proxies held by the chair should be listed separately to other “open” proxies and these should not be included in any tabulation of “for” votes unless actually voted in a poll. Where a company withdraws a resolution within 48 hours of the AGM, ASA expects the proxy numbers and an explanation for the withdrawal to be announced to the ASX.

COMMUNICATIONS

1. Communication policy and avenues

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. This extends to recorded webcasts of AGMs and public briefings and consumer friendly publications. ASX 50 companies should webcast AGMs (not just the formal addresses) and provide a full audio archive on their website. Whilst all company announcements since 1998 remain on the ASX website, companies should use their websites to assemble well-structured archival information going back at least five years. A standard website should include a calendar of key forward dates, including AGM details well in advance of the minimum 28 day notice period. Retail investors should be able to listen live to the half yearly or annual results presentations to analysts as well as any other “investor day” or teleconference material. Such presentations including Q&A should be fully archived on the website, including transcripts where necessary. Companies should provide an email alerts service for retail investors. They should also embrace social media outlets. Ideally companies should provide the contact details for the officer responsible for investor relations on the company website. Where an online form is provided instead of contact details (to avoid spam), an expected response time should be advised, as well as prompt acknowledgement of form receipt.