

MEDIA RELEASE

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GOVERNMENT ALLOWS VIRTUAL-ONLY AGMS TO THE DETRIMENT OF RETAIL SHAREHOLDERS

The Government is reducing transparency by allowing companies to run virtual-only AGMs.

The *Corporations Amendment (Meetings and Documents) Bill 2021*, which was introduced by Parliament this morning has made permanent an earlier decision to allow virtual-only AGMs.

This reduces access for retail shareholders and transparency by company boards and management.

ASA is a strong supporter of the hybrid AGM, and is opposed to virtual-only AGMs. ASA will only support the holding of listed public company shareholder meetings in a virtual-only format when technology and practice give shareholders a reasonable opportunity to participate – and that is a long way off.

Where companies seek to change their constitution to allow virtual-only meetings, it should be proposed as a stand-alone constitutional change resolution so shareholders can give fully considered consent and not be bundled up with a range of other changes.

Virtual AGMs

We applaud the new law making explicit that AGM technology must allow members to exercise the pre-existing right to ask questions or make comments both verbally and in writing. As well as the other measures that emphasise the requirement for meetings to be held at a reasonable time and place, and for reasonable technology to be used to connect more than one physical venue are part of the general right to give members a reasonable opportunity to participate.

Hybrid AGMs enable shareholders to participate in their companies AGM online from wherever they are located and to attend a physical meeting in person. Physical meetings allow shareholders to either congratulate the directors and the company for good performance or to hold them to account for any deficiencies in their oversight. The virtual meeting practice still has a way to evolve, but the holding of hybrid meetings is the best of both.

Shareholder communications

ASA agrees that electronic communications should be the default method of delivering notices to shareholders, but only where shareholders can "opt in" for mailed communications.

The option to elect to receive documents in physical form or electronically either by standing election for all or specified types of documents is welcomed.

Shareholders who choose to opt-in for hardcopy communications should receive all relevant information, not just a postcard that directs them to a website for further information.

Not every shareholder has or wants access to the internet, so their needs must equally be met.

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The Australian Shareholders' Association (ASA) is the only independent, member-funded, not-for-profit organisation that educates shareholders to become better investors and focuses on driving improvements in transparency and accountability of corporate behaviour in Australia.

Each year the ASA monitors the ASX200 companies, representing retail Australian investors and safeguarding and advancing their interests.