



The Company	Harvey Norman Holdings Ltd
Code	HVN
Meeting	AGM
Date	27 November 2019
Venue	Tattersalls Club, Elizabeth Street, Sydney
Monitor	Pamela Murray-Jones with David Jackson

Number attendees at meeting	>100 (exact numbers not provided)
Number of holdings represented by ASA	63
Value of proxies	\$1.769m
Number of shares represented by ASA	467,928
Market capitalisation	\$4,802m
Were proxies voted?	Yes, on a poll
Pre AGM Meeting?	No response to written request for a meeting. Some questions replied to via email.

A second strike but Gerry Harvey remains defiant in the face of mounting criticism

As one commentator put it, the 2019 Harvey Norman AGM was “hardly normal” with the only bright spot being CEO Katie Page’s informative presentation on Malaysia and expansion into Asia, though she conveniently overlooked the less pleasing Australian results.

However, it was Chair Gerry Harvey’s show. In defiance of accepted practice, he refused to allow questions on the reports. In addition, all uncomfortable questions on the resolutions, no matter how courteously posed, were quickly shut down. ASA monitors and others who wanted answers on company performance and governance issues were called “agitators” and “pests” who were wasting the Chair’s time. They were also told to wait until after formal proceedings. However, those who wanted to applaud Chair and Board, in what sometimes appeared to be a scripted performance immediately before the vote on each resolution, were given more than enough time to repeat the same mantra of praise.

Despite this, there was a substantial vote of 47.58% against the remuneration report. But two strikes and so what? As Gerry pronounced before the spill motion results were announced, should the spill motion have succeeded, he and his fellow directors would simply vote themselves back in and there would be no change. He stated it was a “crazy” rule that didn’t allow the majority shareholders and executives to vote for their own remuneration.

When the ASA monitor rose to ask about the process of reaching the short-term incentive, the response from the Chair was to ask what percentage of the company was owned by the shareholders we represented. He had to be reminded that was immaterial and that all shareholders had an equal right to ask questions. However, no answer was forthcoming. We were referred to the Annual Report which gave little insight. The co-monitor, asking a question in his own right regarding the Chair's continued reference to Harvey Norman as a "family company", was heckled.

Worse followed.

In an unprecedented outburst from the Chairman of a top 200 company, Harvey embarked on a character assassination of Stephen Mayne who had self-nominated for a Board position, calling him an "idiot" and at one stage asking if Mayne was a sexual predator. Since Mayne had no chance of being voted to the Board given the Harvey family (and Board) control the majority of shares, it was akin to swatting a fly with a sledgehammer.

These over-reactions to questions from shareholders as well as Gerry's over-reactions leads this monitor to suspect that there could be something the Chair is hiding from shareholders.

It was later reported that the Chair characterised his conduct as a refusal to be "bullied by activists" which is somewhat ironic considering the language and tactics he used against shareholders and their representatives, including the ASA monitors. Denigrating minority shareholders who voted against the remuneration report and defaming those who sought to expose omissions in the accounts and inequitable practises in capital raising seems like behaviour more characteristic of a bully as opposed to someone resisting bullying.

Transparency is the foundation of good governance and this Chairman and Board showed scant regard for it.

As expected, when the majority of shares are controlled by the Board, all resolutions were passed except for the remuneration report, the election of Stephen Mayne and the spill motion. The AGM was well-covered by the media.