

Senate Standing Committees on Economics
Economics Legislations Committee
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Dear Committee Members,

This is a submission on the draft legislation that change the *Corporations Act 2001* to enshrine virtual meetings. I understand it would make permanent the changes that introduced to help cope with Covid 19.

First off, I think that electronic meetings are potentially great ways of moving company governance into the 21st century. Potentially they are ways of letting more shareholders participate.

If these reforms are to be permanent and enhance corporate democracy, then it is essential that shareholder rights are respected and safeguarded. As far as possible shareholders should have equal rights at an AGM regardless of whether they attend in person or virtually. So this means shareholders should be able to

- Attend virtually, by phone, or in person
- Ask questions in their own words
- Ask follow up questions where the answers are unclear or incomplete

Of course, large companies in particular have always ignored some questions at AGMs. Sometimes that is reasonable because the meeting has gone on for many hours – i have been at 5 hour plus AGMs. Over the last two years shareholders have seen multiple examples of companies failing to allow shareholders to ask questions at virtual annual general meetings.

I am not sure how legislation can ensure that all shareholders have a chance to question the management of their company. One option could be the requirement for question to be logged electronically with the name of the questioner and the topic. This log would have to be displayed as part of the electronic and physical AGM. This would mean it was obvious if questions are ignored and enable similar questions to be grouped and discussed together.

An easier change would be to require a hybrid AGM where shareholders can participate in AGMs both in person and online. Companies should not have the option to provide virtual-only

meetings without changes to ensure that shareholder questions cannot be ignored. Virtual-only meetings have assisted companies to ignore and/or avoid properly answering questions, including those of people waiting on the telephone line.

Another issue is companies making it harder to appoint proxies. It may not be possible for shareholders to attend a meeting, virtual or physical and so the long held right to appoint proxies should be respected.

Any legislative change should ensure shareholders' rights to open and transparent engagement with directors at AGMs is safeguarded and in fact enhanced.

Hopefully your changes can lead to better corporate governance in Australia

Caroline Le Couteur