



10 July 2008

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Dear Mr Sheehy

Rethinking the AGM

The Group of 100 (G100) is an organization of chief financial officers from Australia's largest business enterprises with a purpose of advancing Australia's financial competitiveness. The G100 is pleased to provide comments on the following questions from the Discussion Paper 'Rethinking the AGM'.

1. *Should the deliberative function of the AGM be separated from the decision-making function? How do you believe this would improve shareholder engagement and participation at general meetings?*

The G100 does not agree with the notion that the decision-making function should be decoupled. The fact that members vote before the deliberation via the proxy process is accepted practice (as shareholders should get a good explanation of the motion in the notice of meeting as per ASX Good Governance Principles) and a vast majority of resolutions are not contentious. Therefore, that additional time for consideration is only ever likely to be helpful for a relatively small number of resolutions is not considered to be a reason to change the system.

The paper suggests that it is a bad thing that falling shareholder AGM attendance is occurring and accordingly, engagement must be poor. An alternative view is that this is a natural outcome of the increase in both broadband penetration and the fact that almost three-quarters of the AGMs of the Top 200 companies are webcast. Given the growth in web casting the falling shareholder attendance would be expected.

We believe that providing a webcast should be optional given that many companies will consider that the likely benefits will not justify the administrative and cost burdens of making this facility available.

Companies may wish to provide a webcast to enable non-attending shareholders to view the meeting but generally those shareholders are not formally in attendance at the meeting as they cannot ask questions and cannot vote. For shareholders to be able to formally attend and actively participate via webcast companies would be required to establish a two-way link of broadcast quality to allow questions to be taken from the multiple venues and provide registry staff at each site to verify the legitimacy of shareholders/proxies.

In addition, it would be impossible to take the vote by a show of hands as the Chair would not be able to adequately judge the response, thus ensuring that all items would go to a poll.

2. *If you agree that decoupling the discussion from the formal voting is reform that would improve shareholder engagement and participation in general meetings, do you believe that the polls should stay open for 48 hours, or one week or two weeks after the close of the meeting? Why do you believe that one of these periods is more suitable than another?*

No. The G100 believes that voting should be completed at the meeting. One of the key assumptions is that institutions and custodians will wait until after the meeting to vote, so that they can listen to the discussion and then make an informed decision. Earlier in the paper it is suggested that the institutional investor has greater access to the company during the year to discuss performance and prospects. If this is the case these institutions are more likely to have the information they need to make their decision. Irrespective of when the vote is held, retail shareholders will be faced with the same issues relating to involvement that exists at present – no matter whether they vote before or after the discussion, the institutional voting power will dominate the outcome. Additionally, keeping a poll open after the AGM would create uncertainty for companies and would have the potential for the vote to be influenced by those, such as the media, not attending the meeting.

3. *Should the decoupling of the deliberative function from the decision-making function be mandated via amendment to the Corporations Act or should it be a recommendation in the ASX Corporate Governance Council guidelines against which listed companies must report? Please provide your reasons for recommending one option or the other.*

The G100 believes that these matters are best addressed in the Corporations Act rather than by the ASX Corporate Governance Council. The reforms, if adopted, would apply more broadly than entities falling under the CGC Guidelines and, as such, should be dealt with in the Corporations Act.

6. *Should a specified minimum time be required for discussion on each resolution at the AGM if the discussion is separated from the voting? If you think that a minimum time should be mandated, what is the appropriate time?*

Please provide your reasons why a specified minimum time would improve shareholder engagement. If you do not think that a specified minimum time should be mandated, please provide your reasons.

The G100 considers that this suggestion is impractical and inflexible and believes that the Chairman of the meeting is best placed to determine whether shareholders have had a sufficient opportunity to ask questions and whether relevant debate has been exhausted. The time will vary between companies and between meetings and it is not appropriate to adopt a one-size-fits-all approach to this issue even at a minimum level. A major impediment to the efficient operation and participation in AGMs is the actions by special interest groups and others who seek to dominate and control discussion. The G100 believes that action is necessary in order to enable all shareholders equality of opportunity. This could be achieved by inviting questions in writing prior to the meeting and, at the Chair's discretion, specifying the amount of time for a shareholder to speak to the topic.

7. *Should the statutory period for holding the AGM be extended by one month, to provide a three-month window instead of the current two-month window? Please clarify how you think this would improve shareholder engagement if you support an extension of time and how you think it would undermine shareholder engagement if you do not support an extension of time.*

Yes. This is likely to provide more flexibility in scheduling the AGM and potentially reduce the likelihood of clashes.

8. *Is the one-size-fits-all approach to AGMs suitable for all public companies? Please provide your reasons why you believe the one approach should be taken for all public companies, or why you believe different approaches are required.*

No. We believe that different rules are appropriate for different classes of companies. For example, public companies that are not listed should not be burdened with the full AGM regime.

9. *Should all directors be encouraged to sit on the dais? Should committee chairmen be encouraged to present the report on their respective committees, and also take questions on the committee report as appropriate? Why do you believe this practice should be encouraged? Alternatively, why do you believe it should not be encouraged?*

These practices should be for the Board to determine rather than being made mandatory as it softens the focus on the chairman and the managing director. However, we believe that the actual structure and format of the meeting and the respective responsibilities is a matter for the board to determine.

10. *Should directors standing for re-election answer relevant questions from shareholders? How do you think this would facilitate shareholder engagement? How do you think it would work against improving communication between shareholders and directors?*

The G100 considers that it is a matter for the Board and individual directors to determine whether directors standing for election should be available to speak at the AGM.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A. Reeves'.

Tony Reeves
National President