



**SAMUEL TERRY**  
ASSET MANAGEMENT

Australian Financial Services License number 278294

The Treasury

Canberra

29<sup>th</sup> October 2020

**Making permanent reforms in respect of virtual shareholder meetings**

Dear Sirs,

I am Managing Director of Samuel Terry Asset Management Pty Ltd, a Sydney-based funds management firm which manages around \$300m. We invest clients' money in a variety of shares and bonds in Australia and overseas.

I have been a share investor for over forty years. Over that time I have attended many shareholder meetings, mostly as a shareholder, but sometimes as a director of a listed company.

Virtual shareholder meetings were introduced this year as a sensible response to the pandemic. I have participated in several of them and believe they are not as good as a physical meeting.

There are three key advantages for physical meetings over virtual meetings:

1. A physical meeting provides much greater opportunity for a wide variety of views to be heard at the meeting. This is particularly important for companies that are poorly run, or whose directors do not manage the company for the benefit of all shareholders. If virtual meetings become normal, then I expect that some poorly run companies will use their technological control of the meeting to silence dissenting voices and ensure that questions are only asked by their supporters.
2. It is much harder to have free-flowing conversation over the internet than when people are in the same room.
3. Physical meetings provide an opportunity for small shareholders to meet with management, and often to have an informal chat with them after the meeting. I and other shareholders have often found these conversations to be the best part of a meeting. Large investors (like my firm) often have access to management in private meetings. Removing the requirement to have a physical meeting will further advantage large investors at the expense of small ones.

I strongly believe that once the pandemic is over, companies must not be allowed to hide behind virtual-only meetings.

Australia's large size makes it difficult and expensive to attend meetings in other states. For this reason, companies should be able to allow shareholder participation over the internet.



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I would like the legislation amended, so that virtual-only meetings are only permitted for a limited period of (say) one year, or long as the pandemic is a real threat. After that, companies should be permitted to hold hybrid meetings that are both virtual and physical.

Yours sincerely,

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