

Statutory Review of the Meetings and Documents Amendments – Consultation Paper

19 JULY 2024

Introduction

Link Market Services, a part of MUFG Corporate Markets, a division of MUFG Pension & Market Services provides clients with a comprehensive offering that connects Issuers to their stakeholders including members, investors and employees. Our uniquely integrated range of corporate markets capabilities includes shareholder management and analytics, stakeholder engagement, share and unit registry (transfer agency), custody, fund administration, and employee share plans.

We also offer company secretarial support, as well as various specialist offerings such as all types of insolvency solutions and class action services. We operate in twelve countries throughout Australasia, Asia, Africa, the Middle East, United Kingdom and Europe.

With market leading positions in the geographies in which we operate and over 6,500 employees across the globe, we deliver unparalleled specialism at a global scale, where leading technology, security and expert people come together to partner with some of the world's largest corporations, pension and super funds and financial institutions.

In 2023 our Australian registry teams managed 756 meetings and ballots for listed, unlisted and member organisations. These were delivered across a number of different formats, in-person, hybrid and virtual.

As such, Link Market Services is well positioned to provide feedback on this Consultation Paper and key messages are that:^{1,2}

- Permanent changes have been positive;
- We are supportive of technology neutral meetings giving the Issuers' choice to hold a meeting in a format that is appropriate for their company and investors without constitutional constraints; and
- Based on Issuer feedback and low use of the telephone lines since the legislation was implemented, we support the ability to ask questions in a hybrid or virtual meeting - online and/or orally.

Please note on this occasion our replies are solely in relation to our registry services, our company secretarial team have provided a submission on behalf of Company Matters, which is separate from this submission.

¹ [2023 AGM Snapshot](#)

² [2024 Mini AGM Snapshot](#)

Consultation questions on meetings

Question	Answer
<p>1. How has the experience of running company or registered scheme members' meetings changed since the amendments?</p> <p>What have been the effects of the amendments on the costs of holding AGMs or other meetings?</p>	<p>The changes have been positive enabling a wider reach and greater engagement – often listed/member organisations have a national/global reach, therefore holding hybrid/virtual meetings enables shareholders/members in different states/countries to engage in the formalities of the meeting.</p> <p>Since the changes were made there have been increased levels of participation in meetings in line with the change in technology. This is important given that over the last decade we have observed a decline in attendance rates at in-person meetings (e.g. in 2019 it was only 0.19% of all members). Similar to an in-person meeting, members logging in to view and vote in the virtual meeting are provided an opportunity to ask a question both written and orally, the volume of holder engagement is in line with those seen at in-person meetings. It is worth noting that, where appointed as proxy, the Australian Shareholder's Association has participated in the virtual component of the meetings, as have shareholder activists.</p> <p>In 2023, there was a steady increase in hybrid meetings from 32% in 2022 to 33% in 2023. In-person meetings went up from 56% to 58%, while virtual meetings dropped from 12% to 9%. The majority of the ASX100 (66.7%) and the ASX200 (65%) utilised the hybrid format for their meetings, early indications, as seen in the 2024 mini-AGM season confirm this continuation. We continue to see some of our smaller clients returning to in-person, due to a combination of consideration around register size, typically low attendance at meetings, cost and the ability to utilise space within their lawyer/auditors' offices.</p> <p>For some Issuers there can be significant cost savings in not having an in-person meeting due to savings across venue hire, catering, security and travel. There are costs associated in incorporating a virtual component, aspects of this are conference call (audio), webcasting and the virtual meeting technology. Many clients would have already been providing a webcast for their investors.</p> <p>As virtual meeting technology has developed and become an industry standard, we have seen costs associated with this plateau. We have tailored options available to suit all our clients, particularly those that are cost conscious. Options include both audio and video webcasting services, priced at values that align with our client's budget expectations.</p> <p>Feedback from our Issuers is that they support technology neutral meetings and there should be flexibility to hold a meeting</p>

	<p>that suits their company, investor base and engagement strategies without the need for constitutional changes.</p> <p>While the phone line is included in the overall cost of a hybrid meeting there are costs associated to cover the setup which is not limited to operator and call fee charges. We do not believe it is cost alone that is the driving factor for Issuers wanting to modify the legislation but rather it is more about the logistics and the participation rates. When holding a hybrid meeting, companies believe there is already an opportunity to speak orally as part of the in-person meeting, whilst also having the ability to connect virtually and submit online questions. The participation on the phone line remains low with shareholders preferring to ask their questions over the virtual meeting platform or attending in person to ask their questions.</p> <p>Of the AGMs we managed between July and December 2023, less than 5% of Issuers received shareholder participation via conference call, with only 2% of these having had questions asked. This trend has continued into 2024 mini season, where there were no questions asked.</p> <p>The feedback we received from Issuers is that the phone line should be optional, where appropriate and necessary. Something to consider when incorporating a phone line is that whilst our internal teams are fully versed in facilitating a conference call, many in house AV teams are challenged with both technology and know-how in connecting a conference call to the in-room AV systems, which can add additional complexity on the day. Based on Issuer feedback and use of the telephone line since the legislation was implemented, we support the ability to ask questions in a hybrid or virtual meeting—online and/or orally.</p>
<p>2. How have the amendments affected members' participation in meetings and has this affected the exercise of shareholder rights or corporate governance?</p>	<p>The amendments have been positively received by shareholders, members and activists alike and has on occasion, resulted in greater participation as meetings are now accessible irrespective of where people are located. We have not experienced any negative outcomes in relation to shareholder rights or corporate governance.</p> <p>Average attendance statistics as shown in our 2023 AGM Snapshot ¹ and 2024 Mini AGM Snapshot. ²</p> <p>The number of investors who attended meetings rose slightly from 2022 to 2023. This figure is still much lower than previous years, with 2019 having more than twice the attendance at 0.19%. In addition to the overall shareholder attendance decline over time, the decline can also be attributed to the increase of Issuers using a virtual meeting format that allows many investors to access the virtual meeting platform but not register as an investor, and only watch or listen to the webcast.</p> <p>In our experience the format of the meeting does not negatively impact the percent of issued capital voted.</p>
<p>3. If improvements are needed to better facilitate members'</p>	<p>The online meeting replicates the in-person meeting. Shareholders in general and other vocal activists have been supportive of virtual solutions and have stated this on many occasions at multiple meetings over the past few years.</p>

<p>participation and corporate governance, what improvements could be made to the conduct of online or hybrid meetings?</p>	<p>The feedback from Issuers is that they support technology neutral meetings and that the phone line should be an optional inclusion at meetings. Our 2023 and 2024 statistics reinforce the low uptake in the adoption of the phone line and that shareholder preference is to ask questions either in-person or virtually through our meeting platform.</p>
<p>4. Is the use of wholly online meetings an objective of companies and registered schemes? Why or why not? If it is the objective, what is impeding the greater use of wholly online meetings by companies and registered schemes?</p>	<p>Our statistics from 2023¹ and thus far in 2024 when looking at AGMs we have managed, indicates to us that the majority of Issuers in Australia are adopting a hybrid meeting solution with an increase of 4% on the same period as last year. We feel their objective is to allow and enable fair and active participation from all shareholders.</p> <p>We do not believe it is generally the objective of companies to choose a virtual format, however they would like the flexibility to do so. Our experience suggests that shareholders prefer having the choice of how they attend and/or participate in the meeting.</p>
<p>5. Have you experienced technological issues when running or attending a meeting with an online component? If yes, what were they, were they addressed, and how did this occur?</p>	<p>Very few technological issues have been experienced, however our meetings and events teams have many years' experience delivering thousands of meetings. This level of experience has enabled our teams to develop a process and system that has multiple layers of redundancy built into our offering.</p> <p>We also work with the Issuer to create an online guide that is suitable for the meeting, so that participants have access to troubleshooting tips as well as publicising our contact centre numbers, in case further assistance is required.</p>
<p>6. Have you observed any significant differences in governance, shareholder participation, meeting conduct or quality between companies that have listed after the 2022 amendments and those that listed prior to the amendments?</p>	<p>Our virtual meeting platform replicates that of an in-person meeting.</p> <p>One point to note is that companies that have listed since the amendments were made, will almost certainly build the ability to hold a virtual meeting into their constitutions.</p> <p>We have not observed any significant difference in governance, shareholder participation or meeting conduct for this cohort of clients.</p> <p>We find that register size and event costs are key factors considered by Issuers when deciding their meeting format.</p>
<p>7. How have the mandatory poll voting requirements affected the conduct of meetings and determining the opinion of members?</p>	<p>From our perspective, only a small number of listed Issuers were still conducting a show of hands at their meetings prior to the mandatory poll requirements. Moving from 'show of hands' to mandatory polls for listed Issuers has been received positively by our clients and their shareholders/members. There is a level of comfort around how meetings are scrutineered and follow a set process and procedure which removes any perceived ambiguity regarding the outcome of the meeting.</p>
<p>8. Have there been any issues with submitting or complying with</p>	<p>We have not witnessed any issues in this area. However, as the registry we act as the returning officer. Where there is a close or contentious item tabled as a resolution, our clients will often have their auditors present to provide a review.</p>

requests for independent reports on polls?	In relation to the virtual meeting, we ensure there is adequate time provided to participate in the poll; we ensure this remains open for anywhere between 5-10 mins, with this noted on the virtual interface of the meeting platform.
9. Are there lessons that Australia could take from other jurisdictions' experiences with online or hybrid members' meetings?	<p>We consulted with our international offices and observed that countries without constitutional constraints have continued to hold successful meetings and favour an inclusion of a virtual component.</p> <p>In New Zealand and India statistics show meetings with a virtual component at 69% and 52% respectively.</p> <p>In Germany, legislation changes for COVID-19 have become permanent with our colleagues stating that 70% of DAX members chose to run their meetings either hybrid or virtually.</p> <p>Regarding oral questions at a hybrid or virtual, our colleagues in these countries have confirmed there are no legislative requirements to provide a conference call to enable those virtual attendees to ask an oral question.</p> <p>.</p>
10. How have the amendments affected the effective operation of directors' meetings?	To our knowledge the amendments have not impacted the effective operation of directors' meetings. We are still seeing in-person board meetings as the most favourable way to connect; however, the use of technology can be handy where parties are unable to attend in-person for many different reasons.

Consultation questions on the treatment of documents

Question	Answer
11. What, if any, issues have been experienced with the giving and sending or receipt of electronic meeting-related documents? How could these be addressed?	<p>Overall this has been received positively by the shareholder community, especially those who are highly engaged in the Issuer's ESG policies. Some Issuers have transitioned from paper to electronic mailings, where emails are present on the register resulting in a small number of shareholders asking to opt back in to receiving meeting documentation post rather than electronically (email and online).</p> <p>The majority of Issuers are opting to send a letter of access as default. Some Issuers are sending postcard, a letter of access and sometimes including the proxy form. We have seen low requests for replacement packs for Issuers who have not mailed the proxy form.</p>

	<p>We continue to see the adoption of electronic communications, in part due to significant cost savings for the Issuers. With many of our clients choosing to run e-comms campaigns throughout the year in an effort to increase electronic dispatch to majority of their register.</p>
<p>12. What, if any, issues have there been with the process for making elections or with entities following the elections of members regarding meeting-related documents? If yes, how could this be improved?</p>	<p>One issue we are aware of is the cost, time and effort associated in supporting a small subset of shareholders who opt in to a unique communication preference.</p> <p>We feel the following should be considered; electronic communications to become the default communication preference election and where an email is recorded, it is assumed that all correspondence will be sent via email. All other parties who do not make an election or do not opt back in, either receive a hard copy notice of access or potentially nothing at all.</p>
<p>13. What, if any, issues have been experienced with the electronic signing of documents? If yes, how could these be improved?</p>	<p>We have not encountered any issues and are fully supportive of technology-neutral options.</p>