



ICGN

International Corporate Governance Network

Australian Government
The Treasury
Market Conduct Division
Langton Crescent
PARKES ACT 2600
Australia

16th July 2021

Sent by email: businesscomms@treasury.gov.au

Re: **Consultation Paper – Use of technology for meetings and related amendments**

We are pleased to respond to the Australian Treasury's Consultation Paper – *Treasury Laws Amendment (Measures for Consultation) Bill 2021: Use of technology for meetings and related amendments*.

Led by investors responsible for assets under management in excess of US\$59 trillion, the International Corporate Governance Network (ICGN) is a leading authority on global standards of corporate governance and investor stewardship. Our membership is based in more than 50 countries and includes companies, advisors and other stakeholders. ICGN's mission is to promote high standards of professionalism in governance for investors and companies alike in their mutual pursuit of long-term value creation contributing to sustainable economies world-wide. ICGN's membership base includes several prominent Australian asset owners and asset managers, and, and our investor members globally hold significant investment positions, both debt and equity, in Australian companies.

Particularly in the aftermath of disruptions relating to Covid-19 we are sympathetic with the Treasury's aims to clarify the Corporations Act with regard to the use of technology in shareholder meetings. ICGN commented twice on the issue of technology and shareholder meetings since 2020, including considering the what the ground rules should be in a post Covid environment.¹ The gist of ICGN's position is that there can be benefits to the use of technology, including virtual meetings, but we also recognise that that shareholder rights can be compromised if done the wrong way. We generally prefer offering a hybrid format, and would discourage virtual only meetings becoming a norm.

ICGN's revised Global Governance Principles 2021 clarify ICGN's position on this matter:

¹ ICGN Viewpoint, *How different markets are handling shareholder meetings during the COVID-19 coronavirus health emergency*, March 2020: <https://www.icgn.org/how-different-markets-are-handling-shareholder-meetings-during-covid-19-coronavirus-health-emergency> and ICGN Viewpoint *The Future of Annual General Meetings*, September 2020: <https://www.icgn.org/future-annual-general-meetings>

AGMs and shareholder-called meetings should allow for the physical presence of participants, including provision for voting electronically by proxy, and ensure live interaction is possible with the board and management. Hybrid formats (allowing both physical and virtual participation) which provide a meaningful opportunity for shareholders to participate in the meeting and interact with board and management should be encouraged. When virtual-only meetings are held, the board should explain why this format is necessary; and audio-only meetings should be discouraged. The technology chosen for virtual meetings must be reliable and allow democratic access for all participants to facilitate open dialogue, allowing shareholders to voice concerns and provide feedback without undue censorship.

We would also like to add that a show of hands approach to voting at meetings should be discouraged, as it is not an appropriate way to take individual votes into consideration.

In sum, ICGN regards shareholder meetings as a critical forum in the corporate governance process to provide accountability for the board and executive management to a company's shareholders. Boards should ensure that meetings are efficiently, democratically and securely facilitated to enable constructive interactivity between shareholders and the board. This underscores the board's accountability to shareholders for the company's strategy, performance, and sustainable value creation.

We hope these comments are helpful with regard to your deliberations on these matters. Please contact ICGN Policy Director George Dallas if you would like to discuss this in further detail: george.dallas@icgn.org

Yours sincerely,



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Chief Executive

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