

Shareholder Activism

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EFFECTIVE DISCLOSURE AND STAKEHOLDER ENGAGEMENT FORUM – AIRA, JARDEN AND CHAPMAN TRIPP

30 JANUARY 2020

Once upon an annual meeting...

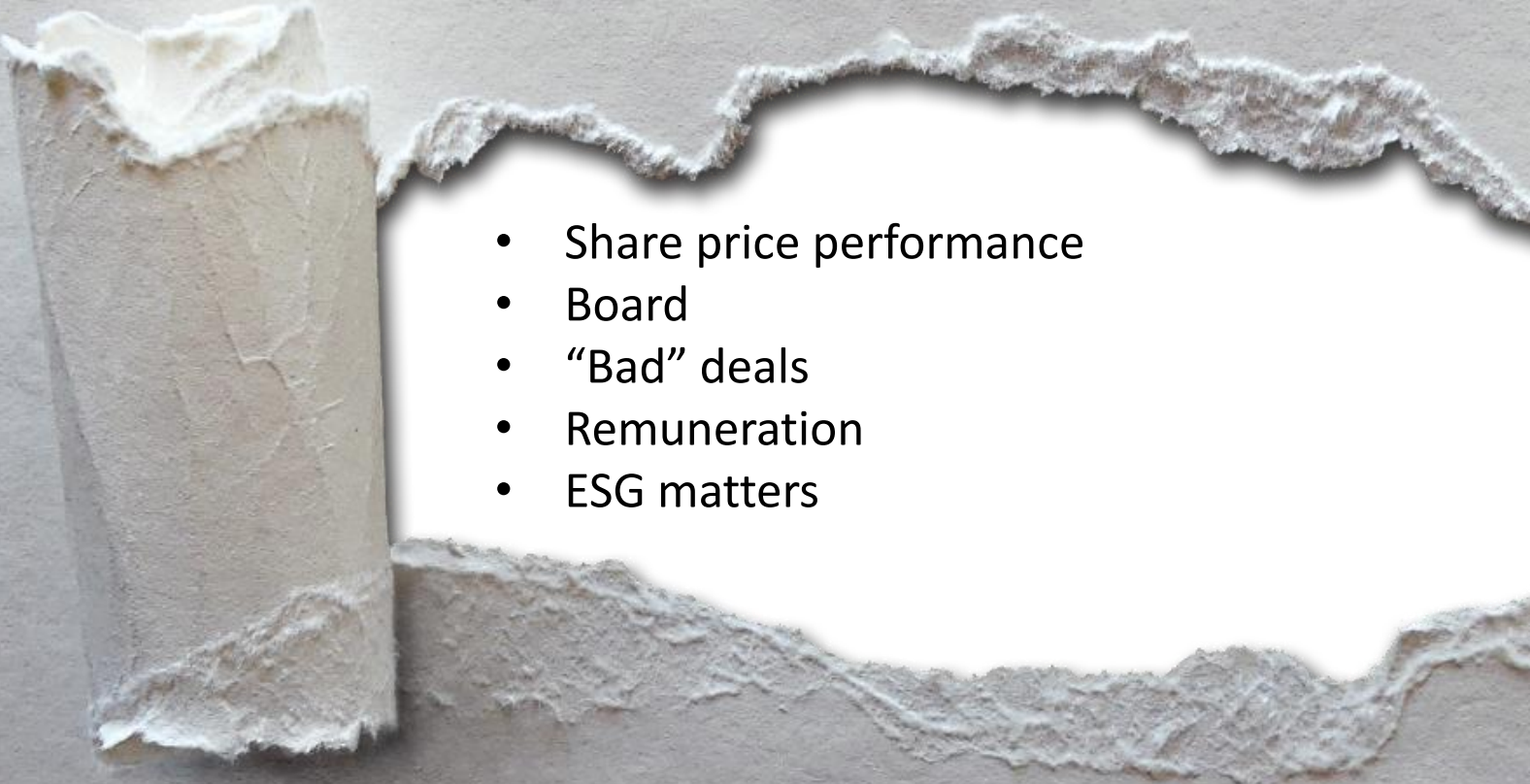


**LEWIS GILBERT AT THE
BECTON DICKINSON
MEETING (1979)**



**JOHN AND MARGARET GILBERT
AT THE FOREMOST MCKESSON
MEETING (1979)**

Issues attracting shareholder activism

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- Share price performance
 - Board
 - “Bad” deals
 - Remuneration
 - ESG matters

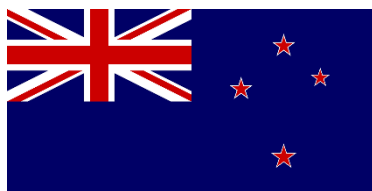
Usual forms of shareholder activism

- Shareholder proposals
- Withdrawn resolutions
- Director nominations
- Shareholder initiated special meetings
- Vote “No” campaigns
- Proxy solicitation



Shareholder Proposals - The Rules

New Zealand



- Any shareholder, big or small can make a shareholder proposal
- Any shareholder resolution passed relating to the management of a company is not binding unless the constitution provides otherwise
- If a proposal is to be put to a vote, the shareholder making it has the right to make an accompanying statement of up to 1000 words in support
- Defamatory, frivolous or vexatious statements can be omitted in their entirety, and any defamatory bits can be excluded

Australia



- 100 shareholders or shareholders holding 5% of the votes eligible to be cast can make a shareholder proposal
- A resolution relating to the board's powers of management of the company is legally ineffective and need to be put to a meeting, unless the constitution (or the law) expressly permits
- Also permits a statement in support of up to 1000 words to be made by the proposing shareholder
- Defamatory statements can be omitted



Timing Matters...

> 20 business days
notice, issuer pays

≤ 20 business days
notice, shareholder
pays

Don't print your NOM
more than 30 business
days in advance of
your meeting

Market Forces and ACCR

In 2019 **17** ASX issuers put proposals from Market Forces and/or ACCR to their annual meetings

None passed

“Shareholders request the company disclose in annual reporting from 2020 strategies and targets to reduce exposure to fossil fuel (oil, gas, coal) assets in line with the climate goals of the Paris Agreement, including the elimination of exposure to thermal coal in OECD countries by no later than 2030.”



Director nominations

- Any shareholder may nominate a director
- Must be at least a 10 business day period during which shareholders may nominate a director
- Closing date must be no more than two months before the date of the annual meeting
- No precondition on who may be nominated, except as required by law or qualifying shareholding requirements under the constitution





Special Meetings

- Must be called by the board on written request by shareholders with at least 5% of the votes
- No prescribed timeframe within which a meeting must be held



Defence strategies

- No structural defences
- Prohibitions on defensive tactics for takeovers
- The best defence is a good offence – stakeholder engagement is key



It's not just about the sausage rolls

Keeping shareholder meetings on track

- A strong chair is key
- Don't be afraid to cut "speeches" short
- Pre-engage with shareholders you know will want the floor





Where to from here?



Questions?