



VIRTUAL AGM REPORT

Insights from online meetings in April & May 2020



Out of 3100
Computershare
global meetings

**900 were
fully virtual
with only
36 companies**
choosing hybrid
meetings.



Once COVID-19 started to take a stronghold in Australia in March, AGMs were quickly thrown into the spotlight. Holding a physical AGM while we were in lockdown was not possible. Many companies were forced to rapidly develop contingency plans surrounding their AGMs.

Globally, 26% of all meetings this season have been or are expected to be virtual meetings. Out of the 3100 meetings Computershare has already conducted across the globe this year, we have seen over 900 fully virtual meetings take place. At the same time in 2019, the number of virtual meetings was only 100.

The outbreak of COVID-19 has forced companies to rethink how they deliver their AGMs. Throughout April and May, many Australian companies with a reporting deadline of December 31 have already taken the leap forward and conducted their AGMs virtually.

This gives companies who are due to hold their AGMs in the second half of the year, the opportunity to observe what others elected to do and learn from their experiences.

Our report is designed to provide insight into the approaches of Computershare's clients whose meetings occurred during April and May 2020. We hope the insights presented here will prove useful to those whose meetings are set for the peak season later this year.

LEGISLATION CHANGES

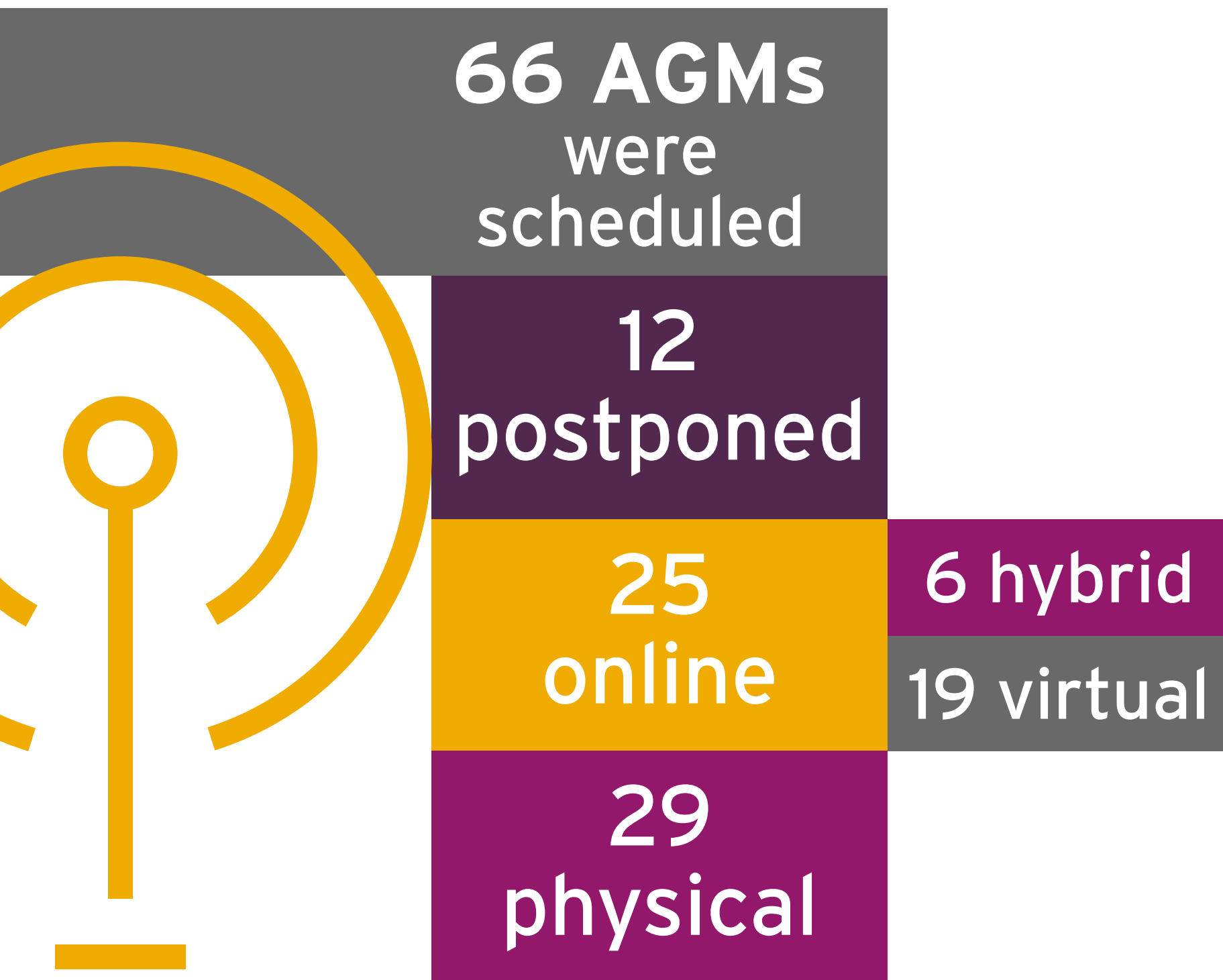
On 20 March 2020, ASIC announced a 'no-action' position, which allowed companies with a year end of 31 December 2019 to delay their AGM for up to two months after their 31 May deadline. This announcement also outlined some initial guidance around online meetings.

Then, on 5 May 2020 the government released a temporary Determination that contained modifications to the Corporations Act. The Determination, known as "Corporations (Coronavirus Economic Response) Determination (No. 1)" is valid up to and including 5 November 2020, meaning many issuers can proceed with their AGMs, albeit in a different format.

If you have any questions regarding your meeting requirements, please reach out to us via
agm@computershare.com.au



Ann Bowering
CEO Issuer Services
Australia and New Zealand



All six Computershare clients that chose to conduct a hybrid meeting discouraged shareholders from attending due to the COVID-19 outbreak and encouraged them to vote by proxy.

There were 29 companies who held meetings prior to official guidelines being released by regulators and the government. This means that they either held a physical meeting, or only adopted part of the virtual AGM experience, such as choosing to take the proxy position, instead of using live voting technology.

It is not surprising that as time passed, the preference for fully virtual meetings became stronger due to strict social distancing rules imposed by the Government. Hybrid meetings can also be more costly and can take a considerable amount of effort when directly compared with a virtual meeting.

Computershare has not seen any distinguishable differences in preference for either hybrid or virtual meetings between ASX50/100/200.

We have seen some issuers turn to web-based video conferencing software, rather than using a secure webcast, and some have used manual voting processes, rather than live, electronic voting at their AGMs.

We believe this approach of adopting only part of the fully virtual AGM offering can mostly be attributed to 2020 being the first foray into the world of online meetings for many companies. We believe that this will change over time, as all parties become more comfortable with online meeting technology.

Online figures consist of Computershare clients using the Lumi platform

36%

AGM attendance increase

Attendees

6 Lowest
344 Highest

Guests

2 Lowest
282 Highest

Shareholders

1 Lowest
129 Highest

Due to the rising interest in online meetings technology, we have seen an increase in the number of guests joining online AGMs, many of them spectators looking to learn about how other companies are tackling the challenge.

Previously, there was uncertainty around whether online attendees could be counted as part of a quorum, but now, thanks to the recent temporary Determination, they have been recognised and now count towards that number.

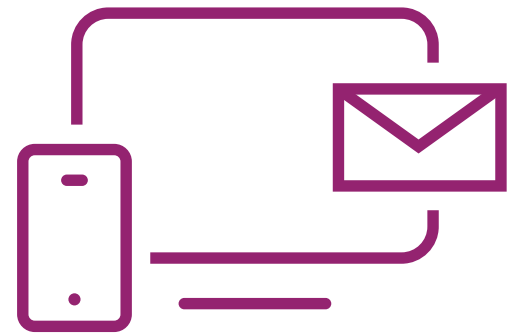
When comparing attendance from 2019 to 2020, overall attendance has increased by 36%, suggesting that digital technology does not inhibit shareholder attendance or engagement.

We are however seeing a shift in the diversity of people attending such as, employees, interested onlookers, regulatory bodies and more. This could be due to a combination of meetings going virtual as well as the environment caused by the COVID-19 pandemic.

Overall, we have observed a rise in what's often referred to as the 'passive shareholder'. This is someone who registers as a guest, despite being a shareholder, to watch the meeting and receive an update on the company's progress regarding certain issues. These passive shareholders are usually not interested in voting or asking questions.

The introduction of online meetings has also given employees the opportunity to hear their Chair and CEO address shareholders, as well as a chance to observe the meeting's formal procedures.

Devices



Desktop

Smartphone

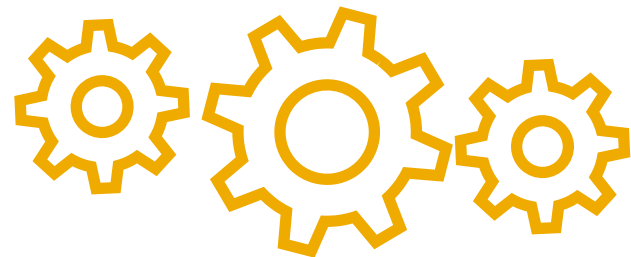
Tablet

80%

14%

4%

Operating systems



Windows

iOS

OS X

Android

Linux

69%

15%

11%

4%

1%

Issuers should choose a platform that can keep their meeting secure, offer as much or as little functionality as they require, while providing an excellent user experience.

Of late, there have been many discussions in the public arena regarding online meetings technology and the potential challenges involved, not only for issuers, but also for shareholders.

There are a number of platforms available on the market today, and each offer varying levels of functionality. Consumers are becoming more discerning as we charge further ahead into the digital age, therefore shareholder expectations for a seamless user experience during an online AGM are very high.

Given the various devices and operating systems that shareholders are using to access online meetings, it's important that your chosen platform is accessible from a range of devices, browsers and operating systems. This is one way to ensure that your shareholders can easily access and log in to your meeting platform on the day.

To improve the user experience for our clients, Computershare set up a dedicated help line to assist shareholders with logging in and using the Lumi platform. To date, we have only received a handful calls, most of which related to internet speed or connectivity issues on the user's end, for example, slow internet streaming and some buffering.

During the last two months, over 90% of Computershare's clients chose to use electronic communications in the lead up to their AGMs.

The NOM needs to include:

1	Where the recipient can view the information online and download it
2	How persons entitled to attend and participate in the meeting can do so (including by proxy)
3	How participants can vote and ask questions and must include any other information they need to know to participate using technology

A trend that has emerged since the release of the temporary Determination is for companies to take advantage of the option of using a notice and access approach to the NOM communications. This is where companies are able to let shareholders know that the NOM and voting facilities are all hosted online.

As outlined in the temporary Determination, notices of meeting and information relating to the meeting may now be provided using one or more technologies to communicate to shareholders.

This change substantially reduces printing and mailing costs, and most importantly it is environmentally friendly, reducing paper and energy consumption. The other large benefit is shorter turnaround times in mailings giving companies more time to finalise AGM arrangements.

Where the traditional approach requires a substantial amount of time for printing and mailing, using electronic communication options can cut production time to a matter of days. This provision will remain in place up to and including 5 November 2020 (this is the date the transition arrangement expires as at the time of writing this publication).

We haven't seen any indication that the shift to online meetings has impacted the number or nature of questions being raised by shareholders.



55 questions
the highest
number received

0 questions
7 issuers

1-5 questions
8 issuers

6-10 questions
3 issuers

10+ questions
3 issuers

Unsurprisingly, the most questions received were from shareholders of companies in the ASX 50. There were three ASX50 companies that received an average of 33 written questions online. These three companies all had shareholder requisitioned resolutions put forward. For most meetings four or less questions were asked and for some issuers, no questions were received at all.

Online only

Webcasting applications usually have an inbuilt chat function that enables shareholders to ask questions. One of the big benefits of choosing 'online only' for your Q&A is the ability to increase efficiency by moderating and grouping questions.

Many issuers have chosen to appoint an independent moderator to manage questions, and this is made simple where this functionality is built into the software they utilise for their AGM.

Where questions are raised that do not relate to the matters of business, the moderator can alert the Chair, who can acknowledge but not answer these questions and respond to the shareholder(s) separately.

The moderator can also group questions based on similarity, so the Chair can address several queries at the same time. It is recommended that the Chair let attendees know that multiple questions have been grouped before providing the answer. This avoids a situation where a shareholder could think their question was overlooked, and is also an exercise in transparency.

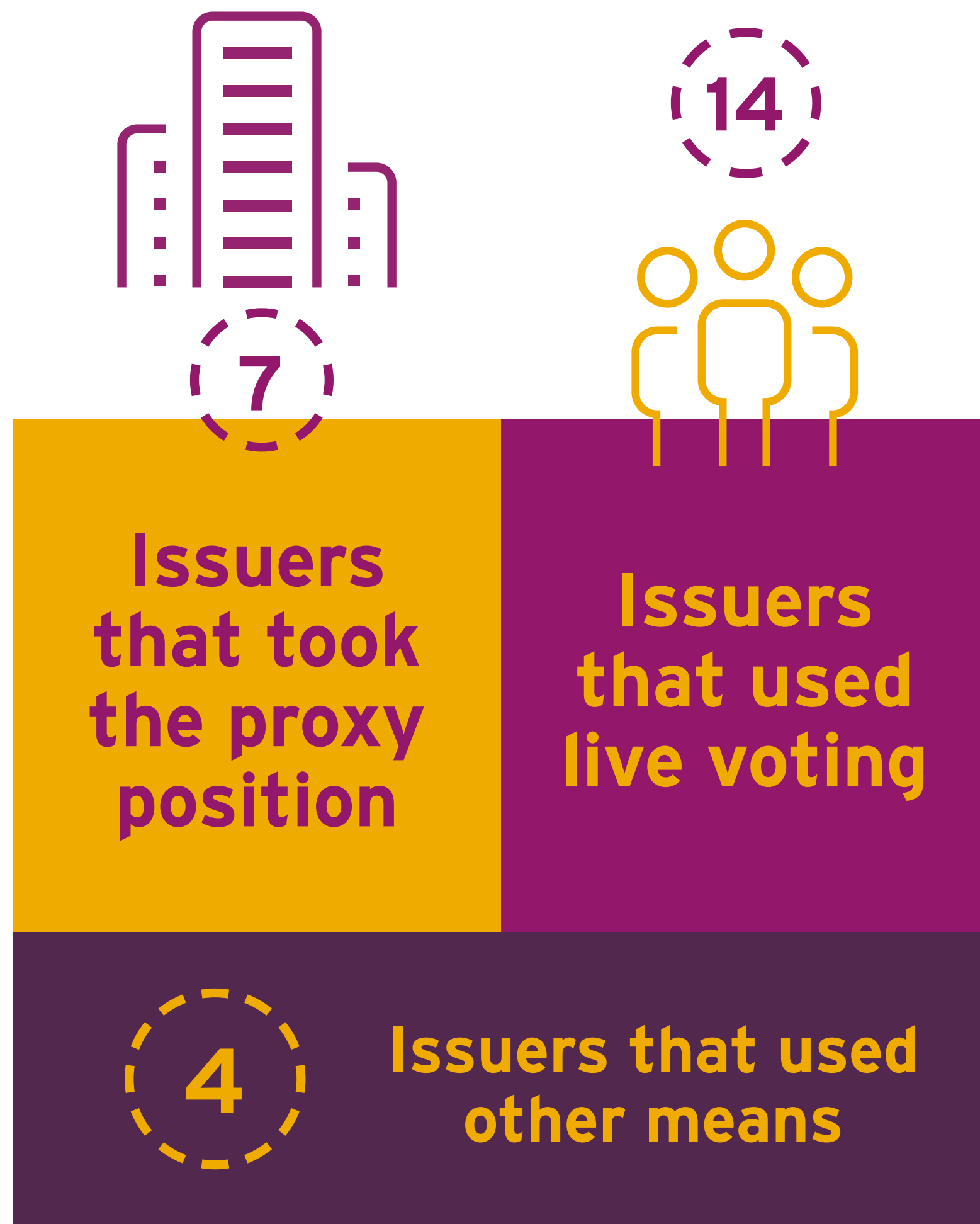
When conducting Q&A, the Chair should take into account possible network delays that shareholders may be experiencing. In some instances, the Chair moved on and shareholders did not have the opportunity to submit their questions in a timely manner due to lag or network issues.

Teleconferencing

Teleconferencing more closely replicates the physical meeting experience by allowing shareholders an immediate 'right of reply'.

There were five companies that used teleconferencing in addition to webcasting and in general, very low numbers of questions were received via phone.

In some instances, teleconferencing was out of sync with the on-screen experience. More importantly, it has been difficult for some issuers to securely identify shareholders, so companies who want to ensure beyond a doubt that only shareholders are asking questions, should consider the online only approach.



There has been no discernable change in the voting patterns of institutional investors or custodians as a result of the the shift to online meetings.

Overall, despite industry speculation, there has been no discernable change in the voting patterns of institutional investors or custodians. For the most part, these groups continued to vote prior to the meeting, and chose not to attend the AGM.

Deciding resolutions with only the proxy position does present a potential risk. For example, how are the open votes given to a third-party proxy to be voted, if they haven't been given a chance to cast their votes?

Prior to the announcement of interim changes to the Corporations Act, seven companies chose to take the proxy position for resolutions, instead of utilising live voting technology.

This was then clarified via the Determination, which indicated that resolutions put to the meeting must be decided via poll.

The best shareholder experiences occur when companies strive to replicate the physical meeting experience in the online environment. Best practice in this area is a work in progress, and as with all kinds of AGMs, there is no 'one-size-fits-all' approach.



Companies now have a reason to try online meetings technology for the first time, allowing them to explore what the future of AGMs could look like in Australia.

It is clear that issuers can still effectively engage their shareholders through the use of technology, modernising the shareholder experience and offering new ways for shareholders to engage. Technology opens the door for shareholders who would otherwise have to travel interstate or overseas in order to attend an AGM, and it gives issuers a way to increase efficiency and decrease costs.

While shareholder attendance may be down, as we discussed earlier, we have seen an increase in a broad range of interested parties attending AGMs over the last few months. Shareholder engagement remains largely unaffected given the similar volume of shareholder engagement and issued capital voted at AGMs so far.

The issuers who have conducted their AGMs during the COVID-19 pandemic, have done a lot of the hard work, paving the way for issuers whose AGMs won't take place until later this year. It will be interesting to see how the online meetings landscape evolves over the next three months and what changes and learnings other issuers implement at their AGMs as a result.

The most challenging aspect for issuers conducting an AGM over the last three months has been keeping up with the changes in restrictions on events and social distancing. We hope this will not be as much of an issue for companies holding their AGMs in the second half of the year. Regardless, there are steps that can be taken early in the planning process that will help manage the situation should it arise again.

Given the success many issuers have experienced throughout the off-peak meetings season, it seems the COVID-19 pandemic has propelled the industry forward, making significant advancements in modernising shareholder involvement and bringing AGMs into the 21st century.



Thinking about holding an online meeting?

Talk to Computershare's team of meetings specialists to discover how we can deliver an online solution that suits your needs.

agm@computershare.com.au

computershare.com/au/meetingresources



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For more information, visit www.computershare.com/au/meetingresources

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