



Bank Reform Now

Taking Real Action To Bring About Real Change In Banking

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Senate Standing Committees on Economics

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By email only – re: Treasury Laws Amendment (2021 Measures No. 1) Bill 2021

Virtual Meetings

BRN would like to make several points regarding the proposal to allow companies to hold Virtual meetings – including AGMs.

1. New technology should enhance the experience and utility of meetings. In other words the use of Virtual meetings should not result in a meeting which perhaps leads to unintended consequences or perverse incentives and outcomes.
2. We support the mandating of a hybrid system. This would enhance the AGM meeting experience.
3. There must be a physical AGM held in a public facility where any shareholder can attend.
4. There must be a simultaneous Virtual capability for any person anywhere to log in and observe the proceedings.
5. Shareholders must have the capacity to hold boards accountable at these meetings - in person and via the on-line virtual facility.
6. The 2020 AGM season has already well and truly demonstrated the problems with a virtual only meeting. Instructions on how to participate were flawed. Many eager participants had difficulty logging in. Some shareholders were deliberately prevented from asking questions. Questions were triaged and many were in effect censored.
7. A properly run virtual meeting must not enable companies to stifle legitimate questioners. Companies must not be able to silence reasonable criticism. Board members must be accessible at least once a year to shareholders in a meaningful way.
8. In order to have a meaningful, productive and properly documented physical & virtual AGM experience we suggest the following:
 - a) All appropriate questions are to be accepted and answered on the day by the board.
 - b) All questions and the answers must be recorded and accurately transcribed.
 - c) Each corporation must have a video of the entire AGM available to view on their website. In addition there must also be a separate section where the recording and transcription of each question and answer is clearly displayed. The deliberate altering of transcriptions must be treated as an offence.

d) The technology must enable a virtual questioner to - in real time - speak to the board in the same manner as is possible at a physical AGM. In other words a screen in front of each board member will display the shareholder and the screen of the online shareholder will display each of the board members. This is critical to enable a proper discussion. If a board member's response is inadequate the shareholder must be able to ask for a satisfactory clarification.

Mandatory Continuous Disclosure

Our membership feels that it is inappropriate to "water down" corporate continuous disclosure obligations.

Shareholders must have accurate, honest, timely disclosure of any information that affects their position with the company they have invested in.

Disclosing entities do not have a "state of mind." What needs to be taken into account is the company's board. Any member of the board that does not disclose information and issues of import should be held accountable. Often times company executives and boards like to hide news or information that might reflect badly on the company and affect its share price.

The point of the laws is to encourage company boards to disclose information that shareholders have a right to know.

There is minimal likelihood of class actions if companies behaved ethically and operated in the interest of customers, clients and shareholders. Appropriate laws and penalties encourage this type of behaviour.

Honesty, ethics, due diligence and timely corrections when aberrations occur works well.

Our political leaders should demonstrate it themselves and encourage it in the corporate sector.

Corruption and cronyism in business and politics is bringing democracy and capitalism into disrepute. Rehabilitation and rejuvenation is required or people will find their living standard and quality of life worsening. Institutions are no longer generally trusted. Watering down continuous disclosure is just another example of government putting in place laws that operate against the people's interests (very much like the government's push to axe Responsible Lending Laws despite the Banking Royal Commission's recommendations).

Thank you for the opportunity to assist with your inquiry.

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