

17 June 2021

Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

via email: economics.sen@aph.gov.au

Computershare's submission on the *Treasury Laws Amendment (2021 Measures No. 1) Bill 2021* in respect of virtual meetings

Background

Computershare (ASX: CPU) is a global market leader in transfer agency and share registration, employee equity plans, mortgage servicing, proxy solicitation and stakeholder communications. We also specialise in corporate trust, bankruptcy, class action and a range of other diversified financial and governance services.

As an Australian born and bred global business, we have deep experience and insight from exporting our technology and expertise to more than 20 countries where we securely manage the data, transactions, payments and communications with 75 million investors for over 25,000 clients.

Founded in 1978, Computershare is renowned for its expertise in high integrity data management, high volume transaction processing and reconciliations, payments and stakeholder engagement. Many of the world's leading organisations use us to streamline and maximise the value of relationships with their investors, employees, creditors and customers.

Computershare is represented in all major financial markets and has over 12,000 employees worldwide. For more information, visit www.computershare.com.

Annually, in Australia, Computershare administers over 700 annual general meetings across our listed clients and other member group organisations. In Australia, Computershare supported more than 500 virtual/hybrid meetings last year and another 99 in 2021 to date. Computershare also administers approximately 3000 virtual/hybrid meetings around the globe annually.

Summary

Computershare was pleased to see that swift action taken last year to reform the Corporations Act (2001) (*Cth*) as it pertains to virtual meetings, electronic document delivery and electronic execution. Since those temporary provisions lapsed in March 2021, the market has seen some confusion about what options are available in regard to holding their meetings. Computershare welcome's the certainty that the Treasury Laws Amendment Bill 2021 would deliver in many regards, but believe that some nuanced consideration should be given to some of the specific provisions, especially as it relates to the investor notification obligations and 'voice at meeting' functionality.

We also believe that it would be worthwhile amending the sunset date. If passed with the current September sunset date, the legislation would have little practical effect on Annual General Meetings given that the vast majority of these are held in October and November for 30 June reporting companies and April & May for 31 December companies. Consideration should also be given to the anticipated timing relative to any longer term, more permanent changes in regard to Annual General Meetings and Investor Communications. There has been discussion and debate about the need for reform in regard to AGMs for many years, going back to CAMACS's review on the future of the AGM in 2012.

Many of the reforms we saw last year, especially those relating to virtual meetings and digital investor communications have been both welcomed by industry and delivered savings. Computershare's clients saved \$2m in 2020 by taking advantage of these reforms. If continued on a like for like basis, we expect to see many more clients taking advantage of the savings offered by these reforms. For many clients, planning their AGM often begins immediately after the one prior finishes. This is especially true for larger issuers (by market capitalisation & shareholder numbers).

Whilst this Bill delivers certainty in some areas, we feel some of the changes, whilst aiming to make a positive impact from a policy perspective, may prove broader than needed, and costly and inefficient in their practical application.

Specifically our concerns centre around 253Q(2) and the rights to speak and orally ask questions, as well as changes relating to the obligations to notify investors of their right to opt in to receive hard copy documentation or copies of the meeting materials (usually a notice of meeting and proxy form) covered by 253RB(4), 253RC(4) and 1679(B).

Our detailed specific feedback below is targeted at these 2 areas. We have included some granular examples.

Members also need to be given a reasonable opportunity to speak and verbally ask questions in situations where they have a right to speak and ask questions (s253Q(2))

This section appears to expand the technological functionality that is expected to underpin an investor's right to speak, by additionally specifying a right to speak orally (by voice). Whilst we understand that there have been calls from some investor segments, we believe that the actual underlying demand for 'voice at meeting' is actually very small.

The consideration as to making a live voice option mandatory for virtual AGM's should be taken more in the long term, rather than enforced on issuers in a rushed manner, many of whom as stated above, will have been planning their AGM for some time. Requiring a live voice component with relatively short notice may prove challenging from a logistics and vendor management & integration perspective. The amount of additional management burden on facilitating and integrating live voice functionality may also prove to be disproportionate to the actual demand and usage of these facilities by investors.

Consider a couple of examples of call facilities from AGM's held in the last quarter of 2020.

Large Client A

634,055 Investors
216 shareholders attended AGM, 15 proxyholders
374 Visitors
4 investors utilised the phone facility that was offered.

Large Client B

484,415 Investors
148 shareholders attended AGM, 1 proxyholder
229 Visitors
8 investors utilised the phone facility that was offered.

As can be seen by these two examples from these large issuers, there is only very low levels of actual take up and use of these facilities when they are offered. This low level of usage is fairly consistent across those other clients who offer a similar voice option. It therefore seems that perhaps the considerations around speaking should be more of a longer-term discussion and debate around permanent reform for AGMs rather than becoming a mandatory requirement imposed as part of the current 6-month short term extension.

A member may elect to receive hard copies of documents relating to a meeting or a resolution considered without a meeting.

Companies and responsible entities of registered schemes are required to notify members of their right to opt in to receiving documents in hard copy within 2 months of the day of commencement of this Schedule. Failure to provide this notice is a strict liability offence with a penalty of 30 penalty units (s1679B(1), s253RB(4))

Computershare, along with our issuer clients, have spent many years in driving the take up of digital communications and transactions by investors. In FY2020 we sent 56,700,000 individual communications to investors. 68.3%, or 38.7m of these, were sent digitally. The level of digitisation increases when you look at payments to and from shareholders. The rates of outbound digital payments for dividends and inbound payments for capital raisings is well in excess of 90%.

We are concerned that the current proposed changes have the risk of reversing the longer-term upward trend of digital in reverting to more expensive print and post options. Computershare manages 12m investor accounts here in Australia. Of this, we have digital addresses and digital communication elections in place from investors for approximately 8m accounts. We consider that this new requirement would be suboptimal for the investor experience for these 8m shareholders who have already provided Computershare with email addresses and elections to be communicated with digitally. It seems somewhat nonsensical to be contacting these investors, to advise that they have a right to receive hard copy documents.

As a granular example, consider Large Client B mentioned in the previous section above. For its 2020 AGM, the company sent a short form 'notice & access' communication to its investors. The company only received 116 requests from investors for hard copies of proxy forms/Notice of Meeting. This company has current digital addresses and elections from 271,000 investors. Our assessment of the proposed changes would see this retail company contact these 271,000 investors advising of their right to receive hard copy documents, despite the fact that there is already an explicit election in place from those investors for digital.

Computershare absolutely acknowledges the rights and choices that investors make, but the application of this policy would seem to be addressing the needs of a small number and segment of investors, whilst potentially confusing a significantly broader segment.

Next steps

We respectfully suggest that:

- Consideration be given to delaying the requirements for voice participation so they are not included as part of the current temporary extension, but incorporated as part of longer term consultation and reform for Virtual/Hybrid meetings
- That the requirement to notify members of their right to opt in to receiving documents in hard copy within 2 months of the day of commencement of the change (and within 2 months of becoming a shareholder, for new shareholders) be more targeted so as to not apply to those members where there is an existing digital election. Consideration should also be given to removing the 2-month timing deadline and allowing for companies to incorporate the required disclosure into their next round of investor communications. This may be a dividend payment for example.
- That an assessment is made about the practicality of amending the hard sunset date of September 2021 that is drafted in the Bill so that the end date either dovetails into more permanent legislative changes or is in place for at least six months so as to cover the main bulk of AGM's that are held in October & November.

Computershare would be pleased to provide any additional input to the development of such guidance, drawing on our local and global experience.

Should you wish to discuss any aspect of the proposed reforms with Computershare, please contact me.

Yours sincerely,

Ann Bowering
CEO Issuer Services, Australia and New Zealand