

GROUP OF 100



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Dear Mr Sheehy

Discussion Paper: Expressing the voice of shareholders

The Group of 100 (G100) which represents the interests of CFOs of major business enterprises in Australia is pleased to comment on the issues raised in the Discussion Paper. The G100 supports the proposals to introduce direct voting by shareholders as a means of encouraging increased shareholder participation.

Q1. *Do you agree, in principle, with the need for an addition to the current system of appointing proxies as the sole means of providing for shareholder participation if shareholders are unable to physically attend the general meeting?*

Yes. The G100 considers that being able to vote directly rather than through a proxy is likely to encourage shareholders to vote and feel a sense of closer involvement and participation. This will be a welcome addition to the current system of appointing proxies as the sole means of providing shareholder participation at meetings.

Q2. *Do you think that the proposals to introduce direct voting would increased shareholder participation?*

While it is not clear whether this will result from the proposals the G100 considers that they are a worthwhile attempt as a means of achieving enhanced participation.

Q3. *Do you believe there are further advantages attached to the introduction of direct voting?*

Yes. The removal of the 'agency' arrangement triggered by the current proxy system will be a benefit.

Q4. *Can you point to any disadvantages attached to the introduction of direct voting?*

No.

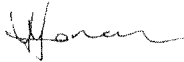
Q5 *Do you believe that there will be unintended consequences to the law of meetings that might be introduced if direct voting were provided for in companies' constitutions?*

No. However, if this is identified as a potential risk early preparation and action should be undertaken to mitigate its effects.

However, there are some additional matters that will need to be addressed if direct voting is adopted. These include:

- the treatment of direct votes received where there is a procedural motion put to a meeting. Currently, if there is a procedural motion put to a meeting, a proxy is at liberty to either abstain from voting or to vote in accordance with their view of what they believe their principal would have wanted. With direct voting, the security holder would not have been aware of the details of the motion and therefore would not have expressed a view (by way of vote). Hence, their participation in part of the meeting process would be limited; and
- the situation where a direct voter wishes to attend the meeting after lodging their votes. Currently, where a security holder appoints a proxy prior to the meeting, they have the ability to attend the meeting and, should they choose, revoke their proxy appointment. If the security holder does that they will be able to vote themselves in relation to any motion. It would seem that under the direct voting concept such an option would not be available to a security holder thereby potentially disadvantaging the direct voter if they wish to change their minds should they be able to attend the meeting.

Yours sincerely



Tom Honan
National President