

FREQUENTLY ASKED QUESTIONS

A. ABOUT ENTERING INTO THE ACCR AGENCY AGREEMENT

What does this agreement do?

It enables ACCR staff to sign on behalf of the shareholder a request a resolution is considered at a forthcoming AGM. 100 shareholders are needed for such a request to be successful.

If I enter into this agreement appointing ACCR staff as my agent what exactly does that enable them to do?

It enables them to sign a request to the company secretary requesting the company include on the forthcoming notice of meeting for an AGM the requested resolution on corporate political expenditure/climate change issues (and/or include with the notice of meeting to be sent to all shareholders a statement on this issue.) It also enables them to vary or withdraw such a request.

Why might I consider appointing ACCR staff as my agent to do this?

Because you might be worried or unhappy as a shareholder about what a company in which you have shares is doing! You might think this is a lot better than going to all the trouble of selling your shares because you don't approve of something your company is doing. If you do the latter, it only means someone less ethical than you might buy them!

What is the Australasian Centre for Corporate Responsibility?

The ACCR researches issues of corporate conduct and then seeks to improve that conduct by putting resolutions. We have previously put resolutions/requested distribution of statements on climate change issues at the top four banks as well as Origin & AGL. Our activities are similar to those of the US *Interfaith Centre for Corporate Responsibility* and the UK *Share Action*, both of which have outstanding reputations in the area of corporate democracy. If you wish also to join as an individual, please see www.accr.org.au.

Is there a cost involved in entering this agency agreement?

No.

Will there be any obligation upon me to actively assist with the lodgement of resolutions or requests to the company in focus?

No.

Are there any tax administration or tax liability consequences of entering this agency agreement?

No.

Is there any chance I will suffer non-tax costs as a consequence of entering into this agency agreement?

No. Where statements or resolutions need to be distributed by the company to all shareholders, the Corporations Act provides for these arrangements to be made at the company's expense. The agency

agreement will only be used to make a request for a distribution of statements or resolutions if this was indeed the case.

What happens if I disagree with the content of a proposed resolution or statement?

You can withdraw from the agreement by emailing us.

Will it become widely known that my name has been used?

It is possible, though not likely. If you enter into this agreement, the Company Secretary of the company, which is subject to a resolution or request for the distribution of a statement, will know you are one of many shareholders sponsoring that resolution or request. However it is up to them whether or not they make any use of that knowledge. Unless you are have a very high profile or for some other reason, it is hard to imagine they would want to publicise your action. Many of us will think that it is a small risk to take for the common good.

What is the difference between appointing a proxy and entering into an agreement like this?

This agreement deals solely with making a request for inclusion of a resolution or distribution of statement in advance of a meeting. A proxy is a person who attends a meeting for another shareholder and votes for them. You can enter into this agency agreement and still appoint whoever you choose as your proxy.

B. ABOUT SHAREHOLDER STATEMENTS & RESOLUTIONS IN GENERAL

How can shareholders “have their voice heard?”

The first step of course is to have some organisation like ACCR thoroughly research the matter of concern. The next step is to undertake some dialogue with the company concerned. This may lead in shareholders requesting the company distribute a statement or consider a resolution at a shareholder meeting.

How do company annual general meetings (AGM's) work?

At AGMs the board of directors and the management of the company discuss the operations of the company with the shareholders. Shareholders may vote on high-level resolutions dealing with the operation of the company, for example, the appointment of new directors, the remuneration of executives, resolutions put forward by the shareholders, etc.

Does a resolution have to get 51% of the vote to be “successful”?

No. The most successful resolutions get withdrawn. That means the board has agreed to act in accord with the proposal because it considers there is already ‘enough’ concern amongst its shareholders. Even if the resolution proceeds but fails to win majority shareholder support, it will often still have a significant influence on the operations of the company. Sometimes, the same resolution has to be put a few years in a row, slowly gathering support. Once support has reached 10 to 15%, proponents generally view their actions as having been successful. This is because change is usually triggered by this level of support.

In Australia & NZ, how many shareholders do you need to be able to put a proposed resolution to an AGM?

In Australia 100 shareholders can request a company distribute a notice about a matter of concern to all the shareholders. Similarly 100 shareholders can lodge a resolution for consideration by all shareholders at their next meeting. In New Zealand, unless the Constitution of the individual company has other requirements, any one shareholder can request a resolution for consideration at a meeting of shareholders.

C. ABOUT THE PROPOSED RESOLUTIONS ON CORPORATE POLITICAL SPENDING AND CLIMATE CHANGE

Which companies will be involved?

ACCR may engage with/then put resolutions or request distribution of statement to any of the top 20 ASX companies plus the larger resource companies where we have gathered 100+ shareholders.

If I wish to participate exactly what shares do I need to hold?

You need to hold fully paid ordinary shares. Only holders of these shares have the right to support resolutions for consideration at AGM's. Holders of bank shares, in particular, need to be careful they hold ordinary shares and not preference shares, floating rate notes etc which do not have governance rights.

What will the resolutions request?

The resolutions will deal with corporate political expenditure with a focus on climate change.

Can you show me a sample resolution?

The wording of the resolutions has not been finalised yet. But, by way of example, one resolution (in a style used in the US) might state:

“Shareholders request that the board commission for shareholders a comprehensive review of our **company**'s position, oversight, expenditure and processes related to public policy advocacy on energy policy and climate change. This would include an analysis of political spending, advocacy and lobbying activities, including indirect support through trade associations, think tanks, hired lobbyist's and other not for profit organizations. Shareholders also request that the board prepare for shareholders (at reasonable cost and omitting confidential information) a report describing the completed review to be made available by date X.

Will the resolutions likely enjoy any support from institutional shareholders?

Yes.

Will you endeavour to meet with company management prior to finalising the resolutions?

Yes