



## "Proposed pay protest laws to leave boards exposed"

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Proposed laws giving shareholders the power to vote out a board were "undemocratic" and a "mistake", a conference heard yesterday.

In April, the government said shareholders would be able to vote out a board if companies received a 25 per cent protest vote against their remuneration report in two successive years.

Remuneration consultant John Egan said recent voting trends at annual general meetings meant the so-called "two strikes" rule would give 15 per cent of investors the ability to vote out a board.

Mr Egan said research by his firm, **Egan Associates**, showed less than 60 per cent of shareholders voted at an AGM.

"If 25 per cent of that 60 per cent could remove a board over a limited period of time or two AGMs, it means that 15 per cent of shareholders determine the destiny of a board," Mr Egan told a panel at the annual Chartered Secretaries of Australia annual conference at the Gold Coast yesterday. "In looking at the top 100 companies, the concentration of the top five shareholders exceeds 15 per cent."

"So it means that a limited number of shareholders, for reasons that have nothing to do with remuneration, can remove a board."

...end.