

Viva Energy EGM Report

ASX Code	VEA
Meeting Time/Date	3pm, Monday 11 October 2021
Type of Meeting	Virtual using Link technology
Monitor	John Whittington
Pre AGM Meeting?	No

Virtual Meeting Hijack

What the Company Does

Viva Energy makes, imports, blends, and delivers fuels, lubricants, solvents and bitumen throughout Australia. They are the exclusive supplier of Shell fuels and lubricants in Australia and in 2020 supplied approximately a quarter of Australia's liquid fuel requirements. They operate the Geelong Refinery which is now one of only two remaining refineries in Australia.

Summary of Historical ASA Issues with the Company

Viva was privately owned until July 2018 when it was listed in an IPO so it only has had a limited time as a listed company and still retains some legacy issues from its previous ownership, mainly in areas of transparency. We have voted against the Remuneration Report since listing due to:

- Lack of disclosure of targets, actual remuneration, performance achieved by executives, and calculation of metrics used in targets;
- Too short a performance period for long term variable remuneration payments; and
- High Non-Executive Director Fees.

Debate and Voting at the Meeting

This meeting was held to approve a further return of capital to shareholders and a consolidation of shares with the intention that, post implementation, the Viva share price be relatively unchanged following the capital return. A similar meeting and capital return occurred last year.

Both were relatively uncontroversial items – indeed the ASA believes that a capital return should have been the first choice of the Company once it had received the proceeds from the Viva (now Waypoint) REIT sale.

Some aspects of the meeting showed the great benefit of using technology for such meetings. It seemed the Chair, CEO, and two of the directors who answered questions all were in different locations, yet their contribution to the meeting was effective and came across well. The [Chair and CEO addresses](#) as usual were published before the meeting and were brief and focussed on this issue.

The downsides of virtual meetings were also apparent with the meeting being effectively hijacked by Mr Stephen Mayne who asked ten of the eleven questions, many asking the Chair for his view on other companies' actions, strategies, and tax bills. He did seem to push for selective buybacks

– something we oppose as they usually discriminate against retail shareholders – and only allowing written questions for such meetings – something we very strongly oppose as written questions are too easily edited and avoided by companies.

We asked the only question not asked by Mr Mayne, asking for a sound reason for the share consolidation which generates significant administration for retail shareholders (changing the number of shares in each lot of your holding) whilst inflating some metrics (such as earnings per share) often used as the basis for executive remuneration incentives. The reason given seemed to be to keep the share price about the same and to achieve a similar outcome to a share buyback (which also distorts metrics).

The Chair handled the questions (even those not relevant to Viva Energy shareholders) well, involving some of the other directors and executives in the responses, and the meeting was over in 38 minutes with both items being passed easily with over 99.96% support.

Outlook Statements from the Company

The CEO made some limited outlook statements. He believes they have learned a lot about managing the disruptions of lockdowns and that markets quickly recover as restrictions are eased.

Meeting Statistics

Number of Holdings Represented by ASA	19
Number of Shares represented by ASA	132,039
Value of Shares represented by ASA	\$0.320 m
Number Attending Meeting	26 shareholders, 1 proxy holder, plus 17 visitors
Market capitalisation	\$3.94 bn
Were proxies voted?	Yes, on a poll