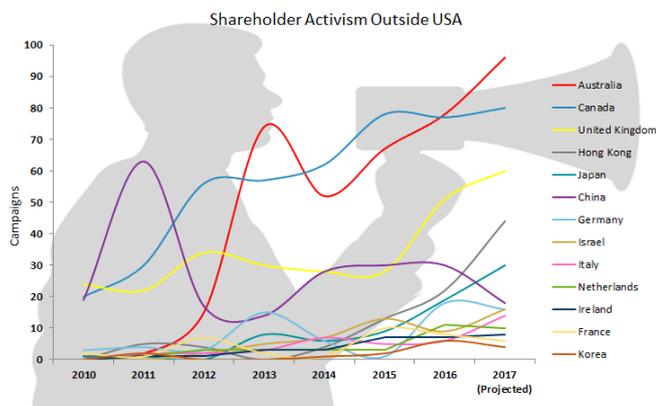


Australia Ranks 2nd Highest at Risk of Shareholder Activism

Australia's boardrooms face one of world's highest, and fast-growing, threats of shareholder activism according to FTI Consulting's 2017 Global Shareholder Activism Research.

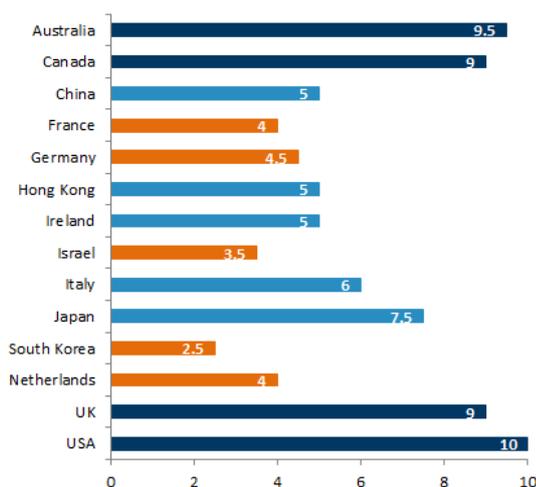
The FTI Consulting research examines the nature and occurrence of shareholder activism campaigns and susceptibility to activism across 14 jurisdictions.

In 2016, 78 shareholder campaigns were activated in Australia. In the first half of 2017, 48 campaigns were started in Australia. If that level of activity continues through the second half of the year, the proportionate growth (19 percent) of shareholder activism in Australia will be on a par with the US (20 percent).



Additionally, not only is there more activism taking place in Australia's corporate sector, companies here now also face the second highest risk of shareholder activism. Last year, Australia's risk level was ranked third behind the US and Canada.

Activism Threat Level 2017 (Mid-Year)



	2016 Ranking	2017 Ranking
USA	1	1
Canada	2	3
Australia	3	2
UK	4	4
Japan	5	5
China	6	6
Italy	7	7
Germany	8	10
Ireland	9	9
France	10	11
Hong Kong	11	8
Netherlands	12	12
Israel	13	13
South Korea	14	14

Agitating for Change

There are many factors fueling the growth of shareholder activism in Australia including the relatively low shareholding threshold (5 percent) required to call an extraordinary general meeting and nominate directors, and recent regulatory changes that allow certain types of coordinated behaviour between investors without triggering 'associate' provisions in the Corporations Act.

Consistent with other parts of the world, shareholders in Australia are most likely to agitate for the removal of a CEO or other board member, or for board representation. However, unlike other jurisdictions, in Australia quests to affect recapitalisation represent the third most common type of activism. Abroad, remuneration and efforts to push for a sale of a company hold greater importance.

Australia	Global
1. Removal of CEO/Board Member	1. Removal of CEO/Board Member
2. Gain Board Representation	2. Gain Board Representation
3. Recapitalisation	3. Remuneration

Tips for Managing the Risk of Shareholder Activism

1. Keep your directors up-to-date with contemporary activist tactics, responses and case studies.
2. Conduct a crisis simulation or scenario training to test how well your organisation, management team, and board is prepared for and responds to a shareholder activism campaign.
3. Monitor share trading and filing activities.
4. Analyse registered shareholders to understand their motivations and influencers.
5. Promote good shareholder relations with institutions and individual investors – don't just talk to them when you need their vote.
6. Be aware of the role of proxy advisors.
7. Do your homework – how does your company look through the eyes of an activist?
8. Communicate with activists – once you understand their track record, strengths and weaknesses.

Research Methodology

The Strategic Communications segment of FTI Consulting conducted secondary research to map the regulatory environment of 14 critical activist investor jurisdictions. The Global Shareholder Activism Map presents activist campaign data as at 30 June 2017, sourced from Activist Insight. The map examines nearly 5,400 activist campaigns, and excludes campaigns aimed at amending bylaws, as they are often automatic filings from passive investors.

FTI Consulting developed an index to indicate country-specific activism threat levels, which encompasses current campaign trends, corporate governance changes, and the overall likelihood of future activism investment. FTI Consulting's Global Shareholder Activism Map is updated regularly to reflect the most recent developments by country and highlight new trends in global activism investing.

The views expressed herein are those of the author(s) and not necessarily the views of FTI Consulting, Inc., its management, its subsidiaries, its affiliates, or its other professionals.

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