



Good Governance Guide: No. 4.2

Category: Resolutions

Subject: Bundled Resolution

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There are no laws governing the style and manner in which motions that are put before a general meeting for approval, should be worded. Very often, we would find several motions put before a meeting relating to the same issue. This is now commonly known as "Bundled Resolutions". For example, a motion seeking the approval of members to enter into a Sales and Purchase Agreement (SPA) will normally have the following parts for approval:

- Approval for the company to enter into the SPA
- Authority for the execution of the SPA

In the above example, both items would normally be bundled into one motion, as shareholders will most likely decide to vote for or against this item as a whole. This move is also rational as the second item is dependent on the first time, and shareholders will be unlikely to approve the second item if the first item was rejected. Thus, the practice of bundling related motions to obtain a bundled resolution of the meeting was developed.

However, the practice of bundling resolutions may be disadvantages to shareholders if misused by the company to "hide" issues within very lengthy and wordy motions, or to "push through" to obtain approval for controversial items. This prevents the shareholders from independently deciding on issues, which are bundled in the motion, leading to an approval for the entire motion, or none at all.

For example, a motion combining the approval of a dividend together with a motion of alter the rights of shareholders are clearly motions which are independent from each other and should therefore not be bundled together. Further, such motions contain both a beneficial proposal and a controversial matter, which would make it difficult for shareholders to vote.

Directors should therefore exercise caution when deciding to bundle resolutions. On this note, it is useful to highlight that section 126 of the Companies Act 1965 prohibits the bundling of a motion for the appointment of two or more persons as directors of the company.
