



ShareGift  
Australia

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# DIVIDEND REINVESTMENT PLAN GIVING

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## **ShareGift provides companies with a cost-effective alternative to managing Dividend Reinvestment Plan (DRP) residual balances.**

We have long-standing DRP partnerships with National Australia Bank, Wesfarmers and Coca-Cola Amatil (up until its delisting in April 2021). Following the demerger of Coles Group from Wesfarmers in 2018, Coles launched its own DRP tuned into ShareGift donating and has recently provided its inaugural DRP cash residuals donation. Each set of DRP rules responds to the company's own assessment of what threshold residual amount should qualify for donation and what rights a shareholder may exercise to reclaim the residual for themselves.

When a participant shareholder withdraws from the DRP plan or divests their shareholding, there may be an unused cash balance left in their DRP plan account. Such cash balances occur where the reinvestment of a cash dividend into new shares results in a residual amount that is of insufficient value to apply towards the issue of a further new share.

Where the shareholder leaves the DRP by actively withdrawing or by sale of their shareholding, the residual cash balance must be dealt with in accordance with the DRP rules.

## **The planned introduction of the system to replace CHESS in 2023 means that every company, or trust, will need to make changes to their DRP, or Bonus Share Plan, rules to cater for new instruction and enquiry features planned to go live in 2023. This need to review and make active changes to plan rules is an opportunity to also incorporate a charitable donation program into your plan.**

### ASX Company benefits

- A ShareGift partnership delivers an independent and transparent not-for-profit collaboration to facilitate the responsible use of shareholders' cash residuals
- Provides reputational benefits via ongoing charitable donations from the pool of aggregated small cash residuals
- Positively contributes to your company's ESG reporting
- Demonstrates corporate leadership in supporting the charitable sector and participating in a broader corporate initiative
- Strengthens your company's corporate social responsibility (CSR) strategy and community partnerships, for example, a company may nominate charity partner/s or specific cause areas for donations
- Reduces the administrative burden on companies in carrying the departed shareholder's entitlement, dispatching and preparing cheques or payment advices for small amounts, or dealing with unrepresented cheques and uncontactable shareholders. Each of these legacy items add to the cost of maintaining the company's register
- Minimal costs, that may include actively alerting affected shareholders to changes in the terms of an existing DRP, preparing communications about the change via an ASX announcement, etc.
- ShareGift undertakes all due diligence on receiving charities
- ShareGift manages all post donation compliance and reporting requirements to Australian Taxation Office (ATO), Australian Securities & Investments Commission (ASIC) and the Australian Charities and Not-for-profit Commission (ACNC)
- ShareGift can provide advisory services to assist with maximising CSR strategy impact.

## Shareholder benefits

- Donations \$2 and over are 100% tax deductible
- Shareholders may be left with an unused residual cash balance in their DRP accounts, which can be disposed of in a simple manner
- Provides an easy way to donate any residual account balances to charity. For example, where a company's share price is \$20, there may be up to \$19.99 in a residual cash balance when a shareholder exits the DRP (or the register). DRP rules can provide that this amount be automatically donated through ShareGift and for the donor to be sent a receipt for their cash donation.

## Charity and community benefits

- Delivers no-cost funding to the charitable sector
- Communities in need across Australia are strengthened.