WOODSFORD

Woodsford

Stakeholder Engagement & Collective Redress

Woodsford: Stakeholder Engagement & Collective Redress

What happens when catastrophic breakdowns in corporate governance cause loss to a company's customers or its shareholders? How are corporate governance wrongdoers held to account?

Banks promise their regulators (and their investors) that they don't engage in money laundering or terrorist financing. Fashion brands promise their customers (and, again, their investors) that their supply chains use sustainable materials and a properly paid workforce. Technology brands promise all of us that the prices we pay for their ubiquitous products are fair and competitive.

When a company fails to comply with its governance obligations and causes loss or damage to one or more categories of its stakeholders, those wronged stakeholders - the shareholders who invested based on promises that turned out to be untrue - the customers who have been ripped off - could potentially engage with the company on an escalated and collective basis, up to and including litigation. They will often have a good legal case, and they will almost always have at least three key motivations to litigate. First, to hold the wrongdoers to account. Second, to prevent future occurrences. Third, to seek compensation.

But there is often a wide gulf for many stakeholders between having good reasons and motivations to collectively engage on the one hand, and having the practical ability to do so, on the other.

At Woodsford, our collective redress business is about helping stakeholders bridge that gulf. There are two key ways in which we do that.

First, informing and organising stakeholders.

> Affected stakeholders will almost always be in large, often disparate, groups that lack any pre-existing organisation. They may not be aware that they have been wronged, for example they might be customers who don't know that they have been unfairly overcharged for goods or services. And even if they are aware that they have been wronged, for example investors whose investments have lost value due to corporate governance breakdowns, they won't necessarily know how to get in contact with others in a similar position or may not have the resources to do so. Woodsford solves these problems, in liaison with expert law firms and other professionals. We are pioneers in using law, technology and finance to collect together large groups of stakeholders, either in opt-out classes (for example in the UK Competition Appeal Tribunal or using *Dutch Stichtings*) or by bringing claimants together on an opt-in basis (possibly using SPV vehicles).

Second, taking all of the economic risk in the engagement, with our remuneration entirely contingent upon success.

> We provide significant funding for the legal and other costs of engagement, up to and including litigation, and we

provide claimants with indemnities against any adverse costs consequences.

Some examples:

Supply Chain Issues

Boohoo*

Boohoo Group plc is a UK-based fast-fashion giant listed on the London Stock Exchange. In July 2020, a Sunday Times report revealed poor working conditions, supply chain failures and weak corporate governance at Boohoo. The Sunday times exposé raised serious questions about the veracity of the statements that had been previously made by Boohoo's board and the information that had been published to the market.

The revelations led to a number of drops in share value resulting in the market capitalisation of the company reducing by over £2bn.

Woodsford monitored the progress of the revelations, their impact on shareholder value and brought this to the attention of global institutional investors who have agreed to be part of a group seeking accountability and financial redress.

Australian Royal Commission Cases

Australia's Royal Commission into the banking and financial services industry, which handed down its findings in 2019, found that many of the country's leading financial institutions had
ripped off customers, broken the rules and lied
to regulators. The investigation revealed unscrupulous behaviour and multiple compliance breaches related to, among other things, money laundering.

Woodsford is supporting many claims by customers of Australian financial services companies, including:

- individuals who acquired financial products on the advice of advisors licensed by Count Financial, a subsidiary of Commonwealth Bank of Australia (CBA). It is alleged that Count Financial advisors were remunerated in a way that gave rise to conflicts of interest, and they failed to always act in their customer's best interests when giving financial advice.

- customers who obtained life or income protection insurance issued by CommInsure, a subsidiary of CBA, on the recommendation of a financial advisor licensed by other subsidiaries of CBA. It is alleged that CBA's financial advisors were incentivised through commissions and other benefits to recommend insurance through CBA's related party CommInsure, resulting in their customers paying unfairly higher insurance premiums.

- similar claims relating to the advice of advisers from AMP Limited financial advice licensees, including AMP Financial Planning.

- hundreds of thousands of Australians who were allegedly charged excessive insurance premiums because Commonwealth Bank's superannuation provider - Colonial First State Investments Limited - tipped its members into overpriced policies with the bank's insurance arm CommInsure.

Fatal Health and Safety Breaches

A tragic, and potentially avoidable, accident claimed four lives at the Dreamworld Theme Park on 25 October 2016.

Dreamworld, owned by Ardent Leisure Group, is a major tourist attraction on the Gold Coast in Queensland, Australia. There was evidence, including findings from a Coronial Inquest into the incident, that Ardent misled its investors and others about the safety measures and corporate governance standards in place at Dreamworld in the years preceding the accident.

Woodsford supported claims that corporate governance breakdowns at Ardent gave rise to significant shareholder losses. In August 2023, Ardent agreed to pay a lump sum of AUD $26m towards shareholders' losses in share value, interest and costs.

Bribery and Corruption on a Global Scale

Airbus

Airbus SE is a European headquartered, multinational aerospace corporation. Airbus designs, manufactures and sells civil and military aerospace products worldwide. In one of the most egregious corporate governance breakdowns in recent years, it came to light in the course of investigations by the French Parquet National Financier, the U.K. Serious Fraud Office, and the U.S. Department of Justice that Airbus had engaged in bribery and corruption on a global scale. In January 2020, Airbus agreed to pay penalties of approximately US$4 billion plus interest and costs to resolve foreign bribery charges with U.S., French and UK authorities. Airbus investors who suffered significant losses as a result of these governance failings fall into two main categories - those who trade in Airbus securities within the U.S., and those who trade in Airbus securities in Europe, particularly in France. In May 2022, Airbus agreed a multimillion dollar settlement in the U.S. with investors who fall into the former category. The vast majority of affected investors fall into the latter category. Airbus has not yet settled with, and has therefore not yet been held accountable to, those investors.

Woodsford has organised investors and is pursuing compensation and accountability on their behalf via Dutch litigation.

Glencore*

Glencore plc is one of world's largest globally diversified natural resource companies. Following investigations across multiple jurisdictions including the UK, the US and Brazil, in May 2022 Glencore publicly announced that it would plead guilty to multiple counts of bribery and market manipulation. This eventually resulted in the company paying global fines and penalties of approximately US$1.5bn

When announcing the settlements, the US Attorney for the Southern District of New York (Damian Williams) said: "*The scope of this criminal bribery scheme is staggering*" and "*Bribery was built into the corporate culture* [at Glencore]. *The tone from the top was clear: whatever it takes*".

The collective redress team at Woodsford identified the ongoing investigations, subsequent fines and the guilty pleas and brought them to the attention of institutional investors in Glencore. We have organised investors into a group in excess of 200 institutional investors comprising some of the world's largest pension funds and asset managers, their aim being to both act as responsible stewards in holding Glencore to account but also to recover compensation for losses suffered.

Entain*

Entain plc is a global online sports betting and gaming business, with its headquarters in London. It is currently licensed in more than 40 territories and employs circa 30,000 people in more than 20 countries.

From November 2019 to November 2023 Entain made a number of announcements in respect of an ongoing investigation into its former Turkish-facing online betting and gaming business. The UK tax authority, HMRC, was examining potential corporate offending by an entity (or entities) within Entain. Entain reported that the offences under investigation included, but were not limited to, section 7 of the Bribery Act 2010.

On 24 November 2023, Entain announced that it had agreed a DPA with the UK Crown Prosecution Service ("CPS"), which duly received judicial approval. Entain agreed to pay a financial penalty plus disgorgement of profits totalling £585 million, to make a charitable donation of £20 million and to pay a contribution of £10 million to HMRC and the CPS's costs.

These revelations, including that there were serious and persistent governance failures within Entain, caused Entain's market capitalisation to reduce by over £1bn, causing significant loss to investors in Entain.

Woodsford's collective redress team monitored the progress of the investigation, brought it to the attention of Entain's institutional investors and is in the process of organising the investors into a cohesive, fully-funded group whose aim will be to hold Entain to account for the its governance failings and to seek redress collectively.

Credit Cards

In order to entice new customers, credit card providers often offer interest-free periods. Australia and New Zealand Banking Group (ANZ) did just that. However, between 2010 and 2018 ANZ charged interest to customers retrospectively on credit card purchases that previously had the benefit of an interest-free period. It was alleged that ANZ's "interest-free" credit card contracts contained unfair terms and that ANZ engaged in unconscionable conduct causing loss and damage to ANZ credit card holders.

Woodsford supported the law firm Phi Finney McDonald in Australian litigation through which affected customers sought compensation and accountability. In March 2024, ANZ agreed a settlement in the sum of AUD $57.5m subject to court approval.

Misconduct in the Health Technology Industry

Koninklijke Philips N.V. (Philips)*

Philips is a Dutch multinational conglomerate with its world headquarters in Amsterdam. The companies purpose is described as being to "*improve people's health and well-being through meaningful innovation*" with the aim of delivering "*superior, long-term value to our customers and shareholders, while acting responsibly towards our planet and society, in partnership with our stakeholders*."

In April 2021, and on various occasions thereafter, Philips disclosed that there were severe problems (health risks associated with foam degradation) with Philips

Respironics' sleep and respiratory care devices (such as ventilators, CPAP and BiPAP machines). It gradually became apparent that weak corporate governance with Philips had led to numerous failures to properly investigate the issues and notify the market of them promptly. In addition, the US Department of Justice (DOJ) and the Food and Drug Administration (FDA) have instigated investigations. Multiple US class actions have also been commenced on behalf of affected consumers, with Philips already seeking to settle some of the actions. The financial markets have reacted to these revelations with almost €18bn being wiped off the company's market capitalisation leading to significant losses for shareholders.

Woodsford notified investors in Philips of these issues and their rights as responsible stewards of the company to both hold the company to account and seek financial redress. To date, over 100 global institutional investors have agreed to come together in a fully-funded escalated engagement aimed at seeking accountability and recompense.

Anticompetitive Conduct

Woodsford is a pioneer of the relatively new opt-out regime for collective actions and consumer redress in the UK Competition Appeal Tribunal (CAT), which is the only opt-out litigation regime in the UK. Examples of our work include:

Trains: An affordable public transport network is vitally important to the economy and to the environment, particularly in major cities like London. Woodsford is therefore proud of our significant financial and other support for class actions against train operating companies who operate lines in and out of London and who it is alleged to have been overcharging customers. A settlement with one of the train operating companies, Stagecoach South Western Trains Limited, which provides for up to £25 million compensation to passengers, was approved by the Competition Appeal Tribunal on 10 May 2024.

Shipping: Anticompetitive conduct by big corporates distorts markets and ultimately causes harm to consumers. In particular, cartel behaviour often leads to consumers being overcharged. From October 2006 to September 2012, a number of shipping companies engaged in unlawful cartel behaviour. They exchanged commercially sensitive information, coordinated prices and divided customers amongst themselves, to avoid competing with each other. The cartel is likely to have made the cost of shipping new cars and vans into the UK and Europe higher than it should have been. Woodsford is providing significant financial and other support for a class action through which consumers and business affected by the cartel seek compensation and accountability. A settlement with one of the cartelists was approved by the CAT in December 2023. The case against the other cartelists continues.

Misleading Fuel Efficiency Labels

The climate emergency has led to an increased focus by consumers on vehicle fuel efficiency. It is therefore vital that we can trust statements made about fuel efficiency by manufacturers and distributors of cars and other vehicles.

In 2019, an Australian court found that Mitsubishi Australia had engaged in misleading and deceptive conduct in relation to the sale of the Mitsubishi Triton vehicle.

In particular, Mitsubishi made misleading statements about the vehicle's fuel efficiency. That decision was upheld by the Supreme Court of Victoria in Melbourne. Following that court decision, Woodsford has agreed to support litigation brought on behalf of Mitsubishi Triton GLS owners who acquired certain utility vehicles between 2015 and 2021. It is alleged that the consumption labels affixed to affected vehicles and brochures published by Mitsubishi made several false and misleading representations about fuel efficiency, and that the fuel consumption results on the labels and in the brochures were significantly lower than the fuel consumption results the Affected Vehicles would have achieved, if tested properly under the relevant Australian Design Rule.

Misconduct in the Pharmaceutical Industry

Reckitt Benckiser plc / Indivior plc

Reckitt Benckiser ("Reckitt") is a British multinational consumer goods company. It is a producer of everyday health, hygiene and nutrition products. Indivior, a specialty pharmaceutical business and the former buprenorphine division of Reckitt, was spun out of the main company into a separate listed entity in 2014. Its purpose was to be the main production and marketing vehicle of the drug Suboxone, used to treat opioid misuse disorders.

Following investigations by the US Federal Trade Commission (FTC) and the Department of Justice (DOJ), it became apparent that Reckitt and Indivior had operated a "product hopping" scheme in relation to Suboxone with the aim of limiting the entrance to the market of competing generic drugs. This was done by lodging unfounded safety concerns with regulatory agencies about the tablet form of Suboxone, the patent for which was due to expire, and at the same time pointing regulators and practitioners in the direction of a newer, film version of the drug, the patent for which had many more years left to run. Upon the investigations concluding, Reckitt and Indivior eventually paid regulatory fines totalling $2bn and the CEO of Indivior was imprisoned for 6 months.

These revelations led to significant shareholder losses with the market capitalisation of Reckitt reducing by £9.9bn and Indivior's reducing by £3.6bn.

Woodsford brought these revelations and the impact on investors to the attention of Reckitt/Indivior shareholders, with the result that over 200 global institutional investors have joined a fully-funded group seeking to hold Reckitt and Indivior accountable and recover their losses in shareholder value. The investors allege that Reckitt and Indivior misled them in relation to the existence and nature of this fraudulent and anticompetitive scheme.

In this engagement, Woodsford is pioneering a representative action strategy in the UK courts with a view to providing a more efficient form of recourse for both institutional and retail investors alike.

Superannuation Fund Governance

In Australia, trustees of superannuation funds hold fund assets on behalf of the fund's members. The trustees owe duties to those members. Woodsford is funding a claim against one such trustee, QSuper, for breaching those duties. In July 2016, QSuper changed the group life insurance policy available to its members. It is alleged

in the class action that QSuper failed to provide members with information reasonably necessary for them to take steps to benefit from that change to their insurance policies. Failing to notify members of the potential entitlement to reduced premiums resulted in members paying higher insurance premiums to QInsure (a related party of QSuper) than they otherwise would have paid.

Money Laundering and Terrorist Financing

Particularly following the international response to the Russian invasion of Ukraine, compliance with international sanctions and with anti-money laundering (AML) and counter-terrorist financing (CTF) rules are big issues for banks. A number of major international banks have, over the past 10 years, failed to live up to their ESG promises in relation to sanctions, AML and CTF. Woodsford has identified several such corporate governance breakdowns at major banks that have led to significant loss in shareholder value, and we have helped investors to organise and to seek compensation and accountability.

Standard Chartered

In 2012, Standard Chartered Bank paid a total of US$667 million in fines and forfeitures to settle allegations by U.S. authorities of sanctions breaches involving billions of US dollar transactions with Iranian or Iran-linked entities. In August 2014, U.S. authorities issued a further order requiring Standard Chartered Bank to pay US$300 million for breach of its 2012 deferred prosecution agreement, in relation to deficiencies in the bank's anti-money laundering transaction surveillance system in its New York branch. On 9 April 2019, Standard Chartered Bank admitted that until at least 2014, notwithstanding the fines in 2012 and 2012, the bank had continued to facilitate US dollar transactions involving Iranian or Iran-linked entities. The bank agreed to pay an additional US$1.1 billion in penalties.

In addition to the loss in shareholder value caused by these repeated breaches, in July 2019, the price of Standard Chartered PLC's shares listed in London suffered another fall following reports of a whistle-blower claim that between 2009 and 2014 the bank had cleared far more transactions in violation of Iran sanctions than had been included as the basis for the fines levied in April 2019. Standard Chartered's share price suffered a drop of 5.82% on 21 September 2020, following media reports covering the disclosure of the US FinCEN files and naming Standard Chartered Bank as one of five global banks who continued to facilitate transactions for certain clients even after raising suspicious activity reports about them with the US authorities.

The collective redress team at Woodsford brought the above problems and related loss in shareholder value to the attention of institutional investors and organised a number of international investors into a group, for the purposes of escalated and collaborative engagement with Standard Chartered. Having not agreed to pay compensation and thereby be held accountable, litigation has been commenced against Standard Chartered in the High Court in London.

ABN-AMRO*

ABN AMRO Bank N.V. is the third-largest Dutch bank, with headquarters in Amsterdam.

Following several significant frauds being uncovered which took place under ABN AMRO's watch, the bank became the subject of an investigation by the Dutch Public Prosecutor in September 2019, giving rise to the suspicion of a grave degree of money laundering, resulting in a €480m settlement in April 2021.

The disclosure of, first, the investigation and then second, the fine, resulted shareholders suffering significant financial losses.

Woodsford's collective redress team brought this issue to the attention of ABN AMRO's shareholders and is organising a group already comprising in excess of 100 global institutional investors and is providing funding for them to pursue an escalated engagement with a view to holding the company to account for its governance failings and obtaining redress for the financial losses suffered.

Westpac

In 2019, the Australian Transaction Reports and Analysis Centre (AUSTRAC) alleged that Westpac had engaged in 23 million breaches of Anti-Money Laundering and Counter-Terrorism Financing legislation in transactions totalling A$11 billion. AUSTRAC also alleged that certain transactions related to child abuse and exploitation in the Philippines and Southeast Asia and that Westpac was aware of its systemic deficiencies in relation to its anti-money laundering protections for a substantial period. Westpac's CEO and Chairman both stepped down, and in the four days following the announcement by AUSTRAC, Westpac's share price fell by 7.95%, wiping a huge A$7.4 billion off its market capitalisation. AUSTRAC went on to fine Westpac A$1.3 billion in September 2020, the largest fine ever issued in Australia for corporate misconduct.

Woodsford is behind what is possibly the largest ever Australian class action, and one of the highest value litigations globally, seeking compensation and accountability on behalf of investors who have suffered loss because of the corporate governance breakdowns at Westpac. Westpac has settled the U.S. equivalent of this litigation brought on behalf of U.S. investors but has not yet agreed a settlement, and thereby accountability, to non-U.S., in particular Australian, investors.

The nuclear power industry

Good governance is absolutely vital in the nuclear power industry. Problems at nuclear power facilities have potentially global consequences.

In September 2019, the President of the Kansai Electric Power Company (関西電力株式会社, KEPCO) in Japan admitted that he and 19 other executives of the company, including several senior executives, had received significant payments and gifts from Eiji Moriyama, the former Deputy Mayor of the town of Takahama, where KEPCO maintains a nuclear power plant. An external investigation released by the company in 2020 noted that following receipt of those payments and gifts, KEPCO employees and executives had provided internal information to Mr Moriyama and several contracts had been awarded to companies with which he was connected.

Despite becoming aware of the issue in early 2018 and commencing an internal investigation in July 2018, KEPCO did not disclose anything to the market until 27 September 2019. When the scheme was

publicly revealed in September 2019, it had a significant impact on shareholder value, wiping over JPY ¥150bn (approx. US$1.35 billion) off the market capitalisation of KEPCO over two days.

A 2021 publication by the Asian Corporate Governance Association expressed concern that there had been insufficient accountability for these serious corporate governance failings: "*Perhaps what is the most striking aspect of the whole affair, however, is how little seemed to come of it. There were apologies and resignations: KEPCO chairman Makoto Yagi resigned in 2019 and president Shigeki Iwane followed him out the door in 2020. Meanwhile, METI in March 2020 issued a business improvement order to KEPCO, seeking a clarification of responsibilities and better legal compliance. But the only people likely to see a day in court are a handful of former executives being sued by the company for their alleged part in the scandal.*"

Woodsford has taken steps to help investors address these issues. We have brought the corporate governance failings at KEPCO to the attention of institutional investors, and we have organised a large number of international shareholders into a group, who are pursuing legal action in Japan, seeking accountability and compensation.

Do UK and other international companies treat the ESG concerns of their U.S. investors with more respect than their non-U.S. investors?

In a number of Woodsford's cases, UK, European and Australian companies have paid compensation, and thereby held themselves accountable, to their U.S. investors, but have (thus far, at least) refused to treat their non-U.S. investors no less equally. In addition to the Airbus and Westpac cases referred to above, Woodsford is backing the Barclays Dark Pool case in the London High Court.

In June 2014, the New York State Attorney General (NYAG) alleged that Barclays had engaged in fraud and deceptive practices in relation to its alternative trading system known as LX Liquidity Cross, also referred to as a 'Dark Pool'. Among other things, it was alleged that, while Barclays promised its customers that it would keep predatory, high-frequency traders out of the Dark Pool, Barclays in fact welcomed those predators into the Dark Pool, unbeknownst to most of its LX unwitting customers. Barclays did not immediately admit the allegations, but later, in early 2016 Barclays Plc settled the NYAG Complaint on the basis that Barclays would pay US$70 million and accept NYAG censure. At the same time, Barclays agreed a statement of core facts in respect of its wrongdoing, which included admissions as to various allegations in the NYAG Complaint as well as admissions of breaches of federal securities law. These corporate governance breaches led to a loss in shareholder value.

Certain U.S. investors in Barclays, in particular holders of American Depositary Shares, have been compensated following the $27million settlement of a U.S. litigation. However, Barclays has thus far refused to treat investors in its shares that are traded on the London Stock Exchange as no less equal in the payment of compensation.

Woodsford has brought these issues to the attention of institutional investors, and helped them organise into a group seeking compensation and accountability in London. The matter is ongoing.

More ESG cases in the pipeline

The lawyers and other professionals at Woodsford are in the vanguard of corporate governance accountability. We are working on several more significant and high value cases, where some of the world's largest businesses have failed in their corporate governance obligations, thereby causing loss to shareholders, customers and other stakeholders. We expect to announce many more engagements over the coming months.

The matters marked * remain open for institutional investor participation. If you'd like more information on these or any of the other actions simply email Mitesh Modha, our Business Development & Origination Director, at mmodha@woodsford.com

About Woodsford

Founded in 2010, Woodsford, is the leading, London-based, collective redress specialist. Whether it is organising and funding shareholders on collaborative, escalated engagements up to and including litigation or helping consumers achieve collective redress, Woodsford is committed to holding corporations to account and achieving recompense for affected stakeholders.

We have a proven track record with more successfully resolved engagements than any other similar business in the space. We have also achieved ever increasing levels of investor traction with the engagements that we've organised and funded.

Our institutional investor clients include most of the top 100 by AUM asset managers globally, along with hundreds of pension funds, sovereign wealth funds and other investors from around the world.

Working with most of the world's leading law firms, our strength lies in the combination of our legal experience, investment, business and technical expertise and significant financial resource.

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