



**ICGN**

International Corporate Governance Network

# Annual General Meetings post Covid

## What should the groundrules be?

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## **ICGN Overview:**

### **Investor-led membership network**

- Founded in 1995– celebrating 25th anniversary
- Over 800 members from over 45 countries
- Institutional investor members represent over US\$54 trillion in assets under management
- Company members -- seeking to better understand the investor perspective on governance

### **Mission is to inspire effective standards of professionalism in corporate governance and responsible investment**

- Micro/company focus: to promote successful companies for sustainable long-term value creation
- Macro/systemic focus: to promote efficient markets and economies worldwide

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## Positives and negatives of different approaches to AGMs

- **Physical:**

- + Face to face more immediate and can allow for informal as well as formal interaction: direct Q&A, shareholder proposals: “look them in the eye”
- + Important forum for retail shareholders
- Time consuming and impractical for institutional investors (globally diversified) to become involved– except in exceptional circumstances

- **Virtual only:**

- + Probably most cost effective for companies, particularly audio only.
- + Provides wide access to shareholders without the need for physical presence
- Questions and/or shareholder proposals can be filtered or sanitised.
- Audio only: much less immediate => visual dimension is important – and missing

- **Hybrid with video virtual format:**

- + Combines benefits of immediate shareholder interaction (physical meeting) with the benefits of broader access to institutional shareholders
- Higher cost for companies
- Still potential for diminished accountability/involvement with shareholders taking part virtually.

## Is hybrid the way forward? Yes, but...

- Embrace technology, but protect against abuse
- It needs ground rules

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## **Key risks/challenges both to companies and investors**

1. Participant verification that each remote participant is a shareholder or a proxyholder in the company
2. Technical risk
3. Cost
4. Undue control of the meeting conduct and messaging by the company: it is a shareholders' meeting
5. Reduce opportunities for active interaction between directors and shareholders, even in cases where live Q&A is available.
6. Any non-transparent/mediated approach to selecting questions is likely to reduce quality of interaction between directors and investors.

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## **Basic ground rules to protect shareholder rights**

1. Virtual meetings should be in video format, audio-only is inadequate and should be discontinued.
2. Any participant should be able to address the shareholder meeting on request – advance requests as well as “open microphone” approaches should be accommodated.
3. Companies should ensure that all shareholder proposals on the agenda are voted on.
4. Any participant should have a possibility to ask questions of the board.
5. All questions raised to the Board/management in advance of and during the meeting should be made public.
6. Virtual participants should be able to cast live votes during the meeting.
7. Using a universal proxy card should facilitate dealing with contested director elections in a virtual environment.



## Contact Us

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