

Statement on Shareholder Participation and Virtual Annual Meetings

In the recent annual meeting season, virtual or hybrid meetings became a temporary norm, due to COVID-19 public health precautions. In response to the current pandemic, the Interfaith Center on Corporate Responsibility (ICCR) and the Shareholder Rights Group urge that as the pandemic abates, companies return to allowing face-to-face participation of shareholders in annual meetings. However, we also recognize that the hybrid meeting format has some benefits and may be adopted by companies to give shareholders and other stakeholders a range of mechanisms for participating in the crucially important annual meeting.

For publicly traded companies, the annual meeting of shareholders offers a unique time for shareholders and management to discuss issues of concern or accolade, and this is needed more than ever during this time of multiple national and global crises. Shareholders value the opportunity to hear from management and contribute to the discussion of sustainability, social and racial equity, and economic challenges facing companies and their stakeholders, both in discussion of shareholder proposals, and during question and answer sessions.

From the 2020 meeting season we have seen the technical and practical challenges and limitations of the virtual only meeting format. To that end, we urge companies to observe these best practice guidelines for future meetings:

1. Each company should return to an in-person or hybrid format when public health advisories allow.
2. During the pandemic, shareholder proponents should not be expected to travel to present shareholder proposals during this spring 2021 annual meeting season. All companies convening annual meetings in spring or summer 2021, or later if advised by public health officials, should offer a virtual option for proponents to present their shareholder proposals.
3. Shareholder proponents should be given flexibility regarding the best means for presenting their proposals virtually. This may include phone or video connections, but it also may include pre-recorded audio or video presentations. Companies should work with shareholders and technical staff to ensure that virtual participation will be audible and visible on par with other aspects of the meeting.
4. Every company should create mechanisms to foster meaningful question and answer (Q&A) sessions that provide space for shareholder voices:

Companies should allow shareowners to ask questions in a live format (either through written or video input to the meeting or by phone), to provide real-time transparency regarding the questions asked, and to receive a response to the question from the Board Chair or CEO. The company should endeavor to answer

all questions, and should disclose all questions asked in real-time.

Questions may include, but not be limited to, topics that are not otherwise on the meeting agenda, as would normally be the case in an in-person meeting.

Based on practices suggested by the Council of Institutional Investors, we believe best practices are:

- Live presentation of a continuously updated list of all shareholder questions submitted both before and during the meeting, accompanied by clear indication of any subsequent deletion or re-ordering in the queue.
- A comprehensive Q&A tool allowing the shareholder to:
 - o Submit a question
 - o Track its prioritization in the queue
 - o Present the question virtually, including through the use of a shareholder-provided webcam or phone

All investors should have access to read written responses online to unanswered shareholder questions, made available within 72 hours of the meeting's conclusion.

5. Company meetings should provide live audio and video feed in which all key company representatives who participate in the meeting are visible on video, consistent with their accountability to shareholder as officers and fiduciaries of the company. This should include at a minimum, the chair, CEO, any lead/presiding director, chairs of key board committees and the corporate secretary.

Any shareowners participating virtually need to be able to see, hear, and ask questions of board members, particularly independent board leadership.

The process should provide mechanisms for attendee shareowners to follow up with relevant company leaders.

6. Establish mechanisms for ensuring quality technical participation including technical support lines, opening phone and virtual connection lines 30 minutes prior to the meeting for testing and, where necessary, allowing time at or before the beginning of the meeting for a technician to offer any needed information for participants to afford smooth participation.

7. To ensure shareholder rights, the company should have a *contingency plan* to read the statement of the proponent and move the proposal in the event of a technical failure. This is not a replacement for the necessary mechanisms for the proponent or their representative to present directly, but should only be provided as a fail-safe measure in the event of real-time technical failure. We recommend the company discuss this contingency plan with the shareholder proponent(s) in advance of the annual meeting.

8. Companies should provide full and clear disclosures in the proxy to shareholders, including proponents, regarding decisions and arrangements for meeting access and virtual participation, including providing periodic updates as technical and logistical details are refined.

9. After the meeting, the company should publish basic information about the meeting known

to the company, which may include a list of attendees, the number of shares represented at the meeting, and preliminary vote counts as well as a list of questions asked as part of the Q&A session and any replies given. The company should archive the virtual shareowner meeting for future viewing for a specified amount of time.

10. Companies should provide real-time webcasting of annual meetings including question and answer periods, to maximize access of the market and other stakeholders to important matters raised at the AGM.

July 2, 2020

References

Many of these recommendations are taken directly from these foundational guidelines:

The Council of Institutional Investors

- ***Build a Better Meeting, 2017***
- **CII Statement on Virtual Shareholder Meetings During a Public Health Emergency (Public Statement of March 16, 2020)**

The Best Practices Committee for Shareowner Participation in Virtual Annual Meetings

- **Principles and Best Practices for Virtual Annual Shareowner Meetings, Convened and Distributed by Broadridge (2018)**

The [Interfaith Center on Corporate Responsibility](#) pioneered the use of shareholder advocacy to press companies on environmental, social, and governance issues. Our coalition of over 300 global institutional investors currently represents more than \$500 billion in managed assets. Leveraging their equity ownership in some of the world's largest and most powerful companies, ICCR members regularly engage management to identify and mitigate social and environmental risks resulting from corporate operations and policies.

The [Shareholder Rights Group](#) is an association of investors formed in 2016 to defend shareowners' rights to file shareholder proposals. Its members are some of the leading proponents of shareholder proposals, and file proposals to improve corporate governance, highlight unaddressed risks, and identify opportunities for long-term value creation.