



Shareholder Rights Group

Statement on Shareholder Participation and Virtual Annual Meetings During Coronavirus Crisis

Our organizations recognize the extraordinary circumstances facing our world and deeply appreciate the ramifications to our companies and our communities during the current COVID-19 pandemic crisis. We urge all companies and shareholders to follow stringent public health guidelines to help flatten the curve of infection and curtail the growing public health crisis. We also believe that every company and citizen must do their part to help meet urgent medical, food security, and economic needs. This should include generous support for employees as well as for the needs of heroic frontline healthcare, food, infrastructure, and transportation workers.

We acknowledge that changes to normal business operations and meetings are necessary to respond to the pandemic. 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 remains true during a time of global crisis. Shareholders value the opportunity to hear from management and contribute to the discussion of this crisis and potential long-term economic fallout, both as proponents of shareholder proposals, and during the question and answer sessions. In response to the current pandemic, the Interfaith Center on Corporate Responsibility (ICCR) and the Shareholder Rights Group recognize that most companies will hold virtual-only or hybrid-virtual annual meetings. We recognize that this is a reasonable and necessary public health measure, yet we also believe all efforts should be made to retain the interactive nature of these meetings and provide ample opportunity for shareholders to engage with corporate boards and management. All virtual participation has technical and practical challenges and limitations, whether it is being used by the workforce or in interactions between shareholders, board, and management in a company's annual general meeting, and we encourage companies to make efforts to identify strategies to overcome these challenges.

In the pursuit of these measures to protect public health, we also expect companies will ensure that the virtual-only setting does not deprive shareholders of their basic rights. To that end, we urge companies to observe these best practice guidelines:

1. Each company should commit that the virtual-only format is a one-time accommodation due to the COVID-19 crisis, and that it will return to an in-person or hybrid format when public health advisories allow.
2. To respect society's need for social distancing and curtailment of nonessential travel, shareholder proponents should not be expected to travel to present shareholder proposals during this spring 2020 annual meeting season. All companies convening annual meetings in spring or summer 2020, 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. Each company should commit to foster meaningful question and answer (Q&A) sessions during its annual meeting that provide space for shareholder voices. More specifically, companies should allow shareowners to ask questions in a live format (either through written or video input to the meeting or by phone) and to receive a response to the question from the Board Chair or CEO. 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. Among the best practices suggested by the Council of Institutional Investors are:

- 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
 - o Read written responses online to unanswered shareholder questions, made available within 72 hours of the meeting's conclusion.

5. A live audio and video feed should include all key company representatives who participate in the meeting, including, at a minimum, the chair, CEO, any lead/presiding director, chairs of key board committees and the corporate secretary. Ensure shareowners have access to see, hear, and ask questions of board members, particularly independent board leadership. 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 move the proposal on behalf of a proponent in the event of a technical failure and mechanisms for the proponent or their representative to present directly. This can include appointing someone to read the short, written remarks of the proponent 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 notify shareholders, including proponents, at the earliest opportunity, regarding decisions and arrangements for 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. The company should archive the virtual shareowner meeting for future viewing for a specified amount of time.

March 24, 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 engagement 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.