INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

**STATEMENT IN SUPPORT OF IN-PERSON ANNUAL STOCKHOLDER MEETINGS**
**April 11, 2017**

We believe the ability to attend annual stockholder meetings in person is a fundamental tenet of shareholder democracy. The annual meeting provides shareholders with a critical accountability mechanism to assess, challenge and evaluate management performance through an open exchange with board and management.

Nevertheless, there is a growing trend among several high profile corporations – including ConocoPhillips, Comcast, Duke Energy, Ford Motor Company, HP, Intel and Biogen – that would eliminate in-person stockholder meetings in favor of virtual-only (webcast) meetings. Virtual-only meetings are one of the latest in a growing list of tactics corporations are employing to actively discourage in-person attendance and participation by shareholders. A sampling of these tactics includes the hosting of annual meetings in far flung, inaccessible locations with limited travel options; excessive and time-consuming security check-ins; the pre-vetting of questions from shareholders; and the scheduling of meetings adjacent to major national holidays.

As active, long-term investors, we view these trends with alarm and see them as thinly-veiled strategies designed to censure investor input and threaten shareholder rights. Ensuring that investors are welcomed to meet the board and management team of the companies they own face-to-face on an annual basis is not a 'privilege' but a fundamental shareholder right, and the relative openness of board and management at these annual exchanges is considered an important indicator in investor decision-making.

The Council of Institutional Investors, a coalition of America's largest pension funds with portfolios exceeding $3 trillion, strongly argues that "Cyber meetings should only be a supplement to traditional in-person shareholder meetings, not a substitute."[1] In addition, New York City's Pension Funds have announced that they plan to vote against members of Board Governance Committees which adopt "Virtual Only" meetings.[2] Other investors are destined to follow suit.

In-person shareholder meetings are a critical component of good corporate governance. They enable long-term investors to share information and voice concerns about financial risks they believe the company may not be adequately managing. Virtual-only meetings can significantly reduce this additional input, fostering a dangerous insularity that exposes the company to even greater risk. Further, we fear the move to virtual meetings will be used by management and board to avoid challenges, filter out negative feedback, cherry-pick questions, and downplay opposition to business decisions and plans.

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[1] http://www.harringtoninvestments.com/2017/01/23/alaska-air-group-2017/

[2] http://www.pionline.com/article/20170403/ONLINE/170409980/nyc-comptroller-petitions-against-corporate-virtual-only-annual-meetings&utm_campaign=saxo_rss&utm_source=rss02_rss&utm_medium=rss?utm_content=PImag&utm_campaign=socialflow&utm_source=twitter&utm_medium=social

Corporate arguments that point to potential cost-savings and efficiencies from moving to a virtual-only format are specious at best. The loss of valuable insights and perspectives gained from in-person meetings would ultimately prove more "expensive" to the company both in terms of increased financial risk and an erosion of investor trust.

Several of the companies we cited as moving away from in-person meetings are sector leaders that can easily influence the behavior of their peers. We strongly encourage the boards and management of these companies to be mindful of the signal they are sending to their shareholders and the broader market in denying investors this important forum, and to retain the in-person option.

Finally, we want to make clear that we encourage vehicles and tools, including the webcast option, that facilitate the participation of all shareholders, particularly shareholders who are disadvantaged technologically, in investor calls and meetings. What we are stressing is that these virtual options must be just that; supplemental options that don't preclude in-person participation. For those companies that are able to make virtual access to annual meetings available, they must ensure that "digital participation" is as unfettered as possible and shareholders are afforded equal time to voice concerns and ask questions without censorship. In the future, we hope companies will develop strategies that will make their governance processes more, not less, transparent and inclusive, and that in-person attendance of the annual stockholder meeting will be facilitated, welcomed and encouraged by corporate boards and management.