

# 3 RECOMMENDATIONS FOR YOUR VIRTUAL SHAREHOLDER MEETING IN 2021

By Sherry Moreland

**THE 2020 PROXY SEASON** and the onset of the Covid-19 pandemic collided for publicly listed companies. Restrictions on travel and indoor meetings made it impossible to host traditional, in-person events. As a result, many issuers scrambled to adopt virtual shareholder meeting [VSM] technology for the first time as a safe way to meeting regulatory requirements.

Some shareholders welcomed the change. Remote access was far less costly than traveling to a physical event, and the flexibility of the format led to a boost in engagement and gave more time to Q&As. However, not all were convinced.

## INVESTORS CALL ON THE SEC TO RAISE STANDARDS

As the 2020 proxy season ended, a coalition of investor groups drew attention to problems with VSMs in a letter to the Securities and Exchange Commission [SEC]. The groups shared a series of complaints:

- Obstacles hindering beneficial owners' access to meetings
- Poor management of Q&As, with no ability to ask questions in some instances
- A lack of meaningful participation throughout meetings
- Inconsistent levels of responsiveness and transparency among issuers

Moves to set best practices began in 2018, when a multi-stakeholder group of investors, listed companies and proxy service providers met to discuss standards for shareowner participation in VSMs. The experiences of 2020 led to the formation of a broader working group with the aim of conducting VSMs in ways that replicate the in-person annual meeting experience.

## THREE RECOMMENDATIONS FOR VSMS IN 2021

### 1. Get to grips with the technology.

Having everybody on camera brings the meeting to life. Set a meeting agenda that is interactive and gives directors clarity about what to communicate, and rehearse back-and-forth dialogue to ensure that it's engaging. Companies should advise shareholders how questions will be managed

and to leverage VSM tools that allow live Q&As.

If executed well, VSMS do not have any drawbacks. Although they are different than a physical meeting, issuers can still be engaging and reach far more shareholders.

### 2. Make sure shareholders have a voice.

Shareholders at in-person annual meetings can ask questions with minimal difficulty. It should be just as easy in a virtual meeting. Last year, some VSMS "hit the bar" by having a transparent process

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for making the questions visible on a real-time basis. At others, investors experienced cherry-picked questions and canned responses.

Issuers need to become familiar with the features of their chosen VSM platform. The technology is there to do anything you want. At Mediant, we enable issuers to send alerts about proxy materials in advance of meetings. We can deliver a prospectus via text or email, or push it out through a broker-dealer's app. Questions can be handled through advance submissions or during the meeting via telephone or our platform's chat feature. Responses to questions can be broadcast live; after the meeting we recommend posting a transcript or recording to your website. Our approach is to open the channels issuers can use to engage shareholders.

### 3. Push for common standards.

The loudest complaint last year was about the difficulty beneficial shareholders experienced accessing virtual meetings. As a result, the End-to-End Vote Confirmation Working Group was tasked to come up with a solution.

The Group, which Mediant was a part of, set standards for best practices to follow for the 2021 proxy season.

Mediant proposed the concept of a

Digital Legal Proxy. We created an API for digitally conveying the status and voting authority of beneficial holders as they request admittance to a meeting. This gives issuers and their VSM provider everything needed to process a shareholder as they would in a physical meeting.

Compliance and the shareholder experience will improve if the industry can harmonize on APIs and proxy plumbing. That's why the Working Group is pushing for common standards to be adopted.

## PUBLIC ACCESS WILL INCREASE THANKS TO VSMS

The percentage of VSMS allowing guest attendance was at 90 percent prior to COVID-19. This remained consistent throughout the 2020 season, implying that public access will increase with the trend towards virtual and hybrid meetings.

Greater public access is to be welcomed, but achieving this for live meetings requires a validation process to delineate those with shareholder or proxy rights from the general audience. The adoption of common standards will enable the industry to gain the benefits of public access while protecting the participation and voting rights of shareholders.



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