



**ICGN**

International Corporate Governance Network  
*Inspiring good governance & stewardship*

## **ICGN Statement on Post Covid AGM Practices and Shareholder Rights** **19 April 2023**

---

### **Importance of Annual General Meetings (AGMs)**

The Annual General Meeting (AGM) is an important forum for corporate boards and management to communicate the company's financial position, performance, strategy, and long-term prospects to shareholders. It is traditionally a legal requirement in most markets around the world for companies to meet physically with shareholders at least once a year. As such, the AGM is a key mechanism by which accountability is upheld for sustained value creation through the conduct of high standards of corporate governance and exercise of shareholder rights.

The AGM presents an opportunity for constructive dialogue to take place between corporate boards, management, and shareholders together in a formal setting. All parties share an interest in ensuring that AGMs are efficiently, democratically, and securely facilitated to enable approval of resolutions directing a company's affairs such as dividend proposals, share issuance authorizations, director elections and auditor appointments. The AGM also provides a forum for any shareholder proposals to be put forth, subject to reasonable thresholds on the agenda.

### **Impact of the Covid pandemic**

While it is traditional for there to be physical in-person participation at AGMs, the Covid pandemic caused many Governments to enact emergency legislation to allow for companies to conduct virtual-only AGMs, for example via electronic or audio means. Shareholders pragmatically understood the necessity of virtual-only AGMs during the pandemic when there were limitations on gatherings for health and safety reasons.

Shareholders continue to be tolerant of the need for this in the event of 'emergency' situations. It must however be recognised by regulators and companies alike that this pragmatism comes at the expense of watered-down shareholder rights. For example, virtual-only meetings have significant limitations on the ability of shareholders to directly interact with boards and management (particularly on contentious proposals), view materials presented at the meeting, ask unmoderated questions, and make statements from the floor.

We are no longer in an 'emergency' situation. It is not necessary for companies to restrict AGMs to a virtual-only format. A hybrid approach is optimal, allowing for both in-person and virtual participation by shareholders. Virtual-only AGMs should only be conducted in extremis, particularly audio-only meetings which limit facial expression. In the event it is necessary for a company to conduct a virtual-only AGM, the reason for this should be explained by the board to shareholders ahead of the meeting.

If companies do not ensure an effective and inclusive AGM experience, investors are likely to vote against proposals to change constitutional documents, and /or vote against board directors, particularly those serving on committees responsible for the company's governance.

## ICGN Recommendations

The importance of there being an interactive and inclusive AGM experience for shareholders in a democratic and equitable way is clarified in Chapter 10 of the ICGN Global Governance Principles (“ICGN Principles”).<sup>1</sup> This section makes clear that a preferred approach to AGM format is by hybrid means which should replicate as best as possible the in-person AGM experience to enable constructive interactivity between shareholders and the board to take place.

First adopted in 2001, the ICGN Principles are referenced by ICGN Members, who today represent \$70 trillion in assets under management, in their voting policies and company engagements. Many governments and regulators also use the ICGN Principles in the development of national corporate governance policy developments. The ICGN Principles are developed in consultation with ICGN Members, and we wish to reiterate our expectations related to AGMs for the attention of regulators and companies below:

1. **A hybrid format is the optimal AGM format allowing for the in-person presence of shareholders whilst also accommodating access to the meeting via electronic or virtual means.** Virtual-only AGM formats should only be held in emergency situations and the board must explain to shareholders why this format is necessary. Board members and senior management are expected to attend the AGM in person, particularly any individual making reports to shareholders or on the ballot for election.
2. **The date of the AGM should be coordinated** with other company AGMs (to the extent possible) to facilitate a wider dispersion of meetings beyond a few days or weeks in any given year. Companies might consider changing the record date of the AGM to a different month by amending constitutional documents to enable greater shareholder participation and provide companies additional time to prepare AGM materials.
3. **AGM materials should be published at least one month ahead of the meeting,** including the meeting format and procedures around registration, access, participant identification, shareholding verification and voting options and approach to questions. This information should be provided in English as well as a local language if the company benefits from global investment. It is advantageous for companies to provide as much information as possible on the company website, e.g., short videos or papers, which may reduce the number of questions on the day.
4. **Reliable technology must be used** to allow democratic, secure, and efficient access for all participants to the AGM. Any technological ‘glitches’ should be promptly rectified to ensure participants are able to fully see and hear AGM deliberations (from the stage and amongst participants).
5. **Robust procedures must be established to verify shareholder identification** and level of shareholding and to ensure that all participants can attend the AGM and vote on AGM resolutions. Meetings should commence in a timely manner, allowing shareholders to attend without delay and remain as participants until the meeting concludes.
6. **Shareholder questions should be permitted in advance or during the AGM** and adequate time allowed for discussion and any follow up questions or statements. It is

---

<sup>1</sup> [ICGN Global Governance Principles 2021](#)

expected that the board and management will respond to all questions at the AGM itself, rather than following up by email. 'Live' questions should be unmoderated (i.e., controls to prevent exclusion of unpopular views removed). To avoid any bias in the ordering of questions, a 'queue' system can be helpful to determine which question is posed next, or a ranking system identifying questions that receive the most 'likes' on a virtual chat system.

7. **Shareholders proposals that have appeared on the ballot or agreed in advance must be permitted and recognised on the AGM agenda**, subject to reasonable thresholds Adequate time must be allowed for such proposals to be considered and contingency provisions should be made to ensure that proponents are able to present their proposal should they encounter technical difficulties (such as registering for the meeting).
8. **Vote execution deadlines must be clearly disclosed** and the practice of share-blocking or requirements for lengthy shareholding periods to gain the right to vote be discouraged. Vote execution must be facilitated efficiently, securely, and accurately ensuring that any votes cast in advance of the AGM are recorded and reconciled with the votes cast at the AGM itself. Voting by a show of hands is discouraged unless there is a need for an extraordinary poll taken at the AGM itself.
9. **Voting results must be published promptly on the company website** after the meeting. This includes the voting outcome (i.e., votes for, against or abstained) and the voting levels for each resolution.

If a shareholder has failed to signify a clear position and casts a 'blank' vote, this must be considered invalid. In this case an 'abstain' option is helpful to signify a level of discontent but does not go as far as to vote against a resolution. Companies must not use their discretion to cast the 'blank' votes unless the proxy form explicitly states that this is permissible.

If a board-endorsed resolution has been opposed by a significant proportion of votes (e.g., 20% or more), the company should explain what actions were taken to understand and respond to shareholder concerns soon after the meeting. At the following AGM, the board should report how the views from shareholders were considered and actions taken.

10. **The meeting minutes, including all proposals, any questions and answers must be recorded** and made available to all shareholders of the company.

**ICGN calls on regulators to discourage the practice of companies adopting virtual-only AGMs and require that companies provide for hybrid AGMs to allow global investors to have the option of virtual or live participation. We also encourage regulators to adequately consult with shareholders and stakeholders in the event any changes to regulation or legislation regarding AGMs, particularly matters impacting shareholder rights, are being considered.**

**ENDS.**

## **About ICGN**

Established in 1995, ICGN's purpose is to convene capital market participants to develop, promote and embed high standards of corporate governance and investor stewardship

worldwide to preserve and enhance long-term value, contributing to sustainable economies, societies, and the environment. ICGN Members, many of whom are investors responsible for assets of around \$70 trillion, are based in over 40 countries - largely in Europe and North America, with growing representation in Asia. For more information visit [www.icgn.org](http://www.icgn.org) .

## **Contact**

Please contact the ICGN Secretariat if you have comments or questions about this Statement by email at [kate.webster@icgn.org](mailto:kate.webster@icgn.org).