Council of Institutional Investors®
The voice of corporate governance

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BUILD A BETTER MEETING

Five tips for U.S. companies looking to convene a shareholder-oriented shareholder meeting

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1. Expect all board members and top executives to attend.

Requiring that all board members and named executive officers attend in person and be available for shareholders' questions at the meeting (at the meeting chair's discretion) communicates two important messages: a commitment to investors and confidence in the competence of the company's leaders. To facilitate this level of involvement at a reasonable cost, shareholder meetings can be scheduled in conjunction with board or committee meetings whenever feasible.

2. Have an independent director run the meeting.

When the CEO presides, the message shareholders take away is "weak board." If the company has an independent board chair, that person should chair the shareholder meeting. If the company has an executive chair, such as a combined chair and CEO, an independent lead/presiding director should chair the meeting.[1]

Having an independent director run the meeting becomes especially valuable during the Q&A portion of the meeting; the independent leader is well-positioned to assess the most appropriate person to respond to each question based on its substance, helping companies avoid problematic situations such as when management answers questions related to corporate governance.

3. If you go virtual, go hybrid.

Whether a shareholder attends the meeting in person or online should be the shareholder's choice, not the company's. This is the one time of the year when shareholders of any size have the opportunity for face-to-face interaction with the company's leaders. An in-person option also is warranted in view of unresolved weaknesses in virtual meeting technology.

Technology offers the promise of broadening participation to a vastly wider audience. But some early adopters are opting for a virtual-only format that falls far short of an in-person experience, decreasing the quality of the shareholder meeting for all.

[1] We recognize that bylaws generally dictate who formally chairs the meeting, which is a reason to have an independent chair. To the extent a board chooses to combine the chair and CEO roles, we would urge that either bylaws be modified to permit the independent lead director to chair the meeting, or the company limit the chair/CEO's presiding role to a minimal formality, and have substantive discussions chaired by the independent lead director.

Prioritizing limited cost savings and tighter company control by ditching the in-person option undermines good faith and the likelihood of genuine interaction between capital providers and capital takers. Rather than nixing the in-person element altogether, companies (especially larger-cap ones and most importantly those that may face controversy at a particular meeting) should look to other, less severe avenues to reduce meeting costs.

For example:

Instead of…	*Try…*
Hotel ballroom meeting space	Company HQ auditorium
Catered food and beverages	Pot of coffee and water pitchers
Duplicative travel reimbursement expenses	Bookending the shareholder meeting with board & committee meetings
Attendee swag	"Thanks for coming"

Companies that have adopted virtual meeting technology represent a sliver of the overall market. But the trend is clear and accelerating. Now is the time for boards to discuss the broader objectives of the company's shareholder meeting, and whether a virtual-only meeting is in sync with how the company values its owners.

It is incumbent on companies to push back when vendors market "virtual meeting solutions" that undermine the quality of the meeting for shareholders. We urge companies to preserve the option of in-person attendance and to use their leverage with vendors to ensure that any online attendance option legitimately approximates the in-person experience.

4. If you go hybrid, go all the way.

An online option for attendance should come as close as possible to providing an in-person experience. Online attendees should have access to the following:

- A live audio and video feed of all key company representatives in attendance, including, at a minimum, the chair, CEO, any lead/presiding director, chairs of key board committees and the corporate secretary.
- 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:
    - Submit a question
    - Track its prioritization in the queue
    - Present the question virtually, including through the use of a shareholder-provided webcam or phone
- Instructions or a link to written responses to unanswered shareholder questions, made available within 72 hours of the meeting's conclusion.
- An option for interested online attendees to engage informally with the company's board members and executives after the meeting's formal conclusion. If there is significant interest, this feature could be managed through a transparent queue and enhanced with accommodation for shareholder-provided webcams.
- 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.

5. Loosen up on winding down the meeting.

Rigid adherence to a brief and arbitrary meeting schedule (e.g. precisely one hour) may cut off responses to substantive questions, raising particular concern if the meeting begins with an extensive presentation from management, or if one general type of question appears to be favored and directors seem to sidestep other questions that are perhaps uncomfortable but pertinent.

Some shareholders attend meetings for the chance to interact on an informal basis with company leadership after the meeting's formal conclusion. Company leaders, including directors in attendance, should welcome these opportunities for casual engagement by remaining for a limited period after the meeting has adjourned.