



HAVE VIRTUAL MEETINGS COME TO STAY? TAKING ADVANTAGE OF THE OPPORTUNITIES PRESENTED BY COVID-19 CHALLENGES

The advent of COVID-19 brought about a new phase in administering shareholder meetings (often in the form of an Annual General Meetings (AGM) or the less common Extra-ordinary General Meetings (EGM)). It all started with complete lockdowns to restrictions on public events and then thresholds for number of attendees in events due to social distancing measures enforced by the government. Prior to COVID-19, it was possible to have as many as thousands of shareholders in one physical meeting.

The pandemic's eruption at the start of the 2020 AGM season forced many companies to cancel in-person events. Many companies had to improvise and figure out how to use technology to administer online meetings and ensure uninterrupted and effective communication with their investors and business environment. Without a robust remote/virtual alternative, companies would be limited to physical meetings attended by a limited number of people, or postponing shareholder meetings.

To avoid disruption to business activities, despite the costs and technical issues associated with online meetings, companies had to make tough decisions and figure out ways to increase shareholder participation which is one of the prerogatives for such meetings. Shareholders that typically have access to only proxy votes due to their geographical location, now have the chance to vote and ask questions directly.

Although social distancing and other safety measures enforced by the government due to the pandemic may have initially posed a challenge for companies required to hold their Annual General Meetings (AGM), it is obvious that the learnings which have birthed virtual meetings as the "new normal" will not be easily forgotten.

WHAT IS AN ANNUAL GENERAL MEETING (AGM)?

An AGM is an annual gathering of a company's shareholders and its board of directors. Generally, this is the only time the directors and shareholders will meet throughout the year. It is at this meeting the directors present the company's annual report which contains detailed information about the company's performance in the previous financial year.

The agenda of the meeting could include adoption of the previous year's income statement and balance sheet, declaration of dividend and its payment, and appointing members of the Board of Directors. Shareholders are required to vote on raised resolutions during such meetings or through a proxy – if not in attendance physically.

There are regulatory requirements regarding timing and frequency that must be complied with when scheduling an AGM. However, if a company needs to resolve an issue between AGMs, it may call for an Extraordinary General Meeting (EGM).

PHYSICAL vs VIRTUAL SHAREHOLDER MEETINGS

Physical Shareholder Meetings

Physical meetings are conducted at the location stated in the notice of meeting, and shareholders and other stakeholders are expected to be in physical attendance. Prior to the COVID-19 pandemic many jurisdictions, including Nigeria, only allowed for physical meetings, where shareholders participated by attending the meeting in person or by appointing a proxy.

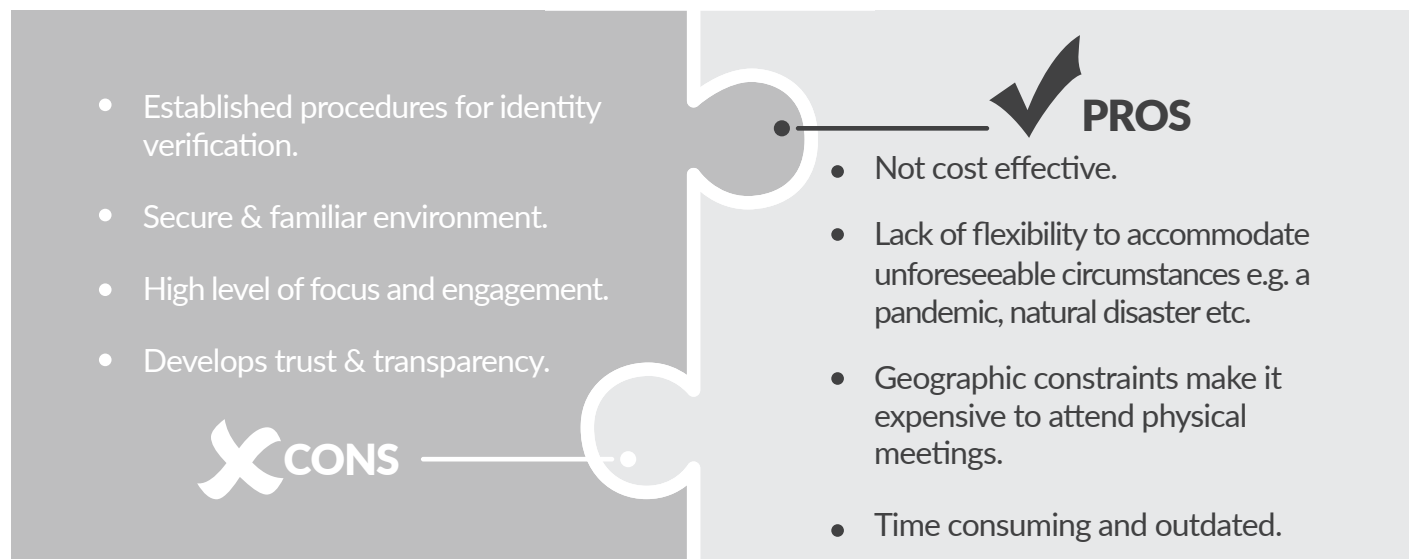


Fig 1. Pros and Cons of Physical meetings

Virtual Shareholder Meetings

Virtual meetings are quite like physical meetings, the key difference is the format of the meeting. Virtual meetings take place entirely online. Shareholders can actively participate and have the same set of privileges and transparency as physical meetings. For example, the structure of a virtual AGM, as well as tasks on the agenda, do not differ from that of a physical AGM.

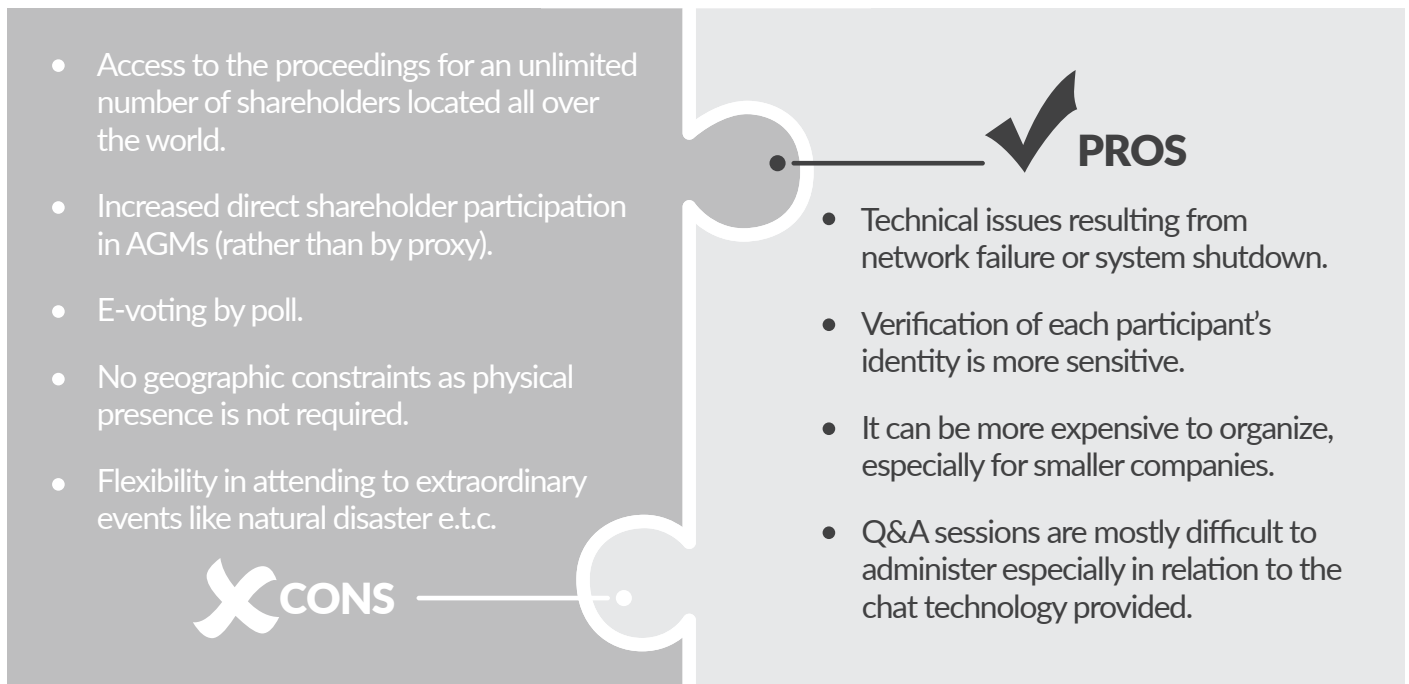
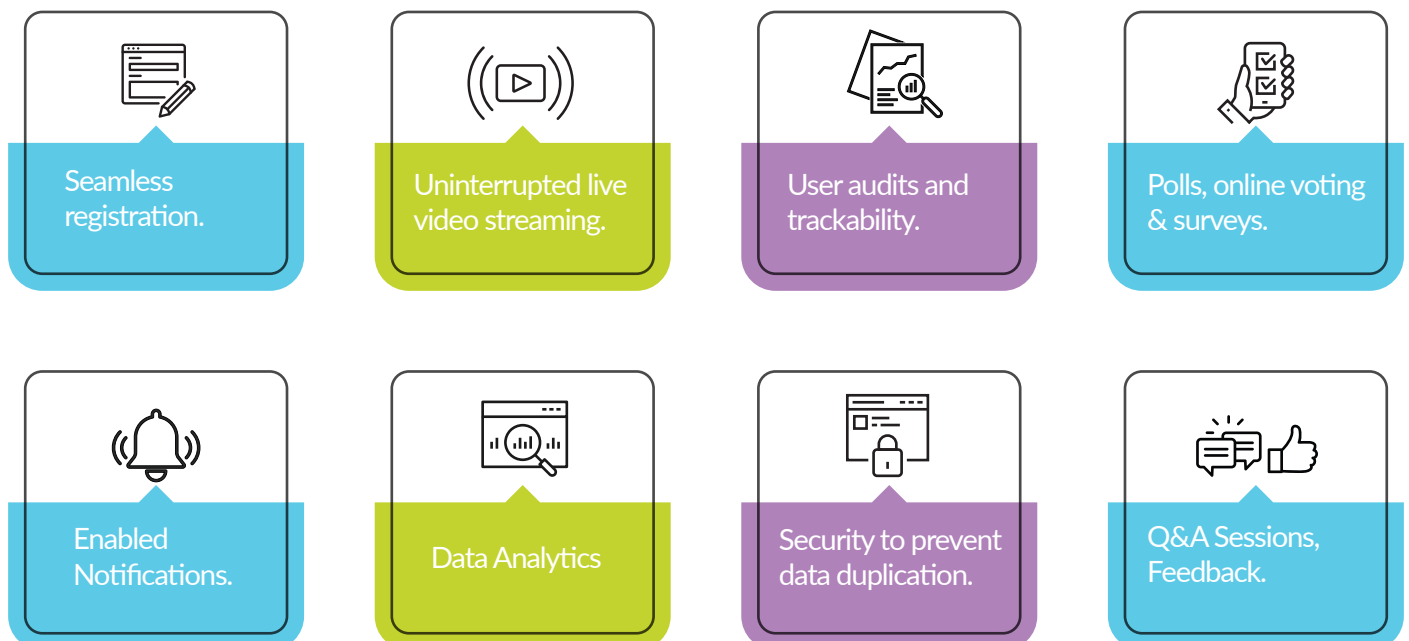


Fig 2. Pros and Cons of Virtual Shareholder meetings

FEATURES OF A GOOD VIRTUAL AGM



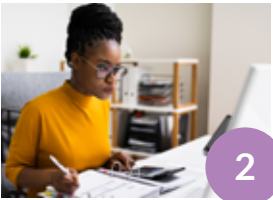
Due to the ease of administering virtual AGMs and the convenience it provides attendees, it is obvious that it has come to stay. Hence, outlined below are some tips on how to run a great virtual AGM.



1

Carryout dry runs:

Run a rehearsal meeting with the Company Secretary, Chairman, CEO and any senior executives or Committee Chairmen that may be asked to speak at the meeting. Ideally this should be done 5-10 days before the AGM.



2

Run a portal capability check:

Carry out stress tests to ensure the portal you deploy has the capacity to support the number of expected attendees. Many portals have a capacity limit for number of attendees.



3

Video camera ready:

Ensure all directors and Company representatives are smartly dressed - they may be at home, but this is an important external meeting.



4

Prepare Chairman's speech

Prepare the Chairman's AGM script in line with the guidelines for e-voting. Also consider other disruptions from attendees.



5

Real time voting & polling result:

Ensure the platform allows real time voting on individual resolutions and align this to the Chairman's script.



6

Communicate meeting norms to attendees:

Ensure that at the opening of the meeting, the dos and don'ts of the meeting are read out to all attendees.



7

Have back-up plans:

Ensure that you have a deputy Chairman ready to step in if there are technical snags and the Chairman's connection drops.



8

Keep the meeting succinct:

Stick to the script and keep the meeting as short and productive as possible, whilst allowing attendees to ask questions as they would in a physical meeting.

IMPACT ON SHAREHOLDERS AND INVESTORS

The lockdown conditions and social distancing rules caused by COVID-19 have proven that investors are very keen to meet with companies virtually. Also, Boards and management are generally very willing to meet their investors, hence there have been positive impact for both parties in the following areas.

- **Increased Inclusivity** - By enabling meetings virtually, organizations have created a platform where all shareholders and investors have an increased opportunity to attend meetings and be involved in discussions or updates. While you may be separated by a screen, use of webcams and video visuals can add a crucial 'physical' feel to your virtual meetings.
- **Cost Effective** - Cost of commute or transportation to physical meetings is eliminated and distance or location is no longer an obstacle to attend meetings for shareholders
Broader Information Sharing - Investors are easily updated on any key developments and the meeting is open to the wider audience. This means shareholders can share opinions from across the business, providing insight and expertise that they may not have had access to in a traditional meeting.
- **Increased Productivity** - Being able to schedule shorter, more effective virtual meetings increases productivity. Prior to COVID-19, meetings held at the central office could run forever, trying to cover a plethora of subject matter and information, most of which were not relevant to every attendee. Holding your meetings virtually removes this need, allowing for shorter, more concise, and efficient meetings as and when they are needed. Decision making is faster, and time is better utilized.

POINTS FOR CONSIDERATION WHEN HOSTING A VIRTUAL AGM

An important point to note is the issue of governance. You need to verify your by-laws and/or governing legislation and make sure you can hold a virtual AGM. At the same time, check your rules on quorum and make sure you think about how you'll track it. However, be clear on the following.

- **Focus on Attendee Experience** - Start your planning by thinking about everything from the attendee perspective. Think about what they want to see and how they will see it. If you are broadcasting presentations, think about what the speakers are wearing and what the backdrop looks like. Make sure your presentation and slides are reviewed thoroughly and planned out in advance.
- **Get the right Technology Platform** - When choosing a platform, you will need to consider the number of attendees, what content you are going to be sharing and what level of security you need. Sound will be important, so make sure you have good microphones to capture any presentations and think about how you will deal with any questions. Most platforms have a chat function so think about if and how you might use it.
- **Plan for Issues** - Once you have a platform chosen, the next important thing to do is to plan for a whole range of potential technical issues. Think of everything that could possibly go wrong and have a plan in place to address them.
- **Prepare for Meetings** - Dress appropriately and ensure to be in a conducive noiseless environment or workstation for your meeting as you may be required to speak at the meeting.
- **Follow Up** - Follow up for feedback on the meeting to enable you plan better for the next one and create time with your team to review what went well and what can be improved.

THE REGULATORS IMPERATIVE

The COVID-19 Pandemic led to emergency Legislation in markets globally.

In Nigeria, the Finance Act 2020 (“FA 2020”) was passed by the National Assembly and signed into law by the President on 31 December 2020. The essence of this was to help drive “Ease of Doing Business” in Nigeria. One of the new introductions is “private companies are now permitted to hold general meetings virtually”. However, this amendment does not extend to public companies.

Consequently, public companies are still required to hold general meetings physically, but shareholders can attend virtually. Regulators, issuers, and investors alike have sought to replicate the in-person shareholders meeting experience in virtual form hence, new corporate governance leading practices emerged ensuring that shareholder's fundamental rights are protected. Some of the leading practices include greater use of technology for market resilience in the event of future headwinds.

- Allow quorum to be achieved with shareholders attending online
- Enable electronic delivery of meeting materials like notices
- Require that shareholders be given the opportunity to participate, speak and put questions to board members live during the online meetings.
- The meeting proceedings be streamed live (with the link accessible via company website), but investors could submit questions in writing in advance.
- Require that votes be taken by an online poll (and not a show of hands)
- A pre-recorded AGM video be published on the company's website with pre-submitted questions answered during the recording by the Board/management.

It would be good for the government to allow technological advances take its cause on shareholder meetings and provide regulation to foster innovation and guide its implementation.

RECOMMENDATION ON VIRTUAL PRODUCT OFFERINGS

In line with our mission to provide transformational solutions for Africa's challenges, Coronation Registrars Limited has launched its best-in-class online annual general meeting (AGM) solution "AGMLive."

AGMLive is a one-of-a-kind, custom-built solution fully owned by Coronation Registrars Limited for the administering of shareholder meetings. It was built to cater to both virtual and physical meetings with the following innovative features:

- Pre-registration
- Automated attendance list (for online
- Omni-channel voting
- Real-time Polls dashboard

- Real-time Video display of Meeting proceedings (data friendly)
- Online forms for Proxy
- Instant messaging -Custom reports e.t.c

CONCLUSION

There is a large consensus among issuers, shareholders, and regulators that the shift to virtual shareholder meetings is the new normal and is expected to persist even in a post-COVID world. Now more than ever, it is important for organizations to work together with investors and shareholders to build trust and find common ground as these developments continue to play out.

Going forward, it is easy to envision the following developments:

- Improvement in e-voting technologies
- Inclusion of e-voting capabilities in a growing number of shareholder meetings
- Continuation of the 'temporary' regulations allowing virtual meetings
- Decreased appetite for travel costs to attend and host in-person meetings

Virtual meetings enable timely and frequent communications between shareholders and investors. It is imperative, we continue to leverage and advance the use of appropriate reliable technology and tools to maintain shareholders' confidence in the Capital Market and beyond.