



Corporate Governance Awards

Thought Leadership

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The impact of COVID-19 on corporate governance in general - and shareholder meetings in particular - has been profound. The Coronavirus pandemic has shown us what we already knew to be true – that the physical in-room format of annual meetings is no longer fit for purpose.

As the pandemic spread and restrictions on in-person gatherings become more severe, running a physical annual meeting became not only irresponsible but, in many places, illegal. In North America, bar a few tweaks, the legislation was already largely in place to facilitate Virtual Shareholder Meetings (VSMs). However, in many other parts of the world, the legal and regulatory environments had not been developing as quickly as the technology over the previous few years.

VSMs – and the technology to facilitate them – has been around for several years. At Lumi, prior to Covid, we had already run hundreds of virtual and hybrid annual meetings and our platform has authenticated tens of thousands of shareholders, has accurately counted millions of votes and handled thousands of questions put to the board. Despite this however, there remain some general misunderstandings in the market about VSMs. In particular, there has been an inherent distrust of the technology; that it somehow suppresses shareholder voice. The technology can facilitate as much or as little engagement or moderation as is required. The constraint is not the technology but the way in which meeting organizers choose to run the meeting. This would be a good area to establish best practice in how the tech should be used.

In most sectors, technology normally lags behind need, but this time virtual meeting technology has been way ahead of the curve. And it is a process of continuous improvement – if there is one thing that running over 2500 virtual and hybrid meetings this year has shown us, it is where there is room for enhancements, or better functionality for both issuers and shareholders.

As I look back over the global AGM season, I have been inspired by examples of great corporate governance.. Our industry has proven it's capable of adapting, that it is agile and nimble and, surprisingly for an industry which has remained largely unchanged for decades, capable of embracing new technology.

So where do we go from here? Certainly not back to the way it was before. The days of flying board members around the world for a 2 hour meeting in a single location which only 40 shareholders can attend are long gone..

A revolution in the AGM space has been long overdue. It's a shame that it took a pandemic to force through change, but the trajectory of virtual adoption shows there is no going back. It is inconceivable that organizations will simply return to the "old normal" of only in-room meetings and keypad voting. How can a company that permitted shareholders from around the world to attend their annual meeting virtually, prevent them attending in 2021 by not facilitating virtual participation?

There is a need for hybrid meetings to become 'the new normal'. The pressure will come from shareholders who still want to attend the annual meeting online because that works for them; from institutional investors who want to attend the AGM – certainly something we are seeing already; from regulation such as the Shareholder Rights Directive II; and from the

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Issuers themselves, who have seen first-hand that a virtual element to an annual meeting extends corporate governance, fosters engagement and encourages inclusivity.

In today's world a digitally enabled AGM will always enfranchise more shareholders than a physical only meeting can, so can only enhance governance.

It is now all of our responsibility to define best practice, and to ensure that the legal and regulatory frameworks are robust and unambiguous. So whilst COVID-19 may have been an immediate, short term reason to utilise virtual meeting technology, it is clear that there is only one direction of travel. The future Shareholder Meeting is going to be increasingly digital.

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