



# IFC Tip Sheet on Virtual Meetings

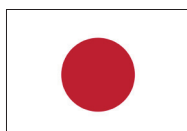
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## IFC TIP SHEET ON VIRTUAL MEETINGS

One of the roles of a corporate secretary is to ensure effective decision-making. Maintaining effective decision-making within organizations during this uncertain time is particularly important. Decisions are required at both the Board of Directors\* and the shareholder level. Organizations have found themselves resorting to virtual platforms in order to bring people together to make key decisions during this pandemic period. When organizing virtual meetings it is important that all participants are able to engage and vote on the matter at hand. This tip sheet provides guidance and best practices for corporate secretaries that have developed globally for virtual meetings at both the Board and Shareholder level.

## Establish whether you are holding a virtual meeting or a hybrid meeting

This is important as different laws, regulations and provisions in articles of association/bylaws apply to both.

A virtual meeting is where all the participants of the meeting are exclusively participating on a virtual platform and there is no physical meeting place. These types of meeting were uncommon prior to the pandemic and have been challenged in law.

A hybrid meeting is where you have physical place for the meeting with an option for some participants to participate and vote online. The physical place is often provided for in the articles of association/bylaws of the organization for instance, it may be where the chairman is situated. These types of meetings are common and have been held by organizations for many years both at the shareholder and board level.

## Check the Requirements

If you have established that you are actually holding a virtual meeting, the next step is to check whether you are able to. If you are not, and you go ahead and hold the virtual meeting, you run the risk of the meeting and hence the decisions made at the meeting being invalid.

*\*Board of Commissioners in the Indonesian context.*

## Virtual Shareholder meetings

Many jurisdictions do not normally allow virtual shareholder meetings, especially for publicly listed companies, due to perceived challenges around ‘speaking and voting’ at them, for example, China only permits hybrid shareholder meetings but does encourage shareholders to vote online.

Some countries, such as Austria and the UAE, have brought in temporary laws to allow the holding of virtual meetings during the pandemic but with conditions and guidance on how they can be held.

Even where jurisdictions do allow virtual meetings you should check the articles of association/bylaws as some articles may include provisions that may suggest the need for a physical meeting, for example, requiring that the notice of the meeting provide for the ‘place of the meeting’. In this case, until the articles are changed you would be required to hold a hybrid meeting.

## Virtual Board Meetings

As far as Board meetings are concerned your articles of association/bylaws will provide for how meetings can be held. Read them carefully as many have been written with hybrid meetings in mind, that is a physical meeting being held with some participants joining by phone, video etc.

If the provisions in the articles of association/bylaws for the holding of virtual meetings are missing or not appropriate, then they should be changed at the first possible opportunity.

# VIRTUAL SHAREHOLDER MEETINGS

## When Preparing for the meeting

Consider the following when holding a virtual shareholders meeting:

### → *Do we have adequate technology to reach all of our shareholders and others who will be required to participate in the meeting?*

There are many organizations globally offering virtual platforms for the holding of Annual General Meetings (AGMs). When considering which one to choose corporate secretaries should work with an IT specialist and ensure that the platform will be secure and will provide an opportunity for shareholders to attend and participate to the same degree that they would be attending in person. In doing so there will be a balance to be maintained between the security of the platform, the cost and the convenience and access by the shareholder.

Wherever possible, the amount of software to be downloaded by the shareholder should be limited and this should be a consideration when choosing the platform.

Ensure that you test the system prior to the meeting date.

### → *Do all our shareholders understand the concept of a virtual meeting and how they will engage and vote?*

Information on how the meeting is to be held, how you join, what is to be discussed (the agenda and any supporting documents), how to ask questions and how to vote should be made available in a dedicated area on the company’s website as well as in the Notice of the Meeting.

Develop and issue a set of protocols for engagement at the meeting - how questions should be asked – and communicate them to shareholders on the website and in the Notice of Meetings.

### → *How will shareholders gain access to the meeting?*

Corporate secretaries should ensure that there is a registration and verification process in place to access the meeting. This will entail sending to the shareholder an invitation to the meeting with a shareholder ID. Preferred methods of communication for receiving this information, which will need to be kept secure for security reasons will need to be obtained from the shareholders in advance.

### → *How will we manage the Q&A?*

Questions should be facilitated in real-time wherever possible. Shareholders should be given sufficient time to submit questions prior to the meeting and not be restricted in the length or number of questions they can submit. Answers to all questions should be made available on the company’s website after the meeting.

The Financial Reporting Committee in the UK reviewed listed company practices during the 2020 AGM season. The outcome of the research is in Table 1.

### → *How will we manage voting?*

How voting is managed will depend on the number of shareholders. If there are a small number, then material could be provided in advance of the meeting and the vote taken prior to the meeting. Many shareholders appear not to like this approach as they want to hear from the Chairman and CEO prior to voting. There are voting apps available which will allow votes to be collated during the meeting. These may prove expensive for some companies. One solution put forward by the FRC in the UK is for companies to consider splitting the shareholder meeting into two events – one for presentations and Q&A and

**Table 1: Q&A Practices - UK Financial Reporting Council, October 2020**

Examples of Poor Q&A Practices	Examples of Good Q&A Practices
<ul style="list-style-type: none"> <li>• Questions submitted were subject to a cap on the number of characters allowed</li> <li>• Only allowing 'mailed in' questions rather than email, in advance of the meeting</li> <li>• Unrealistic time frames being set to submit a question</li> <li>• Questions being grouped under one heading (with one generic answer), without additional input or clarification from the shareholder</li> <li>• Companies choosing not to respond to all questions</li> </ul>	<ul style="list-style-type: none"> <li>• Enabling shareholders to submit questions electronically to a dedicated website or email address, along with mailed in questions</li> <li>• Allowing sufficient time for shareholders to submit questions, or not asking for questions to be submitted too far in advance</li> <li>• Making it clear on what basis questions are being grouped</li> <li>• Some companies contacted each shareholder who submitted similar questions to inform them that the questions would be grouped but still included a written response to individual questions on the company website.</li> <li>• All questions and answers were posted on the company website following the AGM.</li> </ul>

the other for voting. The first would be held on a virtual platform the second via a voting app with a quorum if necessary.

An alternative method of voting is by proxy and guidance should be provided on the website and in the Notice of the Meetings on how a shareholder may appoint and vote by proxy.

#### → *How will I communicate with the Chairman and CEO during the meeting?*

You need to set up a communication channel whereby there is a communication channel with and from the Chairman and CEO without interrupting the flow of the meeting. This could be via a chat function on the platform or a separate chat function via secure social media.

#### → *Is the meeting to be recorded?*

Many companies record the face to face Q&A sessions of their shareholder meetings so that they can produce verbatim reports for their websites. Unless it is forbidden in your jurisdiction then it makes sense to record the meeting. It will also help on the day

where you may have other tasks as corporate secretary in managing the meeting so will be unable to take notes for your minutes.

#### → *What's the back-up plan if technology fails?*

Again, this will depend on the size of the meeting. If the meeting is small you could revert to the telephone. For a larger meeting, you may need, in advance, to set up a selected group of people including the Chairman who can adjourn the meeting over the telephone.

You may want to provide a Helpdesk to support shareholders on the day of the meeting. You should have a method of communicating with the Helpdesk so that you are aware of any issues and can communicate them to the Chairman.

The information for the back-up plan should be included on the company website and in the notice of meeting.

Check with the power companies and internet providers to ensure that there are no planned outages on the day of the meeting. If there are shareholders would need to be notified.

#### → *Dress Rehearsal?*

Corporate secretaries should still hold their dress rehearsals with the Chairman, CEO and other Board members and senior management so that they know what to expect. The technology should be explained – access and Q&A and voting procedures. Any requirements such as headphones, internet equipment or airtime bundles can also be addressed so as to maintain the quality of the meeting.

#### → *What Information should be provided to the Chairman?*

As with face to face meetings, corporate secretaries should provide a script for the Chairman which should include at the beginning the protocols for the meeting – microphones will be kept on mute unless you have indicated that you wish to ask a question, helpdesk availability for technical issues etc.

### The Meeting

What to consider?

- Ensure IT support is available for you as corporate secretary but also to the shareholders via the Helpdesk
- Test the platform and all communication methods with the Chairman, CEO and Helpdesk by doing a dry run
- Appoint a host for the meeting which you should ensure you are in communication with. It could be you as the corporate secretary but remember minutes need to be produced so you may have to take notes. This challenge could be overcome if the meeting is being recorded.
- Once the meeting starts, ensure all microphones are on mute except for the individual speaking.
- The Chairman should share the agenda for the day and explain how the meeting will be conducted. This will be set out in the script that you have prepared for him.

- The Chairman and CEO presentations would then be shown. Ensure that shared screens are used so that shareholders can see both the presentation and the presenter. The body language of the presenter can also communicate a message.
- Once the presentations are finished the Chairman should move to the Q&A session. As Corporate Secretary you would usually manage the Q&A session. Clearly announce the name of the shareholder asking the question and ensure that they can be seen. To assist the Chairman, confirm with the shareholder that they have finished asking their question, thank them and then hand over to the Chairman. This should prevent a shareholder being cut off mid question and from one or more people talking at once.
- Once the Q&A session is complete, the Chairman should move on to the resolutions and voting. Once the voting is complete it should be announced that the results will be published on the website.

### After the Meeting

As you would for a face to face meeting you should:

- Publish the minutes of the meeting including the verbatim Q&A and the results of the voting on the website as soon as possible.
- File any regulatory announcements or forms relating to the business of the meeting in line with required time scales, for example, those relating to the appointment of new directors.
- Arrange for the payment of any dividend.
- Ask the Chairman for any feedback on the meeting.

You may also want to consider asking shareholders for their feedback through the website on how they felt the virtual meeting

went and what could be done to improve their experience in future years.

## VIRTUAL BOARD MEETINGS

### When preparing for the meeting

- Meet with the chairman to ensure that your assumptions about the holding of the virtual meeting are aligned with theirs. This meeting could be combined with the traditional meeting prior to board meetings between the chairman and the corporate secretary to discuss the agenda.
  - Choose the virtual platform for the meeting ensuring that board members can be seen and heard. Also check whether the screen can be split to show the presentation at the same time as the Board members. If you use a Board Portal for distributing papers, check if they have a presenter mode, as this will enable you to guide the board through the meeting making sure that everyone is looking at the same document or page at the same time.
  - Have a one-one meeting with the Board members to ensure they know how to use the platform and that they have the appropriate equipment:
    - Good quality web camera
    - High quality headphones
    - Access to strong Wi-Fi signal
    - Data bundles to participate in the meeting
- If these are not available, you will need to discuss with the Chairman how the organisation can provide them.
- Organise technical support for the day of the meetings and ensure that all board members and other participants have the contact details for the technical support.
  - Draft an agenda which clearly sets out the
- matters to be considered and when the breaks will be taken. It is advised that there is a break every 2 hours maximum. Shorter meetings will have to be scheduled so only agenda items needing to be discussed at a meeting should be on the agenda. Other ways of approving items should be considered such as written resolutions (flying minutes).
- Introduce a Board template for papers and presentations (if you don't already use one) to ensure that presentations are short and to the point.
  - Set a strict timetable for receipt of the papers and presentations from management and make clear to board members the distribution date and how documents will be distributed:
    - Hard copy
    - Email
    - Via file hosting service
    - Via a Board Portal
  - When setting up the meeting, consider different time zones if participants attending from different parts of the globe and try and avoid peak times due to bandwidth limitations.
  - Request members to at least print off the agenda prior to the meeting to help with the running of the meeting.
  - Draft guidance notes for the Chairman on the facilitation of the meeting as they will need additional techniques to run an orderly meeting, such as asking each Board member individually for their contributions to ensure

all Board members are engaged and the meeting is conducted in an orderly fashion.

- Ground rules for participants should also be drafted and distributed. These should include:
  - Meeting etiquette
  - How to ask a question
  - How to vote
  - Their responsibility for taking the necessary measures to ensure confidentiality of the meeting e.g. not to attend in a public place.
- Agree the process for voting on decisions whether it is visually or through the platform.
- Issue clear instructions to Board members and other participants on accessing the meeting technology. Circulate the link and dial in details for the meeting – wherever possible

these should be freephone or local call rates. Login details should be sent the day of the meeting in order to limit the time for access by cybercriminals.

- You will need to discuss with the Chairman and other Board members their willingness for the meeting to be recorded. This will help you with drafting minutes, particularly when you are hosting the meeting. Remember to destroy the recording once the minutes have been informally approved by the chairman.
- Have a back-up plan in place in case there are issues with the technology. For example, switching to teleconferencing. You should have a dial in conference set up or all of the participants telephone numbers readily available.

### Supporting the chairman

- As corporate secretary you should designate yourself as host of the meeting so you can assist the Chairman in facilitating the meeting and maintaining confidentiality.
- If it is the first virtual Board meeting, have a test run with the Chairman the day before.
- Agree with the chairman how you will communicate with each other during the meeting.
  - Messaging Apps
  - Text message
- Make sure the Chairman is clear on what the outcome of each agenda item will be.
- Have indicative timings on the agenda.
- Give the chairman a list of the attendees and the time they will be in the virtual waiting room.
- Appoint an alternate chairman just in case chair is unable to attend or loses connectivity.

### During the meeting

- Request that the Chairman and Board members login to the platform 10 minutes prior to the meeting starting so that they can ensure connectivity and you can record attendance and absences.
- As corporate secretary you will have to ensure that a quorum is present at all times so you need to keep checking the number of participants in the meeting.
- Ensure all participants have their videos on and their microphones on mute when they are not speaking. If you are host, you can manage the turning on and off of microphones on most platforms.
- If the meeting is to be recorded don't forget to hit the record button and remind participants that they are being recorded.
- Remind the Chairman to ask directors to speak/ask questions in turn at the end of each presentation.
- Assist the chairman with the voting process

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| <p>either through the platform or spoken by each director.</p> <ul style="list-style-type: none"> <li>• Presenters should wait in the virtual waiting room and only be admitted when it is time to present. As host you should be able to manage this. You also need to prompt the chairman when the presenter has left so</li> </ul> | <p>they can continue with the meeting so that confidentiality is maintained.</p> <ul style="list-style-type: none"> <li>• Continually monitor messages from the Chairman and other participants and IT support to ensure that there is nothing interfering with the flow of the meeting and participants engagement.</li> </ul> |
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After the meeting

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| <ul style="list-style-type: none"> <li>• As with traditional meetings:             <ul style="list-style-type: none"> <li>- Any regulatory filings or announcements should be made.</li> <li>- Decisions should be communicated to management.</li> <li>- Minutes should be drafted and circulate for comment.</li> <li>- Action log should be compiled of actions and decisions, stating the person responsible for the action, timescale and accountability.</li> </ul> </li> <li>• The corporate secretary should get feedback from the chairman and other participants</li> </ul> | <p>on how they felt the meeting went so that improvements can be made for the next meeting.</p> <ul style="list-style-type: none"> <li>• Consideration should be given as to whether alternative methods could have been used for some of the agenda items:             <ul style="list-style-type: none"> <li>- Written resolutions (flying minutes)</li> <li>- Email meetings (if permitted)</li> <li>- Delegation to a Committee or Management</li> <li>- Subsequent ratification</li> </ul> </li> </ul> |
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<div> <div>Table 2: Do and Don't etiquette for virtual meetings</div> <div> <div>Here are 6 Do's and 6 Don'ts...</div> <div> <div>DO:</div> <ul style="list-style-type: none"> <li>• Be courteous to other participants.</li> <li>• Do speak clearly.</li> <li>• Do move and gesture slowly and keep body movements minimal.</li> <li>• Do keep eye contact and direct look into any camera.</li> <li>• Do dress appropriately.</li> <li>• Do contribute to the session.</li> </ul> </div> </div> </div>	
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Source: Pacific Corporate Governance Institute (PCGI) Tip Sheet: Boards in a Digital World, August 28, 2020

## **About IFC's Environment, Social and Governance (ESG) Advisory for Asia Pacific**

ESG Advisory for Asia Pacific is a key part of our ambition to broaden IFC's influence and deepen its impact in moving the private sector in emerging markets towards sustainability. Our programs across Asia Pacific focus on providing integrated ESG upstream support and offer tailored advice and guidance to clients (public and private sector) in the areas of Corporate Governance, Environmental and Social Risk Management and Governance of E&S. Our advisory services also help support ESG improvements and reform efforts in emerging markets, while leveraging and integrating knowledge tools, expertise, and networks at the global and regional levels.

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