

## **KINGSDALE MEMO:**

### **Virtual AGMs & COVID-19: Proxy advisor view**

March 12, 2020

Over the past 24 hours, Kingsdale has been in regular contact with proxy advisors Institutional Shareholder Services, Inc. (ISS) and Glass Lewis, & Co. (Glass Lewis), regarding the latest developments on the COVID-19/coronavirus pandemic and its effect on the annual general meeting season, specifically the decision by issuers to move to a virtual-only AGM.

As a result of the outbreak, both ISS and Glass Lewis have indicated that, for this year, they will relax their policies with regard to virtual-only meetings: ISS will be "very reasonable" with caution about virtual-only meetings, while Glass Lewis will provide leniency to companies that clearly disclose that a virtual meeting option was chosen because of the COVID-19/coronavirus outbreak. More detailed summaries of the proxy advisors' views are provided below.

Based on the proxy advisors' guidance, issuers should consider the options available including a virtual-only AGM or a hybrid meeting with a smaller physical venue, regardless of whether or not you have announced your AGM and mailed a circular.

Kingsdale is on standby to assist with meeting logistics and communicating the change to your shareholders.

#### **PROXY ADVISOR VIEWS ON VIRTUAL MEETINGS**

##### **ISS**

While virtual-only meetings have not been well-received by ISS's institutional clients in the past, the proxy advisor expects its clients to be more accommodating in 2020, given the extremely exceptional and extra-ordinary environment caused by the COVID-19/coronavirus outbreak.

ISS, however, will require the issuer to provide full disclosure ensuring that the meeting will not limit shareholders' rights to participate. Specifically, ISS will expect virtual meetings to be transparent and include two-way communication, allowing shareholders to ask

questions, be critical of a company's performance or governance, and present shareholder proposals.

How companies manage their meetings this year, will likely impact ISS's view of virtual meetings going forward.

#### *Glass Lewis*

For virtual-only meetings, Glass Lewis will scrutinize an issuer's proxy material disclosure about the logistics of accessing a meeting and a shareholder's ability to ask questions.

For companies who have already filed their proxy materials but are now switching to a virtual-only meeting, Glass Lewis will look for public disclosure for why the meeting is now virtual. Specifically, Glass Lewis expects companies to: state that the change is due to the COVID-19/coronavirus outbreak; provide information about accessing the meeting; and confirm that shareholders will be able to ask questions at the meeting. As an example of sufficient disclosure, issuers can check the [DEFA14-A that Starbucks filed on March 4, 2020](#) when opting for a virtual-only meeting just two weeks before their meeting date.

If you have any questions, we are here to help 24/7. [Contact us today](#). .