

Shorecrest

Virtual Shareholder Meetings

Canada has been slower than its global counterparts to adopt the use of virtual annual shareholder meetings in lieu of in person meetings. As a result of growing concerns about in-person gatherings and the need for social distancing, we are seeing a significant number of issuers switching to virtual only shareholder meetings. The other consideration for issuers when choosing an in-person vs virtual meeting is the logistical challenges being faced in a rapidly changing COVID-19 environment. In addition to health concerns, in-person meeting brings logistical hurdles to overcome. Boarder closings and travel restrictions may make it impossible for shareholders, Directors and Officers to be physically present in one place this year.

However, holding a virtual shareholder meeting will come with its own set of challenges. There are only two service providers that currently offer the necessary meeting tools to allow shareholders to vote at a virtual meeting. The two firms, Broadridge Financial Solutions and Lumi Global, are experiencing an increased demand this year. As they are extremely busy, we recommend booking as early as possible to ensure capacity. The ability to hold a virtual vs in person meeting is determined by corporate law and the corporations constating documents. Some issuers are facing the legal risk of being technically offside by holding a virtual shareholder meeting and must way that risk against the growing threat of the virus on in-person gatherings. A few large Corporate issuers, such as Telus Corp, have already obtained court orders to hold virtual meetings this year. Telus obtained a court order in British Columbia and a group of eight large banks as well as three insurance companies jointly sought and obtained permission to hold virtual only meetings this year.

Alternatively, some issuers are discouraging broad general attendance and encouraging shareholders to vote in advance of the meeting. For a typical Annual meeting, the motions and information on voting are provided in the information circular and proxy. Shareholders can vote in advance of the meeting by completing a proxy or voting instruction form indicating how they would like to vote on each motion.

Given the uncertainty in this year's proxy season, the [CSA annual meeting guidance's](#) also address the growing number of reporting issuers that are relying on virtual meeting this year. The expectation is that the reporting issuer will notify its securityholders, the parties involved in the proxy voting infrastructure, and other market participants of such plans in a timely manner and to disclose clear directions on the logistical details of the virtual or hybrid AGM, including how securityholders can remotely access, participate in, and vote at such AGM.

This disclosure should be included in the reporting issuer's proxy-related materials. However, if the meeting material has already been sent and filed its proxy-related materials, the reporting issuer **does not** need to send additional soliciting materials. To update its proxy-related materials solely for the purpose of switching to a virtual or hybrid AGM, the reporting issuer can follow the steps described above for announcing a change in the AGM date, time or location.

In recognition of this increased concern [Glass Lewis has also revised their 2020 policies](#) to give special consideration for virtual meetings being held this proxy season.

For the duration of the 2020 proxy season (March 1, 2020 through June 30, 2020), as a result of the COVID-19, Glass Lewis, will review virtual meetings on a case-by-case basis and will also note whether companies state their intention to resume holding in-person or hybrid meetings under normal circumstances.

For companies opting to hold a virtual-only shareholder meeting due to COVID-19 between March 1, 2020 and June 30, 2020, Glass Lewis will generally refrain from recommending to vote against members of the governance committee on this basis, provided that the company discloses, at a minimum, its rationale for doing so, including citing COVID- .

For all shareholder meetings occurring after June 30, 2020, Glass Lewis standard policy on virtual shareholder meetings will apply. Glass Lewis will expect robust disclosure in the proxy statement concerning shareholder participation. Even if the pandemic continues well beyond this date, GL notes that companies have been given enough time to address shareholder concerns as outlined in their standard policy.

It should be noted the conduct of AGMs is primarily subject to applicable corporate law and the reporting issuer's constating documents, which do not fall under the jurisdiction of securities regulators. The CSA encourages reporting issuers to review these laws and documents when considering changes or alternatives to their upcoming AGMs.

Given the uncertainty in the coming months and the need to plan for the uncertainty in the coming months, switching to a virtual meeting allows shareholders to participate in the annual meeting and ask questions regarding their investment and company future plans. Should you have any questions or wish to discuss, please do not hesitate to contact the Penny Rice (647-931-7389) or price@shorecrestgroup.com