

# Investor Statement

## Responsible Virtual Meeting Conduct and Upholding Shareholder Rights

We are 38 institutional investors and service providers representing over \$1.7 trillion CAD in assets under management and advisory. We are concerned that virtual shareholder meeting procedures are preventing shareholders from exercising their statutory and common law rights to participate fully in shareholder meetings. Virtual meeting procedures are denying shareholders their right to engage in discussion and debate, thus undermining shareholder rights.

Annual shareholder meetings represent a crucial occasion to exert democratic influence over how publicly held investments are governed. Beyond the vital act of voting on key governance proposals and board of director nominations, these gatherings foster an essential dialogue between investors and issuers, which ultimately enhances companies by mitigating risk, optimizing returns, and generating positive ripple effects for society and the environment.

### Rise in the Use of Virtual Shareholder Meetings

The landscape of shareholder meetings has transformed significantly, particularly in response to the COVID-19 pandemic. Pre-pandemic, almost all shareholder meetings were held in person. However, the global health crisis necessitated adaptability, compelling businesses, regulators, and governments to align with public health directives. A notable adaptation was the transition to virtual-only shareholder meetings, as a response to gathering size limitations or prohibitions.

Now, despite changing public health guidelines, in-person shareholder meetings have not regained their former prominence. Instead, virtual shareholder meetings have seen an expanded adoption, a trend confirmed by Amandeep Sandhu of Sandhu ESG Law in an analysis of S&P-TSX 60 constituent companies during the 2023 proxy season. In this analysis, it was revealed that 57% of issuers held virtual-only annual shareholder meetings, compared to 54% of TSX-listed issuers in 2020.<sup>1</sup> This expansion is not solely due to public health restrictions and instead suggests a long-term shift towards virtual meetings.

<sup>1</sup> [https://assets.nationbuilder.com/bcgeu/pages/14863/attachments/original/1692907084/BCGEU\\_-\\_Letter\\_to\\_CSA\\_Regarding\\_2023\\_Virtual\\_Shareholder\\_Meetings\\_%28August\\_2023%29.pdf?1692907084](https://assets.nationbuilder.com/bcgeu/pages/14863/attachments/original/1692907084/BCGEU_-_Letter_to_CSA_Regarding_2023_Virtual_Shareholder_Meetings_%28August_2023%29.pdf?1692907084)

## Erosion of Shareholder Democracy

In theory, virtual-only meetings could increase shareholder participation by reducing barriers to participation. But there is good evidence from virtual-only meetings held since the pandemic began that these meetings have instead muted shareholder voices.

Investors have identified several issues with virtual meeting procedures that collectively raise questions about whether corporate law standards are being met:

1. The inability of shareholders to initiate or participate in discussion and debate.
2. Cumbersome registration procedures that discourage beneficial shareholder participation.
3. The inability of shareholders to raise points of information or points of order.
4. Lack of transparency regarding questions asked by meeting participants and uncertainty about whether all questions submitted on the platform have been addressed.

Virtual shareholder meetings are poised to remain a key aspect of the corporate landscape and may even become more prevalent. In theory, virtual meetings present the opportunity for a larger number of shareholders to engage in constructive dialogues with issuers. However, the shift to virtual-only meetings has not enriched shareholder democracy. In fact, it has eroded it.

## Taking Steps to Preserve Shareholder Rights During Virtual Shareholder Meetings

We call upon S&P TSX-60 issuers to commit to upholding shareholder rights at virtual shareholder meetings, ensuring shareholders can fully exercise their statutory and common law rights in these meetings.

Additionally, we urge public issuers to publicly disclose both well in advance of their shareholder meetings and in their proxy materials, their plans to uphold shareholder rights at virtual-only or hybrid meetings of shareholders, which must include at a minimum:

1. In keeping with guidance from the Canadian Securities Administrators, ensuring that virtual meetings provide an experience commensurate with in-person events.
2. Providing a real-time mechanism for shareholders to (i) initiate and participate in discussion to virtual meetings, and (ii) raise points of information or points of order.
3. Facilitating feedback and participation by (i) accepting and encouraging investor questions in advance of a meeting, (ii) ensuring all questions asked during a meeting are answered or addressed without edits by the issuer, and (iii) providing the ability for questions to be posed via telephone or video (either in advance or on a real-time basis).
4. Providing video playbacks of virtual meetings on issuer websites for at least one year, along with transcripts of virtual meetings held in the past five years.
5. Reporting specific voting results for shareholder proposals during the virtual meeting (number of shares voted in favour and against).
6. No longer requiring beneficial shareholders to pre-register in order to attend a virtual-only or hybrid meeting. Beneficial shareholders should be permitted to log on to a virtual meeting platform using only their Voting Instruction Form.

## Signatories



Shareholders for Change



California State Teachers Retirement System (CalSTRS)



Church of England Pensions Board



Desjardins Global Asset Management



Connor Clark & Lunn Investment Management



Scheer, Rowlett & Associates Investment Management Ltd



PCJ Investment Counsel Ltd.



NEI Investments



SHARE



Addenda Capital



Morningstar



Trillium Asset Management



RRFS-FTQ (Régime de Retraite Par Financement Salarial de la FTQ)



Ethos Foundation



EEP International



Raiffeisen Bank



Zevin Asset Management



Service Employees International Union (SEIU)



Aequo, Services d'Engagement Actionnarial



Bâtirente



Investors for Paris Compliance



Atkinson Foundation



The United Church of Canada



University of Victoria



Pensions & Investment Research Consultants Ltd (PIRC) Ltd



MNCFN Community Trust



Trottier Family Foundation



Sisters of Mary Reparatrix (SMR) Investments



Baloise Asset Management AG



IBVM Foundation of Canada Inc.



Charitus



Missionary Oblates



Province of Saint Joseph of the Capuchin Order Corporate Responsibility Office



Abdissa Integrated Community Development Organization



Shareholders for Change