Good Practice Guidance for Company Meetings
FRC – Stakeholders

The FRC would like to thank the AGM Stakeholder Group who provided input into this guidance:

GC100
Investment Association
Proxymity
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ShareSoc
The Association of Investment Companies
The Chartered Governance Institute Registrars’ Group
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The Company Law Committee of The City of London Law Society
The Department for Business, Energy & Industrial Strategy
UK Shareholders Association

This guidance will be kept under review to ensure that shareholder meetings (in whatever form) continue to deliver effective outcomes for all parties.
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Introduction

This guidance is principally for companies and shareholders, and is also relevant for other stakeholders. It provides suggestions for good practice that listed companies should consider adopting in order to enhance effective shareholder participation when planning and conducting annual general meetings (AGMs) and other general meetings. This good practice guidance does not override existing law and/or the discretion or duties of the chair of a meeting or the directors of the company. This guidance is written with AGMs as its focus, but uses the term ‘general meetings’ (GMs) to cover all forms of shareholder meetings.

The AGM offers the opportunity to update members on the achievements of the company over the previous year, present financial information, explain business performance, and vote on company issues. It is essential for the fulfilment of certain legal obligations. Companies should seek to maximise the participation and engagement of all types of shareholders on the register and, where appropriate, take advantage of the use of technology to increase participation and engagement. A company should use a combination of appropriate methods that it determines will work best for its shareholder base, in order to encourage engagement and maintain strong ties with shareholders. This guidance suggests potential ways to engage and participate, taking into account any confidential and/or commercially sensitive information.

Integrity, accountability and transparency are essential for good governance. Under s.172 of the Companies Act 2006 (the ‘Act’), directors have a duty to act in the way they consider would most likely promote the success of the company for the benefit of its shareholders, and, in doing so, must also have regard to wider stakeholder considerations.

Engagement with shareholders should not just be an annual event. The FRC expects companies to view GMs as key events within both an annual and longer-term process of engagement. We would also like to emphasise the importance of shareholders and proxy advisors engaging with companies throughout the year not only at the AGM or in the lead up to it. Such engagement will better equip investors to exercise their rights and responsibilities, and is essential for effective stewardship.

GMs are an opportunity for boards to engage in dialogue with shareholders, not only on the business model and financial performance of the company, but also as a mechanism to explain how the board has considered matters raised through engagement with shareholders and stakeholders that may have a longer-term impact on the purpose, strategy, governance, and future direction of the company. To achieve this, effective chairing of any GM is vital to its success.
This guidance recognises the principle of flexibility and that all companies are different. Some companies will have a small number of shareholders, while others will have many thousands who may be in different jurisdictions. Companies will take different approaches and use different technologies and methods with regard to shareholder engagement depending on their circumstances. Not all aspects of the guidance will apply to, or be appropriate for, all companies. Nevertheless, in normal circumstances ‘behind closed door’ AGMs are not appropriate.

The Act sets the legal framework for GMs. Historically, general meetings have been held in physical venues, with shareholders having the right to attend in person and ask questions at the meeting and to vote at the meeting or by proxy. Many companies have now moved to a hybrid form of meeting, whereby shareholders can attend either physically in person or remotely via an appropriate electronic platform and, equally, can vote either at the physical meeting or remotely via the electronic platform or by proxy. However, there remains a lack of certainty as to whether s.311(b), along with s.360A of the Act, permit virtual-only meetings. This is due to the interpretation of the word ‘place’. There is no agreement or judicial authority as to whether anything other than a physical location constitutes a ‘place’ for these purposes. Careful consideration should be given by companies if they are planning to hold virtual-only meetings and independent legal advice should be sought.

The FRC encourages companies to seize the opportunity to maximise shareholder engagement by embracing new technologies. This guidance sets out actions to assist with this approach, while recognising that there are many benefits of physical meetings, including potentially allowing for more effective in-person dialogue. Some companies will continue to hold physical-only meetings in light of their particular circumstances and shareholder base. Companies should, however, consider carefully which approach is right for them and their shareholder base, and explain the reason for their decision in the notice convening the relevant GM.
A. Before the meeting

**Principle 1**

Information disseminated prior to the general meeting must offer clear instructions on how to attend the meeting and participate, in order to enable effective shareholder engagement.

This Principle can be achieved by taking the following actions:

- In addition to the notice of meeting, appropriate means of communication should be used to update all shareholders. For example, an area on the company website could be dedicated to informing shareholders of the details of the GM, including providing timely updates and information about any changes as soon as practically possible.

- Clear and timely instructions for the process for attending and participating in the meeting (depending on the format of the meeting), including access to the meeting (e.g. logging on to any electronic platform in order to attend and participate remotely), asking questions, and voting (whether physically, electronically or by proxy), should be provided to shareholders in advance of the meeting.

- Details on how to appoint and instruct a proxy should be provided to shareholders well in advance of the proxy deadline.

- Shareholders who are yet to opt-in to receive electronic communications should be informed of the process for doing so.

- Information made available to shareholders should provide clarity on what form(s) ‘electronic facilities’ will take and what it may cover. For example, there should be clarity on whether the facility will enable shareholders to ask questions or only view/hear the proceedings at the GM.

- The notice of GM should make it clear that unacceptable behaviour will not be tolerated at the meeting and that it will be dealt with appropriately by the chair.
Principle 2

Whether meetings are physical, hybrid or virtual (should the legal position be clarified), shareholders should, as far as practicable, be able to engage in the business of the meeting.

This Principle can be achieved by taking the following actions:

- Where registration and verification are required to access the GM, shareholders should be provided with their appropriate entry information through their registered/elected method of communication in advance of the meeting.

- Companies should consider reminding those shareholders who have opted for e-communications of upcoming GMs one or two business days prior to the deadline for submitting voting instructions.

- Details of how and when to submit questions prior to the GM should be given well in advance, with a clear timeframe explaining when and where questions should be sent and how questions will be answered. Companies could consider answering questions ahead of the GM where practicable (either in an online/virtual Q&A or through published answers on the website), so that the responses can inform shareholders’ voting decisions.

- As far as the technology allows, shareholders should have the same rights of participation in hybrid (and, if the legal position is clarified, virtual) meetings as in physical meetings (see Principle 5 in relation to the potential limitations of webcasts).
B. During the meeting

Principle 3

The board should provide an update at the AGM on matters raised by stakeholder groups that are considered by the board to materially affect the company’s strategy, performance, and culture.

This Principle can be achieved by taking the following actions:

- The board should consider relevant matters that have been raised throughout the year, particularly by investors and stakeholders, and use the AGM as an opportunity to explain how such matters have been taken into account or influenced decision-making.

- The board should provide an update on investor and stakeholder engagement, and include details of material issues raised in order to offer additional context to those matters reported in relation to the statement in the annual report in respect of matters set out in s.172 of the Act. This could be covered as a separate agenda point at the AGM or included in the opening statements made by the chair or CEO.

- Where actions have been, or are proposed to be taken as a result of stakeholder engagement, these should be highlighted at the GM.
Principle 4

Companies should seek the broadest access to and participation in GMs by a diverse range of shareholders. Whether attending virtually or in person, shareholders should have the opportunity to raise questions pertinent to the meeting agenda.¹

This Principle can be achieved by taking the following actions:

- In relation to any virtual element of a GM, companies should provide online functionality for real-time questions to be submitted during the meeting orally or in writing/electronically. Companies should also consider opening this Q&A function for written/electronic questions from the start of the meeting. The chair should ensure that questions are taken from all of the available channels for submitting questions.

- To maximise transparency, companies should consider explaining any methods of grouping questions provided by shareholders who have submitted questions in advance of the meeting.

- Any character limitations on the length of questions submitted via virtual platforms should be reasonable.

- If a moderated facility is used to manage questions during a virtually facilitated meeting, the company should highlight this facility and how it works. Such a facility should be operated in a manner consistent with the moderation of any Q&A involving those physically attending the meeting.

- The chair or Q&A facilitator should make efforts to ensure a fair representation of questions are addressed.

- The chair of the meeting (who may or may not necessarily be the chair of the board) should ensure that, so far as practicable, board members attend the meeting (virtually or physically) to respond to questions. The chair should direct any relevant questions to those with the appropriate expertise.

¹ Section 319A of the Act provides that a traded company must answer its members’ questions relating to the business being dealt with at the meeting except in certain circumstances (listed under s.319A(2)).
Principle 5

Shareholders should be able to cast their vote in real-time, or submit a voting instruction in advance via the appointment of a proxy, depending on the format of a meeting. Appropriate technology should be used by companies to ensure that shareholders have the ability to appoint proxies and send instructions to proxies prior to the meeting.

This Principle can be achieved by taking the following actions:

• For virtual (to the extent legally permitted) and hybrid meetings, utilising an electronic platform
  – As highlighted under section A, shareholders should be informed of their voting options at the earliest possible opportunity.
  – Where the technology allows, shareholders should be informed that votes can be changed during the meeting.
  – Companies should avoid the need for shareholders to download specific software to view or participate in the meeting where possible. If specific software or an App is required, clear information on how to obtain such software or download the App should be specified within the notice of meeting.
  – Companies should highlight what technical support is available and explain how to access such support. This support should, where practicable, be available both online and via a freephone number.

• In order to achieve this for other general meetings, including those incorporating a webcast
  – As highlighted under section A, shareholders should be informed of their voting options at the earliest possible opportunity.
  – Where there is not an option for real-time online voting to take place during a GM and/or the meeting is open only to attendees in-person or it is a ‘closed’ meeting (due to exceptional external factors, such as a pandemic), then providing voting instructions in advance via electronic or physical proxy appointment mechanisms as set out in the notice of meeting, should be strongly encouraged.
  – Consideration should be given to holding a live webcast (or audiocast) if the meeting is a physical-only meeting to encourage engagement with shareholders not able to attend, thus providing increased transparency (consistent with Principle 6).
C. After the meeting

Principle 6

Companies should be as transparent as possible with shareholders in relation to matters discussed and raised by shareholders at the GM.

This Principle can be achieved by taking the following actions:

- Shareholders should be able to follow up on any answer given to a question asked at the GM via a specific email address.

- Companies should consider creating written answers/summaries to submitted questions, whether or not these were answered on the day and include an explanation as to why any particular question was not answered within the summary. If no answer is provided, an indication should be given as to when it will be answered.

- Where a hybrid (or, to the extent permitted, virtual) meeting is recorded, that recording may be made available to shareholders for a defined period after the meeting. Shareholders who have opted for online communication could be sent a recording or a link to this, which may or may not be on the company website. If the recording is made available via a website, all shareholders should be notified in advance that it will be placed there after the meeting takes place.

- Companies should make efforts to gather feedback from the GM and analyse any trends in views.

- Where 20 per cent or more of votes have been cast against the board recommendation for a resolution, the company should explain, when announcing voting results, what actions it intends to take as required under Provision 4 of the UK Corporate Governance Code.
D. Engagement throughout the year

Principle 7

Effective and transparent shareholder engagement should not be limited to an annual event. Opportunities to update shareholders on company matters should be offered throughout the year, with an emphasis on ensuring all shareholders have access to similar information.

The non-exhaustive list of actions set out below suggests approaches for companies to consider. The company’s directors should determine what will work best for their shareholder base, in order to maintain strong ties with them.

• Shareholders may be offered the opportunity to attend Investor Relations Days and Capital Markets Days (or any other similar events) to ensure shareholders are party to the same information on company performance or engagement as other investors, whether in person or virtually.

• Recordings of, or slides or summaries from, such events could be made available on the company’s website, and shareholders should be encouraged to submit questions via a website/email address.

• Members of the board should be encouraged to attend engagement days with shareholders, where appropriate.

• Summaries of previous events may be made available to shareholders prior to the general meetings on the company website.

• Shareholders may be offered the opportunity (via invitation) of observing non-confidential meetings with wider stakeholders.

• Presentations by companies delivered at non-confidential stakeholder events should be made available to company shareholders (via the website).

• In the period prior to the AGM, after the notice of the meeting has been published, companies may wish to offer a separate shareholder event to discuss matters pertinent to making decisions on voting at the AGM, to enable shareholders to discuss matters related to the company and receive up-to-date information about the business prior to formal voting by proxy or at the AGM.

• To avoid shareholders repeating questions already raised at the pre-meeting, it is recommended that any key issues previously raised at a pre-meeting or via any published Q&A are summarised at the AGM.