



AGM mitigation

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With the outbreak of COVID-19 many AGM venues have closed and a lockdown suggested disruptions threaten many 2020 AGMs. Exactly because of this volatility shareholders are keen to speak to companies to understand what they are doing to safeguard their investments. Some companies are proactively making stock exchange announcements to maintain a good communication flow.

The law on AGMs:

- **Newly incorporated companies** - must hold its first AGM within 18 months.
- **Existing Companies** - must hold an AGM once a year and not more than 15 months may elapse between the holding of two AGMs.
- **PLCs** – must hold an AGM within six months of a company's year-end;
- **Notice** – must be held on a minimum of 21 clear days' notice.



Should you continue to plan your AGM?

As there has been no dispensation by the Government, at the moment, the process of holding AGMs, sending out notice of meetings and other preparations must continue unless you have already planned to delay your AGM.

Considerations:

Meeting timing:

- **Delay** – An option if notice has not yet been issued.
- **Postpone** – A possible option, check your articles of association (Articles).
- **Adjourn** – This requires the meeting to be opened and then adjourned to another time and place.

Method of meeting:

- **Physical meeting** – A possible option if the Government do not make it illegal to convene the meeting and your venue can open.
- **Hybrid AGM with electronic voting** – A possible option, check your Articles.
- **Webcast** – Whilst webcast attendees cannot count towards a quorum or vote it does encourage greater participation.
- **Members written resolution** – For smaller AGMs you may be able to obtain approval to dispense with holding a physical AGM through a written resolution.

Legally holding your meeting:

- **Quorum** – This is typically two shareholders present to duly convene the AGM, check your Articles.
- **Proxies/corporate representatives** - and voting through them in the event that people decide not to travel.

COVID-19 protection:

- **Self-certification of wellness** - To reduce the risk request attendees to self-certificate if they believe they have COVID-19 or have recently travelled abroad.
- **Dispense with physical AGM** – Helps to limit the spread of COVID-19 and could become compulsory.
- **Pre-register attendees** – Ensure your meeting is in line with current Government advice on the number of people who can legally gather together. Pre-registration can help assess attendee numbers.
- **Refreshments** - Dispense with all refreshments to avoid cross contamination.



Planning:

- **Venue** - Check that the venue provider is still prepared to host the AGM and consider whether you can use your offices for your AGM.
- **Registrars** – Check your registrar’s contingency plans.
- **Chairman’s script** – Incorporate alternative script options for each scenario.

Mitigation:

- **Notice of AGM not yet released** - Consider including additional language in the notice “that the company will update the shareholders on any additional information and measures through their website.”
- **Dividend** - Delaying the meeting may result in non-payment of final dividend hence, the payment of an interim dividend in lieu could be considered.
- **Stock exchange announcement** - Consider announcing a shareholder event to be held later in the year.
- **Updating DTR statements** – Under the listing rules your DTR statements in the annual report will need updating if your AGM notice of meeting is issued more than one month after the report and accounts is published.
- **Invite shareholder questions** – Create a forum for shareholders to ask questions.
- **Expiring resolutions** - Seek professional advice and guidance on the impact of being unable to renew the expiring AGM authorities.
- **Expiring Remuneration Policy** - Companies required to approve a new remuneration policy at their 2020 AGM have until the end of their current financial year to approve the new policy.
- **Director attendance** – As long as the directors are available for questions, they need not be physically present, consider using a video link.
- **Website communications** - Establish a dedicated area on the company website for amendments to AGM arrangements.
- **Market Abuse Regulations** – Consider if your operational response to coronavirus meets the requirements for disclosure to the market.