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CFO JOURNAL

# Shareholders Feel Muted as Companies Switch to Virtual Annual Meetings

Remote events have been shorter and allocated less time to shareholder questions, study finds



Mitsubishi Motors is among the many companies to hold virtual annual shareholder meetings this year during the pandemic. Mitsubishi's board participated remotely during the auto maker's June meeting that was streamed on its website.

PHOTO: MITSUBISHI MOTORS CORP.

By [Nina Trentmann](#)

Aug. 23, 2020 9:00 am ET

Companies are finding virtual shareholder meetings to be cheaper and less time-consuming, but shareholders complain they don't get as much time to ask their questions.

A majority of the companies in the S&P 500 this year have decided to move their shareholder meeting—usually an in-person event—online due to coronavirus-related restrictions on large gatherings. Faced with the option to postpone the meeting until later, 87% of businesses opted for a virtual event compared with 23% of meetings held remotely in 2019, according to data provider MyLogIQ.

Executives and investors usually like that they can dial into these meetings from their homes. But despite the ease of access, shareholders say remote events offer less scope for participation as many companies ask for questions in advance, respond only to a select number of them and don't disclose how many queries were received.

Many companies scrambled to make the switch as the pandemic accelerated in the spring. Numerous businesses weren't familiar with the technology platforms used for such large, live meetings and quickly had to adapt their protocols to the new format.

WSJ NEWSLETTER

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Remote investor events held by companies in the S&P 500 this year averaged 32 minutes, seven minutes shorter than in-person shareholder meetings in 2019, according to a recent study of more than 90 annual meetings by the Hebrew University of Jerusalem. Further, company executives allocated less time for business updates and for answering shareholders' questions compared with in-person meetings in 2019, the study said.

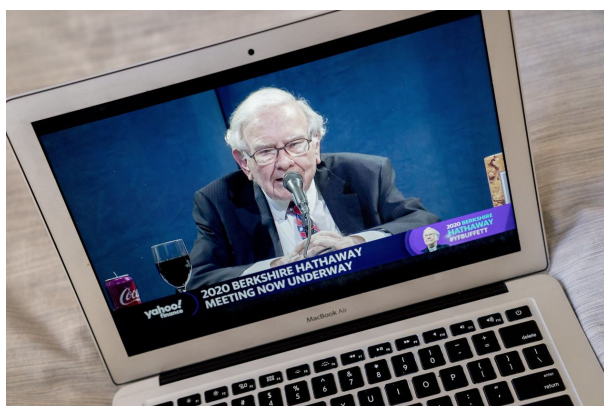
Companies, including [eBay Inc.](#), [Salesforce.com Inc.](#) and [Alexion Pharmaceuticals Inc.](#), failed to acknowledge some or all questions from investors, according to the study by Miriam Schwartz-Ziv, a senior lecturer at the School of Business Administration.

EBay said the rules for its virtual meeting may permit it to respond to one question per shareholder only. "We received numerous questions from a single shareholder," a spokeswoman for the company said. "Some of these questions were answered, but we also devoted attention to questions from other shareholders, which happened to be more relevant to our business." Salesforce



Berkshire Hathaway's annual shareholder meeting in Omaha, Neb., was packed in May 2019.

PHOTO: SCOTT MORGAN/REUTERS



In May 2020, Berkshire Hathaway Chairman and Chief Executive Warren Buffett spoke during a virtual shareholder meeting as his company abandoned the live gathering amid the pandemic.

PHOTO: ANDREW HARRER/BLOOMBERG NEWS

declined to comment, while Alexion didn't respond to a request for feedback.

The study's findings echo observations from shareholder organizations, including the Council of Institutional Investors, which last month sent a letter to the Securities and Exchange Commission detailing its and other groups' concerns.

"Virtual shareholder meetings can be used to manage shareholders in ways that aren't fair," said Amy Borrus, executive director of the CII.

"[Companies] can sidestep dissent if they choose to."

In its virtual meeting, Verizon Communications Inc. limited questions to those related to shareholder proposals and required investors to register three days in advance, according to the study. "We gave shareholders the opportunity to ask questions on the shareholder proposals, or on any subject, at the end of the meeting, and opened the virtual platform for questions several days in advance of the meeting," a company spokeswoman said. She added Verizon didn't receive any questions relating to shareholder proposals or the company's business.

Stewart Taggart, an investor in Houston-based liquid natural gas exporter

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Cheniere Energy Inc., said there was a lack of interaction between shareholders and management during the company's shareholder meeting May 14. "I had no idea how many people attended," said Mr. Taggart. "It could have been just me." A Cheniere spokesman said shareholders representing more than 86% of its common stock took part in that meeting.

In some ways, however, virtual meetings can enhance shareholder participation. James McRitchie, an investor in about 150 U.S. companies and a contributor to Ms. Schwartz-Ziv's study, said he was able to attend more meetings because they were held remotely. Mr. McRitchie said he has taken part in 30 investor meetings this year compared with about 10 all of last year, but added that he missed the ability to interact directly with other shareholders.

Companies and technology providers are looking for ways to improve remote shareholder meetings. [Broadridge Financial Solutions Inc.](#) —which has hosted more than 1,500 virtual shareholder events this year—is gathering feedback from companies and shareholders and said it would innovate in areas such as question-and-answer sessions and interactivity, said Cathy Conlon, head of corporate issuer strategy and product management.

Mediant Communications Inc., an investor communications company, also wants to learn from its experiences, said Sherry Moreland, the company's president and chief operating officer. About 75% of clients that conducted a virtual shareholder meeting this year—Mediant had more than 150 such remote events in total—are considering doing it again next year, said Ms. Moreland.

Some companies, however, want to go back to the old ways. "We have a history [of] doing it in person. There is not a huge push to move to fully virtual," a spokesman for Cheniere Energy said.

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