



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

MEDIA RELEASE

Kuala Lumpur

18 June 2020

TIME TO APPOINT INDEPENDENT MODERATORS AT VIRTUAL GENERAL MEETINGS

18 June 2020, Kuala Lumpur - Minority Shareholders Watch Group (MSWG) calls for public-listed companies to appoint independent moderators at virtual general meetings to improve and enhance the transparency of the Q&A (question and answer) sessions.

The COVID-19 pandemic has been a game-changer for the conduct of general meetings. As people maintain social distancing, PLCs have no choice but to embrace technology in an unprecedented manner to engage their shareholders at general meetings.

The pandemic has hastened the adoption of Practice 12.3 of the Malaysian Code of Corporate Governance, which encourages PLCs to leverage technology to facilitate remote shareholders' participation at general meetings and to provide the option of voting in absentia. PLCs have adopted virtual general meetings, not by choice, but by necessity, both legal and social.

MSWG has noticed certain shortcomings in the way the Q&A sessions are handled at general meetings. Measures need to be taken to strengthen the transparency of how PLCs handle these Q&A sessions.

MSWG chief executive officer Devanesan Evanson noted there were instances of questions raised by shareholders during live streaming that were not addressed by the Board during the meeting.

"Corporate representatives of MSWG have encountered cases of PLCs skipping questions posed to the PLC via the query box during the live streaming process of the virtual general meetings.

Subsequent to the general meeting, shareholders may sometimes get feedback from the PLC that the PLC was not able to address the question during the virtual general meeting due to 'lagging' or 'buffering'. As such, shareholders questions risk not seeing the light of day during the virtual general meeting," he said.

Given the setting of a virtual meeting, MSWG is concerned that some PLCs may conveniently "overlook" questions posed by shareholders, especially if they are hard-hitting, sensitive or controversial questions.

Such questions may not be addressed by the moderator of the Q&A session who, more often than not, is the company secretary or an employee of the PLC. That is why it is important to have independent moderators to moderate the Q&A sessions. A handful of PLCs have had such independent moderators and that is a welcome and commendable initiative.



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The presence of independent moderators to moderate the Q&A session in a fair, objective and impartial manner will ensure that all relevant questions are answered.

The idea with virtual meetings is to replicate the physical meeting as far as possible; and this includes asking uncensored questions.

Alternatively, all questions posed during the virtual general meeting should appear on the screen for absolute transparency. Shareholders will then be aware of the questions raised by other shareholders and the questions which are not answered by the Board. This will prevent incidents of questions being conveniently overlooked by the Board.

Moving forward, MSWG foresees virtual meetings being the preferred choice of the PLC (no longer a choice by necessity); and transparency of the Q&A sessions then becomes essential. It continues to encourage vibrant shareholders' activism even in a virtual meeting environment.

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For further information, please contact:

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