

MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M))

Focus Malaysia – Thursday, June 18, 2020 (A) – Part 1

Listed firms urged to have independent moderators for virtual general meetings

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THE Minority Shareholders Watch Group (MSWG) wants public-listed companies (PLCs) to appoint independent moderators at virtual general meetings to enhance the transparency of the Q&A (question and answer) sessions.

It is concerned that some PLCs may conveniently “overlook” questions posed by shareholders, especially if they are hard-hitting, sensitive or controversial ones. 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,” MSWG said in a statement today.

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“The presence of independent moderators for the Q&A sessions so that they are conducted in a fair, objective and impartial manner will ensure that all relevant questions are answered. The idea of virtual meetings is to replicate the physical meeting as far as possible and this includes asking uncensored questions.”

Noting that the Covid -19 pandemic has been a game-changer for the conduct of general meetings, MSWG said that in the new normal, PLCs have no alternative 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 (MCCGG), which encourages PLCs to leverage on 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 on both legal and social grounds. 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,” said MSWG.

Its CEO, Devanesan Evanson, noted that there were instances of questions raised by shareholders during live streaming that were not addressed by the Board at 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,” said Devanesan.

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 PLCs, no longer a choice by necessity; and the transparency of the Q&A sessions then becomes essential. It continues to encourage vibrant shareholders' activism even in a virtual meeting environment, it said. - June 18, 2020