

PREPARING FOR THE AGM

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The month of April is the annual general meeting (AGM) season and many companies will be busy preparing to face investors with their annual report card. A joint study in 2012 by the Association of Certified Chartered Accountants and KPMG found that 63 per cent of all AGMs conducted by Singapore listed companies are held in April, with 47 per cent occurring in the last five days of April alone.

Here are some fundamentals to note in preparing for AGM day.

PLAN EARLY

The closing and clearing of financial accounts usually drive the critical path from financial year-end to the AGM date. However, there are other important timelines. Company secretaries will be familiar with the various corporate regulatory requirements and notice periods. Most of these are sorted out and completed in the two months before the AGM date.

A related matter is the shareholder register. Having an updated register in good order will ensure a smooth process for shareholder voting. It is also timely to think through voting requirements and options: whether there should be electronic voting, poll voting and obtaining proxies. SGX requires that all listed companies conduct voting by poll from 1 August 2015, but many companies are likely to adopt poll voting earlier. How the voting will be done should be decided early as that affects logistics and the scheduling of the agenda items.

One matter that benefits from early scheduling is simply the early fixing of the AGM date, so that all the key players can plan to be present, and a suitable venue reserved.

Any major transaction or matter that requires an extraordinary general meeting (EGM) can, and preferably should, be timed to occur with the AGM. Aligning the schedules for the EGM and AGM can be tricky, and may throw off some of the careful and routine AGM planning.

Another matter that should be planned early is board change. While director appointments and terminations can occur at any time of the year, the AGM is the ideal stage for most directors to step down and where elections occur. The planning process for this function should not be underestimated as bringing on board a suitable new director or directors can be intricate.

ENGAGE THE FULL BOARD

While many of the routine preparations for an AGM, including the AGM script, can be managed by the company secretary, there is value in having a full board meeting prior to the AGM to discuss and plan the meeting's strategy.

To minimise surprises, the board should anticipate questions and issues that could arise, and plan the best responses. Many boards prepare an internal FAQ so that all concerned can be on the same page. Preparing such FAQs may require research and discussion, so it makes sense that any preparation meeting for this purpose should not take place just an hour or so before the AGM starts.

It is canny practice for any board to decide what kind of questions should be directed to specific directors or committee chairmen who can best address them. At most AGMs, questions are usually taken by the chairman or the CEO. However, it may be more appropriate for particular questions to be handled by a designated director most familiar with the matter at hand. For example, the CEO is better off not answering a question on executive compensation. While a non-executive chairman could field the query, it might be best answered by the chairman of the remuneration committee.

It makes sense for directors to be very familiar with their corporate governance disclosure requirements, and for them to have a good sense of what information shareholders might seek as part of the preparation. Template or generic explanations seldom find full favour with shareholders. Having a management or slide presentation on the "state of the union" of the company at the onset of the AGM may help pre-empt many questions.

Depending on the nature of questions, it may be necessary to have key advisers and management team members on AGM day to support responses by the directors.

MEET KEY SHAREHOLDER GROUPS BEFOREHAND

Meeting key shareholder groups and corporate governance monitor groups in advance is always useful. A particularly important group to meet beforehand is the institutional investor, so that the company may gauge their support (or otherwise) for resolutions that are being proposed.

However, companies need to be careful that only publicly available information is released at such sessions.

PLAN TO STAY

Some boards are perceived by shareholders as aloof and unfriendly, especially if they leave immediately after an AGM. It cannot hurt investor relationships if directors and management take the trouble to spend time mingling with shareholders who attend, and to answer any lingering questions they may have.

Finally, and not unimportant in the local context, an early decision on what kind of buffet spread to provide at the AGM is a shrewd consideration. The fare should aim for a balance between keeping investors who attend reasonably happy, and not attracting the wrong kind of AGM crowd.

Here's wishing a successful AGM to those involved. ■