



Ministry of Finance, Singapore
MOF_Public_Consultation@mof.gov.sg

19 February 2023

Public Consultation on Companies, Business Trusts and Other Bodies (Miscellaneous Amendments) Bill 2023

Dear Sir or Madam,

The Asian Corporate Governance Association (ACGA) is a non-profit membership association founded in 1999. We conduct research on corporate governance and ESG in 12 markets in Asia-Pacific and advocate at the regulatory and corporate level across the region to improve standards and practices. ACGA is entirely funded by a network of 113 member firms, of which 70% are institutional investors with more than US\$40 trillion in assets under management globally.

We welcome the opportunity to respond to the *Public Consultation on Companies, Business Trusts and Other Bodies (Miscellaneous Amendments) Bill 2023* published on 9 February 2023 which proposes to amend the Companies Act 1967, Variable Capital Companies Act 2018 and the Business Trusts Act 2004, to enable companies to hold general meetings by electronic means. It is commendable that the Ministry of Finance (MoF), Monetary Authority of Singapore (MAS) and the Accounting and Corporate Regulatory Authority (ACRA) have initiated a public consultation on the issue. Singapore is one of the few markets we are aware of in the region to officially consult stakeholders on such a move.

ACGA supports the use of modern technology as a pragmatic way of increasing shareholder attendance at general meetings where otherwise they would not be able to join. However, it is our view that all meetings should be held in a physical location, where investors are able to meet with the board and management in person. We also support a hybrid dynamic where shareholders can join this physical meeting through electronic means if they are unable to attend, if the technology allows them to exercise their rights.

We have strong concerns that enabling listed companies to host fully virtual AGMs on a permanent basis is not in the best interest of investors. ACGA urges the MoF, MAS and ACRA to make the holding of fully virtual AGMs among listed companies in Singapore conditional upon exceptional circumstances (such as a pandemic) being present.

Virtual reality

ACGA recently conducted [research](#) for its members into the adoption of fully electronic meetings in the Asia-Pacific region. We found several markets to swiftly redraft laws to provide for fully virtual meetings, without consulting stakeholders, or in the case of some markets, ignoring the concerns of investors. In particular, shareholders have voiced opposition to virtual AGMs on the basis that they restrict their ability to interact with the

board and management. Investors inform us of virtual AGMs where questions are cherry-picked, responses are only given to individual participants after the meeting, and the opportunity to take the board and management to task is seriously diminished.

There have been cases where shareholders have been restricted from participating at all in a virtual meeting, or being able to cast votes. Technical errors are not uncommon. We view fully virtual AGMs as detrimental to transparency and accountability. The AGM is the one occasion during the year where investors can personally meet with management and appraise and challenge their performance in the presence of other shareholders. Indeed in markets such as Japan, Australia and Taiwan, shareholders are now actively voting against changes to a company's articles of association which would enable them to host fully virtual meetings. We note some proxy advisory firms are also advising investors to veto such moves.

Legal recourse is limited

Few markets in the region who have altered their company law or regulations to provide for fully virtual AGMs on a permanent basis have provided much in the way of recourse for minority shareholders in the event that they are unable to listen, speak and vote during an electronic meeting. The temptation for bad actors in the market is to take advantage of the limits of technology by preventing shareholders from asking difficult questions, or giving them the floor to take management to task. As one investor we spoke to described the virtual dynamic, "it suits the issuers' agenda, not shareholders'."

Shareholders who are denied their fundamental rights at a meeting would be required to seek legal recourse to remedy the situation. Yet unlike markets such as the United States, they face a costly and time-consuming process if they seek redress through the courts. We do not see this as a pragmatic option for minority shareholders, should there be an irregularity with the virtual AGM.

ACGA holds the view that the traditional bricks-and-mortar annual gathering of shareholders and the board should not be compromised and we urge the retention of such. By limiting virtual AGMs to exceptional circumstances, Singapore would send a clear message that it places high value on the ability of shareholders to have unfettered interaction with issuers on at least one day of the year.

If we can assist any further, please do not hesitate to get in touch.

Best regards,

A handwritten signature in black ink, appearing to read 'Jane Moir', written in a cursive style.

Jane Moir
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