



ANNUAL MEETINGS: PREP FOR DISRUPTION

Protesters can cause havoc at an AGM, and corporate secretaries are on the front line in making sure boards cope and corporate reputations remain intact

By Elinor Comlay

SECURITY

As the polarized political environment seeps into the investment world, former corporate secretaries and governance experts are urging peers to prepare carefully for possible disruption of their company's annual shareholder meeting. While some companies may be familiar with animal rights or environmental protesters, and others may recall anti-globalization protests at annual meetings in the past, dealing with disruption at annual meetings is not always high on the long list of a corporate secretary's annual meeting responsibilities. But professionals say it should be.

'Opinions vary widely as to whether confrontation at annual meetings is a sign of healthy corporate governance or a distraction from essential business goals,' writes John Wilcox, chair of Sodali, in a 2013 report published by the Conference Board. 'Regardless of its merits, controversy at AGMs has become a fact of life for listed companies around the world.' These days, even small companies can find themselves facing unexpected or lengthy questioning, or being targeted by a protest group, according to professionals.

Preparation, preparation, preparation

'This is one of the things that needs to be on the radar screen,' says Doug Chia, executive director of the Governance Center at the Conference Board.

A corporate secretary's playbook for the AGM usually includes a script for scenarios such as a fire in the building or other emergency – and that script should also prepare for dealing with protesters. As a former corporate secretary at Johnson & Johnson, Chia says he experienced annual meetings that were disrupted by animal-rights protesters and he recommends that corporate secretaries approach the topic of potential disruption as they would any other eventuality at the meeting: with preparation and planning.

For instance, it is a good idea to reach

out to media relations officials and others who might monitor social media sites and have insight into whether any groups have announced plans to attend the meeting. Robert Lamm, independent senior adviser at Deloitte's Center for Board Effectiveness, agrees it is key to try to find out about any planned protests, as it is to stay on top of venue logistics, food preparation and other meeting plans.

'Most of the time people who are engaging in protest want people to know about the protest,' says Lamm, who is also of counsel with Gunster and was previously assistant general counsel and assistant secretary of Pfizer. Chia agrees, noting that most protesters just want a chance to be heard.

Asking questions

As well as helping the company's executives and board prepare for any potentially disruptive protests, surveying feedback on social media can help the corporate secretary get an idea of what questions might come up at the AGM. 'Understanding your audience is critical to preparing an effective message and gaining support at the annual meeting,' Wilcox writes in his 2013 report. To this end, he advises companies to analyze their ownership base to try to understand shareholders' investment goals and better grasp their views on activism and governance.

In addition, it is important to work closely with any company security officials in the run-up to the meeting, Chia advises. The corporate secretary, security official and manager of the meeting venue need to discuss any security screening arrangements, for instance. 'For the annual meeting itself there are procedures the corporate secretary is responsible for making sure are in place: security at the facility, security in the meeting room, procedures for different situations... Unruly protesters should be one of those things,' Chia says.

At the same time, a wider legal team may want to sign off on any script that might be prepared to warn protesters or



'It's really about good judgment and staying calm, and trying not to let the emotion of the moment dictate'

– Doug Chia, the Conference Board