



Virtual Shareholder Meetings: Recent Facts and Figures

Statistics on public companies who have gone virtual with their annual meetings

Directors and managers of public companies across a wide range of industries have demonstrated an increasing interest in virtual shareholder meetings (VSMs). Which companies are holding VSMs? What were their experiences like? What should my company expect if we 'go virtual'? A pioneer in VSMs, Broadridge is well-positioned to share facts and figures about this relatively new and revolutionary way to conduct annual meetings.

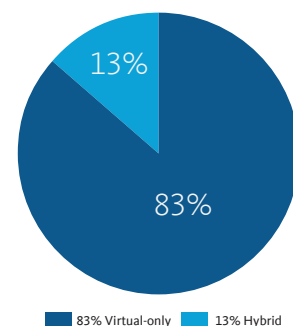
Broadridge launched its VSM platform in 2009. That year, only four companies held a VSM, the first being Intel Corporation. Fast forward to 2017, and the estimate is that at least 250 companies will host their annual meetings virtually using the Broadridge platform. Read on for more facts and figures about VSMs in 2016.

2016 Summary

In 2016, 187 companies held virtual meetings. Of those, 155, or 83 percent, were virtual-only, meaning the company didn't have a physical meeting at all. This compares to 67 percent virtual-only meetings in 2015. Of the 155 virtual-only meetings, six were conducted with live video, while the vast majority, 149, used only live audio.

The remaining 32 of the 187 meetings were hybrid, meaning that the company held a virtual meeting in conjunction with the physical meeting. Of those 32, four used live video while 28 used live audio.

By including 2015 data in our analysis, we further identified that of the 44 companies that held a hybrid meeting in 2015, 12 of them switched to virtual-only in 2016. Only one company changed from virtual-only to hybrid in the same period.



83% of companies holding Virtual Shareholder Meetings chose to forgo a physical annual meeting altogether and conduct only a virtual meeting.



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Profiles of companies holding VSMs

Of the 187 companies that held a virtual meeting in 2016, 14 percent were large-cap, 29 percent were mid-cap and the remaining 57 percent were small-cap companies. There were 21 Fortune 500 companies on the list.

These companies represented a wide variety of sectors and industries, as listed below. No one industry or sector is dominant in the use of VSMs

- Consumer Discretionary companies, such as auto components, hotels, household durables, and textiles;
- Consumer Staples companies, such as food, beverage and personal products;
- Healthcare companies in biotechnology and pharmaceuticals;
- Financial Services companies including thrifts, banks and insurance companies;
- Industrials such as airlines, machinery and aerospace;
- Information Technology companies including semiconductors, software and IT services; and
- Telecommunication, energy and utility companies.

The ability to offer a virtual-only VSM is determined by which state the company is incorporated in—currently 24 states permit this option. Hybrid meetings—a combined physical and virtual meeting—are allowed in an additional 10 states. Regardless of the state of incorporation, the largest number of VSMs were held by companies headquartered in California. Other states where VSM users are located include Arizona, Arkansas, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Kansas, Massachusetts, Maryland, Michigan, Minnesota, Missouri, New Jersey, New York, Nevada, Ohio, Pennsylvania, South Carolina, Texas, Utah, Virginia and Washington. Internationally, companies from Canada and China also held VSMs.

Companies using Virtual Shareholder Meetings vary in size and span all industries, segments and physical locations.

Activities at the meetings

Meeting Attendance

Validating all shareholders is a key component of any annual meeting; this enables a shareholder to attend the meeting, ask questions and vote their shares. In addition to providing shareholder validation on all VSMs, Broadridge also enables the attendance of non-shareholders. While non-shareholder attendees cannot vote or ask questions, they are still able to hear and see the meeting taking place. Eight out of ten companies that held a virtual meeting in 2016 allowed non shareholder attendees.

Shareholder Questions

During a typical VSM, companies allow shareholders to ask questions online before and during the meeting, or by phone at the meeting. Based on 2016 data:

- About 15% allow questions to be collected online in advance of the meeting;
- 99% of VSM users allow questions to be submitted online during the live meeting;
- Approximately 5% allow live phone line questions during the meeting.

Meeting Votes

The type of meeting, whether physical or virtual, does not appear to impact behavior when it comes to voting shares. In both instances the majority of shares are cast in advance of an annual meeting.

Shareholder Proposals

Several companies holding virtual meetings had shareholder proposals. In 2016, the most common way for the company to accommodate the proponent was to have the shareholder participate via an operator-assisted phone line connected into the live meeting.

Looking Ahead

2017 promises to show even more growth in VSMs as more companies begin to realize the advantages of 'going virtual'. To see a list of upcoming meetings, as well as replays of past meetings, please visit www.virtualshareholdermeeting.com. For more information on the Broadridge VSM service, visit www.broadridge.com/vsm.