

**Shareholder activism****Nuns tell companies to get real over virtual AGMs**

US religious order joins good fight against trend towards online-only annual meetings

**FTfm**



A member of the order of St Francis of Philadelphia, Sr Diane Tomlinson, at a papal mass in the city © Reuters

OCTOBER 20, 2017 by Attracta Mooney in London

The Sisters of St Francis of Philadelphia, known for their work with the poor and elderly, have a new mission: tackling corporate America over [online-only](#) shareholder meetings.

[The 400-strong order of Catholic nuns](#), whose motto is “No Risk . . . No Gain”, have filed resolutions with [ConocoPhillips](#), the oil group, and [Comcast](#), the telecoms company, over their decisions to scrap physical annual general meetings for shareholders.

The nuns, no stranger to the metaphysical realm, are calling for businesses to reintroduce face-to-face meetings with direct access to boards to run next to virtual events. “We fear a reduction in access for shareholders [due to online-only meetings],” they said.

A rising number of US companies, including [Ford](#), [HP](#), [Duke Energy](#) and PayPal, are moving to virtual meetings, claiming it saves costs and provides greater accessibility for investors. Jimmy Choo, the luxury shoe brand, became the first UK company to host an online meeting in 2016. They remain uncommon in Europe.

But opponents argue online-only meetings disadvantage shareholders, particularly smaller investors for whom the annual meeting is often their only opportunity to speak to management.

There are also concerns that by moving to virtual AGMs, companies will [escape scrutiny](#) over controversial issues. Some shareholders claim boards ignore their questions at online meetings — something that is much harder to do at physical meetings.

Timothy Smith, director of environmental, social and governance shareowner engagement at Walden Asset Management, the fund house, said: “If a company faces debate on their [pay] package or its climate-change position or has votes on shareholder resolutions, it is a problem to have a disembodied discussion online for a stockholder meeting.”

Broadbridge, the investor services company whose software is used for virtual meetings, said the number of US companies holding virtual-only meetings had jumped almost 50 per cent to 164 during the first half of this year, compared with the same period in 2016.

The Conoco resolution has been co-filed by the Church of the Brethren Benefit Trust, which oversees the retirement income of pastors and members of the Brethren community, and the Needmor Fund, a social justice organisation.

The nuns wrote in their Conoco filing: “Annual meetings are one of the few opportunities for top management and the board to interact directly, face-to-face, with a cross-section of their shareholders.” They warned that the “controversial” move was setting a precedent to create a “slippery slope” that would also encourage other companies to “insulate themselves from shareholders”.

Other investors have echoed concerns.

The Council of Institutional Investors, whose members have \$3tn in assets under management, has warned companies against hosting virtual-only meetings. Ken Bertsch, executive director at CII, said: “We think shareholders should generally support the continuation of in-person meetings.”

New York City Comptroller Scott Stringer, who oversees the \$170bn retirement assets of the east-coast city, has also proposed that its pension fund vote against directors on the governance committees of businesses that have cyber meetings only.

“It’s one of the great markers of American enterprise — whether you own one share or one million, you can speak at a company’s annual meeting,” Mr Stringer said this year.

“[Companies that host cyber-only meetings] want to avoid looking shareowners in the eye — they’re treating face-to-face interaction as a nuisance instead of a duty. If boards shirk this responsibility, shareowners should join us in holding them accountable.”

Conoco did not respond to a request for comment. Comcast said virtual meetings allowed all shareholders to participate, regardless of where they lived.

“Given the very limited attendance of our prior in-person meetings, we do not believe having an in-person meeting meaningfully increases our interaction with our shareholders,” the company said.

Since the start of 2016, the Sisters of St Francis of Philadelphia have also issued AGM resolutions on climate change, drug pricing, corporate lobbying and on the problems at Wells Fargo.

In a statement on corporate responsibility on the order’s website, they say they seek “to do the right thing as we continue to confront corporate structures and systems that exploit, alienate, and delude”.

[Copyright](#) The Financial Times Limited 2017. All rights reserved. You may share using our article tools. Please don't copy articles from FT.com and redistribute by email or post to the web.