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## TWENTY YEARS AFTER THE FIRST VIRTUAL-ONLY ANNUAL SHAREHOLDERS' MEETING: CAN THE VIRTUAL-ONLY MEETING BE A SOLUTION DURING THE TIME OF COVID-19?

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(Summary)

In the paper, the authors provide an overview of the development of the concept of a virtual-only annual shareholders meeting. In doing so, the authors are analyzing the specifics that are determining the path development of this method of organizing shareholders' meetings. In that regard, the authors of the paper, especially focus on the experiences arising from the application of this model in 2020. Namely, under the influence of the global pandemic of COVID-19, this model of organizing of shareholders' meetings was used very often. That challenged the company's legislation regulating the virtual-only shareholders' meetings. Several countries amended their legislation in this regard.

**Keywords:** *shareholders' meetings, virtual format, COVID-19*

### I. DEVELOPMENT OF THE CONCEPT OF VIRTUAL-ONLY SHAREHOLDERS MEETINGS

Exactly twenty years are marked in 2021 from the holding of the first virtual shareholders annual meeting. Namely in 2001 in the United States of America, Inforte held the first reported virtual-only annual meeting.<sup>1</sup> The Delaware legislature was the first State to make this change and amended its statute in 2000 to allow for virtual shareholder meetings.<sup>2</sup> During the first decade of

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<sup>1</sup> See: Yaron Nili, Megan W Shaner, "Back to the Future? Reclaiming Shareholder Democracy Through Virtual Annual Meetings", Univ. of Wisconsin Legal Studies Research Paper No. 1606, pp. 34, available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3681578](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3681578), accessed on 19.12.2021.

<sup>2</sup> Thus, boards of Delaware corporations—which account for 67.8% of all Fortune 500 companies<sup>155</sup>—can hold shareholder meetings (i) in-person at a physical location, (ii) virtual-only (whether by audio and/or video) where

its availability, only smaller companies including Ciber, ICU Medical, Adaptec, Herman Miller, and UAP Holding, opted to try virtual-only annual meetings.<sup>3</sup>The organization of virtual-only shareholders meetings in that time was followed by a series of remarks and challenges. Namely, the lack of success of the virtual shareholders' meetings in the first decade of the XXI century can be explained by the following reasons: a) there is no supervision of the placing and removal of shareholders' contributions; b) there is no guarantee that questions will be answered, c) the improvement of information distribution is absent or restricted since there is no bulletin board where shareholders can communicate with each other; and d) the board can decide, at its sole discretion, to hold the meeting online which might lead to a lack of consensus among shareholders.<sup>4</sup>

On the one hand, the shift to a virtual shareholder meeting could potentially increase shareholders' ability to use their voice, since online participation is substantially less costly than in-person participation, which frequently requires travelling.<sup>5</sup>

For a number of reasons at that time, it was preferred to organize the so-called hybrid shareholders' meetings, that still require a physical meeting location, but also allow for remote attendance over the phone or virtual platform.<sup>6</sup>Many authors explain that the effect of direct communication between shareholders and company bodies is also important, which can be more easily achieved at in-person shareholders meetings. Namely, the literature has revealed that nonverbal elements, such as management's choice of words, tone of voice, and body movements, convey significant information about the value of companies.<sup>7</sup>

In the frame of the legislative activities of the European Union, the Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007 on the exercise of certain rights of shareholders in listed companies should be addressed<sup>8</sup>. The Recital 4 of the Directive 2007/36/EC says "Companies should face no legal obstacles in offering to their shareholders any means of electronic participation in the general meeting. Voting without attending the general meeting in person, whether by correspondence or by electronic means, should not be subject to constraints other than those necessary for the verification of identity and the security of electronic communications. However, this should not prevent the Member States from adopting rules aimed at ensuring that the results of the voting reflect the intentions of the shareholders in all circumstances, including rules aimed at addressing situations where new circumstances occur or are revealed after a shareholder has cast his vote by correspondence or by electronic means.

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shareholders and company representative gather virtually only and in-person attendance is not available, or (iii) a combination of the two where shareholders can attend either a physical or a virtual meeting (frequently referred to as "hybrid" meetings). See: Yaron Nili, Megan W Shaner, *Ibid*, pp.32. See also: Anatoli van der Krans, "The Virtual Shareholders Meeting: How to make it work?", available at: <https://media.neliti.com/media/publications/28726-EN-the-virtual-shareholders-meeting-how-to-make-it-work.pdf>, accessed on: 3.1.2021.

<sup>3</sup>See: Yaron Nili, Megan W Shaner, *op.cit.*, pp.34.

<sup>4</sup> See: Anatoli van der Krans, *op.cit.* pp.3.

<sup>5</sup> Thus, the shift can allow shareholders to "attend" many more meetings—and according to Broadridge's CEO, this did indeed occur. See: Miriam Schwartz-Ziv, "How Shifting from In-Person to Virtual Shareholder Meetings Affects Shareholders' Voice", [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3674998](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3674998), Hebrew University of Jerusalem - Department of Finance and Banking, pp.1, available at: accessed on 11.12.2021.

<sup>6</sup>See: Yaron Nili, Megan W Shaner, *op. cit.* pp.32.

<sup>7</sup> Masaki Iwasaki, "Are In-Person Shareholder Meetings Outdated? The Value of Implicit Communication", *Asian Journal of Law and Economics*, pp.3, available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3734803](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3734803), accessed on 5.1.2021.

<sup>8</sup> The Directive 2007/36/EC is available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32007L0036>, accessed on: 22.12.2021.

With respect to the strengthening of shareholder rights, in the Commission's view, key issues included shareholders' (1) access to information, in particular through electronic facilities in advance of General Meetings, (2) rights to ask questions, (3) rights to table resolutions, (4) rights to vote in absentia, and (5) participation in general meetings via electronic means.<sup>9</sup> The Recitals of the Directive state the legislature's objective in bold language: Companies should face no legal obstacles in offering to their shareholders any means of electronic participation in the general meeting. Voting without attending the general meeting in person, whether by correspondence or by electronic means, should not be subject to constraints other than those necessary for the verification of identity and the security of communications.<sup>10</sup>

Further, the Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, also supports the possibility for organizing of shareholders meetings by electronic means.<sup>11</sup> In certain aspects, this is done by the Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law too.<sup>12</sup>

The "G20/OECD Principles of Corporate Governance" from 2015 are prescribing the following: "Efforts by companies to remove artificial barriers to participation in general meetings are encouraged and the corporate governance framework should facilitate the use of electronic voting in absentia, including the electronic distribution of proxy materials and reliable vote confirmation systems. In jurisdictions where private enforcement is weak, regulators should be in a position to curb unfair voting practices".<sup>13</sup>

The second decade of virtual annual meetings saw their use grow at an accelerated pace. Namely, a study of Russell 3000 firms by Institutional Shareholder Services (ISS) found similar growth in virtual meetings, reporting that the number of companies hosting virtual-only meetings had jumped from 2.4% between June 2014 to July 2015 to 7.7% between July 2018 and June 2019.<sup>14</sup>

## II. THE 2020 EXPERIENCE OF ORGANIZING VIRTUAL-ONLY SHAREHOLDERS MEETINGS

Due to COVID-19, general shareholders' meetings have moved to a virtual format. Following COVID-19, firms moved their shareholder meetings from the physical arena to the virtual one. ISS, which tracks the Russell 3000 firms, reported that in 2019, 225 of these firms held virtual shareholder meetings,<sup>12</sup> while their data for the 2020 proxy season indicate that this figure jumped to 1627 meetings.<sup>15</sup>

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<sup>9</sup>Dirk A. Zetsche, "Virtual Shareholder Meetings and the European Shareholder Rights Directive – Challenges and Opportunities", available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=996434](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=996434), accessed on 15.1.2021. pp. 49.

<sup>10</sup>*Ibid.* pp. 59.

<sup>11</sup> See: Article 3c of the Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017L0828> accessed on: 17.12.2020.

<sup>12</sup> See: Recitals 9, 10, 11 and 74 and Articles 16, 18 and 24 of the Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law, available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017L1132> , accessed on: 17.12.2020.

<sup>13</sup> See: "G20/OECD Principles of Corporate Governance", 2015, pp. 21, available at: <https://www.oecd.org/daf/ca/Corporate-Governance-Principles-ENG.pdf>, accessed on: 9.1.2021.

<sup>14</sup> See: Yaron Nili, Megan W Shaner, *op.cit.*, pp.33

<sup>15</sup> See: Miriam Schwartz-Ziv, *op.cit.* pp.11.

On March 13, 2020, the Security and Exchange Commission of the United States of America, issued “SEC Staff Provides Guidance to Promote Continued Shareholder Engagement, Including at Virtual Annual Meetings, for Companies and Funds Affected by the Coronavirus Disease 2019 (COVID-19)”<sup>16</sup>, stating: “the spread of COVID-19 has affected the ability to hold these in-person meetings due to health, transportation, and other logistical issues. In light of these difficulties, the staff guidance provides regulatory flexibility to companies seeking to change the date and location of the meetings and use new technologies, such as “virtual” shareholder meetings that avoid the need for in-person shareholder attendance, while at the same time ensuring that shareholders and other market participants are informed of any changes” Additionally, on April 7 2020, the SEC issued new proclamations regarding virtual shareholders meetings with more details saying “the staff understands that some issuers are contemplating the possibility of conducting a "virtual" shareholder meeting through the internet or other electronic means instead of an in-person meeting. The ability to conduct a "virtual" meeting is governed by state law, where permitted, and the issuer's governing documents. Robust disclosures that facilitate informed shareholder voting are just as important for a "virtual" meeting or "hybrid" meeting (*i.e.*, an in-person meeting that also permits shareholder participation through electronic means) as they are for an in-person meeting. To the extent an issuer plans to conduct a "virtual" or "hybrid" meeting, the staff expects the issuer to notify its shareholders, intermediaries in the proxy process, and other market participants of such plans promptly and disclose clear directions as to the logistical details of the "virtual" or "hybrid" meeting, including how shareholders can remotely access, participate in, and vote at such meeting.”<sup>17</sup>

The COVID-19 crisis’ impacts on the legislation of some European countries by introducing virtual-only shareholders meetings in Italy<sup>18</sup>, Luxembourg<sup>19</sup>, Norway<sup>20</sup> Germany<sup>21</sup>, France<sup>22</sup>, Switzerland<sup>23</sup>, etc.

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<sup>16</sup>The Guidance is available at: <https://www.sec.gov/news/press-release/2020-62> accessed on: 15.1.2021.

<sup>17</sup> See: “Staff Guidance for Conducting Shareholder Meetings in Light of COVID-19 Concerns”, available at: <https://www.sec.gov/ocr/staff-guidance-conducting-annual-meetings-light-covid-19-concerns> accessed on: 15.1.2021.

<sup>18</sup> Crisis legislation allows companies to provide that shareholders meetings be held by means of telecommunication if the identification of the participants is verified and the exercise of their voting rights is ensured. In this case, the president of the board, the secretary or the notary need not be in the same place. Furthermore, the legislation provides the option of rights being exercised exclusively through one designated representative acting on behalf of all shareholders. See: Dirk A. Zetzsche, Linn Anker-Sørensen, Roberta Consiglio & Miko Yeboah-Smith, “COVID-19-crisis and company law - towards virtual shareholder meetings”, University of Luxembourg Faculty of Law, Economics & Finance WPS 2020-007, pp.14, available at: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3576707](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3576707), accessed on 12.1.2021.

<sup>19</sup> Crisis legislation allows any general meeting to be held with nobody attending in person if shareholders can partake and exercise their voting rights through voting-by-mail, online proxy voting or by videoconference or other telecommunication means where their identity can be verified, provided that the full text of the resolutions or decisions to be determined has been published and/or communicated to them in advance. All investors attending and partaking in a meeting through one of the above means will be deemed present for the determination of a quorum and relevant majority. See: *Ibid.* pp.15.

<sup>20</sup> Crisis legislation, where the board of directors determines whether a VSM will take place, as long as all shareholders can be included in the meeting. Furthermore, the board of directors can freely determine the form of voting, setting aside any stipulations in the articles of association in this regard. See: *Ibid.* pp.16.

<sup>21</sup> Crisis legislation allows all general meetings to be held online if shareholders are provided with the following: (1) a full live transmission of the meeting; (2) some form of online voting (voting-by-mail, online proxy voting or other means of electronic participation); (3) the opportunity to partake in some form of Q&A; and (4) an opportunity to express dissent to the notary public or chairman of the supervisory board functioning as the corporate secretary at the meeting. At the same time, the crisis legislation limits the right of shareholders to rescind a meeting’s resolutions

The introduction of the virtual-only shareholders meeting during the COVID-19 crisis in the USA was made by the legal acts of the federal states because the jurisdiction for these issues is delegated to federal states.<sup>24</sup>

Analysis of transcripts and recordings of in-person and virtual shareholder meetings in 2019–2020 shows that, relative to in-person meetings, the overall time of virtual meetings is 18% shorter, and 29% less time is spent by firms on answering each question.<sup>25</sup>

Research comparing the 2019 in-person shareholder meetings to the 2020 virtual ones, shows that the move to virtual meetings shortened the average meeting by 18% (from 39 to 32 minutes), decreased by 40% the time dedicated to providing a business update (from 14 minutes to 8), decreased by 14% the average time spent on answering questions (from 12 minutes to 10), and decreased by 29% the average time spent on answering each question (from 3 minutes to 2).<sup>26</sup> Furthermore, this research presents tactics used by the management of the company to distract or limit shareholders activism. Namely, the first tactic is that of firms presenting an incorrect claim of a lack of additional questions; the second tactic is as follows: firms announce only at some point in the meeting that only questions related to proposals will be addressed; the third tactic is to promise to get back to shareholders on unanswered questions, but not to follow through; the fourth tactic is the imposition of an early deadline for submitting questions, which is quite unusual, and thus, shareholders are likely to discover this only when it is already too late to submit questions, and the fifth tactic consists of firms stating that they have allotted time for questions but then using only a very small amount of the allotted time, thereby creating the impression that all questions have been addressed, but in fact ignoring questions submitted by shareholders.<sup>27</sup>

At the beginning of the COVID-19 pandemic, approximately in March 2020, the biggest proxy advisory firms ISS and Glass, Lewis & Co. both strongly objected to holding virtual-only shareholder meetings because, they argued, virtual-only meetings limit shareholders' ability to have a genuine opportunity to connect with and express concerns or questions intended for management and board members. Concerns were also raised about firms cherry-picking favourable questions and downplaying, rephrasing, or ignoring negative or hostile questions.<sup>28</sup> However, ISS in March 2020, published guidance acknowledging that while ISS had policy

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to cases where management has willfully violated the law. Moreover, the supervisory board must consent to all measures determined by the management board at the VSM. See: *Ibid.* pp.17

<sup>22</sup>Art. 4 of the French COVID-19 Ordinance n. 2020-321 of 25 March 2020 allows general meetings, convened in a place subject to administrative measures restricting or prohibiting collective gatherings on the date of convocation or on the date of the meeting, to be held remotely, even if the articles of association have not provided for remote participation. All parties entitled to attend the AGMs should be effectively informed of the date and time of the meeting and of the conditions under which they may exercise all their rights. *Ibid.* pp. 17.

<sup>23</sup>Art. 6a of the Swiss 2nd COVID-19 Regulation entitles the convener of a meeting to limit participation to the exercise of rights in writing or in electronic form, or by way of an independent proxy (which is the established means of online proxy voting in Switzerland). The provision applies to all meetings of "Gesellschaften" including companies and partnerships. *Ibid.* pp. 18.

<sup>24</sup>*Ibid.* pp.15.

<sup>25</sup> See: Miriam Schwartz-Ziv, *op.cit.*, pp.1.

<sup>26</sup>*Ibid.* pp.3

<sup>27</sup>*Ibid.* pp.6.

<sup>28</sup>*Ibid.* pp.10.

favoured a physical or hybrid meeting format, a virtual-only meeting might be necessary due to COVID-19.<sup>29</sup> Also, the shift in the approach can be true for Glass, Lewis & Co.<sup>30</sup>

A report prepared by Deloitte, notice the following developments: 1) improvement in e-voting technologies, 2) inclusion of e-voting capabilities in a growing number of shareholders meetings, 3) continuation of the “temporary” regulations allowing virtual meetings, and 4) decreased appetite for travel costs to attend and host in-person meetings<sup>31</sup>It is obvious that the biggest challenge of organizing virtual shareholders meetings is to allow to hear the voices of the shareholders. Namely, the findings of one study saying “*asking questions was easy; getting answers was not*”, are describing this problem very good.<sup>32</sup>

Concerning the experiences of practising virtual shareholders meeting, research prepared by ISS notes the following: “Regarding the question on the preferred shareholder meeting format, absent continuing COVID-19 health and social restrictions, almost 80 per cent of investor respondents chose “Hybrid” meetings, with the possibility for shareholders to attend and participate in the meeting either in-person or via effective remote communications. On the other hand, a plurality of non-investor respondents (42 per cent) indicated a preference for in-person meetings, with virtual meetings used only when there is a compelling reason (such as pandemic restrictions).”<sup>33</sup>

### **III. MACEDONIAN EXPERIENCE OF ORGANIZING OF ANNUAL SHAREHOLDERS’ MEETINGS DURING THE TIME OF COVID-19 PANDEMIC IN 2020**

According to Article 391-a (1) of the Macedonian Law on Companies<sup>34</sup>, “company whose shares are listed on the stock exchange and the company which in accordance with the Law on Securities has special notification obligations can enable the shareholders to participate on a session of the meeting by using at least one of the following electronic means:1) direct broadcast of the meeting;2) two-way audio and video communication in live, enabling the shareholders to address the meeting from any remote location, and3) electronic means for voting,

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<sup>29</sup> “2021 Annual Shareholder Meetings - Avoiding a Super Spreader Event2021 Event”, available at: <https://www.jdsupra.com/legalnews/2021-annual-shareholder-meetings-89502/>, accessed on: 15.1.2021.

<sup>30</sup> Entering 2020, Glass, Lewis & Co. had in place a policy requiring that issuers include detailed information in their proxy materials for virtual meetings; if the disclosure requirement was not met, Glass Lewis recommend a vote against or a withhold vote for director nominees serving on the issuer’s governance committee. In light of COVID-19, in March 2020, Glass Lewis suspended the policy through June 30, 2020, noting if a company needed to hold a virtual meeting and disclosed its reasons for doing so (e.g., due to COVID-19), then Glass Lewis would generally refrain from making adverse voting recommendations. “2021 Annual Shareholder Meetings - Avoiding a Super Spreader Event2021 Event”, available at: <https://www.jdsupra.com/legalnews/2021-annual-shareholder-meetings-89502/>, accessed on: 15.1.2021.

<sup>31</sup> See: “Post COVID-19: The benefits of virtual shareholder general meeting”, Deloitte, available at: <https://www2.deloitte.com/content/dam/Deloitte/za/Documents/za-Post-Covid-19-Publication-Virtual-AGMs-Final.pdf>, accessed on. 15.1.2021.

<sup>32</sup> See: Douglas K. Chia, “Key Takeaways and Best Practices from Virtual ShareholdersMeetings in 2020”, Harvard Law School Forum on Corporate Governance, available at: <https://corpgov.law.harvard.edu/2020/07/02/key-takeaways-and-best-practices-from-virtual-shareholders-meetings-in-2020/>, accessed on: 25.12.2021.

<sup>33</sup> See: “2020 Global Benchmark Policy Survey”, Institutional Shareholder Services, available at: <https://www.issgovernance.com/file/publications/2020-global-policy-survey-summary-of-results.pdf>, accessed on: 5.1.2021.

<sup>34</sup>See: Law on Companies, "Official Gazette of the Republic of Macedonia" nos. 28/2004, 84/2005, 25/2007, 87/2008, 42/2010, 48/2010, 24/2011, 166/2012, 70/2013, 119/2013, 120/2013, 187/2013, 38/2014, 41/2014, 138/2014, 88/2015, 192/2015, 6/2016, 30/2016, 61/2016, 64/2018 and 120/2018.

before or during the meeting without a need to authorize a representative who would attend the session. Based on the content of the quoted provision of the Law on Companies it seems that the Macedonian legislation accepts the model of a hybrid shareholders meeting. As it is explained in the text above, the hybrid model provides for both in-person and virtual participation on the shareholders meeting. Paragraph (2) of Article 391-a of the Law on Companies, imposes the obligation to the company to provide adequate technical support. Namely, Article 391-a (2) says: “[T]he companies referred to in paragraph (1) of this Article which allows the shareholders to participate in the session of the company’s meeting in the manner as prescribed in paragraph (1) of this Article shall need to have established a system of electronic registration and recording of the shareholders for the purpose of their identification and preservation of electronic security during the participation of the shareholders at a meeting in some of the manners prescribed in paragraph (1) of this Article and shall not require the shareholders to submit documents verified by a notary or verified by another domestic or foreign authorized authority.”

The Law on Companies also provides the possibility for proxy voting via electronic means. Namely, Article 392-c (1) of the Law on Trade Companies says: “[T]he shareholders of the company whose shares are listed on the stock exchange and the company to securities which in accordance with the Law on Securities has special notification obligations can authorize attorneys in fact and /or give them instructions for voting using electronic means”. Article 400 (4) of the Law on Trade Companies accepts the possibility for voting by appropriate electronic means<sup>35</sup>. As a special requirement it should be noted that according to Article 400 (5) of the Law on Trade Companies “[i]f the identity of each shareholder cannot be determined with certainty, the manner of establishing communication network between the company and the shareholder and if the voting is not accessible to each shareholder and the quorum and the conducted vote cannot be recorded with certainty, the vote shall be null and void.”

The Law on Companies of North Macedonia, in Article 400-a, prescribes the possibility for voting via correspondence. Namely, according to Article 400-a (1), “[T]he company can enable the shareholders to vote via correspondence before the day of holding the meeting”. Further, according to Article 400-a (2), “[P]rior to enabling the shareholders to vote via correspondence, the company can require from them to confirm their identity by submitting original personal identification document or a copy from the original chosen by the shareholder without an obligation to be verified by a notary or confirmed by a domestic or foreign competent body. The company that has an established system of internal recording and registration of the shareholders being available to all, can be used as a means for identification of the shareholders.”

On March 16, 2020, the Security and Exchange Commission of the Republic of North Macedonia issued a press release saying: "Joint-stock companies should modify the usual preparation for holding annual meetings of shareholders given the measures to prevent the spread of COVID-19. In case of already convened shareholders meetings, if technically possible, an option of holding a virtual meeting or participating via written correspondence to be considered. If holding a shareholders meeting with a "physical" presence is an inevitable solution, measures to limit the risk for attendees should be taken, i.e. to consolidate attendance and voting with as

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<sup>35</sup> Article 400 (4) of the Company Law says: “[T]he statute can determine the manners for the shareholders to vote on the convened assembly by telephone or by other appropriate electronic means being part of the public communications network, and which shall enable, in a secure manner, to verify the identity of each shareholder, the voting right, the manner of establishing the communication link between the company and the shareholders in a way that the voting is accessible to each shareholder and the conducted voting can be recorded with certainty. The shareholder voting via phone or other electronic means shall be considered present at the meeting and shall be included in the work quorum and decision adoption at the meeting.”

few people as possible (taking in consideration the relevant quorums for the meeting and the decision-making) through proxy voting.”<sup>36</sup>

On March 25, 2020, the Government of the Republic of North Macedonia, issued the Decree with binding effect regarding the application of the Law on Companies during the state of emergency, wherein Article 2 it was prescribed that for joint-stock companies and limited liability companies, where the time for convening and holding annual shareholders meetings began to run, the respective meetings were not supposed to be held i.e. were delayed for the duration of the state of emergency.<sup>37</sup> On April 2, 2020, the Government of the Republic of North Macedonia issued new Decree for amending the Decree of March 25, 2020 by which the limitations for holding annual shareholders meetings were repealed.<sup>38</sup>

The analyzes of the public calls for holding of annual shareholders meetings of the companies consisting the MBI10 index of Macedonian Stock Exchange during 2020 show that one company envisaged both possibilities i.e. participation of shareholders via electronic means and correspondence (Komericialna Banka AD Skopje<sup>39</sup>), seven companies envisaged participation of shareholders via correspondence (NLB AD Skopje<sup>40</sup>, Makpetrol AD Skopje<sup>41</sup>, Granit AD Skopje<sup>42</sup>, Stopanska Banka AD Skopje<sup>43</sup>, Makedonijaturist AD Skopje<sup>44</sup>, TTK Banka AD Skopje<sup>45</sup>, Stopanska Banka AD Bitola<sup>46</sup>), while two companies held their meetings in-person by strongly encouraging proxy voting (Alkaloid AD Skopje<sup>47</sup> and Makedonski Telekom AD Skopje).<sup>48</sup>

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<sup>36</sup> The Press Release is available on the link: <https://www.sec.gov.mk/Vesti-govori-intervjua/Soopshtenie-dojavnosta>, accessed on: 22.12.2020.

<sup>37</sup>“Official Gazette of the Republic of Macedonia” no. 79/2020

<sup>38</sup> See: Article 2 of the Decree for amending of the Decree with binding as a law for the application of the Law on Trade Companies during the state of emergency, "Official Gazette of the Republic of Macedonia" no. 87/2020.

<sup>39</sup>Public call for Shareholders Meeting, available on <https://www.seinet.com.mk/Default.aspx?docID=49105>, accessed on 15.12.2020.

<sup>40</sup>Public call for Shareholders Meeting, available on <https://www.seinet.com.mk/Default.aspx?docID=49760>, accessed on 15.12.2020.

<sup>41</sup>Public call for Shareholders Meeting, available on <https://www.seinet.com.mk/Default.aspx?docID=50263>, accessed on 15.12.2020.

<sup>42</sup>Public call for Shareholders Meeting, available on <https://www.seinet.com.mk/Default.aspx?docID=49824>, accessed on 15.12.2020.

<sup>43</sup>Public call for Shareholders Meeting, available on <https://www.seinet.com.mk/Default.aspx?docID=50906>, accessed on 15.12.2020.

<sup>44</sup> Public call for Shareholders Meeting, available on <https://www.seinet.com.mk/Default.aspx?docID=49566>, accessed on 15.12.2020.

<sup>45</sup> Public call for Shareholders Meeting, available on <https://www.seinet.com.mk/Default.aspx?docID=49539>, accessed on 15.12.2020.

<sup>46</sup> Public call for Shareholders Meeting, available on <https://www.seinet.com.mk/Default.aspx?docID=49539>, accessed on 15.12.2020.

<sup>47</sup> Public call for Shareholders Meeting, available on <https://www.seinet.com.mk/Default.aspx?docID=49215>, accessed on 15.12.2020.

<sup>48</sup> Public call for Shareholders Meeting, available on <https://www.seinet.com.mk/Default.aspx?docID=50780>, accessed on 15.12.2020.

## IV. CONCLUSION

The massive shift to the virtual-only annual shareholders meeting in 2020 is conditioned by the emerging state of COVID-19 pandemic. In such circumstances, many countries in the world intervene in their legislation in order to remove the barriers to holding a virtual-only annual shareholders meeting. The practice, although modest, shows certain weaknesses. Namely, many companies are facing a technical challenge on how to adapt to the new conditions and enable all shareholders to participate in the annual shareholders meeting under equal opportunities. Also, certain analyzes show that shareholders face certain obstacles, especially in terms of handling questions and obtaining answers at the virtual-only annual shareholders meeting. Given that the COVID-19 pandemic continues in 2021, it is very likely that the forthcoming shareholders' meetings will have to be held in a virtual-only format. In that sense, both legislative adjustments and technical upgrades are underway to overcome the shortcomings noted earlier. The experience in North Macedonia shows that most of the companies in 2021, to implement the health protocols, hold their annual shareholders' meetings by encouraging the possibility of voting by correspondence. It seems that the virtual-only annual shareholders meeting is at the present largely unachievable in North Macedonia.

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