



# RESULT OF 2018 ANNUAL GENERAL MEETINGS OF LISTED COMPANIES

## **Background**

This year marked the first time that listed companies held Annual General Meetings (AGMs) of shareholders since the abolition of the so-called 'shadow-voting' practice at the end of last year. Under the shadow-voting system, companies were allowed to use shares registered with the Korea Securities Depository (KSD) to meet quorums to pass resolutions at AGMs. The abolition of such practice would pave the way for encouraging minority shareholders to participate in AGMs. At the same time, it could pose challenges for some companies to secure minimum quorums required to vote on resolutions at AGMs.

Against this backdrop, the FSC has taken measures to boost participation of minority shareholders via electronic voting and enhance awareness of the importance of AGMs for both companies and shareholders. The FSC also launched a taskforce with securities-related institutions and business associations to provide companies with support for smooth operations of AGMs this year.

## **Statistics of 2018 AGMs**

A total of 1,993 companies – 741 KOSPI-listed and 1,192 KOSDAQ-listed – held AGMs as of March 30. Out of which 76 companies – 5 KOSPI-listed and 71 KOSDAQ-listed – failed to meet quorums required to vote on resolutions at AGMs. The agenda items which fell short of minimum quorums for voting include appointment of auditor (56 companies); amendment to the articles of incorporation (8 companies); approval for financial statements (4 companies); approval for executive compensation plans (4 companies); and appointment of board directors (4 companies).

## **Use of electronic voting**

The number of companies using electronic voting decreased from 688 last year to 486 this year. Meanwhile, the number of shareholders who exercised their voting rights via electronic voting rose to 36,000 this year, more than three times bigger than last year. The ratio of electronic votes has also more than doubled from 1.76% last year to 3.9% this year.

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Until last year, the use of electronic voting was one of the conditions for companies to exercise shadow-voting practice - abolished at the end of last year – due to which most companies adopted electronic voting at AGMs to meet the quorums required to appoint auditors.

## **Result of support for AGMs**

Securities-related institutions jointly provided 102 companies with support for smooth operations of AGMs. Out of them, 87 companies held AGMs as usual, without major problems in operations, while 14 failed to meet quorums to vote on resolutions, and one company postponed its AGM from March to April. Companies who had requested and received support for AGMs adopted electronic voting actively, with 6.05% of voting rights exercised via electronic voting. In particular, 32 companies were able to meet quorums to vote through the adoption of electronic voting.

## **Follow ups**

Based on a review of this year's result, the FSC will continue to make further improvements for AGMs that would benefit both companies and shareholders.

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