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Marketplace Frameworks Policy Branch
Innovation, Science and Economic Development Canada
235 Queen Street
Ottawa, Ontario
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Subject: UPP comments on the consultation on modernizing business law frameworks

Dear members of the Marketplace Frameworks Policy Branch:

University Pension Plan (UPP) appreciates the opportunity to comment on Innovation, Science and Economic Development Canada's (ISED) consultation on modernizing business law frameworks.

UPP is a jointly sponsored defined benefit pension for Ontario's university sector. UPP manages $13.5 billion in pension assets and proudly serves over 46,000 members across six universities and 21 sector organizations. As a long-term investor, UPP seeks to invest responsibly and promote the health of the financial, social, and environmental systems on which capital markets rely in order to deliver secure, stable pension benefits for members today and for generations to come.

UPP supports initiatives to modernize Canada's corporate governance framework and reduce unnecessary administrative burden. Hybrid Annual General Meetings (AGMs) support this effort by using technology to improve accessibility and shareholder participation while preserving the rights to in-person attendance. Virtual-only AGMs, by contrast, risk weakening transparency and board accountability. AGMs are one of the few formal opportunities for direct interaction between shareholders, boards of directors, and management. They provide an important forum through which shareholders can exercise their rights, engage on matters relevant to long-term value creation, and hold boards accountable. Any modernization initiative relating to meeting formats should preserve and strengthen these functions.

Hybrid AGMs as the preferred model for public companies

UPP supports initiatives that improve efficiency, accessibility, and shareholder participation. Virtual-only AGMs played an important role in reducing logistical barriers during the Covid-19 pandemic, when public health restrictions made in-person gatherings impracticable. Despite the lifting of public health restrictions, virtual-only meetings remain prevalent. Research conducted by the BC General Employees' Union found that 57% of TSX 60 companies held virtual-only AGMs during the 2023 proxy season, even though no public health restrictions were in place.[1] While UPP

[1] BCGEU Letter to the Canadian Securities Administrators Regarding 2023 Virtual Shareholder Meetings. Available at: https://assets.nationbuilder.com/bcgeu/pages/14863/attachments/original/1692907084/BCGEU_-_Letter_to_CSA_Regarding_2023_Virtual_Shareholder_Meetings_%28August_2023%29.pdf?1692907084

supports the use of technology to improve shareholder participation, we do not believe there is a compelling rationale for companies to restrict AGMs to a virtual-only format by default.

UPP strongly supports hybrid AGMs as the preferred model. By enhancing accessibility and participation, hybrid meetings strengthen corporate governance, foster deeper trust between companies and investors, and support informed decision-making.[2] Hybrid AGMs provide an effective balance between accessibility and accountability for shareholders. By contrast, virtual-only meetings may create barriers to meaningful participation and reduce transparency and accountability. Evidence suggests that virtual-only meetings are more likely to use practices that limit shareholder participation, such as restricting topics of discussion and ignoring submitted questions.[3]

UPP has observed the challenges of virtual-only meetings in practice. For example, UPP attended Suncor's 2026 AGM, which was conducted in a virtual-only format. The meeting lasted approximately 15 minutes, provided limited opportunities for shareholder engagement, was audio only with no opportunity to see speakers, and presented access challenges for some participants.[4] While a single case does not reflect all virtual-only meetings, this example illustrates how meeting design can affect the quality of shareholder participation and accountability.

For these reasons, UPP supports hybrid AGMs as the preferred meeting format and does not support virtual-only AGMs except in exceptional circumstances where in-person attendance is not reasonably feasible. We provide the following recommendations to support this approach and ensure that any modernization of the *Canada Business Corporations Act* (CBCA) preserves shareholder rights while enhancing accessibility and efficiency.

Recommendation 1: Retain the existing communication standard in subsections 132(4) and 132(5) of the *Canada Business Corporations Act* (CBCA)

Any modernization of the CBCA should preserve existing protections that safeguard meaningful shareholder engagement. In particular, UPP recommends that the CBCA retain its current requirements in subsections 132(4) and 132(5), which provide that, regardless of how a participant attends a meeting, the relevant communication facility must "permit all participants to communicate adequately with each other during the meeting."

This requirement reflects a fundamental principle of shareholder democracy: shareholders must be able to engage meaningfully with boards, management, and fellow shareholders during the meeting. Effective communication is a core component of a properly functioning AGM and an important mechanism for accountability. As the Government considers the use of electronic meeting formats, the existing safeguard should be retained and serve as a foundational principle for any future reforms relating to shareholder meetings.

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[2] BCI. Best practices for hybrid AGMs. Available at: https://www.bci.ca/insights/article/best-practices-for-hybrid-agms/.
[3] Schwartz-Ziv, Miriam, Is Shareholders' Voice Strategically Shaped at Shareholder Meetings, and Does the Market Care? (April 25, 2026). European Corporate Governance Institute – Finance Working Paper No. 748/2021, Available at SSRN: https://ssrn.com/abstract=3674998
[4] A video recording of Suncor's 2026 AGM can be accessed at: https://player.vimeo.com/video/1189835798

Recommendation 2: Clearly distinguish between hybrid and virtual-only meetings

ISED's proposed amendments would permit both hybrid and virtual-only meetings by default. These meeting formats should not be treated as equivalent.

Hybrid and virtual-only meetings have fundamentally different implications for shareholder rights and corporate accountability. Hybrid meetings provide shareholders with a choice regarding how they participate while preserving the important accountability benefits associated with in-person attendance. Virtual-only meetings eliminate that option entirely. The CBCA should therefore distinguish clearly between hybrid meetings and virtual-only meetings, rather than treating them as interchangeable approaches to shareholder engagement.

Recommendation 3: Do not permit virtual-only AGMs by default

UPP supports permitting hybrid AGMs by default but does not support permitting virtual-only AGMs by default.

While virtual participation can enhance accessibility, virtual-only meetings can weaken important elements of shareholder democracy. Shareholders may encounter technological barriers, authentication challenges, limitations on questioning procedures, or restrictions on real-time engagement. These concerns are particularly significant during periods of heightened shareholder scrutiny, including contested votes, governance concerns, major transactions, or other matters of significant shareholder interest. In such circumstances, the ability to attend and participate in person serves as an important accountability mechanism.

Accordingly, UPP believes virtual-only AGMs should be reserved for exceptional circumstances where holding an in-person or hybrid meeting is impracticable.

Recommendation 4: Establish guidance and best practices for meeting conduct

UPP encourages ISED to establish guidance and best practices governing the conduct of virtual and hybrid meetings to ensure shareholder rights are protected and consistently applied, including:

- Hybrid meetings should be recognized as the preferred meeting format, permitting both virtual and in-person participation.
- Companies should use accessible, reliable, and video-based technology platforms that facilitate secure shareholder authentication, voting, and meaningful participation.
- Shareholders should have the ability to approve any authority to hold virtual-only AGMs.
- Shareholders should be provided with the ability to vote, raise points of order, speak to shareholder proposals, and pose questions, including follow-up questions, directly to boards and management in real time.
- Shareholders should be able to ask questions in full and receive complete answers during the meeting.
- Consistent with the Canadian Securities Administrators' guidance, disclosure in management circulars and proxy materials should provide complete and clear instructions

regarding registration, authentication, participation, and voting. Care should be taken to ensure that participation by beneficial shareholders is not unnecessarily burdensome.

Conclusion

UPP supports ISED's efforts to modernize Canada's corporate governance framework and improve the efficiency of business processes. However, reforms should preserve the shareholder rights and accountability mechanisms that underpin effective corporate governance. UPP believes that virtual-only AGMs should be reserved for exceptional circumstances and supports hybrid AGMs as the preferred meeting format. We encourage ISED to ensure that modernization efforts enhance accessibility and efficiency without diminishing shareholder rights, transparency, or board accountability.

Do not hesitate to contact me at delaney.greig@universitypensionplan.ca if you require any additional information.

Thank you,

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