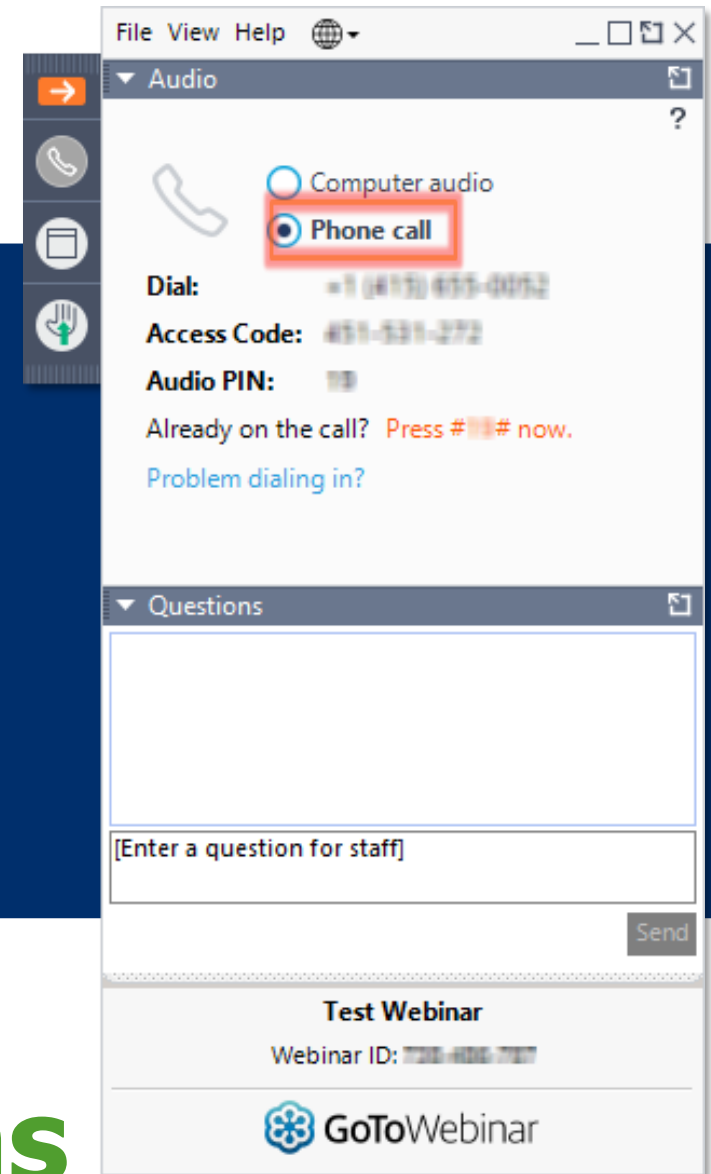


Preparing for the 2021 Public Company Reporting Season – What You Need To Know

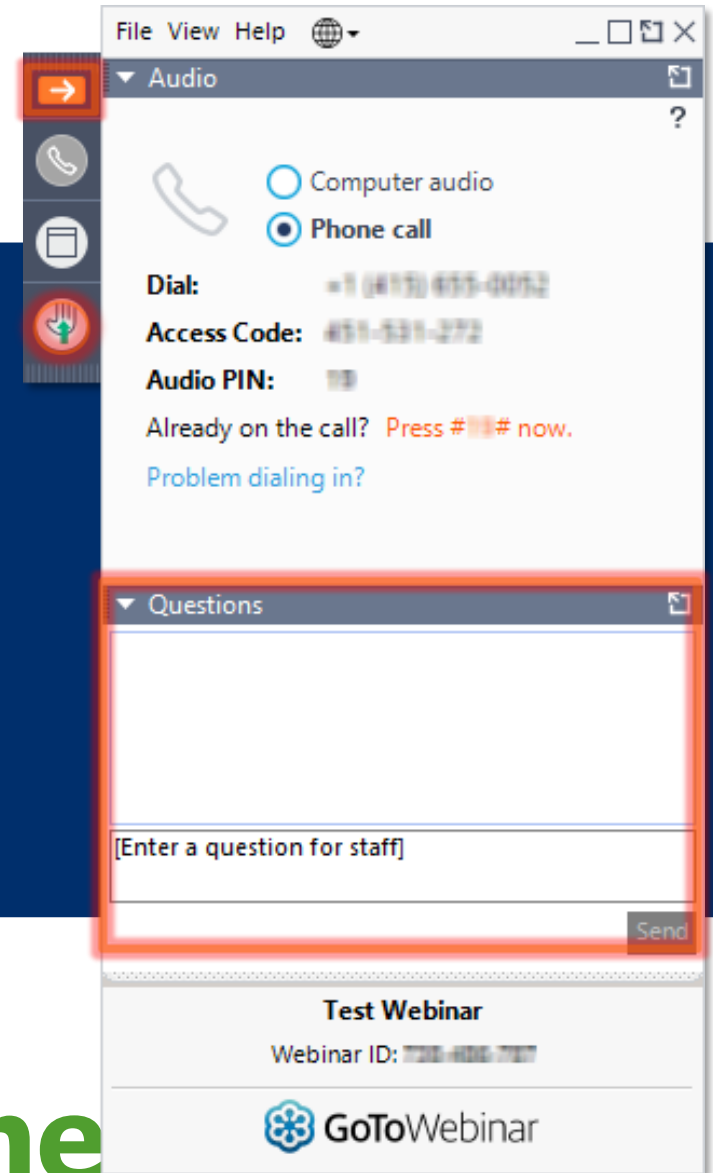
Thursday,
January 21,
2021
12:00 p.m. EST

- Select "Computer audio" to join via VOIP
- Select "Phone call" to dial in



Audio Instructions

- Grab Tab
- Handouts
- Questions



Attendee Control Panel



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Meet the Speakers

Objectives

- Navigating Virtual Stockholder Meetings
- Understanding New Board Diversity Requirements
- Modernizing Annual Reports

Navigating Virtual Stockholder Meetings



Navigating Virtual Stockholder Meetings

The Legal Basics:

- Types of Annual Meetings
 - In-person Only
 - In-person With Live Streaming
 - Virtual
 - Hybrid
- Charter document compliance with state corporate law
 - 45 States permit virtual/hybrid meetings
- State emergency orders
 - California
 - Delaware
 - New York
 - Massachusetts

Navigating Virtual Stockholder Meetings

Current Views of Stockholders and Companies:

- Institutional Stockholders
 - Concerns about Q&A
 - Harder to hold management accountable
 - Suspicion around rehearsed Q&A
- Proxy Advisory Firms
- Companies
 - Only a few glitches
 - Lower costs
 - Coordination from multiple locations

Navigating Virtual Stockholder Meetings

Trends in Practices:

VSM Platform	<ul style="list-style-type: none">• Audio or Video Format• Voting• Stockholder Questions
Preparation	<ul style="list-style-type: none">• Company Training and Rehearsals• Communication with Stockholder Proponents• Testing Connectivity
Disclosure	<ul style="list-style-type: none">• Attendance and Participation• Submitting Questions• Reasons for Using Virtual-Only Format

Navigating Virtual Stockholder Meetings

Optional and Emerging Practices:

- Posting VSM Instructions, content, questions, transcript
- Providing Live Video Feed of Management and Board
- Allowing Stockholders to Call-in
- Providing Closed Captioning
- Allowing Stockholders to see Questions Submitted Before Meeting

Understanding New Board Diversity Requirements



Understanding New Board Diversity Requirements

- Background
 - Increasing activism in the last few years
 - Initial activism was through shareholder proposals at companies with a lack of diversity on the board
 - Board diversity was 2nd highest engagement priority identified by shareholders in 2020

Understanding New Board Diversity Requirements

- December 1, 2020 – Nasdaq proposal to SEC
- The Basics
 - Requires listed companies to disclose board diversity statistics
 - 2 diverse directors within a certain period of time
 - 1 of the 2 must self-identify as female, and 1 of the 2 must self-identify as an underrepresented minority or LGBTQ+
 - Proposal includes definitions for consistency

Understanding New Board Diversity Requirements

- The Details
- Publicly disclose diversity statistics
- Board Diversity Matrix (or similar format)
- After the first year of disclosure, companies must disclose the current year and prior year statistics

Understanding New Board Diversity Requirements

- Board Diversity Matrix – Disclosure Format

Board Diversity Matrix (As of [DATE])				
Board Size:				
Total Number of Directors				
Gender:	Male	Female	Non-Binary	Gender Undisclosed
Number of directors based on gender identity	#	#	#	#
Number of directors who identify in any of the categories below:				
African American or Black	#	#	#	#
Alaskan native or American Indian	#	#	#	#
Asian	#	#	#	#
Hispanic or Latinx	#	#	#	#
Native Hawaiian or Pacific Islander	#	#	#	#
White	#	#	#	#
Two or More Races or Ethnicities	#	#	#	#
LGBTQ+	#	#	#	#
Undisclosed	#			

Understanding New Board Diversity Requirements

- The Timeline
 - SEC comment period and approval
 - If approved:
 - Disclosure required one year after approval
 - Listed companies must have 1 diverse director within 2 years
 - Second diverse director within 4 years or 5 years
 - New administration, new SEC Chair, and COVID implications:
 - September 2020 - over 850,000 women left the workforce in the U.S. (4x as many as men during the same period)

Modernizing Annual Reports



Form 10-K Disclosure Highlights

- COVID-19 related disclosures
- Business section
- Legal proceedings
- Risk Factors
- MD&A
- Technical updates:
 - E-signature
 - New checkbox on cover page

COVID-19 Related Disclosures

- Material changes to business description
- Litigation involving contract performance, insurance coverage, workplace health/safety
- MD&A
- Risk Factors
- Non-GAAP financial measures
- Financial statements
- Controls and procedures

Business Section

- No more five-year disclosure timeframe
- Human capital

Human Capital

- Extensive headcount data
- Diversity and inclusion
- Employee development/training
- Competitive pay/benefits
- Safety
- Employee benefits
- Culture/values/ethics
- Employee engagement
- Tenure/promotion/turnover
- Recruitment
- Mental health
- Pay equity
- Succession planning

Legal Proceedings & Risk Factors

- Item 103 - increase the threshold for disclosure of environmental proceedings
- Hyperlinking or cross-referencing to other legal proceeding disclosure.
- Item 105 - bullet-point summary of risk factors if the company's disclosures exceeds 15 pages.
- Organization under headings.

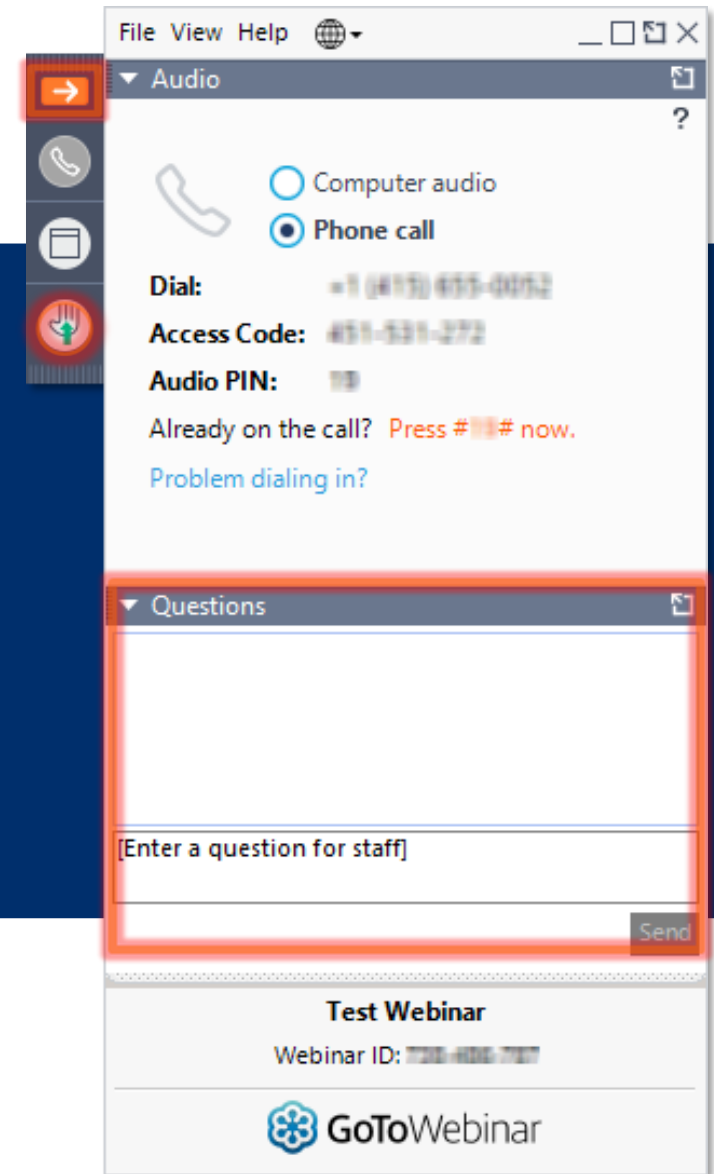
MD&A

- Eliminated the five-year disclosure of selected financial data under Item 301
- Amending disclosure requirements for liquidity and capital resources
- Financial metrics in MD&A – new guidance

Technical Updates

- E-Signature
 - Permitted to use electronic signatures when executing authentication documents in connection with electronic filings on EDGAR
- Form Update
 - 10-K cover page will include a new checkbox

Please type your message/question in the window pane of the attendee control panel.



Questions?



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Contact Us

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Additional Resources

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