
FREQUENTLY ASKED QUESTIONS: CORPORATION ELECTIONS

The board of directors is, as the managing executive, the most important organ of every company. In this guide, we provide answers to the most frequently asked questions about corporate board of directors elections.

General Questions about the Company's Board of Directors

What legal position does the board of directors have?

Every company needs a board of directors, which is ultimately the managing executive of the company. The board of directors manage the company on behalf of the shareholders, who in turn vote in new members of the board.

How many directors on the board are needed?

The board of directors must comprise of at least three members. While this changes between countries, most companies of a certain size are required to have at least three members. Larger companies may add new directors. In theory, the number is unlimited, however in practice the average number of directors on a board is around twelve.

How is the election process for directors on the board?

The election process depends on the rules established in the articles of incorporation, bylaws and election guideline documents created at various stages. Most companies have one type of share which enables shareholders to vote on who new members of the board. The usual rule is one share, one vote. Voting is typically conducted at an Annual General Meeting (AGM). Online voting is another possibility that is being adopted. It has the main advantage of higher numbers of voters, thereby giving new board members more support.

Who can be Elected as a Board Member?

Can only shareholders be elected to the board?

A board of directors does not only need to be comprised of shareholders. While shareholders are allowed to be members of the board, they do not necessarily need to be. For example, if one shareholder controls more than 50% of the voting power, they may elect themselves as a director. This does happen, but in larger corporations this is not overly common.

Who can nominate candidates and until what deadline?

The board of directors is usually the party responsible for seeking out the most suitable candidates to help push the company forwards. The exact nomination features must be clearly stated in the bylaws. In some companies, shareholders may only nominate candidates at the AGM but this is often a sign that shareholders and the board do not agree on the direction the company is taking.

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How long is the term for the board?

There is no rule how long a director can serve on the board. Some companies elect or re-elect an entire new board every three to five years. However, most companies stagger their elections so that the running of the company is not interrupted. It is not unheard of for terms to last one or even six years.

Term length should be clearly stated in your bylaws.

Which responsibilities do the board members have?

The board members are elected to run the company on behalf of the shareholders. They usually appoint board members to head various committees, which are responsible for overseeing various aspects of the company. Additionally, the board of directors is responsible for the direction of the company and obeying ethical and legal standards.

Voting Rights

Who is eligible to vote?

This is entirely dependent on the structure of shares in your corporation. While some companies grant voting rights to anyone with shares, others restrict voting rights to those with a certain number of shares, or more expensive shares with voting rights.

If voting at an AGM, it is often required for shareholders with fewer votes to band together, or pass on their voting rights to a proxy who is attending the AGM. This can be done easily by using our online registration platform.

Can Annual General Meetings be held via electronic means?

Holding an online AGM in associations is both easier, and more fun than voting by acclamation. It speeds up the voting process dramatically, and winners (or decisions) are announced within seconds of the election ending. Voters can cast their ballots online using our live voting platform on smartphones, tablets and laptops.

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You can find more useful information here:
>> www.polyas.com/companies/corporate-elections/



We are always happy to help you with your ever election need. Get in contact with us today for a free quote, or more informaion!

Polyas – Election Experts

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