

THE EVOLUTION OF VIRTUAL GENERAL MEETINGS IN GERMANY: LEGAL DEVELOPMENTS, PRACTICAL IMPLICATIONS, AND INTERNATIONAL PERSPECTIVES

Patrick Ulrich *

* Aalen University, Aalen, Germany; University of Bamberg, Bamberg, Germany



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Abstract

The COVID-19 pandemic necessitated rapid adaptations in corporate governance, particularly in the way shareholder meetings are conducted. One of the most significant responses was the introduction of virtual general meetings (VGMs), initially as a temporary measure and later, as of July 2022, as a permanent option codified in §118a of the German Stock Corporation Act (AktG). This article explores the legal, procedural, and practical implications of VGMs in Germany. Drawing on the theoretical foundations laid by Klaus J. Hopt and the empirical research of Ulrich and Zettl (2023), this research study provides a critical analysis of the new legal framework, highlights key safeguards for shareholder rights, and compares Germany's approach to international developments in corporate law.

1. INTRODUCTION

The COVID-19 pandemic catalyzed a profound transformation in corporate governance structures, particularly in the realm of shareholder engagement. In Germany, traditional in-person general meetings were rendered temporarily unfeasible due to public health concerns. To maintain corporate functioning, emergency legislation permitted companies to conduct virtual general meetings (VGMs). Initially conceived as an interim solution, these virtual formats demonstrated both operational feasibility and unexpected benefits, such as increased shareholder participation. Consequently, the German legislature enacted a permanent regulatory framework through §118a of the German Stock Corporation Act (AktG) in July 2022.

This shift reflects not only the urgency of the pandemic response but also a broader trend toward digitalization in corporate governance. Ulrich and Zettl (2023) provide both a theoretical justification and empirical data supporting this transition. Their study finds that VGMs, when well-executed, can lead to higher participation rates, enhanced transparency, and greater inclusion, especially for shareholders who are geographically dispersed or otherwise unable to attend in person.

2. LEGAL FRAMEWORK OF VIRTUAL GENERAL MEETINGS

The cornerstone of the current legal framework is §118a AktG, which allows for the full virtualization of general meetings, provided the company's articles of association permit such a format. Alternatively, the articles may grant the executive board the authority to decide on holding a virtual meeting. This flexibility enables companies to tailor their approach to the needs of their shareholders and organizational structure.

As Hopt (2022a, 2022b) underscores, this legislative development seeks to balance two primary concerns: maintaining the efficiency and convenience of virtual meetings while safeguarding the participatory and deliberative rights traditionally exercised during physical annual general meetings (AGMs). By embedding these rights into a formal legal structure, Germany provides companies with legal certainty and shareholders with procedural guarantees.

3. CORE REQUIREMENTS FOR VIRTUAL GENERAL MEETINGS

The statutory requirements for holding VGMs under §118a AktG are designed to replicate the functional and participatory elements of traditional physical meetings while introducing the efficiencies of digital technology. This legislative shift reflects a careful attempt to maintain the integrity of shareholder democracy in an online environment, a sentiment echoed by Hopt (2022a, 2022b), who emphasizes

the importance of ensuring substantive parity between virtual and physical formats.

First and foremost, the entire general meeting must be broadcast in real-time using both audio and visual transmission. This provision is intended to ensure that all shareholders, regardless of location or physical ability, can observe the meeting as if they were present. Transparency and real-time access are cornerstones of procedural fairness and are necessary to build shareholder trust in digital formats.

Second, shareholders must be granted the ability to exercise their voting rights electronically. This encompasses voting via postal ballot ahead of the meeting, or directly through a secure electronic voting platform during the session. These mechanisms aim to replicate, if not enhance, the procedural equivalence to voting in person. According to Ulrich and Zettl (2023), the introduction of digital voting platforms has, in many cases, led to an increase in shareholder participation, particularly from international investors who previously faced logistical barriers.

Third, shareholders must have the opportunity to submit motions, propose candidates for elections, and raise questions through electronic means. Submissions may be permitted prior to the meeting, and in more interactive formats, even during the live broadcast. The design of such participation features varies between companies, but as noted in guidance by the Deutsches Aktieninstitut (n.d.), the goal should be to enable genuine two-way communication rather than just one-directional information flows.

Fourth, the management board is legally obligated to respond to shareholder inquiries in a fair and timely manner. This includes the publication of answers to submitted questions either before or during the meeting. Such transparency not only reinforces equal access to information but also safeguards minority shareholder interests. Hopt (2022a, 2022b) points out that this duty enhances accountability and aligns with broader principles of corporate governance.

Despite these procedural innovations, the successful implementation of these rights depends heavily on the technological infrastructure in place. Companies must ensure that digital platforms are not only functional but also secure, inclusive, and user-friendly. As Ulrich and Zettl (2023) warn, poorly executed technology can inadvertently disenfranchise shareholders or reduce engagement, thus defeating the purpose of digital inclusivity.

4. SHAREHOLDER RIGHTS AND PROTECTIONS

A core element of corporate governance is the protection of shareholder rights, and the transition to virtual formats must not dilute these fundamental safeguards. The implementation of § 118a AktG reflects

a structured approach to ensuring that shareholders continue to enjoy the same substantive rights online as they would in a traditional setting.

One of the key protections afforded under this framework is the right to submit questions in advance of the meeting. This ensures that shareholders can raise concerns and seek clarifications from the management board, thereby upholding the principle of informed voting. However, critics such as the DSW (Deutsche Schutzvereinigung für Wertpapierbesitz) have voiced concerns that restricting shareholder questions to advance submissions may limit the spontaneity and discursive nature of AGMs. Hopt (2022a, 2022b) similarly argues that live questioning should be facilitated to strengthen the deliberative quality of corporate decision-making.

The legislation also preserves the right to object to resolutions during the meeting. This is especially critical for safeguarding legal remedies under §§243 ff. AktG, where objections serve as a prerequisite for contesting shareholder resolutions. Shareholders can lodge their objections electronically, and these are to be formally recorded in the meeting transcript.

Another important mechanism for shareholder protection involves the provision for legal recourse in the event of procedural errors or technical malfunctions. If such issues materially affect shareholder participation or the outcome of voting, affected parties can seek judicial review. Ulrich and Zettl (2023) note that while these protections exist, shareholders often face a high evidentiary threshold to prove that their rights were infringed in a way that invalidates meeting results.

In response to these limitations, there is a growing call within the academic and corporate communities for the adoption of hybrid models that combine the best features of both virtual and physical meetings. These models would allow shareholders to choose how they participate, potentially increasing inclusivity and engagement without sacrificing legal certainty.

5. PRACTICAL IMPLICATIONS AND CHALLENGES

While the legal and technical framework for VGMs is now well-established in Germany, practical implementation continues to reveal both opportunities and shortcomings. One of the most frequently cited benefits of VGMs is increased accessibility. According to the Deutsches Aktieninstitut (n.d.), virtual meetings can lead to broader participation, especially from retail investors and international shareholders who may find it difficult or costly to attend in-person meetings. Empirical findings by Ulrich and Zettl (2023) support this claim, showing that the transition to virtual formats led to a measurable increase in attendance across a sample of German listed companies.

Cost-efficiency is another major advantage. Companies can reduce expenditures related to venue rental, printed materials, and event

logistics. Additionally, environmental sustainability may be improved through the reduced carbon footprint of travel and physical distribution. However, these advantages are not without their trade-offs. As Rushton (2025) reports, several German shareholders and advocacy groups have expressed concern that cost savings for companies might come at the expense of shareholder engagement and transparency.

Technical reliability and cybersecurity also present significant challenges. Even a brief system failure during voting or Q&A sessions could undermine the legitimacy of the meeting and expose the company to legal risk. Hopt (2022a, 2022b) stresses the need for companies to invest in robust information technology (IT) infrastructure and to perform stress tests on virtual platforms ahead of the AGM. Furthermore, inclusivity remains a concern. Not all shareholders may have access to high-speed internet or possess the digital literacy required to participate meaningfully in online formats. The law does not currently obligate companies to provide alternative participation formats, which raises concerns about potential discrimination against digitally marginalized groups.

Finally, the risk of management control increasing through the virtual format cannot be ignored. Hopt (2022a, 2022b) warns that virtual environments, while procedurally sound, may subtly shift the balance of power toward executive boards, as they retain greater control over timing, question moderation, and platform access. This calls for a vigilant approach to corporate governance, where supervisory boards and institutional investors remain active in holding management accountable.

6. INTERNATIONAL PERSPECTIVES ON VIRTUAL GENERAL MEETINGS

Germany's regulatory evolution with §118a AktG fits within a broader international context of adapting corporate governance frameworks to digital technologies. Comparative legal developments show a convergence in intent, namely, to enable corporate continuity in crisis and promote shareholder inclusion, yet a divergence in execution.

In the United Kingdom, the Corporate Insolvency and Governance Act 2020 temporarily permitted companies to hold fully virtual AGMs. However, due to legal uncertainties under the Companies Act 2006, many British firms opted for hybrid formats to avoid potential shareholder disputes. The UK Department for Business and Trade has since engaged in consultations to clarify and modernize the legal basis for virtual and hybrid AGMs.

France adopted a series of emergency ordinances during the pandemic to allow virtual AGMs. The framework was later extended, with safeguards introduced to ensure that shareholders retained the right to ask questions and vote. However, the French Association of

Institutional Investors (Afep) has cautioned that virtual formats should remain optional and accompanied by clear accountability mechanisms.

Italy also permitted VGMs through emergency legislative measures. Critics, including academic commentators, highlighted that Italian VGMs often lacked real-time engagement options, thus reducing shareholder influence. As in Germany, there is growing interest in hybrid formats that merge legal robustness with inclusivity.

In the Netherlands, the temporary COVID-19 Corporate Act facilitated VGMs but also prompted a reevaluation of the statutory requirements for AGMs. Dutch policymakers are considering a more permanent regime that includes the option for hybrid formats, especially as institutional investors demand greater transparency and interaction.

Singapore’s Accounting and Corporate Regulatory Authority (ACRA) offered detailed guidelines on conducting virtual AGMs during the pandemic, emphasizing technical standards and shareholder protections. Post-pandemic, ACRA continues to promote a flexible legal infrastructure, allowing companies to choose virtual or hybrid formats as best suited to their shareholder demographics.

These examples illustrate that while Germany’s §118a AktG is among the more detailed and prescriptive frameworks, the international trend leans toward enabling hybrid solutions that combine digital convenience with participatory safeguards. Ulrich and Zettl (2023) argue that Germany should closely monitor these developments to ensure its own legal regime remains competitive and responsive to shareholder needs.

7. FUTURE OUTLOOK

The institutionalization of VGMs in Germany is a milestone in the digital transformation of corporate law. However, the long-term success of this model will depend on its adaptability, technological reliability, and the continued protection of shareholder rights. While §118a AktG offers a strong foundation, both Hopt (2022a, 2022b) and Ulrich and Zettl (2023) caution that legal frameworks must remain dynamic, capable of incorporating lessons from practical application and international comparison.

One of the most promising avenues lies in the evolution of hybrid formats. These meetings allow shareholders to participate either physically or digitally, depending on preference or capacity. Hybrid models could serve as a bridge between tradition and innovation, retaining the interpersonal interaction of physical meetings while leveraging the reach and efficiency of digital platforms.

To that end, regulatory authorities, corporate boards, and shareholder associations must collaborate to establish clear guidelines for hybrid AGMs. These should address not only technical standards but also governance practices, such as equitable access to questioning and

voting mechanisms. As Rushton (2025) notes, shareholder skepticism of purely virtual AGMs remains high, especially among institutional investors wary of diminished influence.

In conclusion, Germany has taken a significant step by embedding VGMs into its corporate governance framework. However, this should be seen not as a finished product but as part of a broader evolution. By engaging with empirical findings, technological advancements, and international best practices, Germany can refine its approach to ensure that digital transformation serves not only efficiency but also the fundamental principles of shareholder democracy and transparency.

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