Senator Townsend
Cc: Senators Sokola, Lockman, Hocker, Seigfried, Pettyjohn
Representatives Griffith, Minor-Brown, Harris, Osienski, Dukes, Spiegelman
Delaware General Assembly
411 Legislative Avenue
Dover, DE 19901
United States

11 March 2025

Dear Senator Townsend,

Subject: Amendments to Delaware General Corporate Law (Senate Bill 21)

The International Corporate Governance Network (ICGN) would like to offer its perspective on the proposals to amend the Delaware General Corporate Law, via Senate Bill NO.21.

Led by investors responsible for assets under management of >US$ 90 trillion, ICGN promotes high standards of corporate governance and investor stewardship globally. Our membership is based in more than 40 countries, and comprises asset owners, asset managers and advisers.

ICGN believes that upholding high standards of corporate governance is critically important to long term value creation, in the best interests of companies and their investors. We believe that a fundamental part of the system of corporate governance is the protection of shareholders rights. Erosion of shareholder rights is a material concern for investors in the companies that they own.

We are concerned that some of the proposals in Senate Bill 21 will be detrimental to shareholder rights, with potentially significant negative implications for long-term returns for investors, including people saving for their retirements, current retirees and other individuals investing their savings.

We have the following specific concerns:

- The proposed changes to Section 1 to amend §144 will lower the safeguards that currently protect minority investors from potentially abusive acts or transactions involving interested parties, including directors, officers and controlling shareholders. Having a robust process in place to approve related party transactions is crucial to prevent a few individuals from potentially gaining private benefits at the expense of other company shareholders.
- The proposals will reduce judicial oversight, which may give managers incentives to engage in value destroying transactions. Shareholders need to be able to trust that they can seek remedies through litigation, when necessary, to obtain financial restitution and hold company management and boards accountable, in the event that they breach their fiduciary duty.
- New §144 will limit the Court of Chancery's ability to analyse a specific situation and determine whether a shareholder is de facto a controlling shareholder or a director's independence has been compromised, relying instead on statutory definitions.

- We also note that access to internal records by shareholders to consider their case or course of action would be significantly reduced.

International investors who hold major investments in companies incorporated in Delaware encourage the Delaware General Assembly to take their perspectives into account when discussing the proposed legislative changes. To protect the interests of investors, for the reasons we set out above, we caution against lowering corporate governance standards and diluting minority shareholder rights. We believe any lowering of standards would undermine the attractiveness of Delaware incorporated companies for investors and be detrimental to the state's reputation.

We would be happy to discuss our concerns with you directly if that would be helpful. Please contact Severine Neervoort, Global Policy Director (severine.neervoort@icgn.org), should you need further information.

Yours faithfully,

Jen Sisson

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Chief Executive Officer, ICGN

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