



# AGM Discussion Forum

Lisa Graham, Head of Meeting Management

Anne-Marie Clarke, Head of Corporate Governance

21 September 2022

# Housekeeping



**All participants are on  
mute**



**Submit questions  
via the Q&A tab**



**We are recording today's  
session**

# Agenda

1

AGM logistics

2

Voting Season  
Themes

3

Assumptions for Q3  
and Q4  
&  
Emerging trends and  
likely foci for 2023

4

Proxy Advisors and  
stakeholders

5

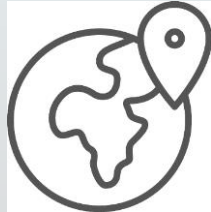
Q&A's



# AGM Logistics



# AGM Logistics



**More companies making the use of their office space or head office location**

**Location outside of London**

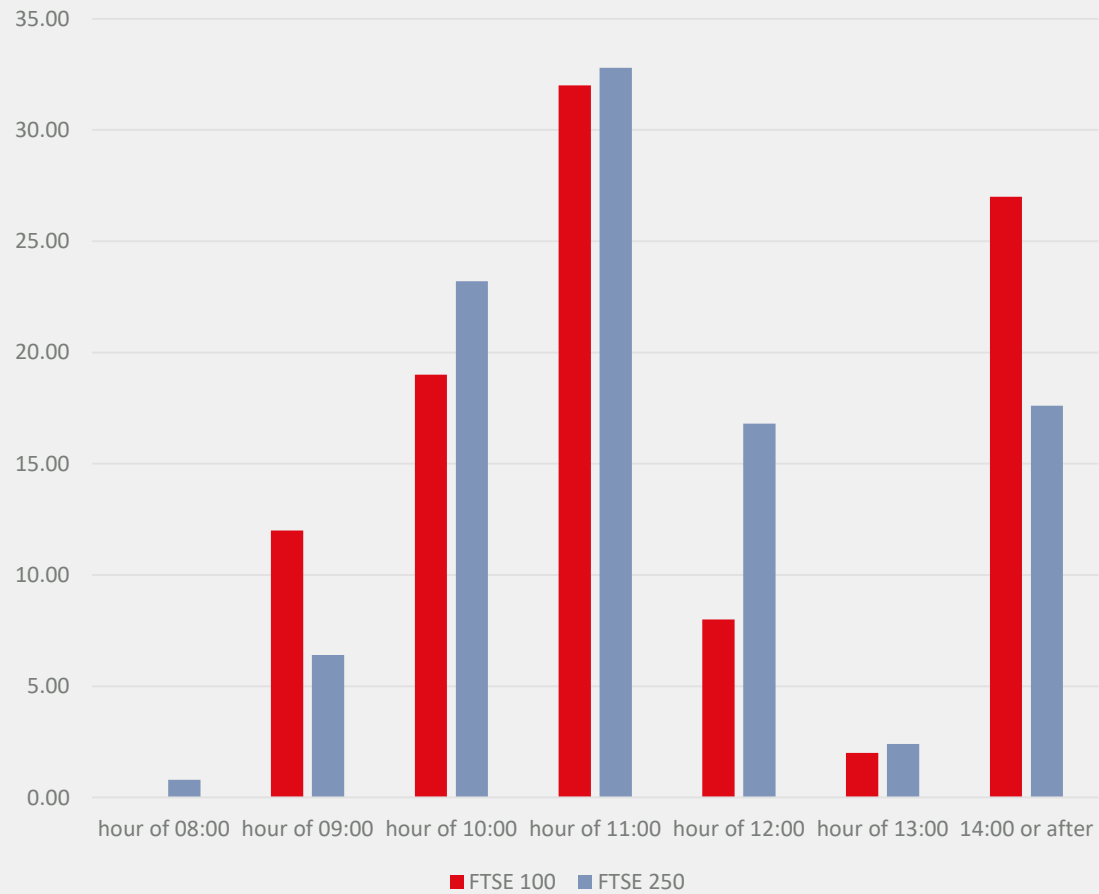
**Morning meeting still favoured but a move away from the traditional '11am'**

**Increase in use of technology to engage with shareholders**

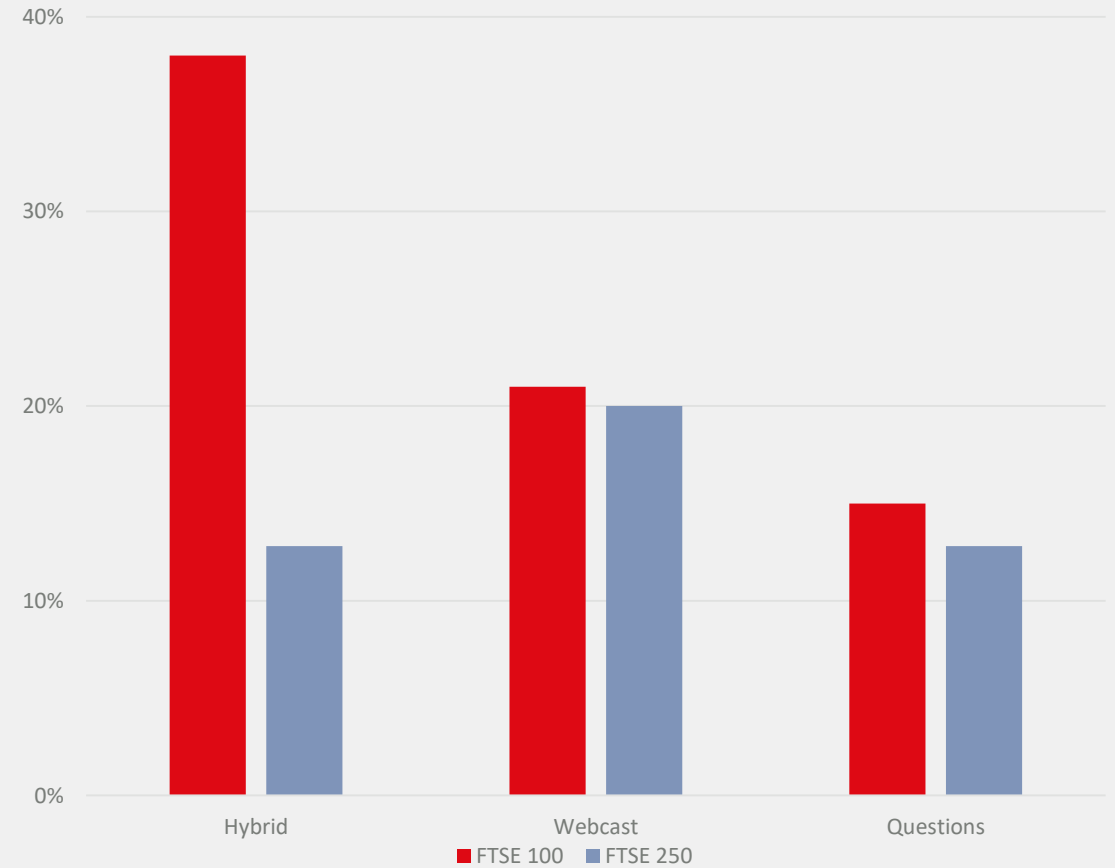
# AGMs



% of companies holding their AGM by hour of day



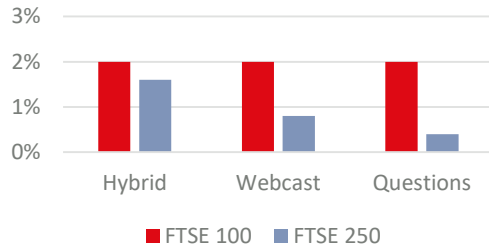
% of Companies - overall



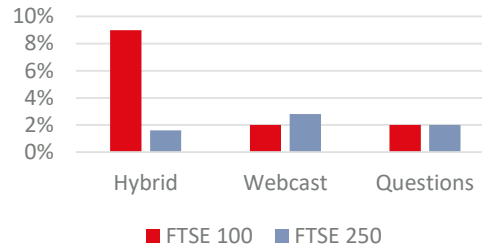
# AGM Engagement



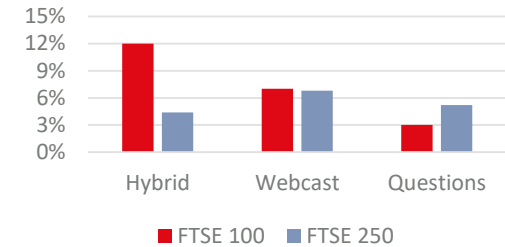
% of Companies - hour of  
09:00



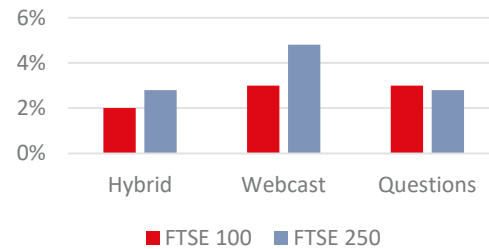
% of Companies - hour of  
10:00



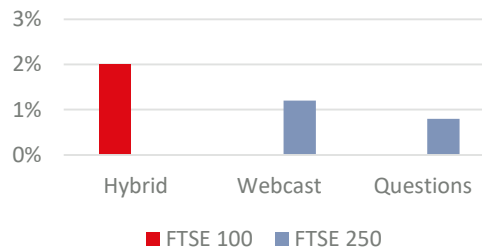
% of Companies - hour of  
11:00



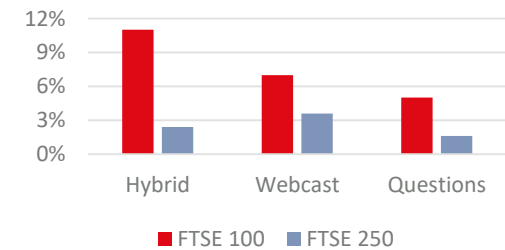
% of Companies - hour of  
12:00



% of Companies - hour of  
13:00



% of Companies - hour of  
14:00 or later



# Top Tips

- 1 Plan for the unforeseen
- 2 Ensure all key stakeholders are prepared
- 3 Clear precise communication to key stakeholders and shareholders through all necessary platforms
- 4 Rehearsals





# 2022 Voting Season Themes



- Issued Share Capital Voted
- Remuneration Report
- Remuneration Policy
- Allot shares & Pre-emption rights
- Shareholder opposition



## Average Issued Share Capital Voted

- FTSE 100 – 74.17% (73.84% 2021)
- FTSE 250 – 70.41% (69.65% 2021)
- Other – 57.02% (56.37% 2021)

## Voting Methods

- CREST
- Proximity
- Sharevote/Shareview
- Paper

# Remuneration



## Remuneration Report

Average vote in favour

- FTSE 100 – 91.49% vs 91.95% in 2021
  - FTSE 250 – 97.43% vs 94.39% in 2021
  - Other – 95.99% vs 94.63% in 2021
- 
- 3 defeated resolutions
  - 35 received <80% support

## Remuneration Policy

Average vote in favour

- FTSE 100 – 87.48% vs 89.75% in 2021
  - FTSE 250 – 94.16% vs 91.93% in 2021
  - Other – 95.23% vs 94.52% in 2021
- 
- 0 defeated resolutions
  - 12 received <80% support



# Remuneration



## Remuneration Report

“...Glass Lewis’ overall level of support has decreased steadily over the three-year period.”

- Unsurprisingly, 2021 saw a lowering of support by both ISS and Glass Lewis
- 2022, ISS support has rebounded but Glass Lewis continues to decline and is now below ISS

### Examples in 2022

#### ISS FOR and Glass Lewis AGAINST

- **Barclays and Intercontinental Hotels Group.** Investor support was 89.03% and 90.01% respectively

#### Both ISS and Glass Lewis AGAINST

- **Capita and Informa.** Investors supported Capita with 98.01% FOR but the Informa Remuneration Report failed with 28.69% support.

## Remuneration Policy

“The overall level of support from investors has steadied.”

- Glass Lewis support continues to decline since 2020
- 2022, ISS support has rebounded, but remains below Glass Lewis on average

### Examples in 2022

#### ISS FOR and Glass Lewis AGAINST

- **WH Smith and Natwest.** Investors supported with 88.36% and 92.75% respectively.

#### Both ISS and Glass Lewis AGAINST

- **Ocado and Liontrust.** Investors supported both policies but with sub 80%, at 70.73% and 54% respectively.

# Allot Shares



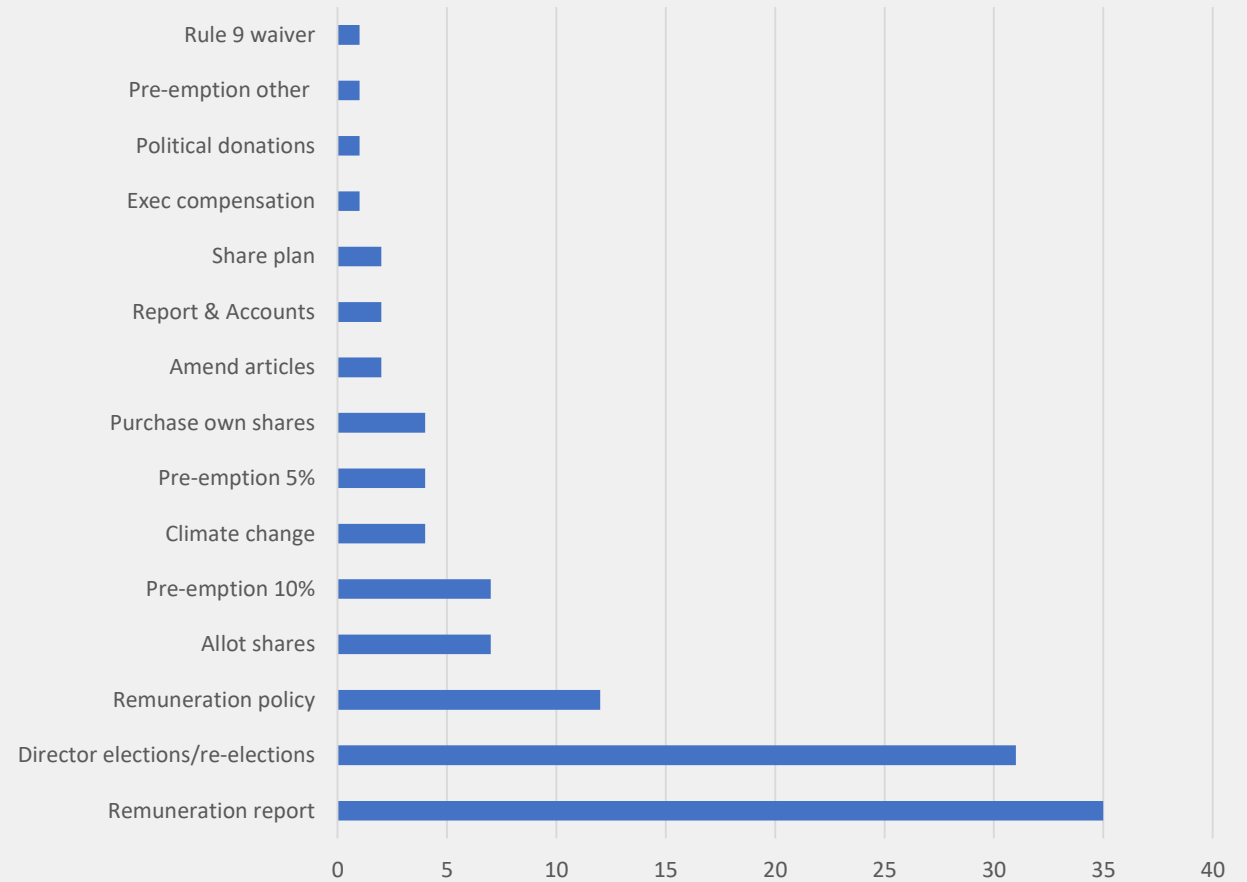
	1/3		2/3		Other	
	Companies proposed	Average % in favour	Companies proposed	Average % in favour	Companies proposed	Average % in favour
FTSE 100	26.53%	96.35%	62.25%	94.25%	11.22%	98.03%
FTSE 250	16.20%	96.60%	63.89%	95.12%	19.91%	98.50%
Other	23.16%	97.26%	50.28%	97.25%	26.56%	98.85%

# Pre-emption Rights



	FTSE 100		FTSE 250		Other	
	Companies proposed	Average % in favour	Companies proposed	Average % in favour	Companies proposed	Average % in favour
5% Only	21	96.60%	33	98.16%	28	98.53%
10% Single res	4	99.43%	47	98.64%	60	98.54%
10% Two res	71	98.20% 96.56%	135	97.79% 95.26%	72	97.68% 96.77%
Other amount	4	98.14%	10	94.65%	17	96.49%

# Number of resolutions with <80% support



*“...the level of overall opposition has increased...”*

- Investor opposition increased whilst Glass Lewis and ISS opposition decreased

## Examples in 2022

### Large FTSE 100 2022 AGM:

- Both **Glass Lewis and ISS supported** the re-election of a director, however investor support was **70.71% FOR**


### Large FTSE 250 2022 AGM:

- **ISS and Glass Lewis supported** the re-election of 2 directors but investor support was **> 20% AGAINST**

Conversely

### Capita 2022 AGM:

- **Glass Lewis** recommended **AGAINST**, **ISS FOR** Joseph Murray
- Whilst **investors supported** his re-election with **98.16% FOR** vote



**Director elections**





# Shareholder opposition



## Resolutions < 80%

“...seeing a resolution receive less than 80% support is quite unusual and is a sign of significant shareholder dissent...”

- Remuneration resolutions saw the highest level of opposition
- Next came director elections and capital authorities

### Examples in 2022

- **Remuneration Report, Informa 28.69%**, receiving **negative recommendations from ISS and Glass Lewis**
- **Director Re-elections, Future plc, Mark Brooker (61.2%) and Rob Hattrell (65.3%)**, both receiving **negative recommendations from ISS and Glass Lewis**
- **Capital authorities, Topps Tiles (77.6%)**, where **Glass Lewis and ISS recommended FOR**

## Failed Resolutions

...most interesting is the greater number of resolutions related to capital management which failed over the past two proxy seasons”.

- 2021 was particularly assertive

### Examples in 2022

- **2021, Petropavlovsk, Allotment Authority 29.35% Pass**, where **Glass Lewis and ISS recommended FOR**
- **2022, Playtech, Disapplication Authority, 58.04%**, where **Glass Lewis and ISS recommended FOR**

# Assumptions for Q3 and Q4 & Emerging trends and likely Foci for 2023

## Q3 and Q4

- Executive remuneration
- Climate change reporting
- Board composition

## 2023

- Climate change
- Executive remuneration
- Stakeholder relations
- Board composition

Source: [2022 AGM Mid-Season Review Part One – Proxy Voting Season Analysis](#)

<https://equiniti.com/uk/news-and-views/eq-views/mid-season-agm-review-2022-part-one-proxy-voting-season/>



## Proxy Advisors - a key stakeholder

- A reminder – why they are a stakeholder
- Engagement and challenging opinions
- Report timings

**Proxy Advisors**

# A reminder – why they are a stakeholder

A 'Proxy Advisor' will write a detailed assessment of events involving a shareholder vote (e.g. AGM, GM, scheme of arrangement) and give your institutional shareholders a recommendation of how to vote. In the UK, the most relevant are ISS, Glass Lewis, IVIS and PIRC.

## ***“Glass Lewis, ISS back UK's Sainsbury's on workers pay vote”***

*Proxy advisers Glass Lewis and ISS are recommending Sainsbury's investors vote against a resolution at its annual meeting calling for Britain's second-biggest grocer to commit to paying the so-called real living wage to all its workers by July 2023.*

*Glass Lewis said adoption of the proposal from responsible investment group ShareAction "could border on micromanagement by shareholders."*

Reuters, 23 June 2022

## ***“Proxy advisor ISS recommends Twitter shareholders back sale to Musk”***

*Investors in Twitter should vote to approve Elon Musk's \$44 billion plan to buy the social media company, proxy advisory firm Institutional Shareholder Services (ISS) said on Tuesday.*

*"A vote FOR this proposal is warranted," ISS wrote in its report, citing the benefits of Musk's all-cash offer which provides liquidity and value to shareholders. Additionally, there has not been much shareholder opposition to Musk's plan, ISS said, adding another reason to support it.*

Yahoo news, 30 August 2022

# Proxy Advisors – Report Timings



**Influence:**  
often **HIGH**

**Draft report:**  
provide issuers with draft report with 24-48 hours for review

**Final report:**  
14+ days before the meeting date



**Influence:** often **HIGH** to **MEDIUM**

**Draft report:** do not provide draft reports for comment, only an 'Issuer Data Report' (IDR) for fact checking

**Final report:**  
normally within 3-4 weeks of the meeting date



**Influence:** **MEDIUM**, often taken with other Proxy Advisor report

**Draft report:**  
provided only if being released on a "Red Top", with typically 24 hours for review

**Final report:** aim to issue report 21 days before a shareholder meeting



**Influence:** **MINIMAL** due to clients being largely Local Authority Pension Funds

**Draft report:** provide issuers with draft report with 24-48 hours for review

**Final report:** typically issue between 2 to 3 weeks before a meeting

# Proxy Advisors – Engagement and challenging opinions







## The 4 Es: Engage, Explain, Evaluate, Expand

### Engagement



**Top tip:** Have a proposed agenda, it will increase the chances of securing a meeting.

Proxy Advisor	When	How	To
	Draft report Final Report	Letter / Email	ISS Shareholders
	Final Report	Report Feedback Statement ("RFS")	Glass Lewis Shareholders
	Draft Report (if Red Top) Final Report	Letter / Email	IVIS Shareholders
	Draft Report Final Report	Letter / Email	PIRC Shareholders

# Proxy Advisor Report rebuttals

Our support....

2021 9 successful rebuttals delivering 12 recommendation changes

- Glass Lewis 1 AGAINST to FOR, 1 WITHHOLD to FOR
- ISS 5 AGAINST to FOR
- IVIS 1 Amber Top to Blue Top
- PIRC 4 ABSTAIN to FOR

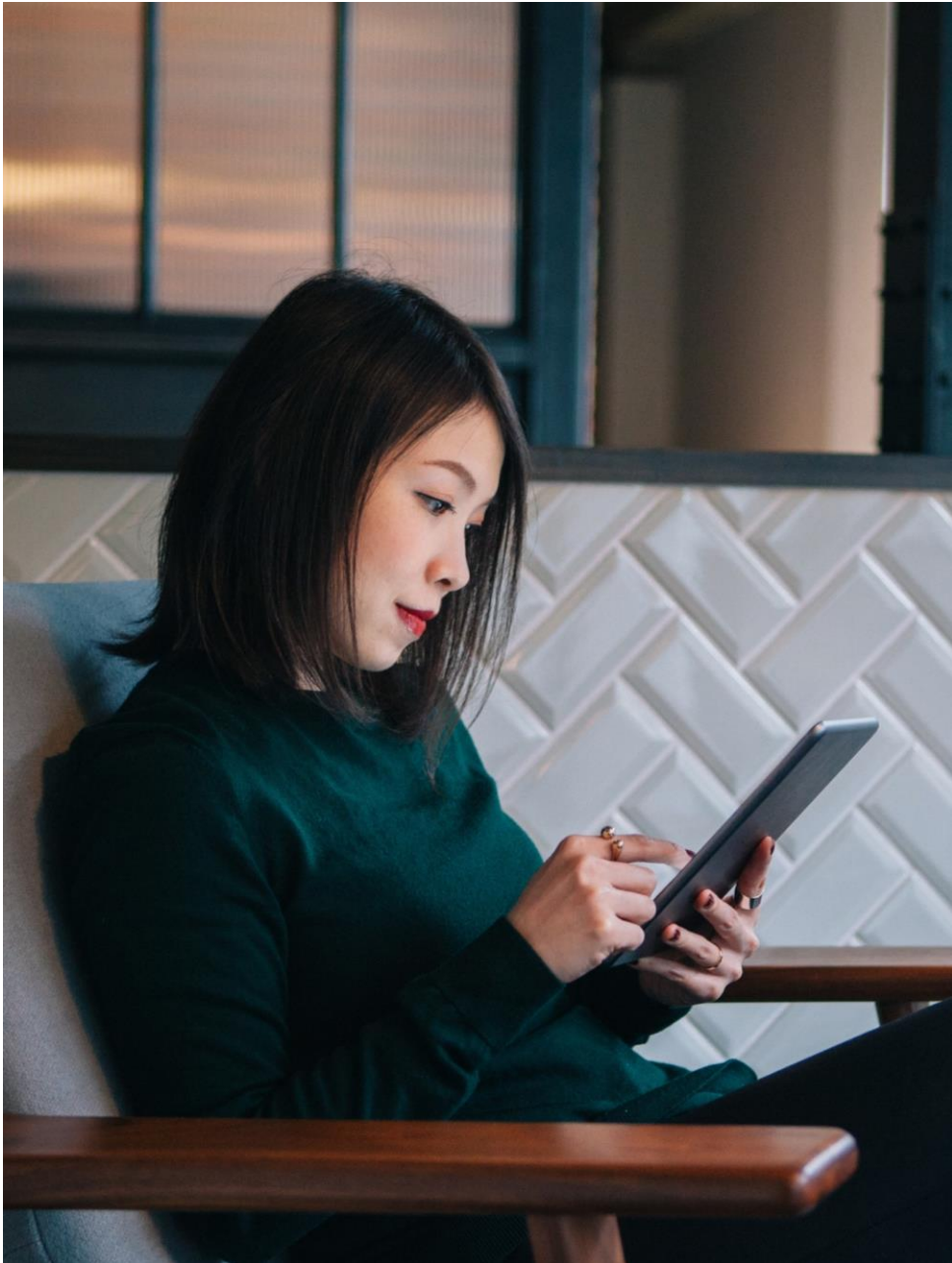
2022, so far, 12 successful rebuttals delivering 14 recommendation changes

- Glass Lewis 3 AGAINST to FOR
- ISS 3 AGAINST to FOR, 1 ABSTAIN to FOR
- IVIS 1 Red Top to Blue Top
- PIRC 6 ABSTAIN to FOR



## Top tips:

Plan for when you expect the reports to be out  
Be prepared – know who can review and respond, and have an owner to co-ordinate!



## Top tips

1. The importance of telling your story and engaging
2. The value of taking a risk management approach
3. There's never a right or wrong answer – just an authentic truth to be told!





01

## 2022 Proxy Advisor Policies

February 2022

02

## EQ 2022 AGM Forecast

February 2022

03

## 2022 AGM Mid- Season Review

August 2022



04

## 2022 Environment

July 2022

*Climate-related  
resolutions*

05

## 2021 Social

November 2021

*Societal impacts*

06

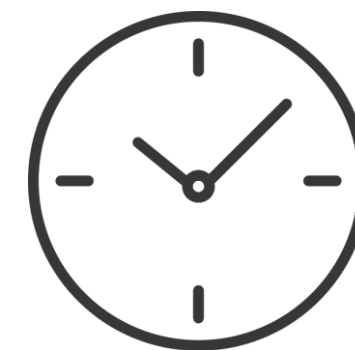
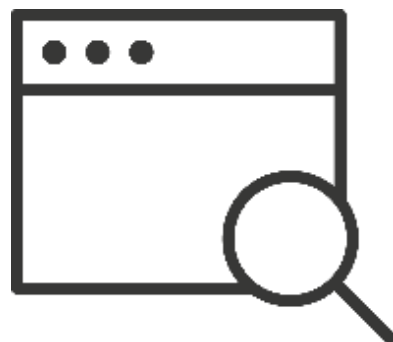
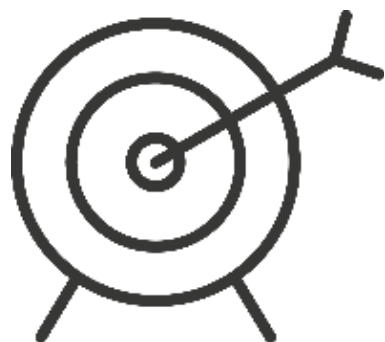
## 2022 Governance

September 2022

*CGPro Network  
survey*

Source:  
Boudicca's Proxy Governance Updates series

# The value of taking a risk management approach



---

**Identify**

**Risk Assessments and vote  
projections**

**Assess**

**Proxy advisor  
engagement and report  
reviews  
Shareholder engagement**

**Take Action**

**Vote matching analysis  
Shareholder and proxy  
advisor engagement**

**Review**

# QUESTIONS

