



# UK AGM Season Review

UK / FTSE 100

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# 2024 AGM season in the UK

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Welcome to the UK section of our 2024 Season Review. Last year I wrote of the 130% rise in dissent on share issuance resolutions despite the Pre-Emption Group's 10%+10% guidance. That level of dissent has remained elevated in 2024 with more than 45 share issuance proposals in the FTSE100 receiving significant dissent.

A notable development is the sharp drop in the level of dissent on remuneration reports. This year, 7% of FTSE 100 AGMs faced dissent, versus 20% last year. If this trend (which we take some credit for) continues towards absolute tranquillity, we may find ourselves surplus to our clients' needs! There is no single ultimate driver of this but rather an aggregation of smaller factors; improved awareness by companies of what investors will (or won't) support, a general softening of investor stringency, and finally the high levels of TSR across the FTSE100 have warranted rewarding outperforming managers.

The second factor - the softening of investor stringency - is perhaps the most curious. While the media would like us to believe this is a defensive response against a talent exodus to the remunerative paradise of America, the reality is that investors are content to reward management for excess performance in properly constructed remuneration policies.

As a closing remark I would like to state my sincere thanks to our loyal clients, to my devoted colleagues who serve them, to the investors for their openness and transparency, and to the all the advisers we work with for your continued partnership.

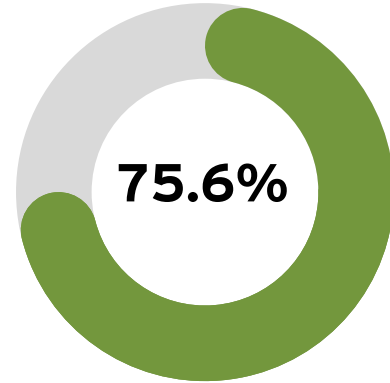
A handwritten signature in black ink, appearing to read 'Anthony Kluk', written in a cursive style.

# UK / FTSE 100

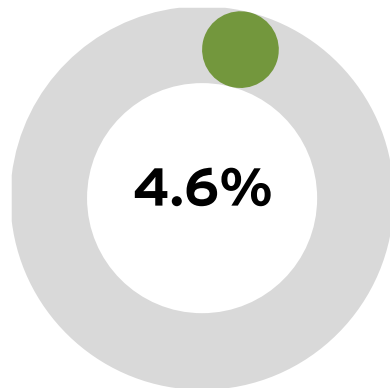
<b>REJECTED BOARD PROPOSALS</b>	<b>0</b>
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- > The average quorum across the FTSE 100 increased from 74.5% in 2023 to 75.6% in 2024.
- > Across the FTSE 100, there were no board-proposed AGM resolutions rejected by shareholders.
- > The number of FTSE 100 companies that had at least one contested proposal (10%+ opposition) was 55. The overall number of contested resolutions decreased from 124 in 2023 to 99 in 2024. The percentage of resolutions that were contested decreased from 5.6% last year to 4.6%.
- > In the FTSE 100, there has been a 21.2% decrease in the number of contested director elections (10%+ opposition) since 2023.
- > 16.0% of the share issuance votes were contested in 2024 compared to 15.6% in 2023. Of all the regular resolution types, share issuance votes were the most contested overall.
- > The share of remuneration policy votes that were contested decreased from 14.3% in 2023 to 12.1% in 2024.
- > The number of contested remuneration report votes fell to 7 in 2024, compared to 20 the previous year.
- > ISS did not recommend supporting 15 resolutions in 2024 compared to 28 resolutions in 2023.
- > Glass Lewis did not recommend supporting 23 resolutions in 2024 compared to 35 resolutions in 2023.

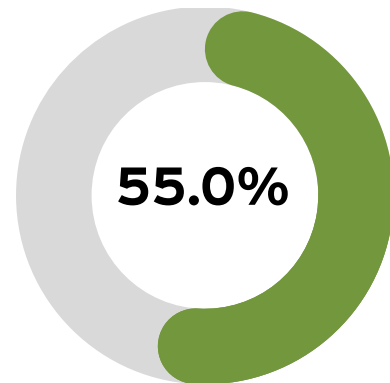
## AVERAGE QUORUM



## SHARE OF RESOLUTIONS WITH OVER 10% OPPOSITION



## COMPANIES WITH AT LEAST ONE CONTESTED RESOLUTION

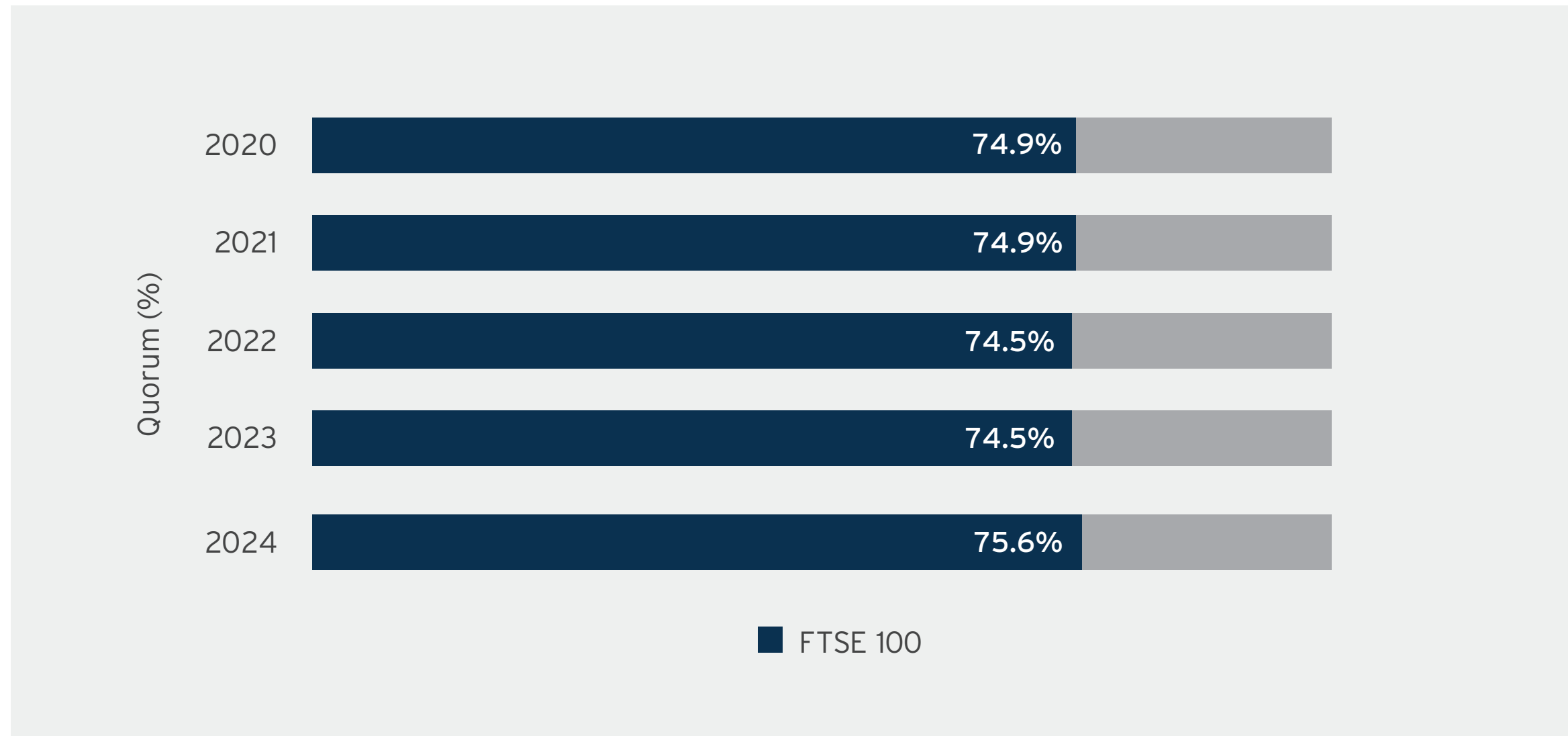


# 1. Voting in the UK in 2024

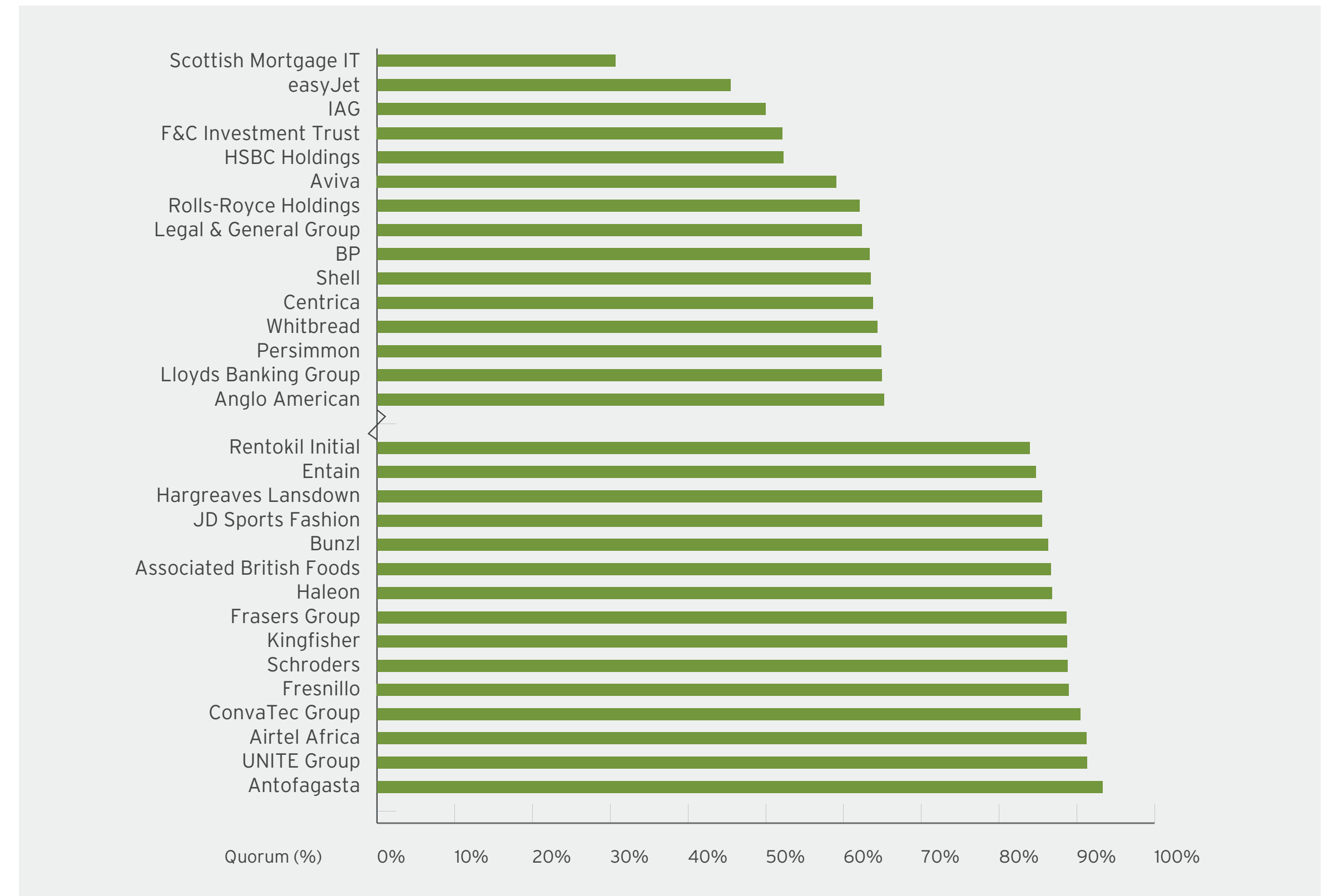
## 1.1 Quorum overview

Georgeson has reviewed the quorum levels of FTSE 100 companies over the past 5 years. This year's review includes the companies that were part of the index as of 1 June 2024, and which held their AGMs between 1 July

2023 and 30 June 2024<sup>1</sup>. In the FTSE 100 the average quorum for the reporting period was 75.6%, slightly higher than the 2023 and 2022 average quorum figure of 74.5%.



Graph 1: Average AGM quorum levels in the FTSE 100 between 2020 and 2024.



Graph 2: Quorum levels at the 30 FTSE 100 companies with the highest and lowest quorum levels during the 2024 reporting period.

<sup>1</sup> As JD Sports Fashion Plc and Scottish Mortgage Investment Trust Plc did not hold an AGM during the 12-month period, our analysis includes data from their 2023 AGMs, both held on 27th June 2023.



## 1.2 Rejected resolutions

### FTSE 100

> Within the reporting period, no companies in the FTSE 100 had management-proposed AGM resolutions rejected by shareholders. This is the first instance where there have been no rejected AGM resolutions in the FTSE 100 in over a decade.

### FTSE 250

> Across the FTSE 250, three companies saw at least 1 management-proposed AGM resolution rejected by shareholders during the period under review: Plus500 Ltd, Ferrexpo Plc and Playtech Plc.

#### Plus500

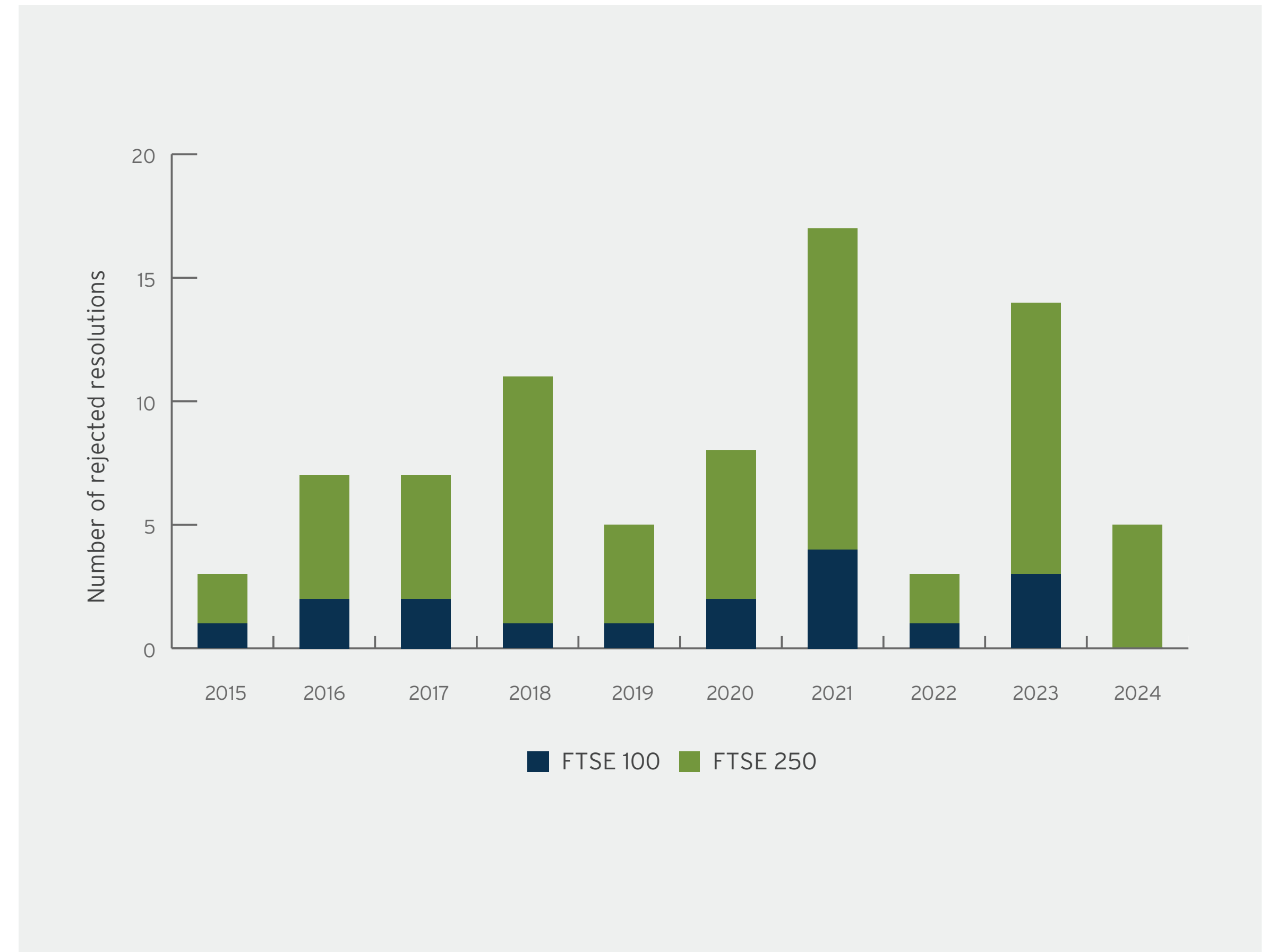
> On 7 May 2024, Plus500 announced that the vote on their remuneration report failed to pass with 75.0% shareholder opposition. ISS, Glass Lewis and PIRC all recommended a vote against this proposal.

#### Ferrexpo

> On 23 May 2024, Ferrexpo announced that its votes on share issuance authorities with and without pre-emption rights failed to pass with 69.7% and 69.5% opposition, respectively. ISS, Glass Lewis, and PIRC all recommended to vote in favour of the 2 proposals.

#### Playtech

> On 22 May 2024, Playtech announced that its 2 votes on share issuance authorities without pre-emption rights failed to pass, with 58.9% and 58.6% opposition. ISS and Glass Lewis both recommended voting in favour of the two resolutions, whereas PIRC recommended against the authorities.

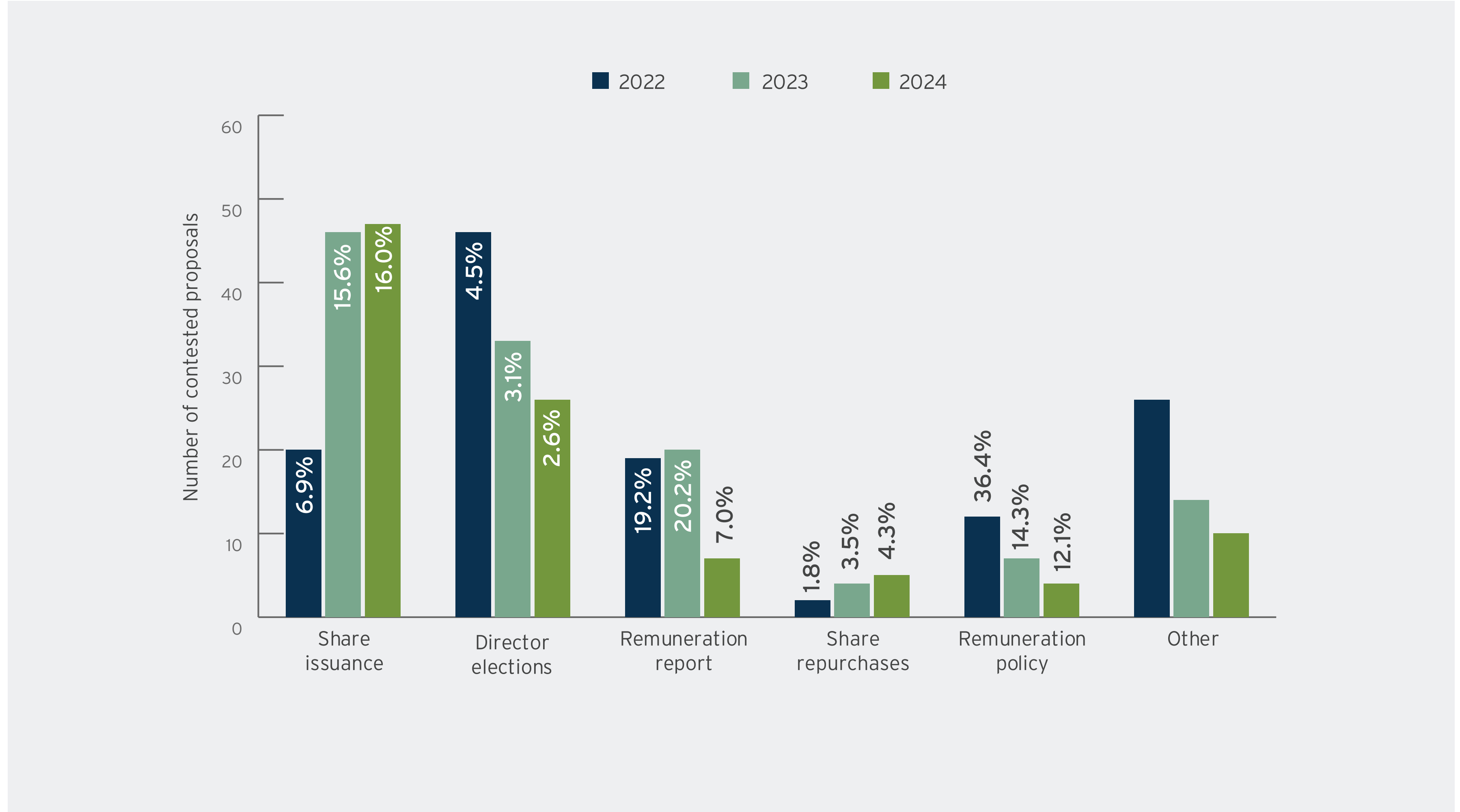


Graph 3: The number of rejected resolutions at FTSE 350 companies across the last 10 AGM seasons



### 1.3 Contested resolutions

- > Among our sample of FTSE 100 companies which held their AGMs during the reporting period, 55 companies saw at least 1 management-proposed resolution receive more than 10% shareholder opposition (compared to 63 in 2023 and 57 in 2022). The total number of resolutions that received over 10% opposition amounted to 99, compared to 124 in 2023.
- > In our FTSE 100 sample, the resolution category that had the most contested resolutions was share issuances, both with and without pre-emptive rights (47). The category with the second most contested resolutions was the election of directors (26). The third most contested resolutions were remuneration report votes (7) followed by share repurchases (5) as the fourth most contested category.
- > 33 FTSE 100 companies put forward remuneration policies during the reporting period, only 4 of which were contested. This means that 12.1% of remuneration policies in the FTSE 100 were contested, a slight drop from the 2023 AGM season when 14.3% of resolutions of this type received over 10% opposition. The resolution type that saw the highest share of contested votes related to share issuance authorities (16.0%). Only 7.0% of remuneration reports were contested among FTSE 100 companies, a sharp decline from 2023 when 20.2% of these resolutions received at least 10% opposition.



**Graph 4:** Number of resolutions which received more than 10% against votes in the FTSE 100 (by resolution type). The percentage represent the ratio between the number of proposals that received more than 10% against and the total number of proposals in each category.



### 1.3.1 Director elections

**The 5 companies with the lowest level of support on director elections among our sample were:**

- › Pearson (Sherry Coutu - 71.8% in favour)
- › Hargreaves Lansdown (Penny J. James - 72.6% in favour)
- › Burberry Group (Antoine de Saint-Affrique - 73.9% in favour)
- › Hargreaves Lansdown (Moni Mannings - 74.0% in favour)
- › Hargreaves Lansdown (Andrea Balance - 75.9% in favour)

Of these 5 director elections, ISS recommended against the election of Ms Coutu, whereas Glass Lewis recommended against the election of Mr de Saint-Affrique.

### 1.3.2 Authorities to issue shares

Authorities to issue shares with pre-emptive rights are proposed as ordinary resolutions (requiring a simple majority), while authorities to issue shares without pre-emptive rights are proposed as special resolutions (requiring 75% approval). Many institutional investors and proxy advisors refer to the Investment Association's Share Capital Management Guidelines to assess authorities with pre-emptive rights, and to the Pre-emption Group's Statement of Principles to assess authorities without pre-emptive rights.

The Pre-emption Group Statement of Principles was updated on 4 November 2022<sup>2</sup> to allow a company to undertake non-pre-emptive issuances of up to 20% of the share capital, as long as the company specifies that 10% of the authority will only be used in connection with an acquisition or specified capital investment. The Pre-emption Group recommends that this additional 10% should be put forward in a separate resolution.

**Among our sample, the 5 companies with the lowest level of support on these types of resolutions were:**

- › Hargreaves Lansdown (issue equity without pre-emptive rights: 75.4% in favour; issue equity without pre-emptive rights for a specified capital investment: 76.6% in favour)
- › Kingfisher (issue equity with pre-emptive rights: 79.24% in favour; issue equity without pre-emptive rights for a specified capital investment: 81.51% in favour)
- › Mondi (issue equity without pre-emptive rights for a specified capital investment: 80.3% in favour)
- › Glencore (issue equity without pre-emptive rights: 81.9% in favour; issue equity without pre-emptive rights for a specified capital investment: 81.8% in favour)
- › AstraZeneca (issue equity without pre-emptive rights for a specified capital investment: 82.3% in favour)

We note that ISS and Glass Lewis recommended in favour of each of these resolutions.

### 1.3.3 Remuneration

#### Remuneration report

During the reporting period, a total of 7 companies in our FTSE 100 sample received less than 90% support on their remuneration report, compared to 20 companies in 2023.

**The 5 companies with the lowest level of support on the Remuneration Report among our sample were:**

- › RS Group (61.6% in favour)
- › Pearson (69.8% in favour)
- › Intermediate Capital Group (84.0% in favour)
- › Berkeley Group Holdings (86.4% in favour)
- › Next (88.3% in favour)

ISS recommended against RS Group and Pearson, whereas Glass Lewis recommended against Intermediate Capital Group and Berkeley Group Holdings' remuneration reports.

For further detail on our analysis on the remuneration reports in the UK that received the most opposition in the 2024 AGM season, please refer to the Georgeson FTSE 350 Remuneration Report memos which we produce throughout the season.

#### Remuneration policy

During the reporting period, 4 companies in our FTSE 100 sample received less than 90% support on their Remuneration Policy votes, compared to 7 companies in 2023. This slight drop comes with the number of remuneration policies being put forward decreasing from 49 in 2023 to 33 in 2024.

**The 4 companies in our sample proposing a Remuneration Policy vote and receiving more than 10% opposition were:**

- › Smith & Nephew (56.8% in favour)
- › AstraZeneca (64.4% in favour)
- › Ocado Group (80.6% in favour)
- › London Stock Exchange Group (89.0% in favour)

ISS recommended a vote against each of these resolutions with the exception of London Stock Exchange Group. Glass Lewis recommended against each of these resolutions with the exception of Smith & Nephew.

<sup>2</sup> <https://www.frc.org.uk/investors/pre-emption-group>



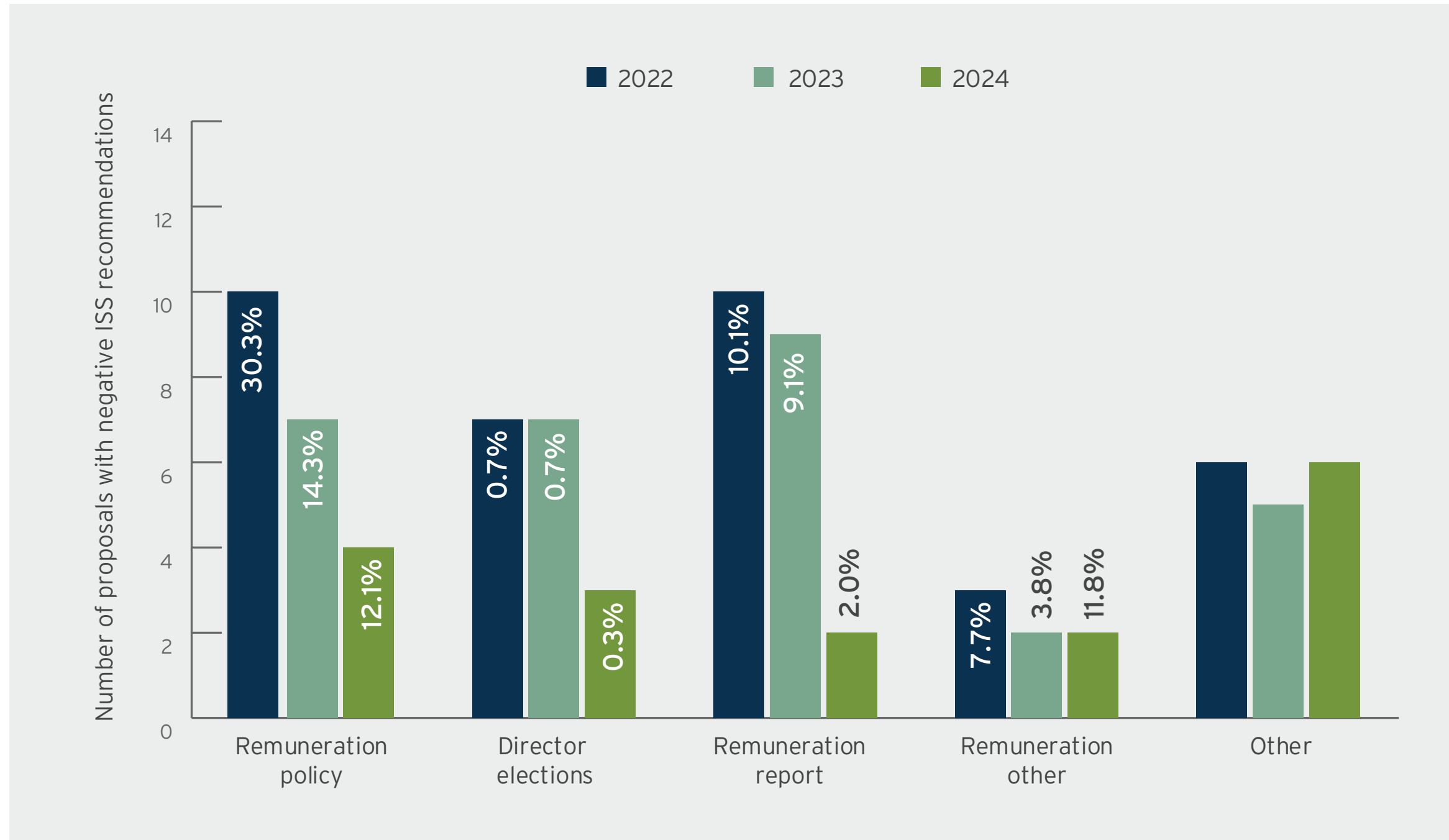
# 2. Proxy Advisors

Many institutional investors rely on proxy advisory firms, such as ISS and Glass Lewis for meeting agenda analysis and vote recommendations to inform their voting decisions. A negative recommendation from a proxy advisor often has an adverse impact on the vote outcome of a given resolution.

## 2.1 Institutional Shareholder Services (ISS)

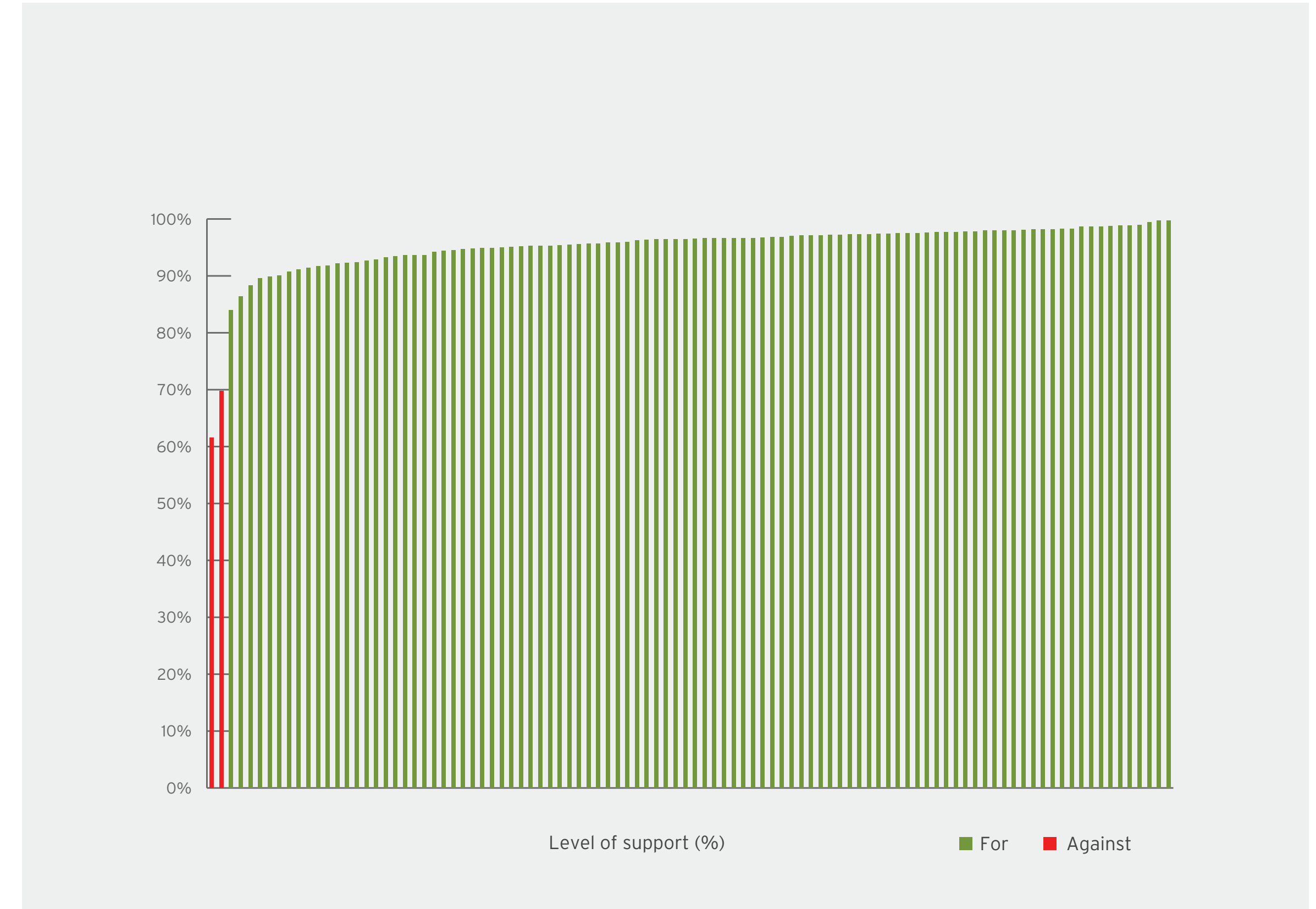
Institutional Shareholder Services<sup>3</sup> (ISS) is a leading provider of corporate governance solutions for asset owners, hedge funds, and asset service providers. Between 1 July 2023 and 30 June 2024, 9 companies

out of the FTSE 100 received at least an against or abstain recommendation from ISS (8 fewer than in 2023, and 13 fewer than in 2022), for a total of 15 resolutions (compared to 28 resolutions in 2023).



**Graph 5:** Overview of the number of against/abstain recommendations by ISS at FTSE 100 AGMs over the past 3 years. The percentages represent the ratio between the number of proposals that received a negative ISS recommendation and the total number of proposals in each category.

<sup>3</sup> <http://www.issgovernance.com/about/about-iss/>



**Graph 6:** Vote in favour of the Remuneration Report among FTSE 100 companies (ordered by level of support), and colour coded by ISS vote recommendation.

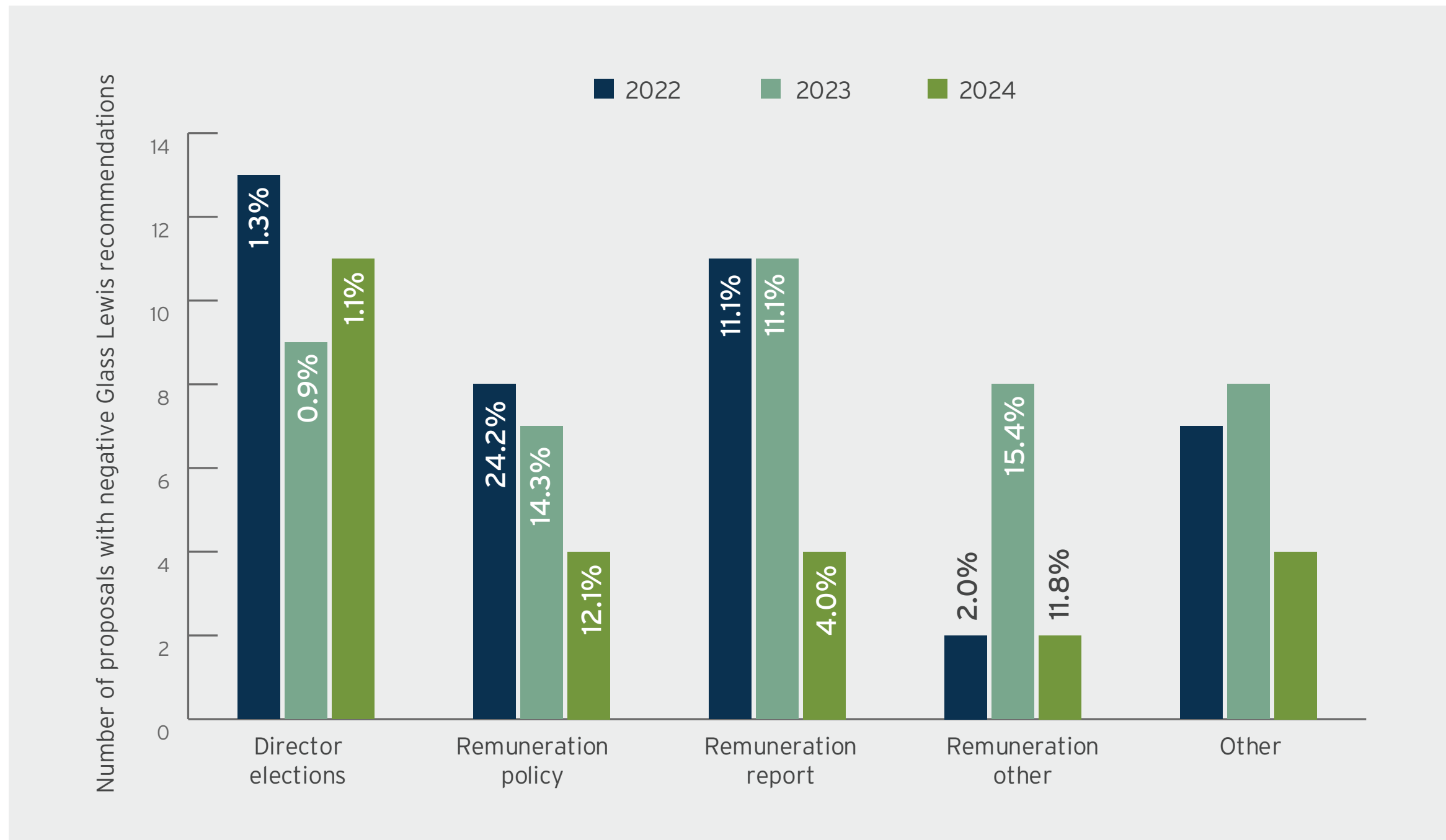




## 2.2 Glass Lewis

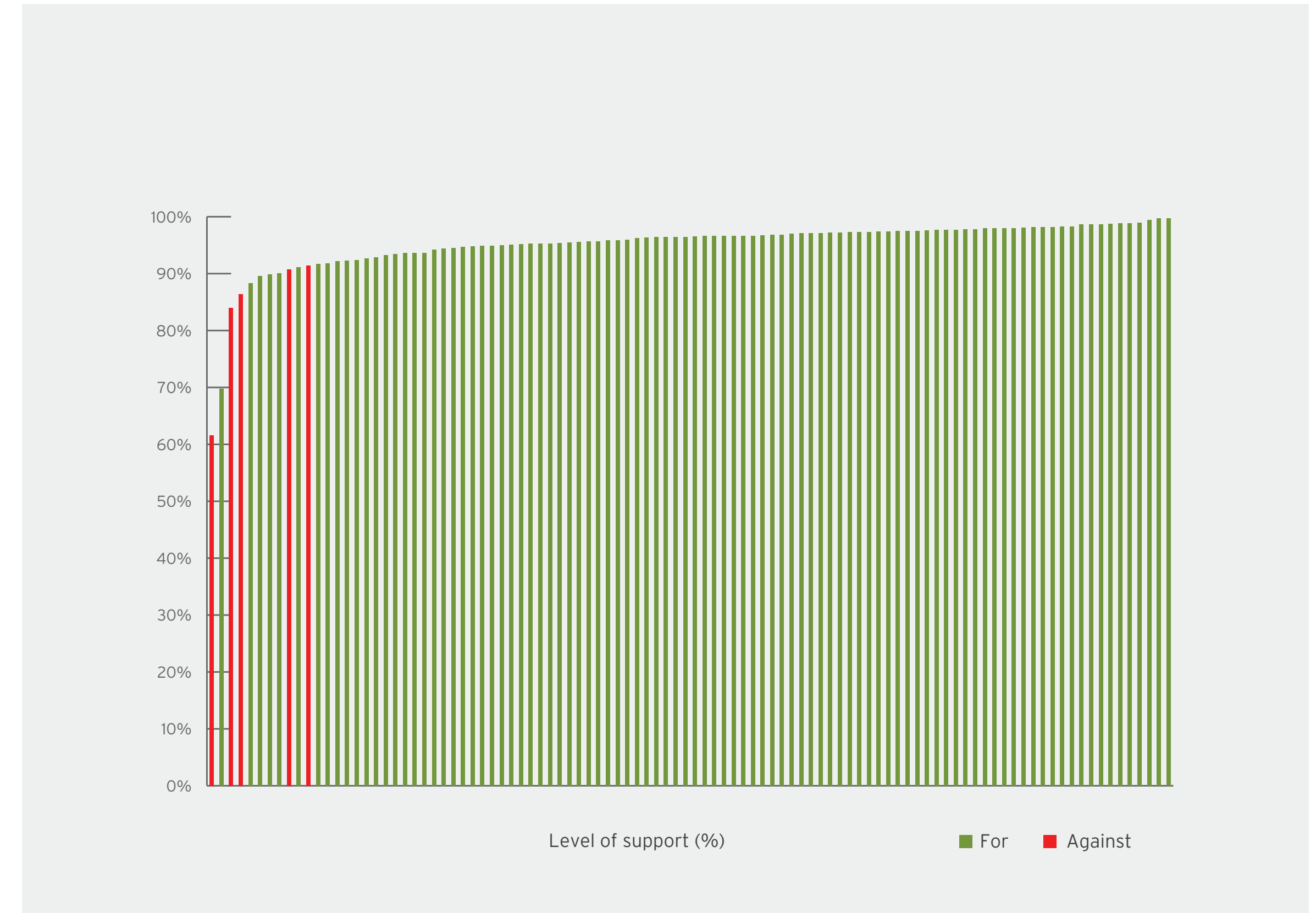
Glass Lewis<sup>4</sup> is a leading provider of governance services that support engagement among institutional investors and corporations through its research, proxy vote management and technology platforms.

Between 1 July 2023 and 30 June 2024, 17 companies out of the FTSE 100 received at least 1 against or abstain recommendation from Glass Lewis (compared to 21 in 2023), for a total of 23 resolutions (compared to 35 resolutions in 2023).



**Graph 7:** Overview of the number of negative/abstain recommendations by Glass Lewis at FTSE 100 AGMs over the past 3 years. The percentages represent the ratio between the number of proposals that received a negative Glass Lewis recommendation and the total number of proposals in each category.

<sup>4</sup> <http://www.glasslewis.com/about-glass-lewis/>



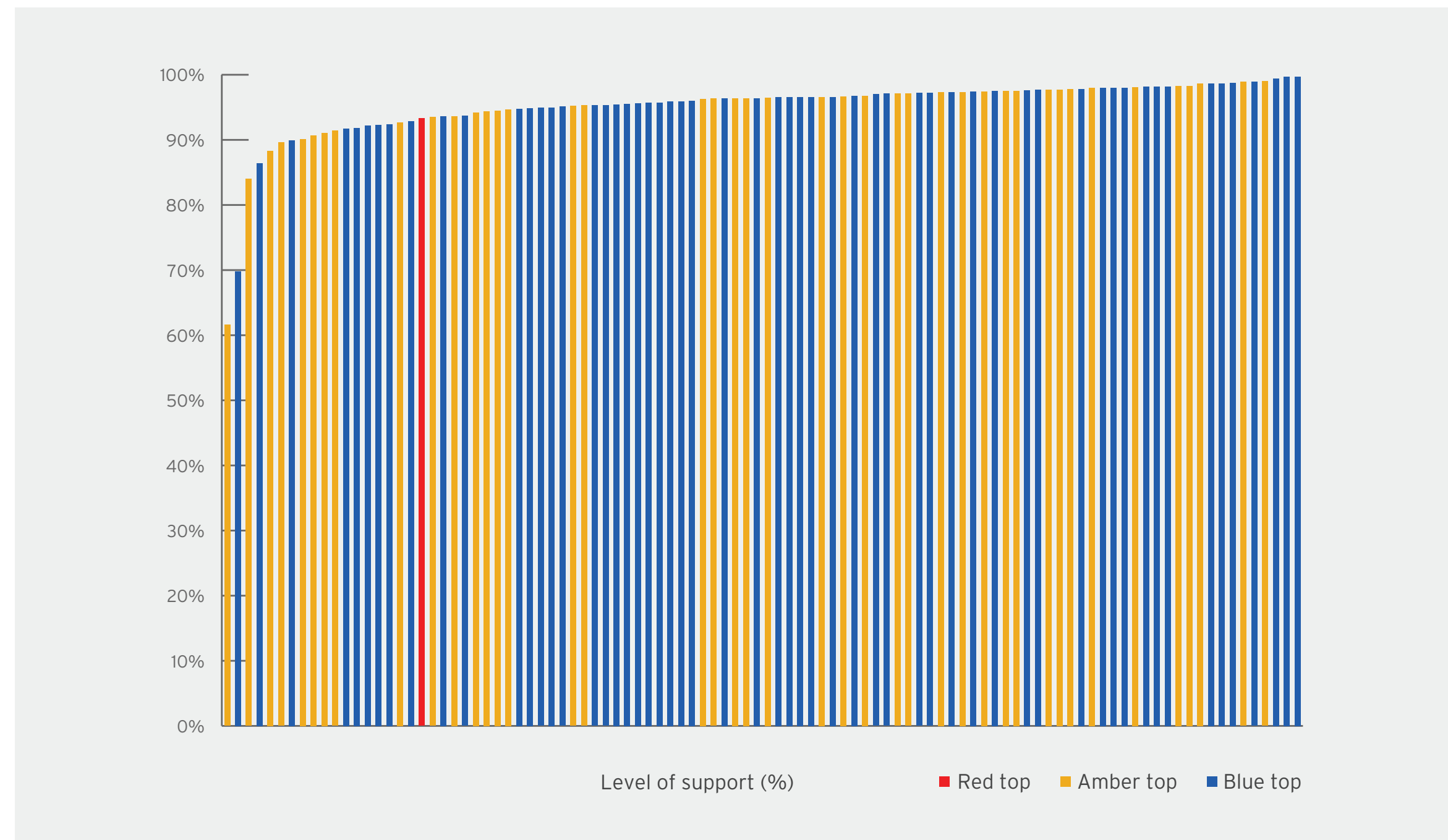
**Graph 8:** Vote in favour of the Remuneration Report among FTSE 100 companies (ordered by level of support), and colour coded by Glass Lewis vote recommendation.



## 2.3 IVIS

The Institutional Voting Information Service<sup>5</sup> (IVIS) was founded by the Association of British Insurers (ABI) in 1993. Since June 2014, IVIS is part of the Investment Association. IVIS does not issue explicit vote recommendations. However, it uses a colour coded system which some investors will

use as guidance on whether to vote negatively. The colour showing the strongest concern is Red, followed by Amber which raises awareness to particular elements of the report. A Blue Top indicates no areas of major concern, while a Green Top indicates an issue that has now been resolved.

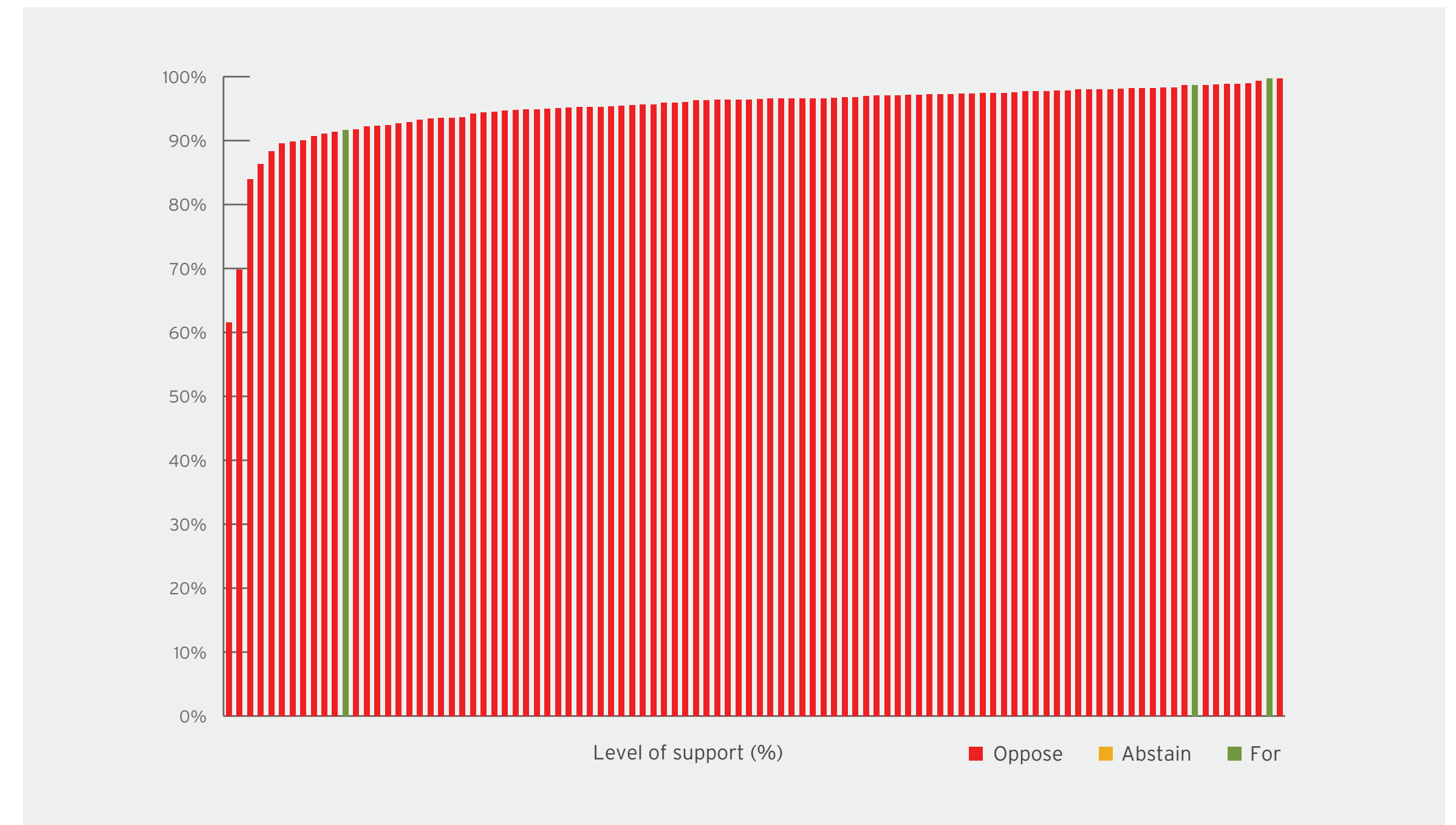


**Graph 9:** Vote in favour of the Remuneration Report among FTSE 100 companies (ordered by level of support), and colour coded by IVIS alert level

<sup>5</sup> <https://www.ivis.co.uk/about-ivis/>

## 2.4 PIRC

Pensions & Investment Research Consultants<sup>6</sup> (PIRC) was established in 1986 by a group of public sector pension funds. It provides proxy research services to institutional investors on governance and other ESG issues.



**Graph 10:** Vote in favour of the Remuneration Report among FTSE 100 companies (ordered by level of support), and colour coded by PIRC vote recommendation

<sup>6</sup> <https://www.pirc.co.uk/>



# 3. Corporate Governance Developments

## 3.1 FRC Revises UK Corporate Governance Code

In May 2023, the Financial Reporting Council (FRC) launched a public consultation<sup>7</sup> on proposed changes to the UK Corporate Governance Code, which was last updated in 2018. These proposed changes included: having companies set out a framework for effective internal controls and report on how they have evaluated the effectiveness of these frameworks; incorporating the ESG reporting responsibilities of the board and audit committee; taking into account the new Audit Committee Standard; and align the code with the Government's response<sup>8</sup> to the "Restoring Trust in Audit and Corporate Governance" White Paper.

On 7 November 2023, the FRC issued an update on the consultation and stated that "the FRC considers the right balance at the current time is to take forward only a small number of the original 18 proposals we set out in the consultation and to stop development of the remainder". The only significant change proposed by the FRC to be integrated in the new UK Code relate to Internal Controls. The 2018 Code stated that it was the board's responsibility to monitor the company's risk management and internal control framework and to carry out an annual review of its effectiveness. The new Code now asks companies to

disclose in their Annual Reports how they have reviewed the effectiveness of their internal controls. This new expectation for companies will only apply from 1 January 2026, a year after the other new provisions from the UK Code will come into effect.

The FRC statement also made clear that the flexibility of "Comply or Explain" will remain the foundation of the Code as it offers Board's the ability to adopt governance frameworks that are better suited to each company's needs.

On 22 January 2024, the FRC published an updated UK Corporate Governance Code<sup>9</sup>. In its statement<sup>10</sup>, it announced that "In a significant move aimed at promoting smarter regulation, the FRC has kept changes to the Code to the minimum that are necessary. The FRC is conscious that the expectations for effective governance must be targeted and proportionate. This approach ensures the FRC balances underpinning trust and confidence in UK plc for investors and others whilst keeping burdens on businesses to the minimum necessary."

<sup>7</sup> <https://www.frc.org.uk/news/may-2023/frc-launches-consultation-on-revision-to-the-corporate-governance-code>  
<sup>8</sup> <https://assets.publishing.service.gov.uk/media/6294ab378fa8f5039107d54d/restoring-trust-in-audit-and-corporate-governance-govt-response.pdf>  
<sup>9</sup> <https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/uk-corporate-governance-code/>  
<sup>10</sup> <https://www.frc.org.uk/news-and-events/news/2024/01/frc-revises-uk-corporate-governance-code/>

## 3.2 The FCA's new listing rules

On 11 July 2024, the Financial Conduct Authority published a new set of listing rules<sup>11</sup> (UKLR) which "aim to support a wider range of companies to issue their shares on a UK exchange, increasing opportunities for investors". The new rules apply to companies listed in the UK from 29 July 2024.

Under the listing regime, the Standard and Premium listing structure is being replaced by a single category. The new listing category is named the Equity Shares in Commercial Companies (ESCC) Category.

The new rules provide greater flexibility around enhanced voting rights and no longer require shareholder votes to be held for significant transactions or related party transactions. Events such as reverse takeovers and the removal of a company's shares from an exchange still require shareholder approval. Companies listed in the UK that have controlling shareholders are now required to demonstrate that they can operate independently of their controlling shareholders.

<sup>11</sup> <https://www.fca.org.uk/publications/policy-statements/ps24-6-primary-markets-effectiveness-review-feedback-cp23-31-final-uk-listing-rules>



## FTSE Women Leaders Review

The FTSE Women Leaders review is an independent, business-led framework supported by the government, which sets recommendations for Britain's largest companies to improve the representation of Women on Boards and in Leadership positions. It is the third phase of the Hampton-Alexander and Davies Reviews which are reports supported by the government. These have been published since 2011, issuing recommendations on addressing the gender imbalance on the boards of the UK's largest companies. In February 2024, they published their most recent report providing an update on progress made across FTSE 350 companies and the 50 largest private companies in achieving gender balance.

**The FTSE Women Leaders published a report in 2022<sup>12</sup> which included 4 recommendations setting goals to achieve gender-balanced boards and leaderships teams by 2025:**

- › Increased voluntary target for FTSE 350 Boards (Women on Boards), and for FTSE 350 Leadership teams to a minimum of 40% women (Women in Leadership), by the end of 2025;
- › FTSE 350 companies to have at least 1 woman in the Chair or Senior Independent Director role on the Board, and/or 1 woman in the Chief Executive or Finance Director role in the company, by the end of 2025;

- › Key stakeholders to set best practice guidance, or have mechanisms in place to encourage FTSE 350 Boards that have not achieved the prior 33% target, to do so; and
- › The scope of the Review is extended to include the largest 50 private companies in the UK by sales.

The report<sup>13</sup> announced that "The representation of women on FTSE 350 Boards has increased beyond the 40% target, with almost two years to go until the end of 2025, and evidence there is room for more progress." The 'Women on Boards' target was met by 67% of FTSE 350 companies as women's representation on boards increased to 42.1%. With regards to the 'Women in Leadership' target, the report states that the number of women in the Combined Executive Committee & Direct Reports has increased from 34.3% last year to 35.2% across the FTSE 100 and has increased from 32.8% to 33.9% in the FTSE 250.

The Review concludes that "With sustained effort from those companies within striking distance of the target, and significantly increased effort from those companies still adrift, the FTSE 350 should meet the 40% target for Women in Leadership by the end of 2025."

<sup>12</sup> [https://ftsewomenleaders.com/wp-content/uploads/2022/03/2021\\_FTSE-Women-Leaders-Review\\_Final-Report\\_WA.pdf](https://ftsewomenleaders.com/wp-content/uploads/2022/03/2021_FTSE-Women-Leaders-Review_Final-Report_WA.pdf)

<sup>13</sup> <https://ftsewomenleaders.com/wp-content/uploads/2024/04/ftse-women-leaders-report-final-april-2024.pdf>

## IVIS's letter to remuneration committee chairs

On 23 February 2024, IVIS, the Investment Association's Institutional Voting Information Service, published a letter<sup>14</sup> addressed to remuneration committee chairs announcing updates to the Investment Association (IA)'s Principles of Remuneration which came into force in 2024. The letter also gave a review of the 2023 AGM season and detailed the discussions it held in September 2023 with FTSE 350 companies on the debate around the competitiveness of remuneration in the UK.

**The IA noted that FTSE 350 companies highlighted three themes that need to be resolved to improve the competitiveness of UK remuneration:**

- › To increase pay opportunities through LTIP grant levels: companies highlighted the difficulties in attracting US executives and argued that there is a need for greater flexibility in offering higher LTIP awards.

<sup>14</sup> <https://www.ivis.co.uk/media/13917/remuneration-committee-chair-letter-final.pdf>

- › The use of hybrid schemes: some companies are seeking greater flexibility to incorporate both performance and restricted shares which are possible in other jurisdictions.
- › UK Corporate Governance Code executive remuneration requirements: The Code includes a number of requirements, including 5-year holding periods for vested long-term incentive plan awards, current and post-employment shareholding guidelines that companies should define, as well as malus and clawback provisions that should allow the company to recover payments made to executives if they have not acted appropriately. Compared to other jurisdictions, these requirements are seen to complicate and reduce the appeal of compensation packages for executives in the UK.

The insights from these conversations are likely to be reflected, in some form, in the Investment Association's updated Principles of Remuneration which IVIS states will be published later this year.



## ABOUT GEORGESON

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