Australian AGM Review

Georgeson

Exploring key voting and governance trends arising at S&P/ASX300 AGMs during 2024

Contents

Introduction

I am pleased to introduce Georgeson's 2024 AGM Review, the third edition of this report and my first since taking on leadership of the Australia and New Zealand operations of our business in August 2024.

After the events of 2023, which were documented extensively in last year's report, 2024 saw a continuation of some pivotal trends in proxy voting and shareholder engagement across the S&P/ASX300.

The headline observation this suggests is that a potential new trend has emerged in the Australian corporate governance landscape for issuers, institutional investors and intermediaries alike.

Massive protest votes against remuneration reports continued to dominate, both in number and severity, with 2024's aggregate of 40 strikes almost reaching 2023's record-breaking 41. This included very large protest votes of over 50% against management at nine of these companies.

Moreover, the number of second strikes has significantly increased from two in 2023 to 12 in 2024. This suggests that some companies may not be addressing the feedback received after a first strike, therefore increasing shareholder concerns related to unresolved remuneration issues.

Targeted accountability votes against directors continued to highlight actual and perceived shortcomings in companies' governance structures and practices, with 98 instances of 10% or more votes against board-endorsed candidates at 70 companies across the S&P/ASX300 for the year.

The underlying drivers of these votes highlight the power of shareholder proxy voting as a key market discipline facing Australian listed companies, including those that are in the spotlight for broader conduct, performance or probity issues. It also highlights the influences and nuances of major institutional investor and proxy advisor policies, providing early indications of engagement topics and structural changes that ASX boards will need to prioritise in 2025 and beyond.

In this year's AGM Season Review, for the first time, we provide a five-year historical trend analysis on key data points relating to S&P/ASX300 voting outcomes. This presents a more in-depth understanding of the key changes in investor voting patterns, and a baseline for ongoing longitudinal analysis in the future.

In the ESG domain, 2024 was notable for the relatively small number of shareholder proposals compared to previous years, perhaps signalling a permanent decline in the use of this mechanism for NGO and activism campaigns.

However, ESG-focused investors mobilised strongly to send messages to major issuers in some notable cases, including a significant vote of more than 58% against a management-initiated Say on Climate vote at oil and gas major **Woodside Energy Group**.

The Australian market also experienced something of a world first with shareholder proposals seeking to prevent species extinction at the nation's two major retail conglomerates, **Coles Group** and **Woolworths Group**. These cases reflect an extension in the scope of ESG activism beyond the recent priority focus on climate risk, and into the realm of nature and biodiversity – topics that are also on the horizon for stronger disclosure guidance and regulation both in Australia and globally, despite recent pushback.

In the regulatory and policy sphere, 2024 was notable for the finalisation of mandatory climate disclosure requirements for Australian companies and other reporting entities, in three distinct stages commencing in 2025. Further mandatory reporting standards on topics such as nature and social risks are expected to be finalised in accordance with emerging international standards and to be introduced in Australia and elsewhere from as soon as 2026.

Progress was also made with the Fifth Edition of Australia's key governance code, the *ASX Corporate Governance Council Principles and Recommendations*, with the final guidance expected to be released in early 2025 and to cover ASX entities' reporting for the 2025/26 financial year.

Against this background, the ASX closed out 2024 up a total of 7.5% for the year, led by strong performance from the banking and information technology sectors, counterbalanced by declines in mining and energy sectors. The 2024 headline returns were very similar to 2023 when the market grew by 7.8% [1].

Throughout 2024, the Georgeson team supported a broad cross-section of issuers, both as a dedicated shareholder engagement adviser and in partnership with our Computershare colleagues, highlighting our unique, integrated and comprehensive market offering.

As we enter 2025, the ASX and the Australian economy face continued headwinds from inflation and interest rates, along with the uncertainties inherent in a federal election due by May. These local factors are compounded by global thematics around the transtion to the new Administration in the U.S. and ongoing geopolitical conflicts world-wide.

At the time of writing, some key controversies from the latter part of 2024 continue to play out, notably the widely publicised governance and conduct scandals at major founder-led companies **Mineral Resources** and **Wisetech Global**, and at gaming company **The Star Entertainment Group**. The potential transition of iconic Australian financial services brands **Perpetual** and **Insignia Financial** into private equity ownership, as well several other corporate transactions, will also occupy the minds of market participants.

We consequently expect 2025 to be another signature year in the ASX corporate governance and activism landscape.

On behalf of the Georgeson team, I look forward to working closely with you to navigate the challenges to come and secure successful outcomes at your next AGM.

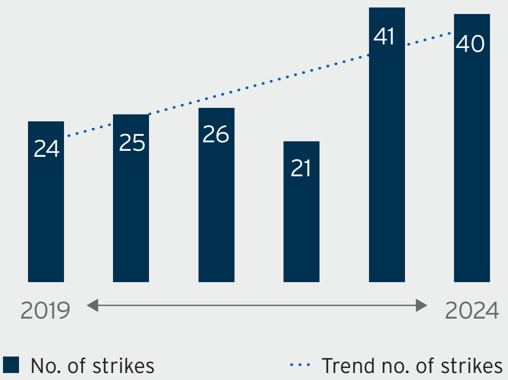
Scott Hudson
Managing Director
Georgeson
Australia and New Zealand

A five-year analysis of S&P/ASX300 AGM results

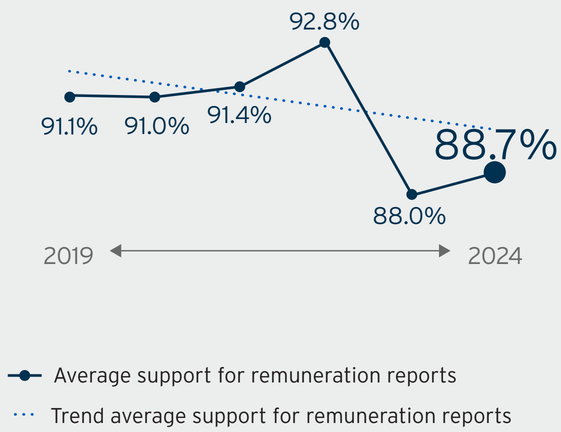
Key highlights

Remuneration: The number of strikes[2] in 2024 remained high, reaching 40[3] in total, including a significant number of second strikes (12), with a marginally recovering trend of average support for remuneration reports.

Number of remuneration strikes in the S&P/ASX300 (2019-2024)

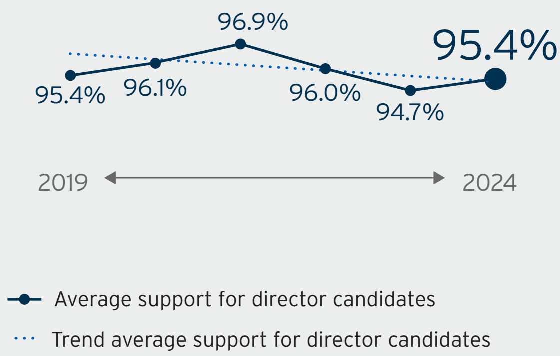


Average support for remuneration reports in the S&P/ASX300 (2019-2024)

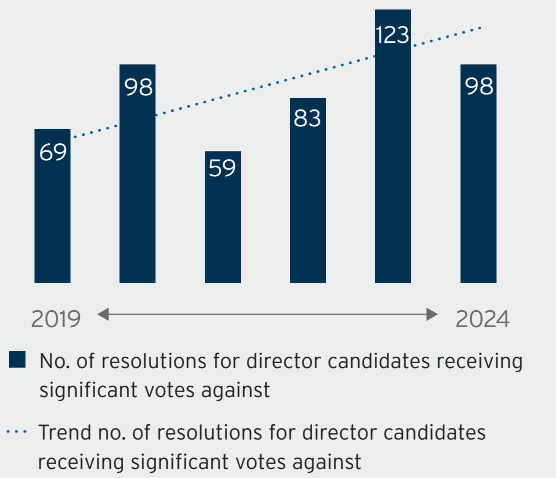


Director elections: Average support for director nominees remained stable in 2024, but the number of resolutions where directors received significant votes against[4] was lower than 2023.

Average support for S&P/ASX300 board nominated director candidates (2019-2024)



Number of resolutions for S&P/ASX300 board nominated director candidates receiving significant votes against (2019-2024)



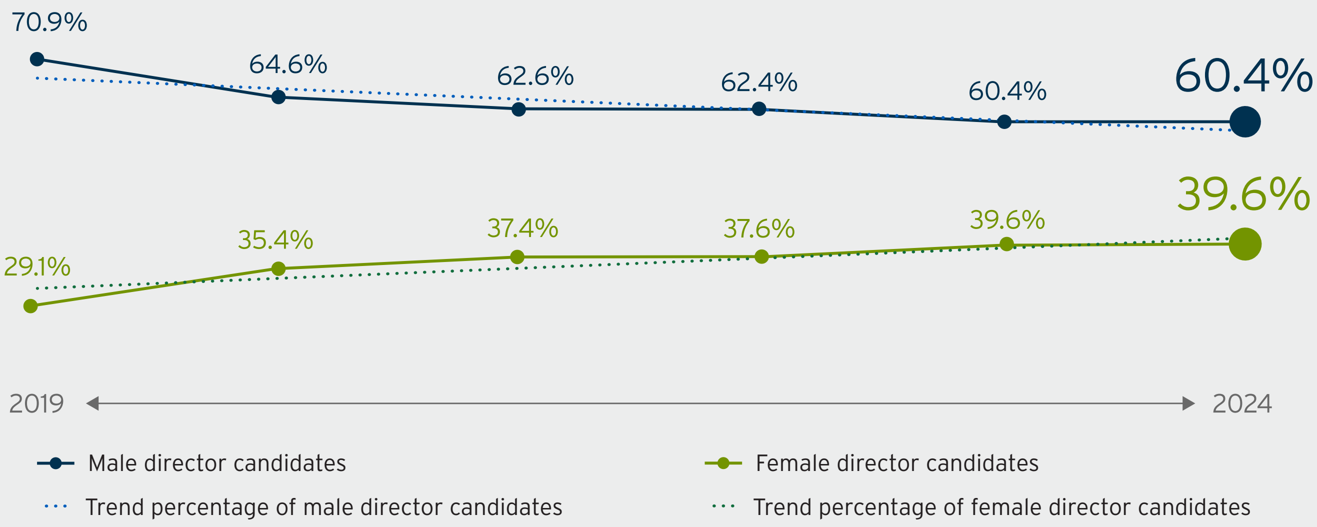
2 Australia has a unique 'Say on Pay' structure whereby a vote against a company's remuneration report of 25% or more counts as a strike. If a company incurs strikes at two successive AGMs, it is then required to put forward a board spill resolution, which if approved by a 50% majority can lead to incumbent directors being subject to a further vote at a special meeting within 90 days to retain their positions.

3 Note that two of the companies that experienced votes of 25% or more 'against' their remuneration report in 2024 – **Life360** and **James Hardie Industries** – are domiciled overseas, with secondary listings via Chess Depositary Instruments (CDIs) in Australia. This means they are technically not subject to the formal legal impacts of the Australian two-strikes rule. However, we have included them in our tally of 'strikes' as they are listed on the ASX and experienced shareholder votes of more than 25% against their remuneration report or equivalent at an AGM held during 2024.

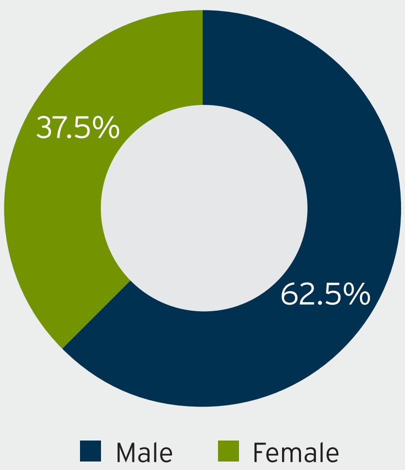
4 Significant votes 'against' a director nominee refers to negative votes of 10% or more received.

Gender diversity[5]: Female participation is increasing through the election/re-election of more female directors than in previous years (2019-2022), but the S&P/ASX300 has not achieved 40% female board members[6, 7].

Percentage of male and female board-nominated director candidates in the S&P/ASX300 (2019-2024)



Snapshot of male and female directors at all S&P/ASX300 companies (Dec 2024)



[5] Data for S&P/ASX300 boards is reported under the categories of male and female.
[6] Analysis by The Australian Institute of Company Directors (AICD) March 2024 states 36.9% female board members in the S&P/ASX300. Our calculations show an increase at the end of 2024 with 37.5%.
[7] BoardEx search for all S&P/ASX300 listed companies in December 2024.

Executive remuneration

Shareholder scrutiny and activism continues

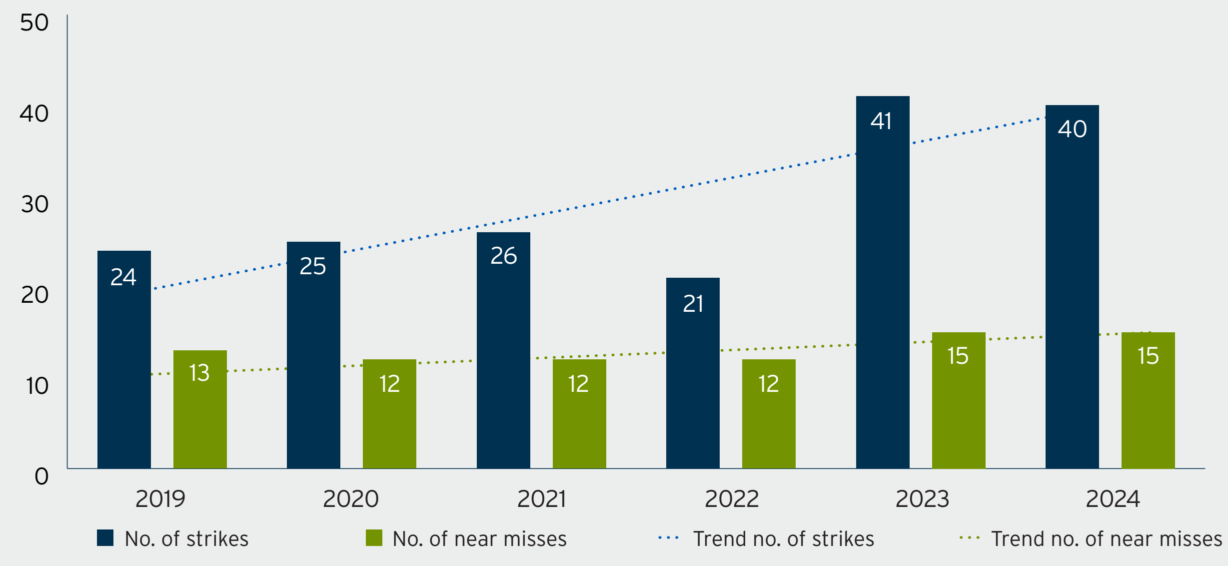
A standout data point from 2024 was the repeated high occurrence of strikes against remuneration reports under Australia's unique two-strike rule.

Whilst only advisory (non-binding) in terms of their legal effect, the events of 2024 solidified the role of the remuneration vote as a lightning rod issue for both institutional and retail investors. In the words of one leading industry columnist, the remuneration report vote has moved beyond its original intended focus on remuneration structure and shareholder alignment to become in effect "an annual referendum on sentiment around a company" as a whole[8].

Numbers, severity and year-on-year comparisons

There were 40 strikes recorded in the S&P/ASX300 throughout 2024, just shy of 2023's record 41. A further 15 companies were in the near-miss zone, receiving votes between 20% and 24.99% 'against' their remuneration reports. This signified meaningful shareholder dissent and a strong message to boards to respond constructively if they wish to avoid incurring a strike in the future. For example, of the 15 near misses in 2023, five companies went on to receive a first strike in 2024.

Number of strikes and near misses in the S&P/ASX300 (2019-2024)

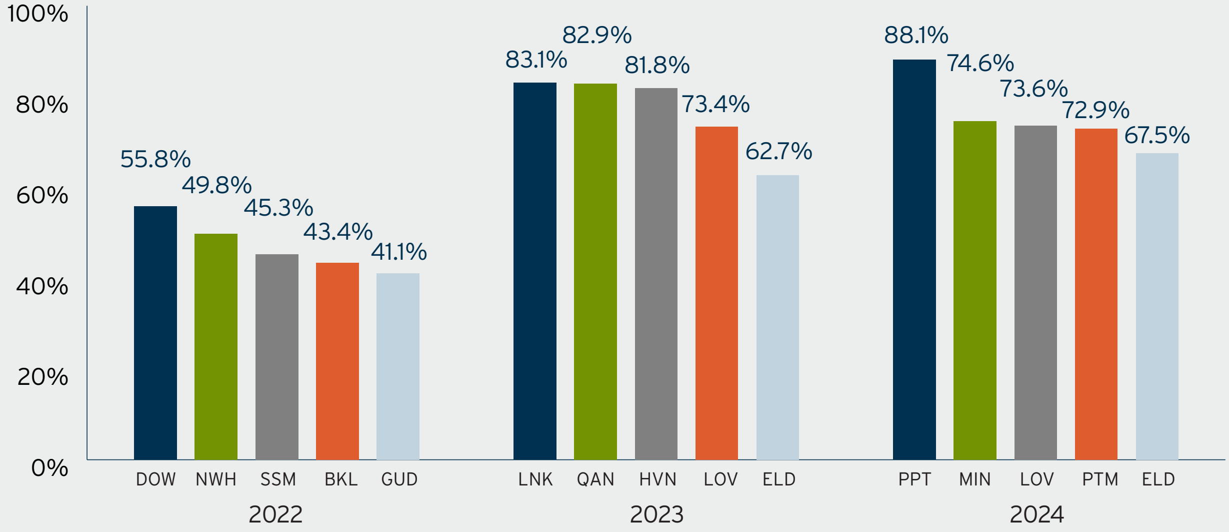


Moreover, the severity of strikes continued to scale new heights, with the highest 'against' vote reaching 88.1% at **Perpetual**. This result eclipsed the very large 'against' votes at **Link Group** and **Qantas** in 2023 and fell just short of the all-time-record vote of 88.4% 'against' at **National Australia Bank's** 2018 AGM at the height of the Financial Services Royal Commission.

A further four remuneration reports received 'against' votes exceeding 60%: **Mineral Resources** (74.6%), **Lovisa Holdings** (73.6%), **Platinum Asset Management** (72.9%) and **Elders** (67.5%).

[8] James Thomson, Senior Chanticleer Columnist Australian Financial Review, speaking at the Georgeson breakfast session, International Corporate Governance Network Australian conference, Melbourne, 13 November 2024.

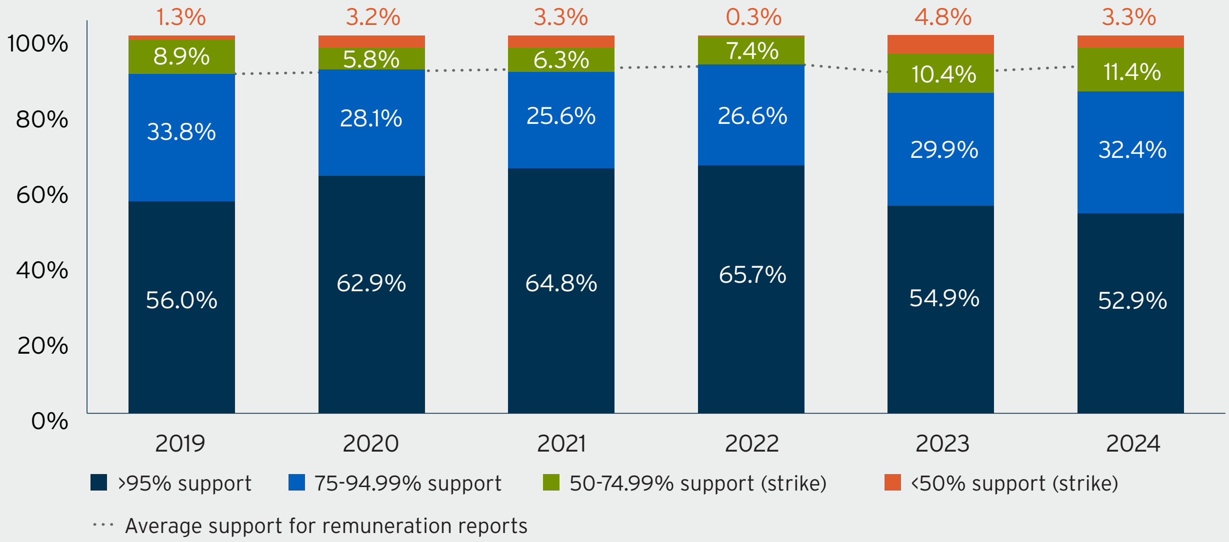
Top five highest votes 'against' S&P/ASX300 remuneration reports (2022-2024)



A further four companies received 'against' votes of over 50%:

Kogan.com	58.3%
Sandfire Resources	56.1%
Healius	55.0%
Clinuvel Pharmaceuticals	52.1%

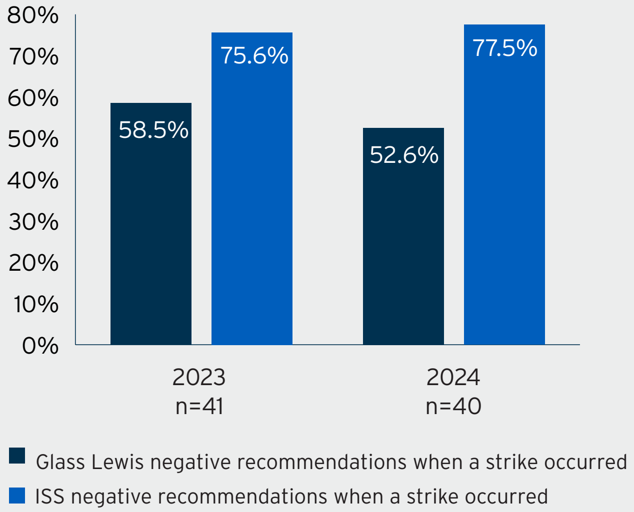
Percentage of support for S&P/ASX300 remuneration reports (2019-2024)



Across the S&P/ASX300 we observed a decline in the percentage of companies receiving over 95% support for their remuneration reports. This was accompanied by a slight increase in overall average support since 2023 but remains lower than the 2019-22 period.

Finally, the voting recommendations of proxy advisors also appear to have influenced these results. For example, Institutional Investors Services (ISS) recommended 'against' 77.5% of the remuneration reports of those issuers who received a strike in 2024. CGI Glass Lewis (Glass Lewis) recommended 'against' 52.5% of those in 2024, a 6% decrease from the previous year.

CGI Glass Lewis and ISS influence the results of S&P/ASX300 companies receiving a strike (2023-2024)



The severity of strikes combined with the increasing number of second strikes and the lower percentage of companies receiving significant support for their remuneration structures, are all indicators that a 'new normal' of heightened shareholder scrutiny has emerged and may continue in 2025 and beyond.

Explanatory factors

The strong investor pushback expressed in these remuneration strikes and near misses can, in many cases, be seen as a proxy for broader disquiet with the governance, culture, conduct or financial performance of the company concerned, not necessarily relating to the details of the company's remuneration practices.

This was especially evident in the overwhelming dissent at **Mineral Resources**, whose AGM in October coincided with a very prominent public and media scandal concerning the conduct of its founding Chief Executive.

In a similar vein, at another founder-led company, **Kogan.com**, the strike was accompanied by a very strong protest vote 'against' an incumbent director on governance concerns around excessive executive incentive awards being granted just prior to a significant write-down of company assets.

In other cases, notably long-standing listed financial services companies **Perpetual** (first strike of 88.1% 'against') and **Platinum Asset Management** (second strike of 72.9% 'against'), the remuneration vote reflected profound secular changes in the funds management industry leading to ongoing financial underperformance, as well as corporate activity around their near-term ownership status.

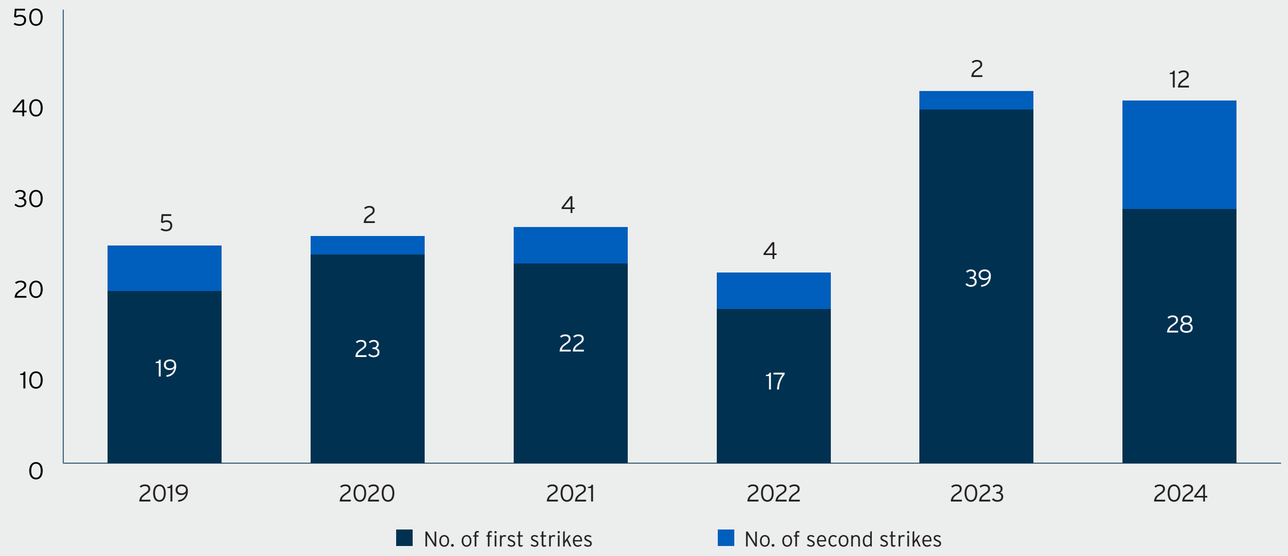
Interestingly, in these cases, resolutions seeking approval of long-term performance rights to key executives were still supported by many investors despite the resounding rejection of the remuneration reports. This again suggests a broader protest element at play in the remuneration vote itself, as well as recognition by investors of new executive appointments and attendant remuneration changes devised by boards going forward.

Mechanics of the two-strikes rule

Prior to 2024, the incidence of second strikes was typically relatively low, most corporations reacted positively to investor feedback once the first strike was received. For instance, in 2023 out of a total of 41 strikes, only two were second strikes. However, in 2024, 12 of the 40 were second strikes.

This spike in second strikes suggests a meaningful increase in shareholder concerns related to unresolved remuneration issues.

Number of first and second S&P/ASX300 remuneration strikes (2019-2024)



Of the 12 spill resolutions that were activated following a second strike across the S&P/ASX300 in 2024 (**Brainchip Holdings, Champion Iron, Clinuvel, Dexus, Dicker Data, Elders, Infomedia, Ingenia Communities, Johns Lyng Group, Lovisa Holdings, Platinum Asset Management** and **Sandfire Resources**), investors resoundingly rejected all of them, by margins ranging from 83.7% (**Infomedia**) to 99.7% (**Johns Lyng Group**).

This experience — and indeed the experience since the introduction of the two-strikes rule in 2011 — strongly indicates that mainstream institutional investors such as superannuation funds and index investors are averse to forcing a board spill, no matter how strong their objections to a company's remuneration structure, executive conduct or performance may be.

Recourse to that option does, however, remain possible in the case of companies exposed to control-focused campaigns by corporate rivals or activist hedge funds. It also remains available to mainstream diversified investors as a potential escalation tool for some companies in the future, we saw board spill resolutions passing outside the S&P/ASX300 in 2024.

Serial strike recipients

A small subset of these S&P/ASX300 issuers have, in effect, become 'serial' strike recipients.

Technically, the two strikes rule re-sets to zero after a second strike is incurred (i.e. a third successive strike counts as a first strike in terms of its legal effect). However, in the case of mining and infrastructure services provider NRW Holdings, their first strike in 2024 (26.2%), represented its seventh consecutive annual strike. However, for both **Lovisa Holdings**, **NRW Holdings** and **Dicker Data** their second strikes of 73.6% and 42.01% respectively, were their fourth successive strikes.

These results suggest that the boards of these companies are sufficiently comfortable about the broader support from their concentrated share registers to withstand the pushback from external institutional investors, at least for the time being.

However, it would be reasonable to expect challenges to arise for these issuers if they seek to diversify the shareholder base or turn to institutional investors for additional capital in future.

Some notable turnarounds

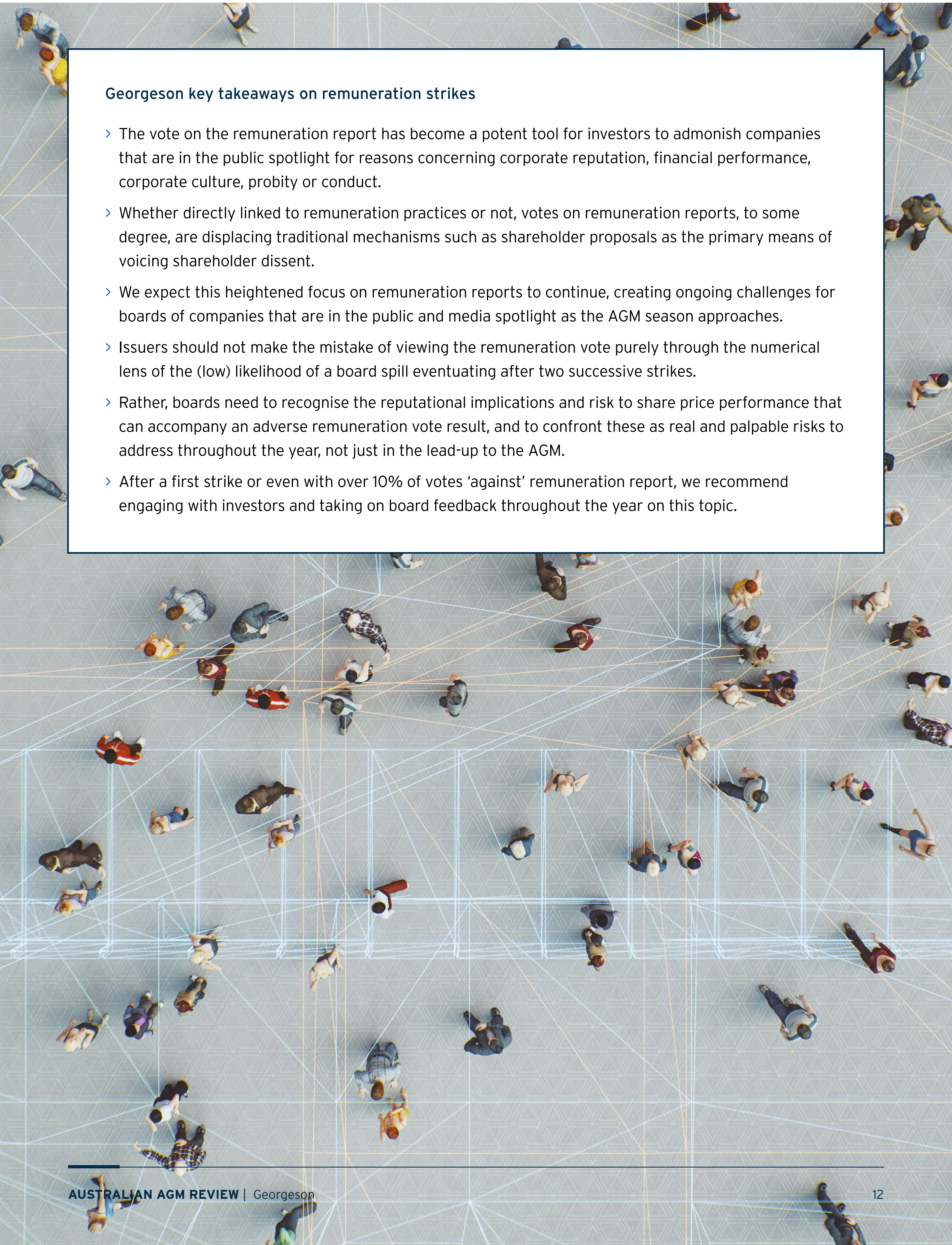
Finally, it is worth noting and acknowledging the efforts of some of 2023's key remuneration strike recipients in turning around their results in 2024 following investor engagement and efforts to address the underlying causes of investor disquiet in prior periods.

A standout issuer in this regard was **Qantas Airways**, whose 2024 remuneration votes achieved 85.9% of support — an emphatic reversal of the 2023 result of 82.9% 'against'.

This outcome reflected a package of measures initiated by the board in response to the 2023 strike and subsequent engagement with key investors. These measures included significant board and executive changes, installation of a new Chair and CEO, exercise of discretionary claw-back of previous CEO performance award grants, and commissioning of an independent corporate governance review. Overall, a very telling case study of the recovery in market perception of one of Australia's most iconic brands in the eyes of investors.

Another notable reversal included retailer **Harvey Norman Holdings** (that received remuneration strikes in 2019 and 2018 as well as 2023), whose 2024 remuneration report achieved 98.9% support 'for' (compared to 81.8% 'against' in 2023).

Meanwhile, the most severe strike recipient of 2023 **Link Administration Holdings** (suffering its third successive strike with 83.1% 'against'), was acquired by major Japanese financial institution MUFG in early 2024, and consequently is no longer listed on the ASX.



Georgeson key takeaways on remuneration strikes

- The vote on the remuneration report has become a potent tool for investors to admonish companies that are in the public spotlight for reasons concerning corporate reputation, financial performance, corporate culture, probity or conduct.
- Whether directly linked to remuneration practices or not, votes on remuneration reports, to some degree, are displacing traditional mechanisms such as shareholder proposals as the primary means of voicing shareholder dissent.
- We expect this heightened focus on remuneration reports to continue, creating ongoing challenges for boards of companies that are in the public and media spotlight as the AGM season approaches.
- Issuers should not make the mistake of viewing the remuneration vote purely through the numerical lens of the (low) likelihood of a board spill eventuating after two successive strikes.
- Rather, boards need to recognise the reputational implications and risk to share price performance that can accompany an adverse remuneration vote result, and to confront these as real and palpable risks to address throughout the year, not just in the lead-up to the AGM.
- After a first strike or even with over 10% of votes 'against' remuneration report, we recommend engaging with investors and taking on board feedback throughout the year on this topic.

Targeted votes against directors

A mainstay in the investor governance toolkit

Aside from votes 'against' remuneration reports, the next most prominent vehicle for investors to send messages to companies is through votes 'against' the election of board-nominated director candidates.

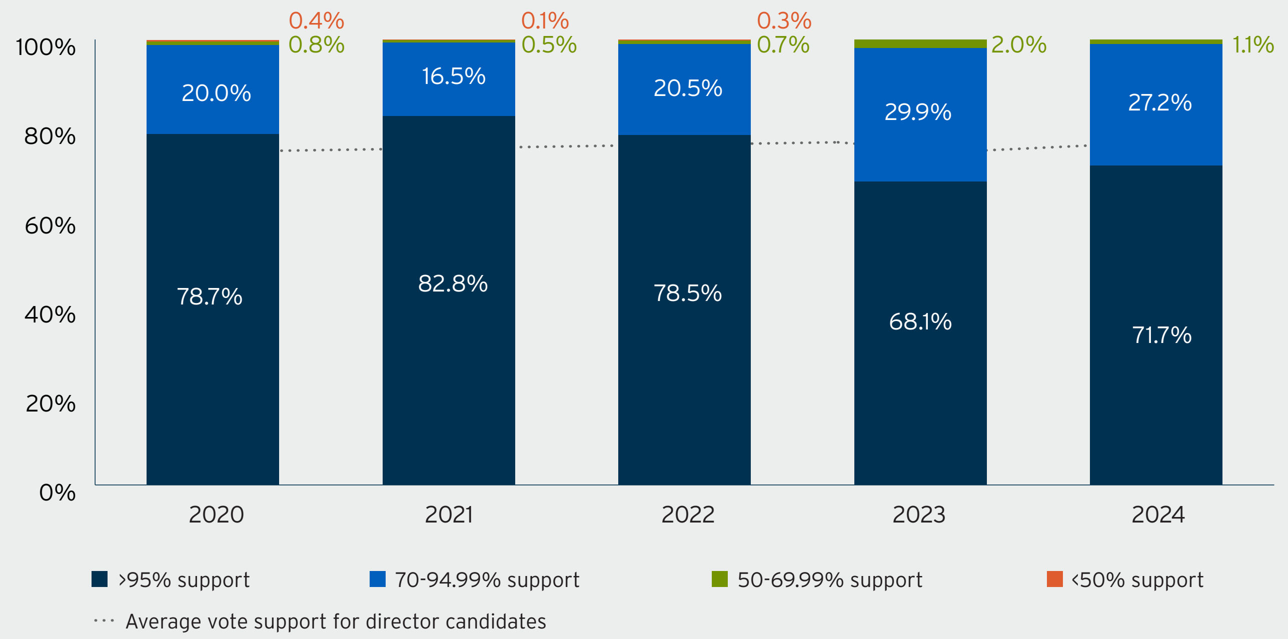
Historically, board-nominated director candidates (whether new candidates or incumbents being put forward for re-election) have always received very high levels of shareholder support, typically in the region of 95% or more. Recent years have been no exception, as noted in the figure below with 71.7% of director nominees in 2024 receiving over 95% of support, a recovery from 2023 when only 68.1% of directors received over 95% of support.

Against this background, it is naturally of some concern to boards when individuals receive levels of support that are meaningfully below this high average approval threshold, while still comfortably meeting the 50% threshold for successful election.

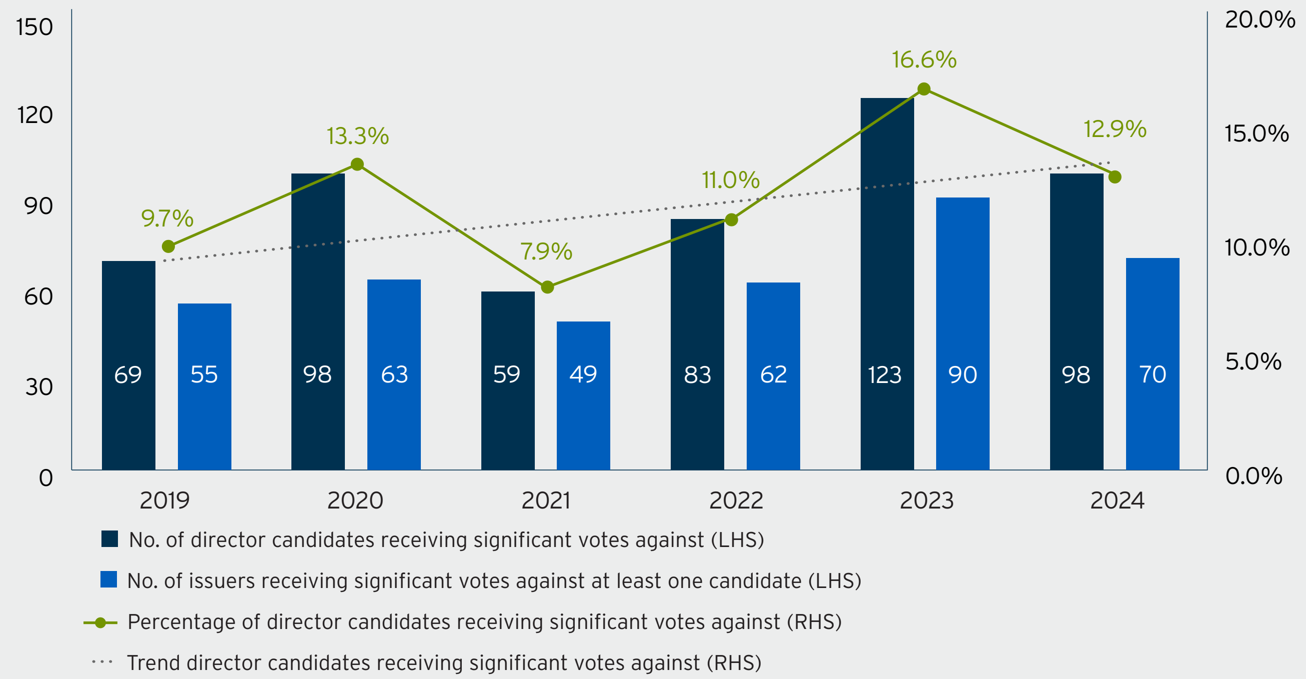
Some candidates receiving lower support than their peers on the same ballot or attracting what might appear to be targeted pushback from certain key investors but not others, can signal important considerations for boards around composition, succession planning and investor engagement priorities for the future.

For this reason, Georgeson tracks significant votes 'against' board-nominated director candidates, with our lower threshold being votes of 10% or more 'against' the individual candidate.

Support for board nominated director candidates in the S&P/ASX300 (2020-2024)



S&P/ASX300 board-endorsed director candidates receiving significant votes against (2019-2024)



In 2024, across the S&P/ASX300, there were 98 (12.9%) board-endorsed candidates at 70 companies where more than 10% of shareholder votes were cast 'against' the individual candidate's election. This included 30 candidates at 26 companies where the vote 'against' was higher than 20%.

The highest single instance was an 'against' vote of 49.07%[9], a result that came perilously close to the candidate's election being defeated by shareholders, a rare occurrence in the Australian market.

Explanatory factors

Lack of Independence

The most common explanation for high votes against board-nominated candidates is when their candidacy isn't aligned with voting guidelines used by proxy advisors and major institutional investors around board composition and corporate governance best practice.

Within that category, the most regular trigger for 'against-voting' recommendations from proxy advisors is a **lack of independence** – whether due to the candidate being an executive director on a board that is not majority independent, a major supplier, or a long-tenured director who is considered to have outlived their independence from management.

Some notable examples of this in 2024, attracting 'against' recommendations from both global proxy advisors ISS and Glass Lewis, included **Alpha HPA, Harvey Norman Holdings, Latin Resources, New Hope Corporation, Nickel Industries**, and **Weebit Nano**.

[9] This instance was the re-election of a director who served as chair of the Remuneration Committee at Kogan.com

Accountability Votes

Another broad grouping of governance-guideline-driven votes against directors is **accountability votes**, whereby a candidate seeking re-election is held to account for their leadership of a key governance function in which the entire board (not necessarily just the individual candidate) is believed to be falling short of best practice.

Some examples of this in 2024 which attracted against recommendations from both global proxy advisors' benchmark policies were **Brainchip Holdings** (18.9% vote 'against' Remuneration Committee Chair, on a board proposing a number of contentious remuneration proposals), and **News Corporation** (11.0% vote 'against' Chair of the Governance Committee on a board which has an unequal dual-class share structure).

Another common scenario is targeting directors who are chairs or members of nomination committees of boards that fall short of investors' board gender diversity expectations.

External board concerns

A more unusual form of accountability voting is when a director is held to account for their role on a board other than the one for which they are presently standing for election. This was a factor in at least two prominent cases during 2024.

At **Stockland**, an independent director received an 'against' vote of 28.1%, on the back of an 'against' voting recommendation from proxy adviser ISS, which cited the same individual's board position at **ASX**, which happened to be the subject of some adverse ASIC regulatory findings at the time of **Stockland's** AGM.

Similarly, at **Woolworths Group's** October AGM, an independent director received a vote of 17.5% 'against' their re-election on the back of an ISS negative recommendation citing the same individual's directorship at **Qantas Airways**, where an independent review of governance failings had recently been published. This followed a similar situation with respect to the same director's re-election to a different Board, **Telstra Corporation**, in 2023.

> The most regular trigger for 'against-voting' recommendations from proxy advisers is a lack of independence

ESG oversight and contested director elections

Another variation of accountability voting is where ESG-focused investors and NGOs target the chairs of companies believed to be failing to exhibit expected standards of environmental stewardship.

A prominent example of this in 2024 included a 16.6% vote 'against' **Woodside Energy Group's** Chairman at the company's April AGM (accompanied by a very high vote 'against' the company's Climate Transition Plan, as discussed later in this report). Another example was the 19.0% vote 'against' re-election of the long-standing Chairman of **Whitehaven Coal**.

Similarly, in the case of contested or control-seeking board situations, activist investors will often target individual directors to unsettle boards and promote their alternative campaign strategy.

One example of this was at oil & gas company **Karoon Energy**, where a long-standing independent director experienced an 'against' vote of 28.7%, on the back of a campaign from activist investment managers Samuel Terry Asset Management and Sandon Capital.

At some other companies, a vote 'against' a prominent director stems from broader disaffection with a company's strategy, financial performance or management of significant public controversies, even where some board and/or executive renewal has already occurred. A standout example of this was a 17.1% vote 'against' the newly appointed chair at **Nine Entertainment Co. Holdings**, in addition to a 37.4% vote 'against' the remuneration report.

Director capacity and commitment

Another thematic driving votes 'against' director elections concerns perceptions around individuals taking on an excessive workload across multiple listed entities (and sometimes outside organisations as well, in public sector agencies or major private entities such as sporting code governing bodies or partnership-based organisations). This phenomenon is commonly labelled as 'over-boarding'.

The most prominent instance of this during 2024 was the 15.9% vote 'against' re-election of the Chairman of **Treasury Wine Estates** at its October AGM, soon after he had taken on the Chairmanship of **Qantas Airways** (where he received an 'against' vote of 11.7% at the AGM the following week). These two chairmanships were in addition to holding another ASX chair role at **Brambles**, where he was not facing re-election in 2024.

> In the case of contested or control-seeking board situations, activist investors will often target individual directors to unsettle boards and promote their alternative campaign strategy

The simultaneous holding of three major ASX chairmanships by one person was enough to reach standard over-boarding thresholds from some investors and one of the major proxy advisors (ISS). However, the broader market supported the Chair's re-election at **Treasury Wine Estates** and his election and accession to the chair role at **Qantas Airways**.

A similar concern around director capacity sometimes emerges in companies whose directors hold full time executive positions at other public companies outside the one at which votes are being lodged. An example of this was rare earth elements explorer **Arafura Rare Earths**, where a recently appointed independent director experienced a vote of 22.6% 'against', partly due to concerns over his full-time executive and co-chairmanship of another ASX listed company.

Shareholder-nominated directors

Unlike other markets such as the U.S. and some APAC equity markets, Australian large-cap companies rarely experience orchestrated campaigns to unseat entire boards of directors through hedge funds or corporate rivals offering up a full 'slate' of rival director candidates. Consequently, per the above discussion, most of the contention around director elections is concerned with voting on candidates who have been nominated by incumbent boards, not by shareholders.

There were, however, four instances (at three S&P/ASX300 companies) of individual candidates nominating themselves for election during 2024, using relevant Corporations Act provisions at insurance brokerage company **AUB Group**, market operator **ASX** (two separate director nominees) as well as funds management and corporate trust group **Perpetual**.

While the nominations of these individuals provided a publicity platform for their advocacy positions, none of them achieved significant support from shareholders in the absence of board endorsement, with 'against' votes of 99.8%, 96.6%, 96.2% and 95.6%, respectively.

By contrast, the election of one self-nominated candidate, an original co-founder of the company, was endorsed by the board of **Platinum Asset Management**, and he was elected with a resounding 'for' vote of 99.5%.

Australian large-cap companies rarely experience orchestrated campaigns to unseat entire boards of directors through hedge funds or corporate rivals offering up a full 'slate' of rival director candidates

Georgeson key takeaways on director elections

- Votes 'against' board-nominated directors are rarely about the risk of failing to reach a 50%-plus majority voting outcome. However, that risk should never be entirely discounted, especially in companies with concentrated registers or exposure to shareholder activist campaigns.
- Boards of widely-held companies should analyse and reflect upon 10% or more votes 'against' director candidates to better understand investors' perspectives around key governance and board structure issues.
- These voting results are important indicators for future investor engagement priorities, and signals of the market's desired reforms in key areas including board composition, disclosure practices and succession plans.
- Adverse voting decisions by key investors can sometimes appear to impact certain directors unfairly or randomly, depending on factors beyond their individual control, such as the timing of their re-election, the committees they sit on, or whichever issues happen to be most in the public spotlight at the time.
- Boards and investors alike should recognise the collegiate nature of these matters and address them across the entire board.
- Interpreted correctly, votes 'against' directors can provide invaluable insights into the drivers, nuances and discretionary exceptions that often underpin major investors' votes and proxy advisor recommendations. Understanding voting policies from relevant institutional investors and proxy advisors is essential for your engagement strategy.

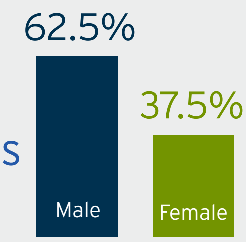
Board gender diversity

Board gender diversity pipeline

The Fourth Edition of the ASX Corporate Governance Principles and Recommendations, published in 2019, included guidance that boards of ASX-listed entities should aim to have not less than 30% of their directors of each gender[10]. This market standard has played a significant role in Australia being amid the few countries in the world to have surpassed this target[11].

The Consultation Draft of the Fifth Edition of the ASX Principles, released in February 2024, raises this target to at least 40% women, at least 40% men and up to 20% any gender – known as the **40/40/20 ratio**. The updated Principles are expected to be published in early 2025 and to take effect for company reporting periods after 1 July 2025.

The 40/40/20 goal has already been achieved by many Australian corporations including all of the top S&P/ASX20[12]. However, the broader S&P/ASX300 boards currently sit at 62.5% males and 37.5% females.

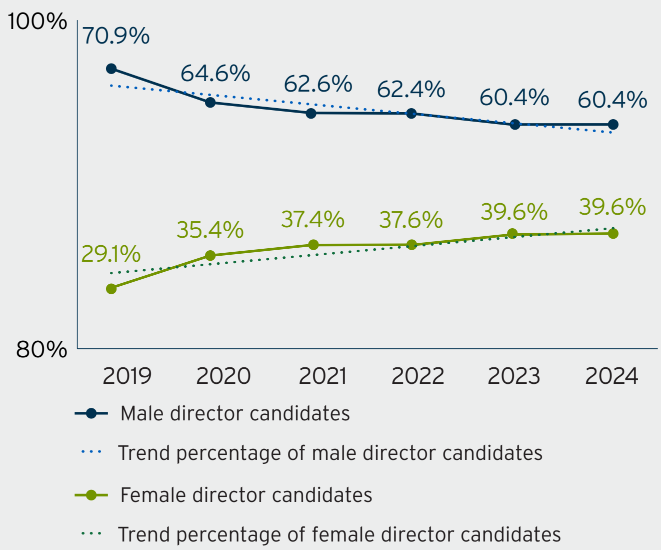


In terms of total director nominees at S&P/ASX300 companies in 2024 (i.e. including both appointment of new directors and re-election of incumbents), the 2024 results are consistent with 2023 with no significant progress in the last year. However, when considering the 2019-2024 trend the increase in female representation is above 10% over the past five years.

Director election results provide a key data point to estimate when changes in the gender balance will occur across the S&P/ASX300 boards. Given that the percentage of both female and male directors' nominees have remained largely unchanged for two consecutive years, closing the gender gap will continue to pose a significant challenge, unlikely to be achieved in the short term absent a significant uplift in the proportion of new female candidates put forward for election.

Finally, it is important to consider that for several years we have observed a surge in the number of institutional shareholders voting 'against' the election of board members due to lack of gender diversity on the board. Since the gender gap has improved, this kind of voting rationale is slowly shifting to other types of diversity such as age, cultural background and ethnicity, amongst others. Additionally, diversity across executive teams is also becoming more relevant for investors.

Percentage of male and female board nominated director candidates in the S&P/ASX300 (2019-2024)



10 ASX, Corporate Governance Principles and Recommendations (4th Edition), February 2019
11 ASX, Corporate Governance Principles (5th Edition), Submission from the 30% Club Australia, May 2024
12 AICD, Gender Diversity Progress Report, June 2023

Georgeson key takeaways on board gender diversity

- Many major companies, investors and proxy advisors already follow the "40/40/20" initiative and if the proposed new Corporate Governance Principles become effective, these diversity goals will be further reinforced.
- The challenge for many corporations is to avoid approaching this issue as a tick-the-box exercise given that board members must also meet other strict requirements including skills and experience.
- While some industries face difficulties finding female candidates, it is essential that this does not become a justification for the lack of gender diversity. Ensure your key stakeholders understand these challenges and find the right balance between skills and diversity.
- Work on a plan to achieve 40% female representation at both board and executive levels as the "tone" flows down from the top to the rest of the company. Greater equity on a board can not only positively influence corporate culture but also provide a more realistic view about how customers and shareholders interact with the company.

Shareholder resolutions and Say on Climate

Declining but not to be under-estimated

For many years, shareholders have lodged resolutions under Section 249N of the Corporations Act, with the intention of seeking a specific disclosure improvement and/or strategic change at target S&P/ASX300 companies.

Shareholder resolutions are a major tool used by ESG-focused NGOs, notably **Market Forces** and **The Australasian Centre for Corporate Responsibility (ACCR)**, primarily seeking improved climate disclosures and more ambitious emission reduction targets at major ASX-listed banks and resources companies.

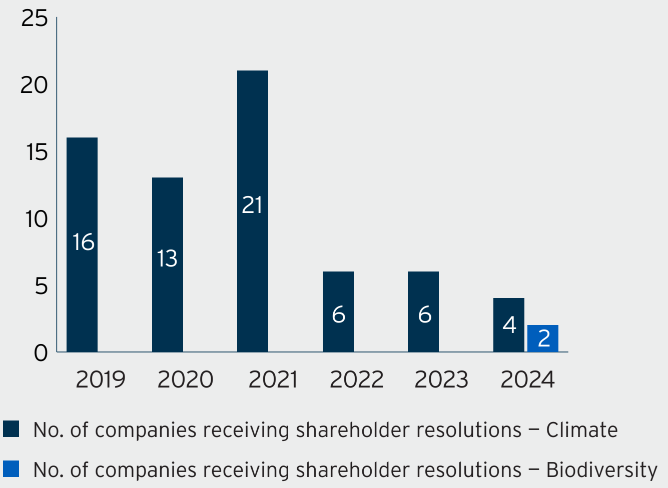
These resolutions may be submitted with direct support from ESG-focused superannuation funds or co-sponsoring investors, with the lead NGOs agitating strongly through public advocacy and social media campaigns to gain greater support from other investors. A common target for these campaigns is superannuation funds whose members are sometimes more receptive to the underlying ESG concerns, compared to professional portfolio managers or stewardship professionals.

This approach has created significant stakeholder management challenges for both issuers and institutional investors in many high-profile situations over the last decade.

On the decline

As illustrated below, the prevalence of climate-related shareholder resolutions has declined significantly in 2024, with just four companies receiving climate-related proposals and two receiving nature-related proposals, down from a peak of 21 companies in 2021[13].

Number of S&P/ASX300 companies receiving climate biodiversity-related shareholder proposals (2019-2024)



The prevalence of climate-related shareholder resolutions has declined significantly in 2024, with just four companies receiving climate-related proposals and two receiving nature-related proposals

[13] For the purpose of this analysis we have excluded companies that received shareholder proposals relating to issues other than climate disclosure and biodiversity, in order to provide comparable data for each year.

The relatively small incidence of shareholder proposals sets Australia's equity market in stark contrast to other developed market jurisdictions such as the U.S., UK and Europe where the use of shareholder proposals is much more prevalent, particularly among environmentally-focused NGOs and activists[14,15].

Explanatory factors

Some of the reasons for the relatively low incidence of shareholder proposals in Australia include:

- Logistical challenges in reaching the requisite lodgement threshold(s) of 100 shareholders or 5% of eligible votes, and drafting of the resolution in a form that will not 'usurp' the authority of directors;
- Very strict legal constraints on 'advisory' resolutions in Australia, reinforced by some landmark Federal court decisions.
  - This has led to shareholder resolutions needing to follow a complex two-step process of first seeking a constitutional amendment to facilitate a non-binding resolution (requiring a 75% majority to pass), before the advisory resolution itself can even be considered.
  - Experience has shown that many investors are disinclined to support the constitutional amendment mechanism in the first instance – even in cases where they are sympathetic with the underlying 'ask' of the advisory proposal (for example, more ambitious emission reduction targets).
  - Of the six constitutional amendment resolutions seeking facilitation of non-binding proposals among S&P/ASX300 companies in 2024, all of them were rejected by margins of well over 90%.
- A general shift of emphasis in expressing dissent against companies to more impactful measures such as votes 'against' remuneration reports or re-election of individual directors.
- The migration of some key 'asks' of shareholder proposals (e.g. Net Zero targets and climate scenario analysis) into the realm of mandatory disclosure from 2025, reducing the need to prosecute individual company-by-company campaigns on these topics.
- A broadening emphasis of some prominent ESG activists to other jurisdictions where advisory shareholder proposals remain a more suitable activist weapon. For example, significant participation by Australian-based NGOs **ACCR** and **Market Forces** in climate-related activism campaigns in Japan, and co-sponsorship by major superannuation fund **HESTA** of shareholder proposals at U.S. food majors McDonalds and Yum brands, on the topic of anti-microbial resistance.

14 Computershare 2024U.S.Annual Meetings Report
15 Georgeson 2024 European AGM Season Review

Not to be taken lightly

Despite the declining numerical incidence of shareholder proposals, it would be a mistake to conclude that this form of shareholder dissent is now approaching being a spent force in Australia.

In many cases, the risk of a troublesome shareholder resolution being submitted is sufficient to persuade companies to accede to activist or NGO demands, or to negotiate progress towards those goals over time. Similarly, the actual filing of a formal shareholder resolution can itself elicit further engagement or concessions, such that a company makes certain public undertakings in return for the resolution being withdrawn by the proponents before being put to a formal vote.

Although these instances are not considered under the AGM voting results or historical trend analysis, they are examples of the influence that can be wielded by ESG-oriented investors and activists.

Say on Climate

In the case of climate disclosures, shareholders in many major companies can also express dissent against (or endorsement of) climate transition plans through Say on Climate votes.

Say on Climate resolutions are a relatively new form of management-initiated voting proposal introduced across many global markets, including Australia in 2021, in large part to avoid the more adversarial alternative of shareholder-requisitioned proposals seeking very specific or prescriptive outcomes.

Typically, they are a way for companies to explain the progress they are making towards decarbonisation goals using their own metrics and targets and alignment to global reporting standards, rather than those proposed by shareholders or activists.

The most common outcome of Say on Climate votes in Australia (and other jurisdictions) has been strong majority support, largely reflecting agreement by shareholders that meaningful improvements have been made in the companies' decarbonisation goals, disclosure practices and progress to date.

In many cases, the risk of a troublesome shareholder resolution being submitted is sufficient to persuade companies to accede to activist or NGO demands, or to negotiate progress towards those goals over time

A very notable exception, however, was a vote of 58.4% ‘against’ the Say on Climate proposal at the April 2024 AGM of major ASX-listed oil & gas producer **Woodside Energy Group**. This was the first time globally that a management-initiated Say on Climate proposal failed to achieve a majority of votes cast, and followed a vote of 48.9% ‘against’ the company’s first Say on Climate vote in 2022. The resounding ‘against’ vote reflected ongoing investor concerns over the lack of Scope 3 targets.

BHP was the other major ASX-listed resources company to experience its second Say on Climate vote in 2024, but received a vote of 92.2% ‘for’, having received 84.9% support in 2021. This result reflected broad shareholder satisfaction with BHP’s Climate Transition Action Plan (CTAP), as well as evolution of the company’s portfolio as a diversified mining conglomerate, including into commodities that are critical to the energy transition.

Other ASX listed resources companies (such as **South 32, Rio Tinto** and **Santos**) are expected to face their second Say on Climate vote in 2025, in accordance with the generally accepted three-year cycle in this market.

A platform for emerging ESG issues

Aside from the now mature topic of climate disclosure, 2024 saw the introduction of shareholder proposals on some new and emerging ESG themes.

Of note was the campaign pursued by ESG advocacy group the **Sustainable Investment Exchange** (SIX) at Australia’s two major retail consumer brands **Woolworths Group** and **Coles Group**, on the theme of biodiversity in relation to their salmon farming sourcing practices in Tasmania. This was a world-first for formal shareholder proposals at major listed companies aiming to stop a species extinction.

Our article on Nature and Biodiversity on p.30 examines these campaigns in more detail, as they may signal a resurgence of shareholder proposals on new and emerging ESG issues, in conjunction with rapidly evolving regulatory disclosure requirements both in Australia and globally.

Georgeson key takeaways on shareholder proposals and Say on Climate

- Although climate-related shareholder proposals have decreased in number, the way issuers respond to mandatory disclosures will likely shape the strategies that activists will apply in future. The topic remains relevant with investors considering climate change a material risk for all companies.
- We expect that investors will continue to see climate as a major financially material risk and expect issuers to respond accordingly, despite the recent winding back of some climate-related investor collaborations and government commitments.
- Nature and biodiversity risks are at this stage less widely-embraced by investors. However, it is expected that as global initiatives on these topics become more mainstream, shareholder and management resolutions around these topics will gain traction.
- Conducting a materiality assessment to understand how relevant these environmental topics are is key to approaching engagement with investors.

Proxy advisor influence on voting results in 2024

One interesting topic to explore from the 2024 S&P/ASX300 AGMs experience is the extent to which voting outcomes were influenced or driven by recommendations from proxy advisors.

Who are they?

Proxy advisors are external service providers engaged by institutional investors to analyse proposals being put forward for a shareholder vote. They engage with companies and/or proponents of shareholder proposals, undertake benchmarking and peer comparisons, and make recommendations on how their subscribers should vote.

There are four major proxy advisors servicing the institutional investor market in Australia. Two of these – **ISS** and **Glass Lewis** – are the local operations of large global businesses, covering thousands of company meetings every year, and holding strong relationships with large offshore institutions. The other two major providers – **Ownership Matters** and **Australian Council of Superannuation Investors (ACSI)** – are local specialists focusing specifically on the Australian market.

Most institutional investors – fund managers and super funds, whether domestic or offshore-based – subscribe to research from at least one proxy advisor, with some institutions subscribing to two or even three.

Consequently, the degree of coverage of a particular company's investor base by any given proxy advisor can vary quite significantly, depending on the composition of its register, the degree of foreign versus domestic holders, active vs indexed investors, ASX market index location or other factors.

Broad categories of proxy advisor voting guidelines

The 'house' guidelines under which proxy advisors operate are generally referred to as their **benchmark policies** and are typically published and updated for each major equity market annually.

Many large investors, however, have **custom** policies which differ from the benchmark policies in certain ways (e.g. the definition of director independence and requirements around board gender diversity amongst others). These are still managed under the proxy advisors' mainstream research processes, in some cases producing different voting recommendations than the benchmark policy recommendations to accommodate the custom policy.

And finally, there has been a marked increase in **thematic** or specialty voting policies provided by proxy advisors for investors who wish to pursue a more targeted policy focused on particular investment themes or beliefs – most commonly ESG/Responsible Investment. We explore the emergence of these themed voting policies and some of their implications in our article on p.33.

Most institutional investors – fund managers and super funds, whether domestic or offshore-based – subscribe to research from at least one proxy advisor, with some institutions subscribing to two or even three

How influential are they?

Proxy advisors are regularly in the firing line from some sections of the corporate community and politicians for a variety of reasons. These include the perception that they follow unduly rigid guidelines by companies, lack accountability for their recommendations, and have an undue influence over investors' proxy voting decisions.

Similarly, there is a common refrain in the market that institutional investors routinely follow proxy advisor recommendations, to the exclusion of their fiduciary responsibility to make their own decisions in the best financial interests of their beneficiaries.

On the other hand, proxy advisor research is highly valued by institutional investors as an important adjunct to their own research and stewardship activities. These investors typically stand behind the independence of their voting decisions, the additional research and data they apply on top of proxy advisor recommendations, and the increased resourcing they apply to investment stewardship and active company engagement within their own organisations.

This debate has become a perennial one in the world of corporate governance engagement and will continue to be so.

The experience of voting data at S&P/ASX300 companies in 2024 adds some interesting evidence to this debate, suggesting that the actual situation is considerably more nuanced and multi-faceted than either side of the proxy advisor influence debate would have us believe.

Deeper analysis of voting data at S&P/ASX300 companies in 2024 adds some interesting evidence to this debate, suggesting that the actual situation is considerably more nuanced and multi-faceted than either side of the proxy advisor influence debate would have us believe.

ASX 2024 key contentious vote snapshot

For the following analysis, we looked behind the recorded voting outcomes for the two key contentious voting categories detailed in previous articles – remuneration strikes and significant votes 'against' directors. We then compared those voting outcomes with the benchmark voting recommendations made by the two major international proxy advisors – ISS and Glass Lewis – on those same resolutions[16].

Some highlights of this analysis are as follows.

Of the **40** remuneration strikes at S&P/ASX300 companies in 2024;

- Glass Lewis recommended its subscribers vote in favour of the remuneration report (i.e. in favour of management) at **19** companies, almost half. The equivalent number at ISS was **9** cases (or 22.5%).

[16] We were only able to undertake this analysis for Glass Lewis and ISS because we are able to access aggregated data on their voting recommendations across the relevant S&P/ASX300 companies. This data is not available to us for the other two proxy advisors Ownership Matters and ACSI.

- There were four S&P/ASX300 issuers that received strikes despite both ISS and Glass Lewis recommending in favour of management.
- There were **20** cases (50% of the total) in which only one of the two proxy advisors recommended 'for' and the other 'against' the same proposal.

Of the **98** instances of significant votes 'against' directors:

- Glass Lewis had recommended 'for' the election/re-election of the director candidate in **69** cases (70.4%), and 'against' in only **29** cases (29.6%). The equivalent numbers at ISS were **41** (41.8%) and **56** (57.1%).
- There were **37** (37.8%) cases in which both proxy advisors overlapped by recommending 'for' the director's election, but the company still experienced a significant 'against' vote anyway.
- There were only **24** cases (24.5%) in which both international proxy advisors had recommended 'against' management, contributing to the adverse voting outcome for the company.
- There were **48** cases (48.5%) in which the two advisors made opposite recommendations in relation to the same resolution. This included some of the most high-profile director votes of 2024.

On top of this, there were numerous cases in which subscribers to one of more of the major proxy advisors voted in contrast with the recommendations they were provided, whether due to a custom policy variation, adherence to a thematic voting policy, or – most importantly in terms of actionable learning for companies – due to a decision by key investors to support management following further engagement with the company post the issuance of an adverse proxy advisor recommendation[17].

Other key factors include the practical composition of the company's share register, and the degree to which it is made up of external fiduciary investors such as super funds and public investment agencies, indexed and active institutional investors, commercial peers or competitors, retail investors, insiders, founders and others.

In any case, these data points from 2024 S&P/ASX300 AGMs go a long way to dispelling the myth of monolithic proxy advisor recommendations being blindly implemented by investors.

Successfully navigating the complexities of the proxy advisory and investment stewardship ecosystem provides opportunities for companies to respond and positively shape the agenda, both in partnership and (where necessary) respectful disagreement with key institutional investors and their advisors.

[17] We are unable to publish named examples due to client confidentiality and many institutional investors have not publicly disclosed their voting decisions for 2024 at the time of publication.

Georgeson key takeaways on proxy advisor influence

- Individual proxy advisor recommendations and voting outcomes can sometime seem puzzling to companies on the receiving end of adverse recommendations. However, deeper analysis and experience show the overall landscape is one of significant diversity, flexibility, and opportunity to positively influence outcomes.
- This is where Georgeson works with its clients to navigate AGMs, as well as other shareholder interactions such as scheme meetings, mergers & acquisitions, activism campaigns, capital raisings, and governance and ESG disclosure reviews.
- The key is targeted outreach and engagement tailored to the specific company's circumstances, and a focus on constructive engagement with priority shareholders, proxy advisors and, other stakeholders such as employees, NGOs, external lawyers or corporate advisors.

Nature and biodiversity risks

Fast emerging topics

Nature and biodiversity[18] risks are among the most pressing challenges for the global economy.

These hot topics are rapidly gaining traction in boardrooms, while legislation and global disclosure frameworks are progressing at a much faster pace than climate change once did. This advancement is observed not only among the "E" in ESG but across the broader corporate governance landscape.

In 2024, Australia has notably taken the leading role in shareholder activism globally with first of its kind shareholder resolutions to prevent the extinction of marine species during the last AGM season.

The Taskforce on Climate-related Financial Disclosures (TCFD) was founded in 2015, but it wasn't until 2025 that the government implemented mandatory climate disclosure. By contrast, the Taskforce on Nature-related Financial Disclosures (TNFD) was founded in 2021 with final recommendations published in 2023 and mandatory sustainability disclosures being considered by the government for implementation soon.

The Australian Accounting Standards Board (AASB) has already announced that its forthcoming Sustainability-related standards will incorporate nature and biodiversity as key elements, aiming for implementation in the short to mid-term. Remarkably, it took only one year from the publication of voluntary standards to confirm future mandatory implementation for nature-related disclosures, compared to the decade-long timeline for climate-related frameworks.

In parallel, climate-related shareholder resolutions from main Australian activists date back to 2010[19] and have sharply declined in number since 2022. Over 12 years of persistent demands for corporations to disclose GHG emissions, set targets and commit to net-zero, the level of disclosure by different companies remains variable, pending the commencement of mandatory disclosures from mid-2025. Although we observed a decrease in the number of shareholder resolutions in Australia and in other countries like the U.S., we also saw the emergence of a new form of activism campaign relating to biodiversity issues, at leading retail companies **Coles Group** and **Woolworths Group**.

18 It is important to clarify the difference between nature and biodiversity, where the first includes all the Earth's features, processes and forces such as the weather, mountains, rivers, seas, etc whereas biodiversity only involves living organisms such as plants, bacteria and animals.

19 Australian ESG Shareholder Resolutions – ACCR

In 2024, the shareholder advocacy platform SIX filed resolutions requesting these major retailers to:

1. Report on the impacts of the farmed seafood used in their private-label products on endangered species listed under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act).

2. Cease sourcing farmed salmon from Macquarie Harbour, Tasmania, by April 30, 2025.

The activist campaign stated that most of the salmon sold at these supermarket chains is farmed in Macquarie Harbour, Tasmania and its production is threatening the survival of a rare species, the Maugean Skate, destroying its habitat, to the point that its population has been reduced to only 40-120 adults. Although resolutions to amend corporate constitutions to allow such proposals garnered only 3.17% support at **Woolworths Group** and 6.5% at **Coles Group**, the campaign set a global precedent.

Notably, major global investors including **Norges Bank Investment Management** supported the resolutions, citing material sustainability risks to the environment, society, and corporate operations. According to their guidelines, they favour well-founded shareholder proposals for reasonable disclosure, provided these do not impose prescriptive strategies or unrealistic targets. SIX's resolutions met these criteria by requesting financially material information rather than imposing directives.

SIX has launched other activist campaigns in 2024 including one against gambling advertising. Their tactics include the use of internet and social media, with a focus on younger investors and they may not always aim to engage with issuers before going public. Moreover, they also seem to target consumers i.e. urging people not to buy salmon from the targeted companies, so despite not receiving enough support during the AGM they aimed to influence other stakeholders, customers in this case, not just shareholders.

This context combined with the notion that institutional investors are already incorporating nature and biodiversity risks within their portfolios, means that investors are performing their own risk assessments which could potentially be less favourable than companies producing their own nature-related disclosures. Moreover, there are a growing number of initiatives driven by global investors with a focus on biodiversity such as Nature Action 100 and Finance for Biodiversity foundation amongst others.

In summary, these cases demonstrate how investors are acting like de-facto regulators in a topic that is fast evolving in corporate governance, and Australia has been among the first countries to experience it.

We expect nature and biodiversity to continue gaining momentum, with regulation becoming the market standard faster than expected. This leaves the majority of issuers who are not considering nature and biodiversity risks in a challenging position.

Georgeson key takeaways on nature and biodiversity risks

- The inevitable generational shift in wealth, driven by millennials, is reshaping activist strategies. NGOs in this space target young investors through social media and innovative platforms to send activist messages. This trend is likely to grow as the generational change accelerates.
- Prepare for activist campaigns that leverage digital channels to influence public opinion and market sentiment.
- Begin reporting against the TNFD framework, even if initial disclosures are incomplete.
- Engage proactively with investors and other stakeholders to address emerging nature and biodiversity risks.

Proxy advisors' thematic policies and the implications for issuers

As noted in our article on p.26, global proxy advisors ISS and Glass Lewis have had benchmark proxy voting policies in place for many years which they provide to their institutional investor clients (for a fee).

These policies, almost always tailored for a particular jurisdiction (though there are also global policies), give large investors access to rigorous analysis and voting recommendations, which they can use to determine their own voting positions.

In recent years both advisors have developed several 'specialty' (ISS) or 'thematic' (Glass Lewis) proxy voting policies, which investors can also subscribe to.

These policies have a more specific focus than the benchmark policy, such as climate change, or pro-management or a faith-based focus. The benefit for subscribing institutional investors is access to voting analysis based on policies much closer to their own as opposed to the main benchmark policies.

For issuers and their solicitation advisors, such as Georgeson, these policies make the task of determining how an investor will likely vote much more complex.

The effects of these policies are limited to date, since their subscriber numbers are lower than those for the benchmark policies. However, it is possible that subscription levels for these specialist policies will rise significantly in the future, magnifying their influence on voting outcomes.

Georgeson has seen numerous instances of adoption of these thematic policies already, with investors who generally support the benchmark recommendations suddenly voting the opposite way. In a close vote this can make a significant difference to, or even reverse, the outcome; actual votes in support of the client may be noticeably different from what was predicted.

Moreover, since most institutional votes are only lodged with the registry in the last day or two before proxies close, the appearance of an 'against' vote when a 'for' vote was expected thus happens very late in the day. There is little time for an issuer to engage with the investor in this situation and try to address any misperceptions they may have, let alone for the investor to re-lodge their vote and for the changed vote to work its way up the custodial chain.

Georgeson is keeping alert to the take-up of these thematic voting policies by some investors, to assist our clients understanding of how their adoption might influence voting outcomes.

ISS specialty voting policies (global)

- Socially Responsible Investment (SRI)
- Sustainability
- Public Fund
- Faith-based
- Climate
- Global Board-Aligned
- Taft-Hartley

Glass Lewis thematic voting policies (global)

- Catholic
- Climate
- Corporate governance focused
- ESG
- Investment Manager
- Public Pension
- Taft-Hartley
- Trust Bank

Georgeson key takeaways on thematic proxy advisory policies

- Issuers should be aware of the thematic policies and whether they differ from the proxy advisors' benchmark policies in ways that could unexpectedly cause investors to vote against the company.
- In their engagement with institutional investors issuers may consider asking if the investors subscribe to any of the thematic policies.
- Issuers should be aware that subscriptions to the thematic policies could grow and begin to have a more material impact on voting outcomes.
- Predicting institutional voting direction will be more complex and require in-depth analysis of the shareholder base and behaviours of particular investors.

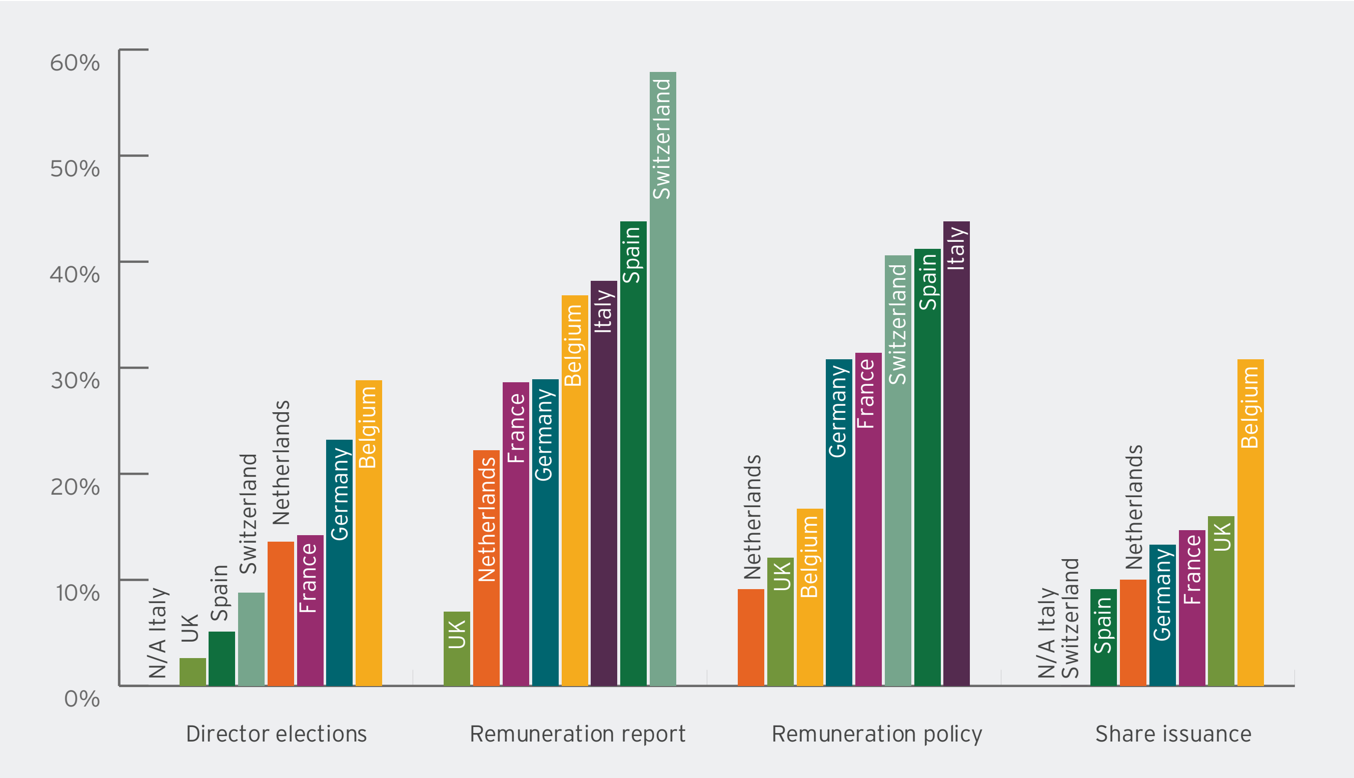
Global perspectives

Pan-European trends in 2024

In this section we summarise some of the key findings of Georgeson's Europe AGM Review, published in mid-2024 following the completion of the annual AGM season. This report covers voting outcomes and trends across the eight major European equity markets. It is available for download on Georgeson's website **here**

Contested resolutions overview

- Resolutions relating to the remuneration of executive directors continue to be the most contested resolution type in Europe. The proportion of remuneration-related resolutions that were contested (i.e. received at least 10% opposition) across the eight regions decreased from 31.7% in 2023 to 25.7% in 2024.
- The UK maintained its position as the market with the lowest proportion of contested remuneration reports (7.0%), whilst Switzerland kept its position as the market with highest (57.9%).
- The Netherlands saw the lowest proportion of contested remuneration policy votes (9.1%), whilst Italy had the highest (43.8%).
- The proportion of contested director elections decreased from 15.4% in 2023 to 13.8% in 2024. The UK saw the lowest proportion of contested director elections (2.6%), whilst Belgium had the highest (28.8%).
- Graph 1 shows the level of dissent, which is expressed as a percentage of contested resolutions (10%+ against votes), across four major categories of resolutions common across major European markets. These include director elections, remuneration report, remuneration policy and share issuances.
- On average, 13.8% of director elections, 32.9% of remuneration report resolutions, 28.2% of remuneration policy resolutions and 13.4% of share issuances resolutions were contested.



Contested resolutions in 2024 per category (%)

Global perspectives
Pan-European trends in 2024

Executive remuneration in 2024

Executive remuneration continues to be a significant focus for investors.

- In the UK (FTSE 100), the proportion of remuneration reports that received over 10% opposition in 2024 fell by 65.3% to 7.0%. The proportion of remuneration policies that were contested fell to 12.1%, a drop of 15.4%.
- In Germany (DAX), the proportion of remuneration reports that were contested fell from by 35.3% to 28.9%. However, 30.8% of DAX remuneration policies were contested, an increase of 177.5% from 2023.
- In France (CAC40), remuneration reports were contested in 28.6% of cases in 2024, an 28.5% decrease. The proportion of remuneration policy votes that were contested dropped from by 31.3% to 31.4% in 2024.
- In Switzerland (SMI), votes on the remuneration reports were contested in 57.9% of cases, a 15.4% decrease from 2023. Despite this, 40.6% of remuneration policies were contested in 2024, a 62.4% annual increase.
- In the Netherlands (AEX and AMX), remuneration report proposals were less contentious in 2024 with only 22.2% of resolutions receiving 10% or more opposition in 2024, a drop of 8.6%. The proportion of remuneration policies that were contested also decreased by 42.4% to 9.1%.
- In Italy (FTSE MIB), the proportion of remuneration reports that were contested fell by 23.6% to 38.2%. Additionally, 43.8% of remuneration policies were contested in 2024, a 3.1% decrease.
- In Spain (IBEX 35), 43.8% of remuneration reports were contested in 2024, a 17.2% drop from 2023. Remuneration policies were contested in 41.2% of cases, a 13.1 decrease from last year.
- In Belgium (BEL 20), remuneration reports votes were contested in 36.8% of cases, a 26.4% decrease from 2023. Remuneration policies were contested in 16.7% of cases in 2024, a drop of 66.6%.

Director elections in 2024

Director elections continue to be an area of focus for investors.

- In the UK (FTSE 100), there has been a 16.1% decrease in the proportion of contested director elections (10%+ opposition) since 2023, from 3.1% to 2.6%.
- In Germany (DAX), 23.2% of director elections votes (i.e. the election of supervisory board members) were contested, a 24.1% increase from 2023 (18.7%).
- In France (CAC40), director elections were contested in 14.2% of cases in 2024, a 3.6% increase from 2023 (13.7%).
- In Switzerland (SMI), the proportion of director elections that were contested fell by 34.8% as only 8.8% of these resolutions received over 10% opposition, compared to 13.5% in 2023.
- In the Netherlands (AEX+AMX), contested director elections rose by 109.2% from 6.5% in 2023 to 13.6% in 2024.
- In Italy (FTSE MIB), 2 director election votes were contested in 2024, compared to 4 in 2023. Most directors are elected using a slate voting system in Italy.
- In Spain (IBEX 35), 5.1% of director elections received more than 10% voting opposition, a 68.1% fall from 2023 (16.0%).
- In Belgium (BEL 20), the proportion of director elections that were contested was 28.8% in 2024, a 20.0% decline from 2023 (28.8%).

Global perspectives
U.S. Season review excerpt

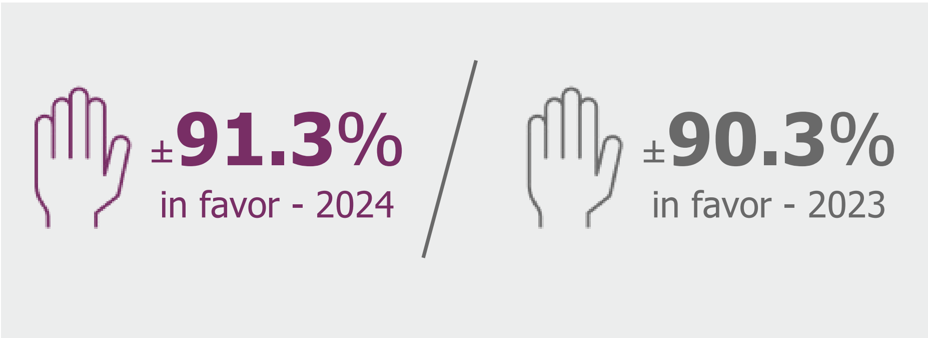
Every year, our U.S. Georgeson colleagues closely monitor voting outcomes during the U.S. proxy season to discern significant trends impacting our clients' meetings. 2024 was yet another significant year in terms of U.S. annual meeting vote outcomes; across shareholder-sponsored proposals, director elections and say-on-pay we are seeing a direct impact of the evolution in institutional investor voting behaviour related to the progress of ESG topics.

The report excerpt uses available annual meeting results year-to-date (YTD) for meetings occurring July 1, 2023 through June 30, 2024, for companies within the Russell 3000 Index. When comparing 2024 results YTD to previous seasons, we used full year data for 2023 and 2022 unless otherwise stated.

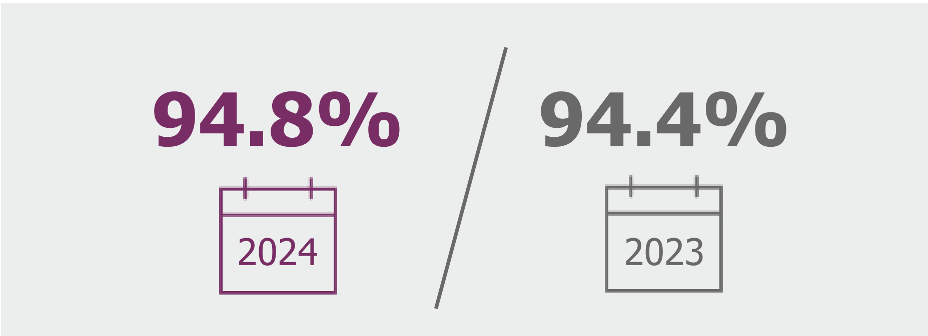
More detailed analysis of overall thematic trends from this season can be found in the U.S. team's June 2024 full year report, 'A Look at the 2024 Proxy Season' available here (https://www.georgeson.com/us/insights/2024-proxyseason-review/). This report provides additional context around evolving shareholder proposal topics, executive compensation themes, and director election concerns from midway through the 2023 season.

Say-on-Pay and Director Election

Say-on-pay (SOP) vote results for the 2024 proxy season YTD have increased in average support for Russell 3000 companies, with approximately 91.3% of votes cast in favour (excluding abstentions), compared to 90.3% support in the 2023 proxy season.



Director election support at Russell 3000 companies continues to be strong, averaging 95.2% for the 2024 proxy season YTD, slightly higher than average support of 94.4% for the full 2023 proxy season.



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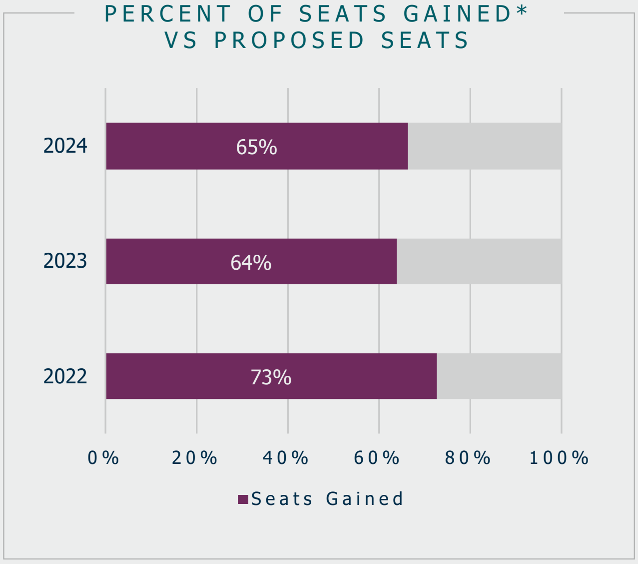
Contested Situations

2024 marked the second full season in which the Universal Proxy Card ('UPC') rule was in effect. One unforeseen consequence of UPC has been how issuers consider engaging or settling with shareholder activists. Analysis comparing meetings from the 2022, 2023 and 2024 proxy seasons shows that activists have been receiving more seats through settlements because of the UPC. However, the proportion of seats received per contest has declined from 2022.



*seats gained through settlements

Shareholder proposals

2024 was another record-breaking season for filed shareholder proposals with 1,000 proposals identified, 64% of which (635 out of 1,000) were voted on in 2024. More received majority support (53 in 2024 vs 33 in 2023), with all but three of the proposals passed being governance related. This season fewer proposals were withdrawn (15%) compared to last year (23%). The SEC has also granted more no-action relief, which contributes to an increase in omitted proposals at 14% (138 out of 1,000) compared to 9% (87 out of 947) omitted for the 2023 season. 19 of the granted no-action reliefs relate to director resignation policy proposals.

VOLUME OF GOVERNANCE AND ANTI-ESG PROPOSALS CONTRIBUTED MOST TO VOLUME INCREASE

	2022	2023	2024 YTD	Change in volume
Environmental	176	180	173	▼ 4%
Social	363	354	336	▼ 5%
Governance	345	319	377	▲ 18%
Anti-ESG	57	94	114	▲ 21%

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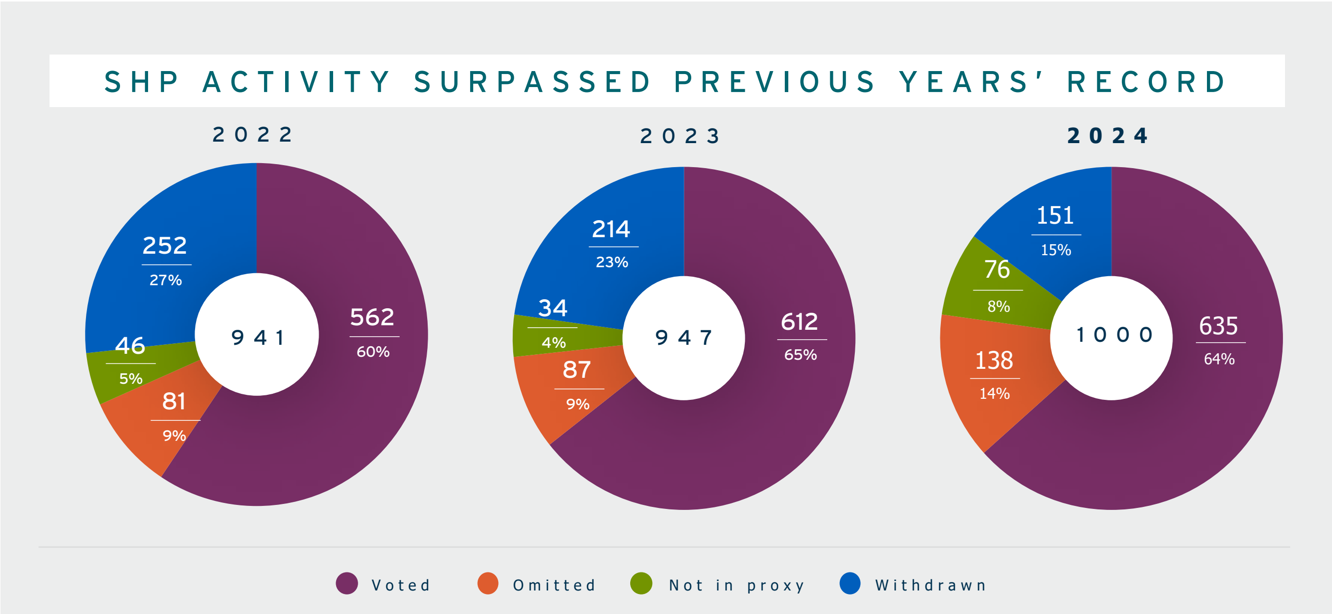
2024 was **another record-breaking season for filed shareholder proposals with**

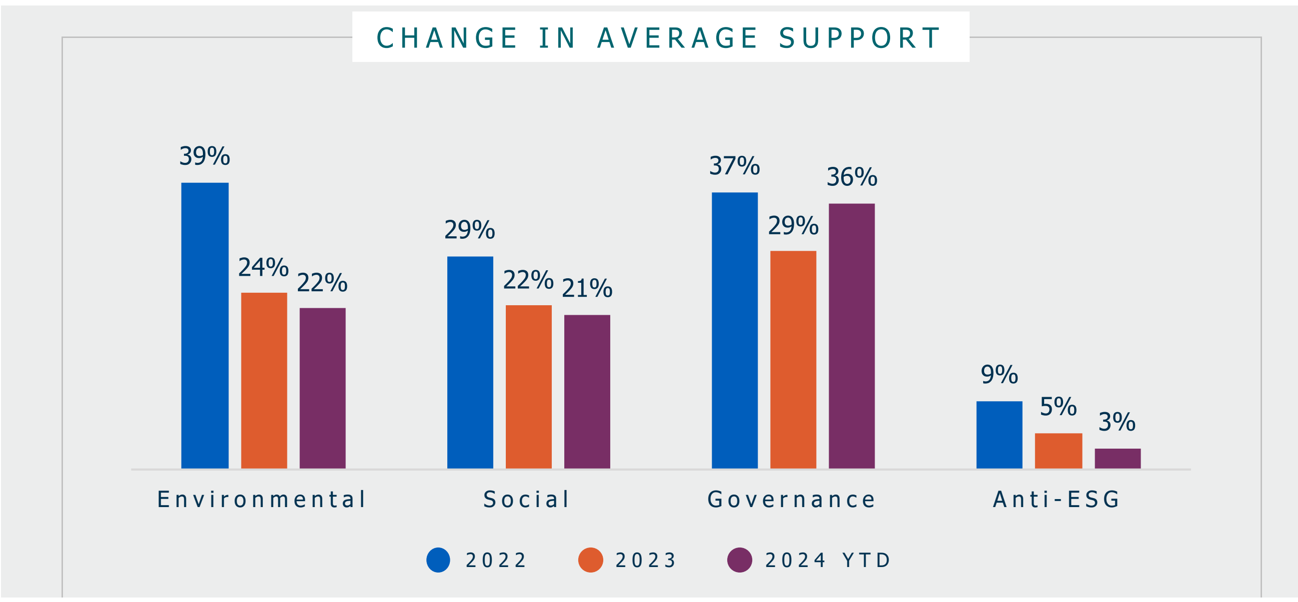
1,000 proposals identified to date

This exceeds the record-breaking number of submissions in the 2023 season (947) and 2022 season (941).



Change in Average Support

Average support for voted environmental & social proposals has remained consistent with the decline seen in 2023. However, support and passage rate for governance proposals has rebounded from uncharacteristically weak support during the 2023 season. Support for anti-ESG proposals has consistently remained in the low single digits and has declined each year.



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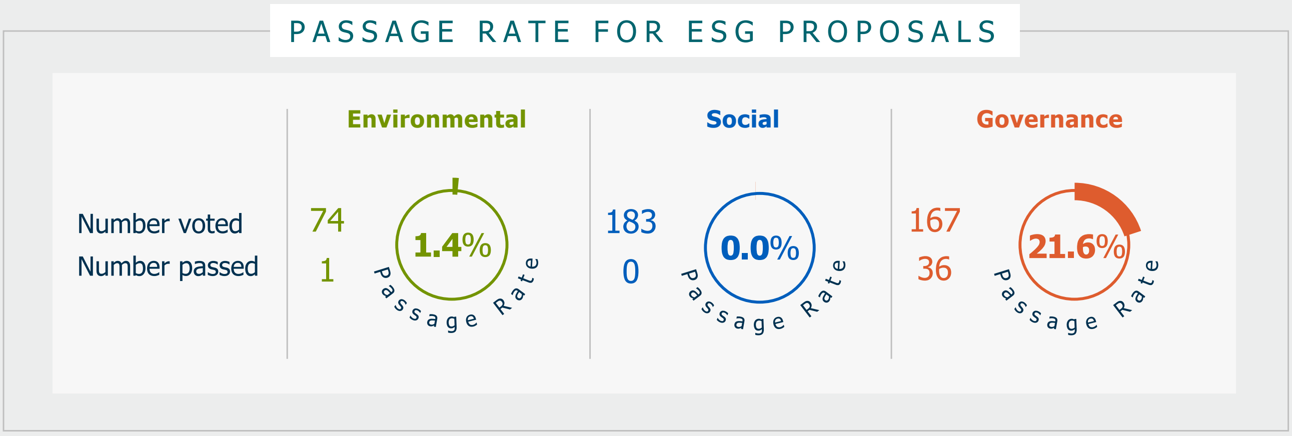
Passage rate for ESG proposals

Passage rates for environmental and social proposals in the 2024 season have continued to decline with just two environmental proposals passing and one social proposal passing in the 2024 season compared to four environmental and five social passing in 2023. 50 governance proposals have passed in 2024, surpassing the 24 governance proposals that passed in the full 2023 season.



*the 2023 early season report had proposals for the proxy season from July 1st 2022 through May 12th 2023.

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Unless otherwise stated, the analysis in this report is based on data provided to Georgeson by CGI Glass Lewis, and reflects the composition of the S&P/ASX300 Index as at the September 2024 rebalance of that index.