

REGISTRY ROUND-UP

May 2020

Welcome to your May round-up, where we bring you key dates and the latest industry highlights from the world of registry, along with a market update provided by Georgeson.

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Industry update

AGM Q&As

The Financial Reporting Council (FRC), in conjunction with the UK Department for Business, Energy and Industrial Strategy (BEIS), recently published a set of [Q&As](#) relating to measures that companies can adopt for AGMs, general meetings and a number of their required filings during the ongoing pandemic.

The publication follows the announcement from the Secretary of State that the UK Government will bring forward legislation designed to give additional flexibility for companies complying with certain statutory obligations as soon as possible.

However, while the legislation is being developed, this document provides additional information to help plan activities.

The document covers AGM flexibility, handling quorum requirements and raises the question of virtual meetings and remote participation.

AGMs Under Lockdown

Georgeson and Computershare, in association with White & Case, held a webinar last month looking at some of the most pressing questions Issuers have in regard to their AGMs.

The webinar focused on five key areas:

- > The rules that apply to virtual and hybrid meetings in UK law.
- > The rules that apply to companies who wish to amend their announced resolutions or Notice of Meetings.
- > The practical impact of the current Stay At Home rules on meetings and shareholder engagement.
- > The impact on investor activity such as voting and institutional investor engagement.
- > What lessons may be adopted or learnt from this AGM season and applied in future years.

You can watch the webinar [here](#).

Virtual AGMs

ShareAction, an activist organisation that lobby UK issuers on socio-economic and environmental matters have [written to FTSE100 Chairs](#). They are concerned that two out of three FTSE100 AGMs have so far been held behind closed doors and feel that this is a trend which is resulting in shutting out the voices of shareholders.

The group is calling on companies to hold virtual AGMs during 2020, therefore allowing real-time questioning and voting, as this will allow all shareholders the opportunity to remotely attend, participate in and challenge companies at their meetings. Once the current crisis is passed, they advocate a return to normal physical meetings, perhaps accompanied by a remote participation option (a so-called 'hybrid meeting').

Where companies feel that their articles do not allow them to hold virtual meetings, the group asks that they hold a virtual event immediately before the AGM allowing shareholders to engage with the board in the same way they could have done at a physical event.

In response to the position ShareAction has taken and the BEIS/FRC Q&As, Lumi, a provider of technology supporting general meetings around the world, has also written to FTSE350 chairs about virtual AGMs. Their letter makes it clear that they can support such meetings and while the UK market may not be used to such events, they are common in

many other markets. In support of virtual meetings, they have launched their [knowledge hub](#) which helps anyone who needs more information about how to successfully hold a virtual AGM.

Audit Reform – A Follow-Up Inquiry

The BEIS Select Committee has launched a follow-up [inquiry on audit reform](#).

The inquiry has been launched following their publication late last year and several reviews this year on audit-related matters, including the Kingman and Brydon reviews.

The Select Committee will be considering whether the proposals from each of the reviews join together to form a coherent package for meaningful reform. They will also look at the progress of implementing reforms that do not require primary legislation, when the Government will bring forward any necessary legislation and how the reforms will fit with wider corporate governance reform.

ESA Consultation

A collective of [European supervisory authorities have released a consultation](#) seeking views on their proposed environmental, social and governance disclosure standards which will impact financial market participants, advisers and products.

The disclosures aim to:

- > strengthen the protection for end-investors
- > improve disclosures to investors from a broad range of market participants
- > improve the disclosures relating to financial products.

The consultation will close on 1 September 2020.



FTSE350 Contested Remuneration Report Votes

Georgeson has published a memo looking at contested remuneration report votes from January to March 2020.

The FTSE350 Contested Remuneration Report Memo provides an overview of proxy advisor recommendations on FTSE100 and FTSE250 companies that received more than 20% opposition on their remuneration report resolutions in the period from January to March 2020 as well as the details of each of these proposals.

If you would like a copy of the memo, please email: daniele.vitale@georgeson.com.

Activists Will Be Back

The Economist reports that [Activist investors have gone quiet during the pandemic; They'll be back](#).

"With the covid-19 crisis causing economic misery and massive job losses, survival is the focus of most firms. Yet bosses should not be complacent. The activists will be back – and so should they be. As the pandemic eases, businesses will need more investor scrutiny than ever. Corporate raiders have plenty of reasons to bide their time. Though hardly paragons of compassionate capitalism, they may fear a reputational hit if they are perceived as greedy while workers are being laid off. They may struggle to value their targets accurately, given the collapse in revenues.

Their funds may face crisis-induced redemptions from investors, distracting their attention. Whatever the causes, some of the most prolific are settling with their adversaries rather than stepping up aggressions.”

Veto Climate Proposal

The Financial News reports that [Barclays shareholders advised to veto investor-led climate proposal](#).

“Barclays shareholders have been advised to back the bank’s own climate change policy, dealing a blow to a cohort of large investors which filed a landmark resolution calling on the UK lender to phase out financing for fossil fuel companies. Glass Lewis and Institutional Shareholder Services – two of the world’s most influential shareholder advisory firms – have said investors should vote against a proposal put forward by the group earlier this year at the bank’s annual general meeting on 7 May. The shareholder proposal, led by responsible investment charity ShareAction, calls on Barclays to publish a plan to gradually stop the provision of financial services to companies in the energy sector that are not aligned with the Paris climate agreement. [...] However, Glass Lewis and ISS recommend shareholders back Barclays’ own climate change plan, details of which were announced last month, in which the bank pledged to be ‘net zero’ carbon emissions by 2050.”

ISS Benchmark Proxy Voting Policies

ISS has published [Policy Application Guidelines in Light of Covid-19 Pandemic](#).

“The guidance addresses how ISS plans to apply ISS’ benchmark proxy voting policies over the coming months as annual shareholder meeting season gets underway in many markets. The guidance is intended to be read in combination with the relevant market and region-specific ISS Benchmark and Specialty Voting Guidelines and related FAQs. [...] The guidance note provides direction on a number of annual meeting issues including postponements and virtual-only meetings. It also covers ISS’ approach to defensive measures and board considerations, including the adoption of poison pills and director attendance, respectively, against the backdrop of the pandemic’s impact on capital markets. It further addresses compensation issues such as changes in metrics and shifts in goals or targets and option repricing. Finally, capital structure and payouts, dividends, share repurchases, and capital raisings are also covered in the guidance.”

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