

PLANNING FOR YOUR 2025 AGM

Against the wider backdrop of listing rule reform aimed at ensuring the UK remains an attractive place for companies to be listed, it was interesting to see significant debate about UK executive pay ahead of the 2024 AGM season. This wider context may also have contributed to a decrease in shareholder-requisitioned resolutions and in significant votes against AGM resolutions compared to previous years. Although climate activists continued to disrupt meetings during the 2024 season, their activity did not increase from levels seen in previous years.

For the 2025 AGM season, we expect to see more focus on early, proactive shareholder engagement where changes are proposed to executive remuneration and where there are shareholder-requisitioned resolutions. We may also see a few more companies considering whether to opt for digitally-enabled meetings for the first time.

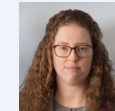
THINGS TO CONSIDER

- 1. Digitally-enabled AGMs:** Companies considering this option will need to bear in mind shareholder views, particularly the risk of a backlash from a large retail shareholder base.
- 2. Shareholder-requisitioned resolutions:** Certain shareholder groups are increasingly prepared to engage and resolve issues away from the public spotlight.
- 3. Disapplication of pre-emption rights:** 2025 may see another increase in the number of adopters of the November 2022 update to the Pre-Emption Group's Statement of Principles.
- 4. Disruption:** Companies should ensure that the chair of the meeting is well-briefed on how to address persistent questions and on how to manage disruption appropriately.
- 5. Remuneration:** Companies that are considering making substantial changes to executive pay this year should plan on undertaking significant proactive and early engagement with shareholders.

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Further information on 2024/5 corporate reporting and AGM season

If you are interested in hearing more about the 2024/5 corporate reporting and AGM season, we have written a detailed update for our clients, available [here](#).

1. Digitally-enabled AGMs

In 2024 a few FTSE 100 companies held ‘digitally-enabled’ AGMs, which are typically broadcast from a physical location under “studio” conditions, with shareholders strongly encouraged to attend electronically rather than in person.

Companies considering this option will need to bear in mind shareholder views, particularly the risk of a backlash from a large retail shareholder base, who may feel that they are being prevented from engaging in person with the board. They should also ensure that the meeting is validly held in accordance with the company’s articles of association and company law.

2. Shareholder-requisitioned resolutions

2024 saw a sharp drop in the number of shareholder-requisitioned resolutions.

In some cases this is because dissident shareholders’ concerns are being addressed away from the public spotlight, with companies and certain shareholder groups increasingly being prepared to engage and resolve issues in this manner at an early stage of the AGM process.

3. Disapplication of pre-emption rights

2024 saw an increase in the number of companies taking advantage of the flexibility to seek to disapply pre-emption rights for up to 24% of their issued share capital. This perhaps indicates greater confidence among companies that there is broad shareholder support for the additional flexibility introduced in the November 2022 update to the Pre-Emption Group’s Statement of Principles.

A number of other companies have stated in their AGM notices that the directors are keeping market practice under review and so 2025 may see a number of other adopters.

4. Disruption

Although NGOs and activists continued to disrupt AGMs in 2024, there was no notable increase from levels seen in previous years. The focus of the protests ranged from issues such as climate change to concerns over investment in weapons manufacturers.

As part of their AGM preparations, companies should review their security arrangements and ensure that they are fit for purpose to minimise potential disruption. Some activists take a different approach to disrupting meetings by politely and extremely persistently questioning the board on issues relating to their cause. Companies should ensure that the chair of the meeting is well-briefed on how to address these questions and on how to manage such disruption appropriately in accordance with the company’s articles of association and company law.

5. Remuneration

Aside from a few notable exceptions, the 2024 AGM season was relatively quiet on the executive remuneration front, with few companies experiencing high levels of shareholder dissent.

However, companies that are considering making substantial changes to executive pay this year to take advantage of the new flexibility offered by investor bodies should plan on undertaking significant proactive and early engagement with shareholders in order to have sufficient time to discuss and debate the changes and ensure they are supported.

To sum up

- No significant new requirements for the 2025 AGM season.
- Increased interest in digitally-enabled meeting formats (i.e. limited in person attendance).
- Potential reforms on the horizon which would permit wholly virtual meetings (see our detailed update available [here](#)).

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