

AGM Voting Trends

2024 Mid-Year Insights from France,
Germany, Ireland and the UK

Foreword

Over the past decade, there has been a marked shift in the level of investor engagement with companies on governance and wider ESG issues. This has been accompanied (or perhaps driven) by increased regulatory requirements, the expansion of investor stewardship teams, growing concern over corporate impact on society and the environment; and more detailed analysis by proxy advisors.

Over that time, while instances of significant dissent at AGMs have not necessarily increased dramatically, there has been a broader-based rise in instances and levels of dissent; and across a wider range of issues.

Our team at FTI Consulting provides support to companies in evolving their ESG practices and disclosures to balance commercial aspirations with investor, regulatory and societal needs. As part of the process, we review and analyse annual voting trends to draw insights into what is happening at AGMs and to help companies anticipate shifts in investor thinking for the period ahead.

For 2024, we have expanded our coverage beyond Ireland & the UK to include both the French and German markets – bringing our analysis to 435 companies across these four markets. This provides greater depth and insight into the European landscape and also provides both companies and investors in France and Germany with more specificity on what is happening in their respective markets.

The findings of this report essentially show that investors continue to press companies to appoint independent, diverse and effective directors and to provide full transparency on executive remuneration. Investors are also refining their voting policies on an expanding range of ESG issues – a trend likely to accelerate with the publication of the first non-financial reports under the Corporate Sustainability Reporting Directive (CSRD) in 2025. Amid ongoing debates over the competitiveness of European capital markets relative to the US, some investors have also shown a willingness to consider remuneration packages outside of established market practice for European CEOs.

We hope that this report provides helpful insights into the increasingly complex voting and corporate governance environment where both companies and investors are trying to balance careful stewardship with the drive to create value for shareholders and wider stakeholders.



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Executive Summary

The 2024 AGM season took place against the backdrop of strong market performance, decreasing inflation rates and recurring conversations on the competitiveness of European capital markets, particularly in comparison to the US. In this context, it is perhaps not surprising that we observed fewer instances of significant opposition (20% or more of votes cast against management recommendations) across the three European regions and groups of stock indices analysed in this report – the UK & Ireland (FTSE 350 & ISEQ 20), France (SBF 120) and Germany (DAX and MDAX).

	UK & Ireland	France	Germany
2024 Regional Highlights	<ul style="list-style-type: none"> – Lowest level of dissent on remuneration reports in over a decade – Simplification of the Investment Association (IA)’s Principles of Remuneration – New Irish Corporate Governance Code 	<ul style="list-style-type: none"> – Proxy advisors hold directors accountable for capital structures with double voting rights – First say-on-biodiversity vote – Financial audit groups appointed to certify sustainability reports in 2025 	<ul style="list-style-type: none"> – Lack of independence drives dissent on director elections – Disclosures on short- and long-term incentive criteria still to be improved – First say-on-climate vote

We set out below our key observations from 2024 across four major types of proposals, as well as broader voting-related trends affecting all types of proposals.

1. Director Elections

In 2024, 5% of companies in the UK & Ireland faced significant opposition on director elections, which is about a half and a third of the rates observed in France and Germany, respectively. In line with previous years, instances of significant dissent continue to be primarily driven by concerns around the independence of the board, its committees and its leadership, directors’ time commitments, board diversity and remuneration decisions.

In addition to the issues above, proxy advisors and investors are increasingly holding specific directors accountable for the oversight of a widening range of ESG risks, notably related to the climate transition, biodiversity preservation, cybersecurity and artificial intelligence, as reflected in the ongoing evolution of their proxy voting policies. In the context of competitiveness discussions and regulatory developments in the UK and the EU regarding the use of multiple-vote share structures, ISS’ new European policy focused on holding specific directors accountable for the use of capital structures with unequal voting rights was a notable change of approach for 2024, despite not having led to instances of significant opposition across the markets analysed.

2. Remuneration Proposals

Opposition to remuneration proposals decreased across all regions in 2024. Stronger shareholder returns, decreasing inflation rates, and the fading impact of pandemic-related windfall gains were all conducive to a more favourable voting environment. Still, almost one fifth of German companies experienced significant dissent on their remuneration report in 2024, compared to 13% in France and only 3% in the UK & Ireland. With the initiation of votes on remuneration reports in Germany in 2022 (in application of the EU's second Shareholder Rights Directive), investors are increasingly expecting German companies to provide levels of transparency similar to those of their French, Irish and UK peers, enabling them to understand the link between company performance and executive payouts.

With ongoing discussions regarding the competitiveness of pay practices in Europe (particularly in the UK) compared to the US, and against largely positive voting outcomes in 2024, companies set to review policies in 2025 should closely monitor potential updates to proxy advisors' and investors' expectations regarding remuneration quantum and the use of restricted shares, among a number of other issues. In this regard, the publication by the IA of its updated Remuneration Principles and the release of the new Irish Corporate Governance Code represent two major developments.

3. Capital Allocation Proposals

Capital allocation proposals are increasingly seen as a measure of shareholder confidence in management, given their potential to impact strategic decisions and management's flexibility. The proportion of companies facing significant opposition to capital management proposals (such as share issuance or buyback requests) is generally lower than for director elections and remuneration-related proposals and either decreased (in France) or remained consistent with prior years (in the UK & Ireland and Germany).

While these are generally proposals routinely reviewed by proxy advisors and investors based on standard guidelines, considering factors such as share issuance or buyback volumes and pricing discounts, some investors apply stricter limits, and others take a case by case approach, even on routine proposals, especially if they have concerns over the company's performance. It is therefore important to include this topic in regular dialogues with shareholders.

4. Sustainability Proposals

Despite diverging investor opinions on the benefits of say-on-climate and sustainability proposals, 34 companies across the UK & Ireland, France and Germany have put them to a vote since 2021, a practice not seen before then. Four companies put such proposals to a shareholder vote for the first time in 2024, including the first German company to do so. A French company also replicated the say-on-climate model and, going a step further, also offered a separate vote on its biodiversity preservation strategy, which it labelled say-on-biodiversity.

Following the implementation of the EU's Corporate Sustainability Reporting Directive (CSRD), 92 French and 21 German companies asked their shareholders to appoint sustainability auditors to certify their nonfinancial reports in 2025. All but two of the largest French companies (CAC 40) appointed the same audit firms to certify their financial and non-financial reports. Although only one French company faced significant opposition on this issue in 2024 (due to the lengthy tenure of the auditor appointed), questions of auditor independence and conflicts of interest persist, and investors may refine their criteria for approving sustainability auditor appointments in coming years, given the practice is in its infancy following the recent transposition of the CSRD into law in EU member states.

5. Broader Trends in Proxy Voting

"Pass-through" voting, a practice where asset managers give more flexibility to clients on the voting of their shares, is gaining traction. While this practice offers more control to asset owners, it has the potential to complicate engagement for companies, as they must now address a more diffuse set of shareholders. This trend may also increase the influence of proxy advisory firms, as not all asset owners have the same stewardship capabilities as large asset managers.

Another emerging trend is the rise in pre-announced voting intentions by investors. Notably, Norges Bank Investment Management (NBIM) publishes its voting decisions five days before AGMs where possible.

[Recent research](#) shows that the pre-announcements of against votes by NBIM lead to an average increase of c.3 percentage points in against votes by other shareholders. This finding suggests that pre-announcements could play a role in shaping voting outcomes, as an increasing number of investors use them to add transparency or escalate contentious issues.



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Introduction & Methodology

This paper analyses proxy voting results for large and medium-sized companies in three key European regions:

- UK & Ireland (i.e. the components of the FTSE 350 and ISEQ 20 indices);
- France (i.e. the components of the SBF 120 index); and
- Germany (i.e. the components of the DAX and MDAX indices).

We review voting results from annual general meetings (AGMs) that took place during the period from 1 January to 30 June 2024, as well as the corresponding proxy voting outcomes in each of the previous three years. AGM results are based on data from Diligent Market Intelligence obtained from companies' disclosures. Table 1 shows the number of companies considered in the analysis.

Table 1: Number of Companies by Region and Year

	UK & Ireland	France	Germany
2021	220	110	82
2022	232	109	86
2023	233	110	88
2024	235	111	89

Source: Diligent Market Intelligence

The report focuses on key trends across four types of proposals:

- 1. Director elections** (elections of supervisory board members in Germany);
- 2. Remuneration proposals**, including:
 - a. Remuneration policy resolutions**, asking shareholders to approve the principles guiding how executive and non-executive directors will be paid for the performance of their duties during the ongoing financial year and the following ones; and
 - b. Remuneration report resolutions**, asking shareholders to approve the remunerations paid to executive and non-executive directors in respect of the previous financial year;



3. **Capital management proposals**, including share issuance and buyback requests; and

4. **Sustainability proposals**, including climate-related proposals (management and shareholder resolutions) and appointments of sustainability auditors.

Table 2 shows the number of proposals of each type considered in the analysis.

Table 2: Number of Proposals by Region, Year and Proposal Type

	All types	Management proposals						Shareholder proposals	
		Director election	Rem. policy	Rem. report	Capital management	Say-on-climate	Appointments of sustainability auditors	All/climate-related	

UK & Ireland

2021	4,260	1,849	70	222	833	5	-	4/3
2022	4,447	1,953	76	244	881	10	-	4/3
2023	4,544	1,965	127	241	905	3	-	8/3
2024	4,540	1,984	81	235	918	5	-	3/1

France

2021	2,691	410	318	392	564	3	-	2/-
2022	2,579	398	304	396	462	10	-	5/-
2023	2,581	404	320	389	567	7	144	11/2
2024	2,655	395	334	386	514	5	-	12/-

Germany

2021	1,061	181	132	9	82	-	-	2/-
2022	1,134	166	43	84	82	-	-	2/-
2023	1,487	237	51	90	73	-	-	2/-
2024	1,474	251	59	91	69	1	21	1/-

Source: Diligent Market Intelligence

For these proposals, we have considered vote results excluding abstentions (legal basis). Accordingly, we have defined instances of significant opposition (or dissent) as proposals where 20% or more of the votes were not cast in line with the board's recommendation.

In addition, we have also reviewed broader voting-related trends affecting all types of proposals; these include:

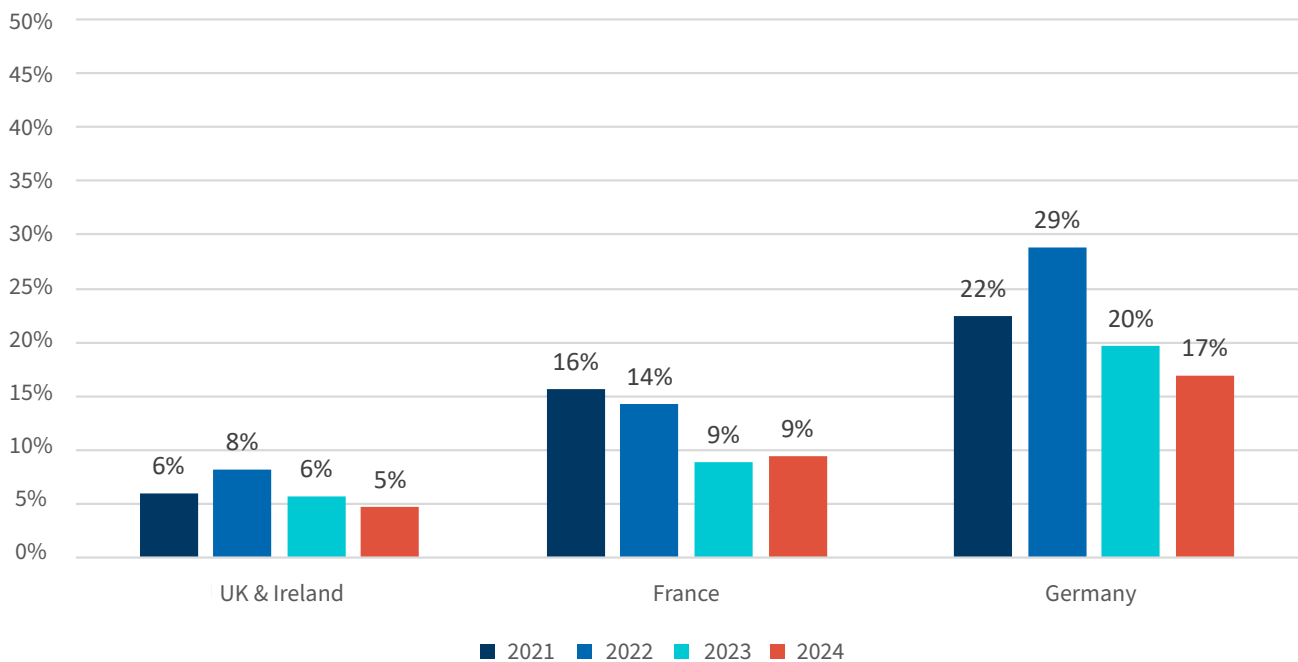
- Pass-through voting; and
- Pre-announcing voting intentions.

1. Director Elections

Voting Statistics

As shown in Figure 1, the proportion of companies receiving significant opposition (20% or more against votes) on one or more director election in 2024 was largely similar to 2023 across the markets analysed. Dissent in the UK & Ireland remained low compared to other regions, with only 5% of companies experiencing significant opposition on one or more director election in 2024. The [Public Register](#), maintained by the Investment Association, tracks companies in the UK FTSE All Share Index that have experienced significant opposition on any of their resolutions which, alongside the regulatory requirement to issue a response in the event that 20% or more shareholders oppose a resolution, creates incentives for companies trading in the UK to avoid such instances of significant dissent. Voting remained stable at French companies, with 9% of the companies in SBF120 Index receiving significant opposition in 2024, the same figure as 2023. Meanwhile, German companies observed a small decrease in the proportion of companies receiving significant dissent, from 20% in 2023 to 17% in 2024, although remaining considerably higher than in the other regions analysed.

Figure 1: Proportion of Companies That Received Significant Opposition on at Least One Director Election



Main Sources of Opposition in 2024

As shown in Table 3, there are commonalities as well as differences across markets in the reasons behind the instances of significant opposition on director elections observed in 2024.

Table 3: Main Reasons Underlying Instances of Significant Opposition on Director Elections and Numbers of Companies Affected

	Total	UK & Ireland	France	Germany
Lack of independence at board and/or committee level	10	1	3	6
Lack of board gender diversity, reflected in the election of the nomination committee chair	6	4	-	2
Remuneration concerns, reflected in the election of the remuneration committee chair	5	4	1	-
Excessive time commitments (overboarding)	5	2	3	-
Combined CEO and chair role	3	1	2	-
Former CEO appointed as board chair	3	-	-	3

Source: Diligent Market Intelligence

Lack of independence at board and/or committee level.

With 10 companies affected, a lack of independence at board and/or committee level was the main driver of dissent across the markets analysed. This reason was particularly prominent at German companies, where six companies faced opposition.

Lack of diversity. Six nomination committee chairs were held accountable for a lack of gender diversity at board level, including four at UK companies. While ISS' board diversity guidelines for Continental Europe remained unchanged in 2024, those applicable to the UK & Ireland were updated to reflect recent [changes in listing rules in the UK](#). In addition, from the end of 2024, companies in the ISEQ 20 will be expected to have appointed a director from an ethnic minority background, although there is likely to continue to be case-by-base evaluations, reflective of the differing demographics in Ireland versus the UK. Current ISS expectations regarding board diversity are summarised opposite.

ISS' European Board Diversity Guidelines

For standard and premium listed companies in the [UK](#), ISS may consider recommending against the re-election of the chair of the nomination committee if (i) less than 40 percent of directors are women, (ii) none of the senior board positions (chair, CEO, CFO, senior independent director) is a woman, or (iii) the board does not include a member from minority ethnic background.

Companies in the ISEQ 20 and AIM companies with over £500 million in revenue, are expected to include at least one woman on the board, and will be expected to have appointed at least one director from an ethnic minority background by 2024.

For companies in [Continental Europe](#), the expectation remains that shareholder-elected directors include at least 30% of representatives of each gender or any higher domestic threshold that would apply (i.e. 30% in Germany and 40% in France). Ethnic diversity is not targeted by ISS Continental Europe proxy voting policy.

Remuneration concerns. Five remuneration committee chairs were held accountable for perceived issues with their company’s remuneration practices, with four of those instances occurring in the UK & Ireland. Generally, this type of “sanction” vote occurs when shareholders are dissatisfied with the board’s response to significant opposition on the remuneration policy or report from the previous year, or when they believe their concerns are serious enough to warrant criticism of the remuneration committee chair. The practice of opposing the chair of the remuneration committee’s re-election highlights the importance of a strong and consistent dialogue with investors, and effective reporting of the boards’ remuneration-related decisions, to avoid such instances of repeat dissent and escalation against individual board members.

Excessive time commitments. Five directors of UK and French companies faced opposition for what shareholders viewed as them holding an excessive number of external board mandates. Traditionally, investors and proxy advisors have set general restrictions on the number of external commitments held by the directors of their investee companies to ensure they have sufficient time to fulfil their responsibilities. In recent years, various factors such as ESG initiatives, diversity, equity, and inclusion (DE&I) efforts, activism, shareholder engagement, and political instability, have increased the demands placed on directors of public companies, drawing further scrutiny to the time needed to fulfil their duties. Complicating the matter for companies and directors, prominent investors like BlackRock and Amundi, the largest asset managers globally and in Europe, respectively, enforce stricter limits than proxy advisors when evaluating whether directors have enough capacity to effectively perform their duties. As an illustration, the proxy voting guidelines of [ISS](#) and [BlackRock](#) are set out on the next page.



Proxy Voting Guidelines on Directors' Time Commitments

Example 1: ISS

“Where directors have multiple board appointments, ISS may recommend a vote against directors who appear to hold an excessive number of board roles at publicly listed companies, defined as follows:

- *Any person who holds more than five mandates at listed companies will be classified as overboarded. For the purposes of calculating this limit, a non-executive directorship counts as one mandate, a non-executive chair counts as two mandates, and a position as executive director (or a comparable role) is counted as three mandates.*
- *Also, any person who holds the position of executive director (or a comparable role) at one company and a non-executive chair at a different company will be classified as overboarded.”*

Example 2: BlackRock

“BIS will ordinarily consider there to be a significant risk when a board candidate has insufficient capacity, and therefore consider voting against his/her (re)election, where the candidate would (if elected) be:

- *Serving as a non-executive director (but not the board chair) on more than four public company boards;*
- *-serving as a non-executive board chair and as a non-executive director (but not the board chair) on more than two other public company boards;*
- *-serving as a non-executive board chair on two public company boards and as a non-executive director on one or more other public company boards; or*
- *-serving as a non-executive director (but not the board chair) on more than one public company board while also serving as an executive officer at a public company. In case of an executive officer, we would vote against his/her (re)election only to boards where he/she serves as a non-executive director.”*

Combined CEO and chair role. In the UK and France, three directors received significant opposition following proposals to combine the role of CEO and board chair (or maintain the combination) following their (re)election – viewed by shareholders as a configuration that risks blurring the lines between oversight and responsibility at board and management level, as well as in terms of board dynamics and leadership. In two of these instances, the CEO was set to start assuming the role of board chair after the AGM. While ISS generally recommends against director elections when one individual holds both the CEO and chair roles, investors show greater flexibility toward this practice as long as they are satisfied with the company’s performance and the leadership of the individual. Although this combination is rare in the UK, it remains common in France, with approximately 30% of SBF 120 companies opting for this structure, according to a [Russell Reynolds report](#). In Germany, however, the two-tiered board system separates management and supervisory roles. ISS and investors are also more supportive of the unification of these roles when it is temporary (with a clear end point) and justified by clear circumstances (e.g. a sudden departure of the CEO).

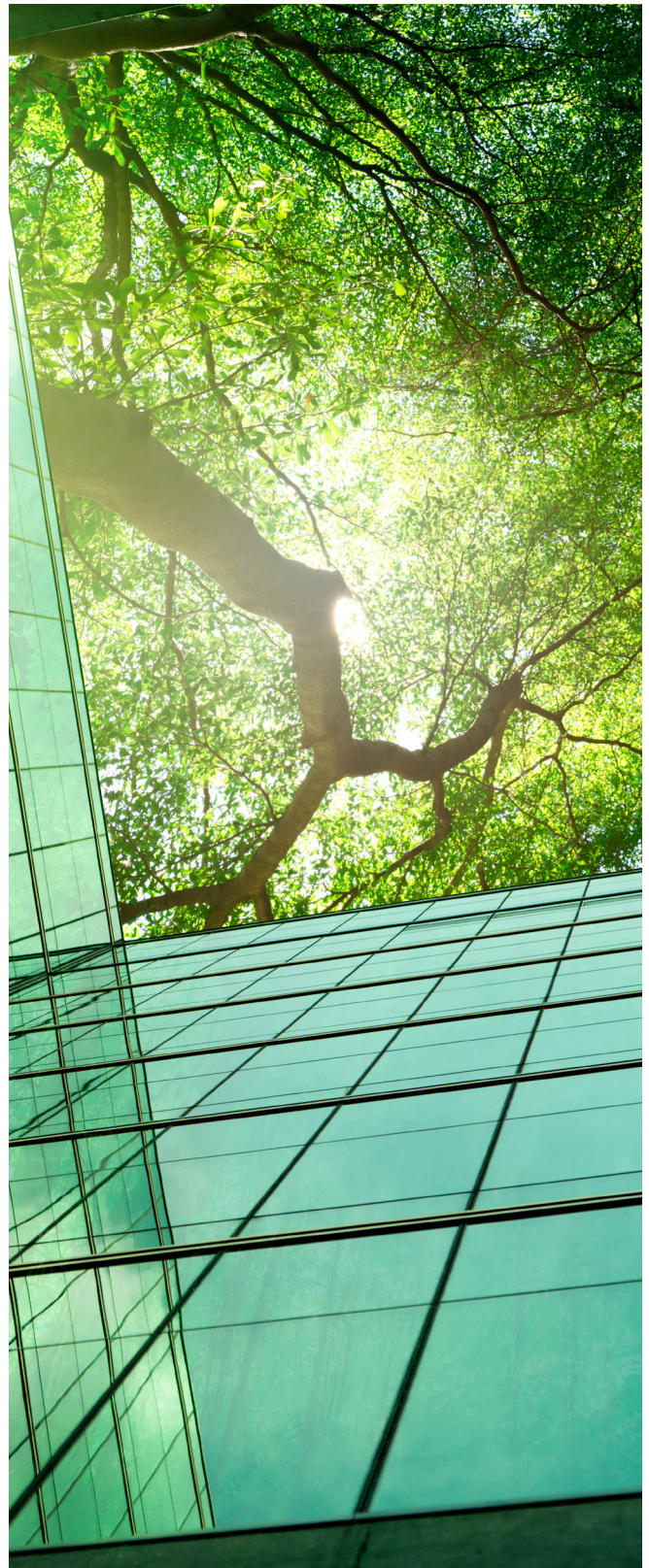
Former CEO appointed as board chair. In Germany, the elections of three former CEOs (management board chairs) as supervisory board chairs, which again raises concerns as to the clear division of responsibility of oversight and management, faced opposition. ISS will also typically oppose such changes, in line with its Continental Europe proxy voting policy.

Emerging Trends

Oversight of climate transition and biodiversity preservation issues. While the ‘traditional’ factors above have continued to drive opposition in 2024, final voting outcomes are also being impacted by a higher number of issues. Among the board chairs that experienced significant opposition, mainly for ‘traditional’ reasons, three were also held accountable by certain investors for perceived weaknesses in the oversight of their company’s ESG risk management or climate transition strategies. Two of the companies had sustainability committees, members of which also saw their re-elections opposed by c.10% of the votes cast. This is consistent with proxy advisors and investors increasingly factoring in environmental considerations in their assessment of director elections, and being ready to oppose director elections if their expectations are not met.

For example, both [ISS](#) and [Glass Lewis](#) have set expectations that significant greenhouse gas (GHG) emitters provide rigorous climate-related disclosures in line with the TCFD’s recommendations. ISS also asks for the disclosure of “appropriate GHG emissions reductions targets” defined as “medium-term GHG reduction targets or Net Zero-by-2050 GHG reduction targets for a company’s operations (Scope 1) and electricity use (Scope 2).”

Aviva Investors goes one step further and considers Scope 3 emissions. In line with an increasing number of investors, Aviva is also going beyond climate considerations, considering the company’s biodiversity preservation strategy when evaluating director elections. Aviva’s [approach](#) to climate and biodiversity is detailed on the next page.



Aviva Investors' Voting Guidelines on Director Accountability

Climate oversight

"We will not support the re-election of chair of the board and/or chair of the sustainability committee (or most relevant resolution on a case-by-case basis) where we have ongoing concerns that companies, particularly those operating in climate high impact sectors, are failing to evidence sufficient progress on key measures of climate ambition and risk management, as articulated above. As a baseline, we expect companies to make progress against the following two criteria: (i) making a public commitment to be "net zero" for operational and supply chain emissions (Scopes 1, 2, and 3), if material/relevant by 2050 aligned to a 1.5°C trajectory, and to seek and receive third-party approval that targets are science-based; and (ii) to provide public detailed disclosure of climate-related risks, in alignment with the TCFD framework. Voting is also tied to the progress of our strategic engagement with investee companies to ensure alignment with a net-zero trajectory."

Biodiversity oversight

"We will not support the re-election of chair of the board and/or chair of the sustainability committee or equivalent where:

- we have concerns with the approach to biodiversity including deforestation, or a lack of biodiversity policies and targets. In particular, the Forest 500 index scores will inform our voting decisions;*
- we have concerns with the approach to sustainable management of hazardous chemicals;*
- the company's disclosures are not deemed in line with our expectations linked to the materiality of the issues to their business."*

Cyber security and artificial intelligence (AI) issues.

While it has not triggered any instances of significant opposition in the markets reviewed during this AGM season, Glass Lewis' latest [voting guidelines](#) provide more detail regarding the proxy advisor's expectations in the event that a company is materially impacted by a cyber security incident, as set out below.

Glass Lewis' Latest Voting Guidelines on Cyber Risk Oversight

"In instances where a company has been materially impacted by a cyber-attack, we believe shareholders can reasonably expect periodic updates from such companies communicating their ongoing progress towards resolving and remediating the impact of the cyber-attack. We generally believe that shareholders are best served when such updates include (but are not necessarily limited to) details such as when the company has fully restored its information systems, when the company has returned to normal operations, and what resources the company is providing for affected stakeholders, and any other potentially relevant information, until the company considers the impact of the cyber-attack to be fully remediated. These disclosures should focus on the company's response to address the impacts to affected stakeholders and should not reveal specific and/or technical details that could impede the company's response or remediation of the incident or that could assist threat actors. In such instances, we may recommend against appropriate directors should we find the board's oversight, response or disclosure concerning cybersecurity-related issues to be insufficient, or not provided to shareholders."

The next technological issue to attract higher scrutiny from investors in terms of voting and engagement may be AI. Investors such as [LGIM](#) and [Norges](#) have already set out their expectations regarding AI oversight and other investors have started to [engage](#) with companies asking them to demonstrate how they manage the risks associated with the development and implementation of AI solutions; a development potentially analogous to the growing demand for greater clarity around management and oversight of ESG risks and opportunities a number of years ago. As a reasonable starting point, companies may seek to adopt a pragmatic approach to AI governance, such as the one outlined in FTI Consulting's [Responsible AI Governance](#) report.

Capital structures with unequal voting rights. Since 1 February 2024, ISS started applying its new [Continental Europe policy](#), designed to identify specific directors who shareholders could hold accountable for the implementation or maintenance of capital structures with unequal voting rights.

This policy follows from ISS' [Global Voting Principles](#) which, under its Board Accountability pillar, stipulate that “shareholders’ voting rights should be proportional to their economic interest in the company; each share should have one vote.” This view reflects the link between institutional investors’ voting power and their ability to influence key strategic decisions and hold directors accountable for the oversight of the company’s management.

ISS’ new policy was particularly relevant for French companies given that a majority of them have implemented a double voting share system, a mechanism allowing shareholders who hold their shares for a specified period (typically two years) to acquire a second voting right for each share. ISS recommended shareholders oppose the elections of a number of French directors in application of this new policy (the detailed policy, including relevant exemptions, is detailed opposite). Vote results show that certain shareholders have followed a similar approach, though none of the targeted resolutions were opposed by more than 20% of the votes cast which, somewhat ironically, can partly be explained by the relatively high voting power generally held by the holders of those same double voting rights. Though capital structures with unequal voting rights are rare in Germany (less than 5% of companies according to an [ISS study](#)), in the instances where the new ISS policy was applied, its impact on voting outcomes was similarly not significant.

ISS’ Continental Europe Policy on Accountability for Capital Structures with Unequal Voting Rights

“At widely-held companies, generally vote against the (re)election of directors or against the discharge of (non-executive) directors, if the company employs a stock structure with unequal voting rights. Vote recommendations will generally be directed against the nominees primarily responsible for, benefiting from, or affiliated with a shareholder benefiting from the unequal vote structure.

Exceptions to this policy will generally be limited to:

- Newly-public companies with a sunset provision of no more than seven years from the date of going public;*
- situations where the unequal voting rights are considered de minimis [i.e. the distortion between voting and economic power does not exceed 10 percentage points]; or*
- the company provides sufficient protections for minority shareholders, for example such as allowing minority shareholders a regular binding vote on whether the capital structure should be maintained or a commitment to abolish the structure by the next AGM.”*

ISS’ new policy is particularly interesting in the context of recent regulatory developments aimed at improving the attractiveness of capital markets in the EU and in the UK. In December 2022, the European Commission announced a set of initiatives aimed at making EU capital markets more attractive, including a proposal for a directive requiring all EU member states to allow multiple-vote share structures for companies seeking admission to trading on a small and medium-sized enterprise (SME) growth market. In June and July 2024, both [France](#) and the [UK](#) announced new listing rules allowing the implementation of multiple-vote share structures with limited protections for investors, in an effort to balance the goals of being an attractive listing location with maintaining investor protections and high standards of governance.

Key Takeaways

Businesses should continue to closely monitor historical voting risks on director elections such as those related to the independence of the board, its committees and its leadership, as well as the time available to directors to fulfil their duties

On top of these more ‘traditional’ governance considerations, businesses should also monitor proxy advisors’ and investors’ evolving expectations, as they increasingly place accountability on directors for a range of ESG matters, including in relation to the digitalisation of our economy

In the context of regulatory evolution in Europe regarding the use of multiple-vote share structures, ISS started applying a policy aimed at holding certain directors accountable for their company’s breach of the “one-share, one vote” principle

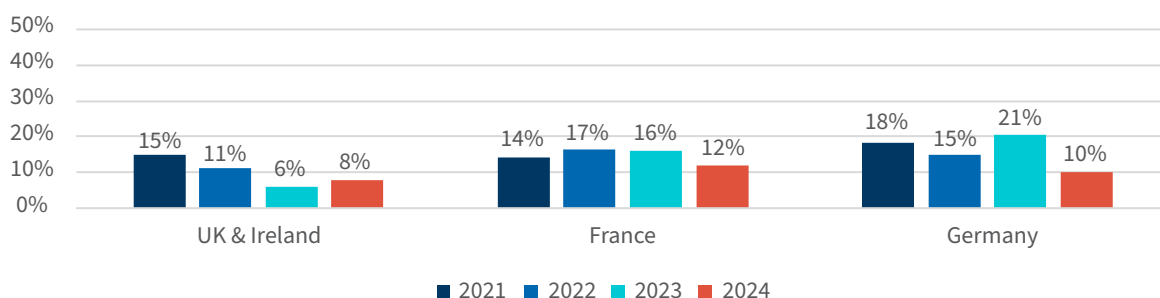


2. Remuneration Proposals

Voting Statistics

As shown in Figure 2, the proportion of companies that experienced significant opposition (20% or more against votes) on one or more remuneration policy proposal in 2024 was comparatively lower than in previous years across the markets analysed. In the UK, remuneration policies are typically valid for up to three years. The proportion of UK and Irish companies that faced significant opposition in 2024 (8%) was just over half of what it was three years ago (15%). In France, votes on the remuneration policies of executives and non-executive directors are annual. The proportion of companies that experienced significant dissent in 2024 (12%) was lower than in the previous three years. In Germany, considering that shareholders may also vote separately on the remuneration policies of the executive and non-executive directors and that both policies are typically valid for up to four years, there is no fully comparable historical data for the 2024 figure (10%). Nonetheless, the 2024 figure is the lowest over the past four years (following the local transposition of the EU SRD II directive, German companies had to submit remuneration policies to a shareholder vote for the first time in 2021). We note that increases in pay opportunity – a common source of dissent on remuneration policy proposals – were easier to justify in 2024 against the backdrop of strong market performance and decreasing inflation rates. A number of companies have also improved their practices over the years, bringing the pension benefits of their executives closer to those of the workforce, reviewing incentives’ performance conditions to ensure better alignment with shareholder outcomes, or providing better disclosures on the same.

Figure 2: Proportion of Companies That Received Significant Opposition on at Least One Remuneration Policy Proposal

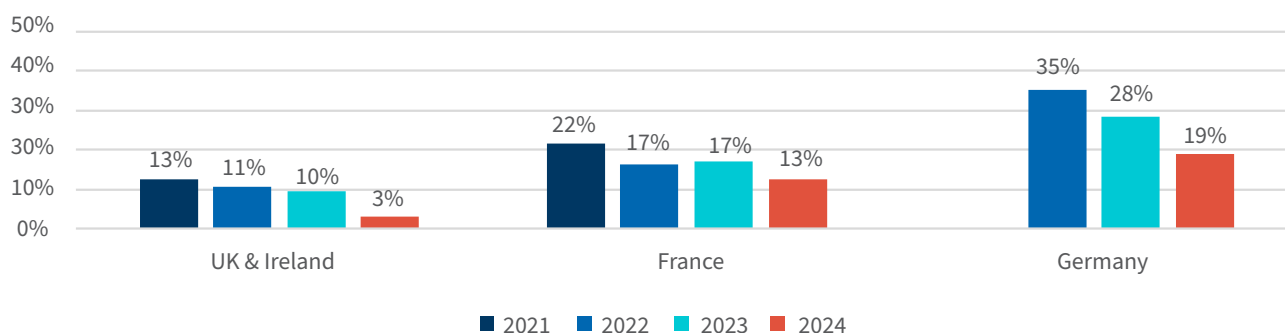


Source: Diligent Market Intelligence

Turning to remuneration reports, Figure 3 shows that the proportion of companies that experienced significant opposition on remuneration reports in 2024 was also comparatively lower than in previous years across the markets analysed. Decreases in dissent figures were most pronounced in Germany and in the UK. Following the local implementation of SRD II, it is now the third year that German companies submit remuneration reports to a shareholder vote. The steady decrease in the proportion of companies receiving significant opposition, from 35% in 2022, to 28% in 2023 and 19% in 2024, demonstrates improvements in companies’ practices, with shareholder opposition in previous years met with alterations to approach from companies. We note that, despite these improvements, disclosure practices at large and medium-sized German companies continue to lag those of their French, Irish and UK peers. In the UK & Ireland, the proportion of companies that failed to see 80% support from shareholders decreased from 10% in 2023 to only 3% in 2024. In 2023, investors opposed a number of remuneration reports in these markets due to salary increases deemed excessive in the context of a cost-of-living crisis, bonus payouts considered misaligned with financial performance and windfall gains on LTIs granted during the Covid-19

pandemic. In contrast, the market environment in 2024 was generally conducive to more positive voting outcomes. This market effect was however less visible in France with almost half of the companies having experienced significant opposition in 2023 facing it again in 2024 and a number of new companies receiving dissent for a range of reasons that are set out below.

Figure 3: Proportion of Companies that Received Significant Opposition on at Least One Remuneration Report Proposal



Source: Diligent Market Intelligence

Main Sources of Opposition in 2024

A notable increase in pay opportunity was the most frequent source of significant opposition on remuneration policies in 2024, with 14 companies affected, 10 of which were French. The potential for excessive board discretion was the second most frequent source of opposition and, again, mostly reflected concerns at French companies. This includes cases where the board would have a lot of latitude in adjusting short- and long-term incentive (STI and LTI) payouts, making one-off payments, or enabling executives to leave with the full benefit of unvested awards. The proposal to grant shares without performance conditions, or restricted shares which would vest solely on time-based criteria, was a source of significant opposition at four UK companies and a major focus of discussion in the market this year, which we expand on below. Meanwhile, concerns around STI and LTI structures and disclosures were the other major sources of dissent in France and Germany, as detailed in Table 4 below.

Table 4: Main Reasons Underlying Instances of Significant Opposition on Remuneration Policy Proposals and Numbers of Companies Affected

	Total	UK & Ireland	France	Germany
Significant increase in pay opportunity	14	3	10	1
Potential for excessive board discretion	7	-	5	2
Attribution of restricted shares	4	4	-	-
Lack of disclosures on STI and/or LTI performance conditions	4	-	3	1
LTI allowing vesting for performance levels inferior to the peer median or company guidance	2	-	2	-
LTI with vesting period shorter than three years	2	-	1	1

Source: Diligent Market Intelligence

Table 5 sets out the main reasons behind instances of significant dissent on remuneration reports. Limited disclosures on STI and/or LTI performance conditions was by far the most frequent reason underlying cases of significant opposition, affecting 18 companies, including 12 in Germany and five in France. In relative terms, 13% of German companies faced significant dissent on their remuneration report due to a perceived lack of disclosures, compared to 4% in France and less than 1% in the UK & Ireland. With the initiation of votes on remuneration reports in Germany in 2022 (in application of SRD II), investors are increasingly expecting German companies to provide the same transparency as their French, Irish and UK peers, enabling them to understand the link between company performance and executive payouts. Post-mandate arrangements at seven companies were deemed problematic by investors as executives were able to leave the company without forfeiting at least part

of unvested LTIs, leading to a disconnect between their pay and performance in their role. One-off payments led to six instances of significant dissent as a number of investors doubt the value of such payments as effective retention or motivation mechanisms. Compensatory effects between performance conditions also contributed to significant opposition at six companies, all in France, where a maximum STI or LTI outcome can be obtained without achieving maximum targets on all performance criteria, because overperformance on certain criteria can compensate for underperformance on other criteria. Individual pay elements (salaries, bonuses and pensions) were deemed excessive at a number of companies and LTI structures were also opposed for not having sufficiently long vesting periods, being free of performance conditions, or allowing vesting for performance levels inferior to the peer median or company guidance.

Table 5: Main Reasons Underlying Instances of Significant Opposition on Remuneration Report Proposals and Numbers of Companies Affected

	Total	UK & Ireland	France	Germany
Lack of disclosures on STI and/or LTI performance conditions	18	1	5	12
Problematic post-mandate arrangement	7	-	2	5
One-off payment	6	1	3	2
Compensatory effects between performance conditions	6	-	6	-
Increase in salary/ excessive salary	5	2	-	3
LTI with vesting period shorter than three years	4	-	-	4
Excessive bonus	3	1	-	2
Excessive pension	3	-	-	3
Attribution of restricted shares	2	1	1	-
LTI allowing vesting for performance levels inferior to the peer median or company guidance	2	-	1	1

Source: Diligent Market Intelligence

While not reaching the threshold of significant opposition, certain investors have continued to oppose a number of remuneration reports when they considered ESG targets to be insufficiently challenging. This reflects an increasingly shared view among investors, including very large asset managers such as [BlackRock](#) and [Vanguard](#), that, if a company elects to use ESG-related measures in incentive plans, it should demonstrate that they are appropriately aligned with the company's corporate strategy, are quantifiable and are sufficiently stretching. Interestingly, while the practice of integrating ESG metrics in executive incentives has become increasingly common, the debate over the merits of such criteria continues with ongoing fears that these criteria may be used as a means to boost executive pay with little benefit for shareholders and wider stakeholders. Despite the absence of a clear consensus on the appropriate means for integrating ESG criteria into incentive structures, investors generally agree that, if a company elects to use ESG-related measures in incentive plans, it should demonstrate that it is appropriately aligned with the company's corporate strategy, is quantifiable and is sufficiently stretching.

Global Benchmarking & Restricted Shares

The competitiveness of local capital markets compared to the US has been a hotly debated topic across Europe, with the topic of competitive remuneration practices becoming particularly pronounced in the UK. Against this backdrop, the UK Investment Association (IA), which is broadly seen as setting market expectations and standards for UK companies on a range of corporate governance and remuneration issues, met nearly 100 FTSE 350 companies in September 2023 to discuss its Remuneration Principles and their views on the competitiveness of remuneration in the UK. According to the IA's [February 2024 letter](#) to remuneration committee chairs, three themes emerged from these conversations, which can be viewed as a proxy for ongoing conversations between investors and companies in the UK:

- there was a perceived need to increase pay opportunities by offering higher LTI awards;
- some companies wanted to use hybrid schemes, which include both performance and restricted shares; and
- certain requirements of the UK Corporate Governance Code were perceived to reduce the value of remuneration (holding periods, shareholding guidelines, malus and clawback).

In the same letter, the IA announced that in light of the feedback received from companies as well as the evolving views of its members on quantum and hybrid schemes, it would be updating its Principles of Remuneration in 2024 *“to simplify them, ensure that they are supporting a competitive market and delivering the right outcomes for both shareholders and their underlying clients.”*

In addition to the IA, Schrodgers has made the case for allowing higher and different types of pay packages in the UK. In a recent [study](#) (*“Comparing CEO pay: a closer look at the UK versus the US”*), Schrodgers noted that, *“when adjusting for company size, the package of the typical UK-based CEO was less than half the size of the typical US-based CEO.”* Based on the study, the investor emphasised that: *“the question of CEO pay levels is an important one for both investors and investee companies. Lower pay levels could see companies struggle to recruit and retain talented CEOs. Lack of compensation for exceptional performance may result in CEOs not being motivated to take risks or make bold investments in transformation and growth.”*

Meanwhile, Norges Bank Investment Management (NBIM), the world's largest sovereign wealth fund, has repeated its preference for LTIs with longer vesting periods and no performance conditions. Posting on the [governance blog](#) of the Harvard Law School and referencing ISS and Glass Lewis' annual surveys, NBIM noted that *“the two leading proxy advisors separately ask clients [investors] whether to abandon their favouring of CEO ‘performance shares’ over simpler stock incentives. That is significant because both ISS and Glass Lewis for years have heralded three-year performance metrics for equity grants as a measure of good compensation practices.”*

While some investors may share the views of Schrodgers and/or NBIM, others may have different views, including the expectation that companies primarily employ incentives that are fully performance-based. Given the growing divergence of views, it remains important for companies to engage meaningfully with their own shareholders to thoroughly understand their expectations prior to proposing any fundamental changes to pay structures.

The IA's updated Principles of Remuneration

The IA published its revised Principles of Remuneration on 8 October 2024. The Principles have not changed significantly in terms of what is considered best practice in the development of remuneration structures and decisions in the UK; however, the IA has simplified the

Principles as well as included certain clarifications regarding their role, namely that they should not be seen as rules, but as principles and guidelines: *“Shareholders expect companies to choose the remuneration structure that best suits their business, helps deliver their strategy and creates value for them and other material stakeholders over the long term. This guidance should not be read as a prescriptive set of rules but rather an approach which is commonly accepted as appropriate for the majority of companies.”* The guidance on levels of remuneration underscores the importance of the pay for performance principle, considering the delivery of sustainable value for shareholders and wider stakeholders. Regarding LTIs, remuneration committees have the option to use performance shares, restricted shares, or a combination of both; but the committee should clearly articulate its rationale for selecting a specific incentive structure. Moving from performance shares to restricted shares is still expected to be accompanied by a 50% discount to the maximum pay level, though the guidance mentions that different discounts may be applied in specific circumstances. Given the increased flexibility signaled by the new Principles, it is no surprise that the section on shareholder engagement has been moved towards the beginning of the document. While higher pay levels and LTIs without performance conditions may become less contentious in the future, shareholders continue to expect that companies consult them prior to any major change in pay.

The new Irish Corporate Governance Code

Another notable market development was the publication on 24 September 2024 of a new Irish Corporate Governance Code. The Irish Code will apply on a “comply-or-explain” basis to Irish-incorporated companies with a primary listing on Euronext Dublin, starting with financial years beginning on or after 1 January 2025. Companies that are dual listed in both Ireland and the UK may choose to adhere to either the Irish Code or the UK Code. While the Irish Code is closely aligned with its UK counterpart, there are certain key differences that are relevant for boards and remuneration committees. For example, executive share awards in Ireland will be subject to a minimum vesting and holding period of three years, while the UK Code mandates at least five years. The Irish Code also sets guidance that companies receiving more than 25% of votes against a board recommendation on any resolution must engage with shareholders to understand their concerns and take appropriate action. In comparison, the UK Code maintains a lower threshold of 20%.

Key Takeaways

Against the backdrop of strong market performance, decreasing inflation rates, and discussions on the competitiveness of capital markets, 2024 saw a substantial reduction in the number of instances of significant opposition on remuneration proposals

The evolution of investor and advisor views regarding the use of global pay benchmarks and the attribution of restricted shares will be an area of particular interest for companies expecting to submit revised remuneration policies to a shareholder vote in 2025, balancing the need to retain talent with the risk of significant shareholder dissent

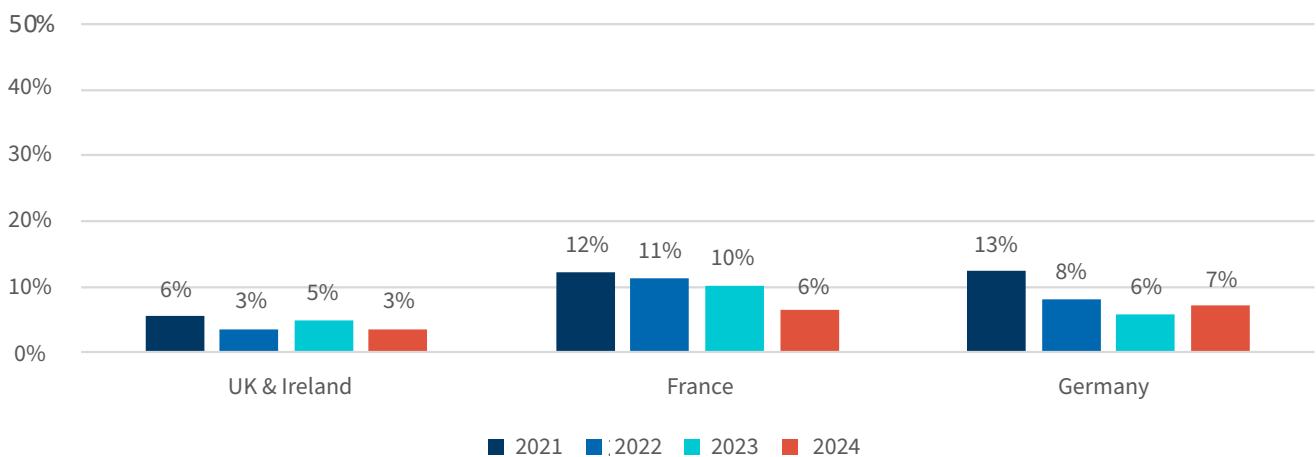
Following the local transposition of SRD II, German companies have submitted their remuneration reports for a third year in 2024. Roughly one fifth of these companies continue to receive significant opposition on their remuneration reports, highlighting significant room for improvement in companies’ practices and the level of scrutiny institutional investors are placing on German companies

3. Capital Management Proposals

Voting Statistics and Main Sources of Opposition in 2024

As shown in Figure 4, the proportion of companies receiving significant opposition (20% or more against votes) on one or more capital management proposal (share issuance or buyback requests) in 2024 was either lower (France) or broadly consistent with previous years (UK & Ireland/Germany). As in previous years, the dissent figures for capital management proposals are generally lower than for director elections and remuneration-related resolutions, with dissent tending to occur based on specific company circumstances as opposed to due to market wide guidelines and expectations. Generally, capital management proposals are relatively routine in nature and are reviewed by proxy advisors and investors based on straightforward guidelines, considering factors such as share issuance or buyback volumes and pricing discounts. Some investors, such as [UBS Asset Management](#), may apply stricter limits on potential dilution, and others may take a case-by-case approach, even on routine proposals, especially if they have concerns over the company’s performance, strategy or management. In 2024, instances of significant opposition in the UK & Ireland and Germany were generally linked to concerns over the volume of the share issuance or buyback request, while in France they were linked to companies failing to explicitly rule out the use of the authority during a takeover period in the text of the resolution (which is viewed by proxy advisors and certain investor as a potential antitakeover mechanism).

Figure 4: Proportion of Companies that Received Significant Opposition on at Least One Capital Management Proposal



Source: Diligent Market Intelligence

Key Takeaways

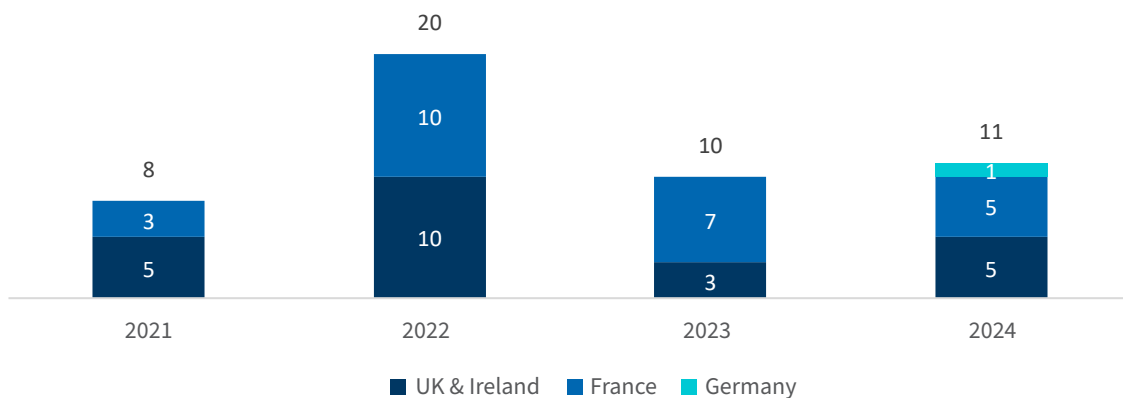
While investors generally apply more straightforward guidelines to review routine capital management proposals, in recent years, we have seen certain investors applying stricter limits on potential dilution, while others are increasingly using capital management proposals as a means by which to voice discontent with company performance, strategy or trust in management

4. Sustainability Proposals

Climate-Related Proposals

Figure 5 below shows the number management-sponsored say-on-climate proposals voted on in the UK & Ireland, France and Germany in the last four years (during the first half of each year; no say-on-climate proposal was voted on in these markets prior to 2021). After a decline from 20 say-on-climate proposals put to a shareholder vote in 2022 to 10 in 2023, the number stabilised in 2024 with 11 say-on-climate proposals submitted in the first half of the year.

Figure 5: Number of Say-on-Climate Proposals by Year and Region



Source: Diligent Market Intelligence

Potential explanations for the lower number of proposals observed in 2023 and 2024 include:

- inconsistent expectations from shareholders to have such votes at portfolio companies. While some believe in the benefit of providing shareholders with the opportunity to express their perspective (e.g. [Amundi](#), [Allianz Global Investors](#) and the [Local Authority Pension Fund Forum](#)), others believe that oversight of climate strategy should remain a prerogative of the board only. Notably, the [PRI](#), the leading proponent of responsible investment, is not in favour of voting on climate transition plans as it considers that the benefits of say-on-climate votes as a mechanism to encourage climate action are outweighed by risks and potential unintended consequences;
- increased investor expectations and company reticence to experience dissent at the AGM (median dissent on say-on-climate proposals increased from 2.4% in 2021 to 9.2% in 2022, before going back down to 3.8% and 2.5% in 2023 and 2024, respectively);
- a number of companies where say-on-climate is most relevant, having already proposed it once, waiting to propose it again in a number of years or when their climate strategy evolves.

While at a lower rate than in 2022, the cumulative number of companies that have offered at least one say-on-climate vote to their shareholders continued to grow in 2023 and 2024 (2021: 8 companies; 2022: 25; 2023: 30; 2024: 34; these 34 companies have submitted a total of 49 say-on-climate proposals to a shareholder vote in the last four years). In 2024, two companies in France, one in the UK and one in Germany put a say-on-climate proposal to a shareholder vote for the first time in the first half of 2024. In Germany, this was the first proposal in the market. Another “first” was observed in France with a company separately asking its shareholders for their opinion on its climate strategy and its biodiversity preservation strategy, which it labelled “[say-on-biodiversity](#).”

Shareholder proposals remain relatively uncommon in Europe compared to the US, largely due to differences in legal frameworks. An [ISS study](#) identified 601 ESG shareholder proposals on US company ballots between 1 January and 15 June 2024. In the UK & Ireland, the number of climate-related proposals submitted by shareholders fell to just one in the first half of 2024, down from three in each of the prior three years. Meanwhile, France saw two proposals last year but none this year, mirroring Germany, which has seen no such proposals over the past four years. While the absence of shareholder proposals might indicate a lack of scrutiny, pressure from investors across European markets tends to occur outside of the ballot box, through direct engagement with boards and management instead.

Appointments of Sustainability Auditors

Following the transposition of the EU CSRD directive into national laws (in December 2023 for France and in July 2024 for Germany), the largest listed companies will need to have their sustainability information certified for the 2024 fiscal year (with most of the remaining public companies required to do so in 2025). Accordingly, a substantial number (92 French companies and 21 German) have for the first time asked their shareholders to appoint a “sustainability auditor”, responsible for certifying the data in the non-financial report to be published in 2025. Most of these companies have chosen to assign this role to one of their statutory auditors already responsible for certifying their financial information. All but two of the largest French companies (CAC 40 constituents) appointed their financial auditors for this role. Across the SBF 120 companies, one appointed a sustainability specialist firm as one of its two sustainability auditors; all other newly appointed sustainability auditors were from financial audit groups. Despite shareholder approval of these appointments in 2024, questions of independence and conflicts of interest persist, including whether an independent service provider should be hired. While support from investors for resolutions related to the appointment of “sustainability auditors” in 2024 was high (only one French company received significant opposition on such resolution, primarily due to wider concerns regarding the tenure of the auditor who was assigned this new role), it is likely market [expectations](#) will be refined in coming years. The ICGN paved the way in July 2024 for such changes, setting out expectations in terms of “*board oversight and robust processes for assurance readiness*” and “*high quality external assurance.*”

Key Takeaways

Despite diverging views from investors on the benefits of say-on-climate proposals, four new companies have put such proposals to a shareholder vote in 2024, including a German one, a first in that market

French and German companies have started to ask shareholders to ratify the appointments of the sustainability auditors who will have to certify their CSRD reports. Investor and proxy advisor expectations regarding these appointments are likely to evolve in coming and years

Notably, a French company replicated the say-on-climate model and offered a say-on-biodiversity vote to its shareholders

5. Broader Trends in Proxy Voting

Pass-Through Voting

“Pass-through” voting is an option increasingly offered by asset managers to their end clients (asset owners). It allows them to choose how their voting rights are exercised, either in line with the asset manager’s voting policy, aligned to other voting policies that may take a different view to the asset manager, or aligned with board and management recommendations. Each of the world’s three largest asset managers ([BlackRock](#), [Vanguard](#) and [State Street](#)) offer this option, and an increasing number of smaller managers are beginning to do so as well.

While this approach provides more democracy in proxy voting, while also having the potential to empower asset owners in their stewardship efforts, it may simultaneously blunt collective stewardship efforts, with more actors in the proxy voting chain voting in different ways. In addition, asset owners often lack the resources of large, structured asset managers to engage with companies and vote on a large number of resolutions each year.

Pass through voting also has the potential to present difficulties for companies when attempting to understand the likely impact on proxy voting when making certain decisions. Whereas previously companies may have had a clear indication of support (or not) from their largest shareholders, pass through voting may result in final voting outcomes that are not aligned with feedback during shareholder engagement programmes.

While the practice of pass-through voting may complicate the dialogue between issuers and shareholders, it may also lead to a greater reliance on voting recommendations from proxy advisory firms during AGMs. Indeed, for asset owners that do not have the same stewardship capabilities as large asset managers, it may be cost effective to place greater reliance on recommendations from proxy advisors. Third-party voting policies managed by proxy advisors

are also typically offered as pass-through voting options by large asset managers. These new engagement challenges and the potential increase in influence of proxy advisory firms could encourage companies to enhance their reporting. Since proxy advisors can only base their recommendations on public information, issuers may be prompted to provide more detailed disclosures, such as when proposing changes to the board composition or executive compensation.

Pre-Announcing Voting Intentions

In recent years, an increasing number of investors have started announcing their voting intentions ahead of general meetings. In 2020, Norges Bank Investment Management (NBIM) [confirmed](#) its decision to publish their votes in advance of general meeting from 2021 where practicable. Their stated intention was to provide more information to the market and to be fully transparent about the way it used its voting rights.

While NBIM generally pre-announces votes on all resolutions five days ahead of all general meetings of investee companies and for all proposals, other investors who pre-announce their votes typically do so for selected votes. For example, [Allianz Global Investors](#) takes a thematic approach with a current focus on workers’ rights, emissions reduction targets, coal and biodiversity. Given that they can only engage with a limited number of issuers, and that the relative size of their stakes in large companies may limit their individual influence, pre-announcing voting intentions is viewed as a means to “add more to the discussion.” Legal & General Investment Management (LGIM) [explains](#) that they may also pre-announce select votes as part of an escalation strategy, where it deems the vote to be particularly contentious.

Interestingly a recent [ECGI working paper](#) by Fahlenbrach, Rudolf and Wegerich finds that pre-disclosures of against

votes by NBIM lead to an average increase of c.3 percentage points in against votes by other shareholders: interesting given the close proximity of the announcement to general meetings and voting cutoffs. In addition, the effect is larger for proposals at smaller firms, and if NBIM pre-discloses a decision that is not directly observable from its proxy-voting guidelines.

Key Takeaways

The growing practice of pass-through voting may impact the effectiveness of engagement programmes, increase the influence of proxy advisors, and strengthen the need for strong corporate reporting

An increasing number of investors pre-announce their voting intentions and a recent academic study suggests that such practice may influence the voting decisions of other shareholders



Outlook

As we move through the end of 2024 and look to 2025, several key trends and developments are worth considering.

Markets Competitiveness and Regulation

Regulatory shifts in the UK and EU have started to redefine capital markets. On the one hand, efforts are ongoing to make Europe a more attractive environment for initial public offerings and a permanent home for successful companies, including through the acceptance of multi-vote share structures, which are likely to be closely scrutinised by investors and proxy advisors alike. Levels and structures of executive compensation packages are also seen by certain stakeholders as an impediment to the competitiveness of European markets, particularly in the UK. The IA has updated its remuneration principles and proxy advisors have also surveyed their clients on the topic. For companies preparing to submit revised remuneration policies to a shareholder vote in 2025, the evolution of investor and proxy advisor views on global pay benchmarks and restricted shares will be a critical area to monitor.

On the other hand, the CSRD is fundamentally shifting reporting and business practices across the EU, with increasing impact on transparency and investor expectations. In 2024, we began to see the impact of these changes on proxy voting trends and, as the majority of listed companies come within scope of the directive in 2025, companies are likely to see further challenges on the rigour with which they collect data and report externally.

ESG Governance

Proxy advisors and investors continue to develop increasingly sophisticated engagement and voting policies to hold directors accountable for the oversight of a widening range of ESG risks, notably related to the climate transition, biodiversity preservation, cybersecurity and the use of artificial intelligence.

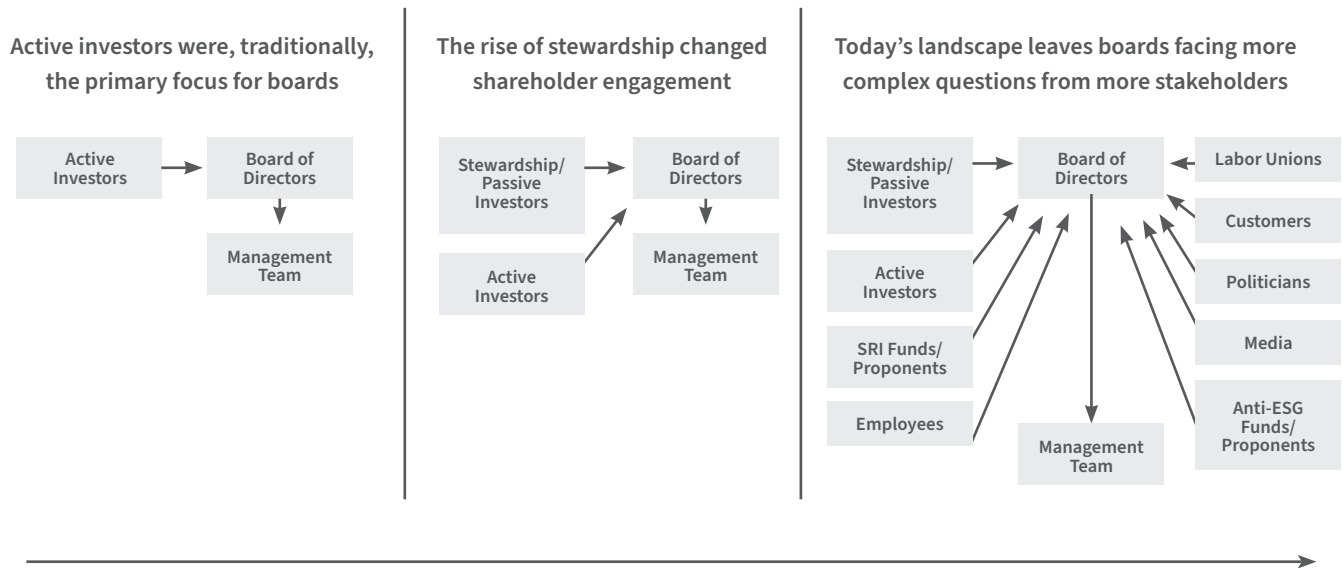
While investors have been supportive of the first appointments of sustainability auditors in France and Germany in 2024, questions of auditor independence and conflicts of interest persist, and investors may refine their criteria for approving sustainability auditor appointments in coming years.

Emerging Stewardship Practices

Emerging stewardship practices, like pass-through voting and pre-announced voting intentions, are changing the dynamics of corporate governance. Pass-through voting, where asset owners directly express their voting preferences, could impact engagement programmes and increase the influence of proxy advisors. Pre-announced voting intentions are gaining prominence, and recent research has found that such announcements may impact the voting behaviour of other shareholders.

In this rapidly shifting environment (as portrayed in Figure 6 on the next page), the quality of corporate reporting and shareholder engagement is paramount. Companies must focus on transparent communication, ensuring that their board decisions are clearly articulated and demonstrably aligned with the interests of shareholders and wider stakeholders. Regular dialogue with key shareholders will not only help identify their evolving concerns but also offer opportunities to adapt strategies and improve voting outcomes. Ultimately, strong engagement and reporting will be crucial for maintaining investor trust and flexibility in corporate decision-making.

Figure 6: The Evolution of Corporate Governance



Further Reading

- [Building Effective Cybersecurity Governance: Evolving Board Oversight and Reporting to Address Increasing Stakeholder Scrutiny of Cyber Risk](#), FTI Consulting, September 2022
- [Responsible AI Governance: Future Proofing Corporate Governance, Strategy, Risk Management and Reporting](#), FTI Consulting, January 2024
- [ESG+ Newsletter](#), FTI Consulting, Weekly Publication

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