

A review of General Meetings – 2019 v 2020

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During 2020, we again analysed the voting results of our client General Meetings (GMs) in the UK and Ireland to uncover trends and behaviour of the investment community compared to the same period in 2019.

<p>1019 GMs analysed</p>	<p>9508 resolutions put to shareholder votes</p>
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Voting choices and digital mechanisms

Electronic proxy voting and paperless proxy voting have been growing in popularity and usage over the last few years. The move away from physical delivery accelerated by the pandemic has seen the use of digital mechanisms for company general meetings increase significantly compared to 2019.

- **52.96%** of proxies lodged were in electronic form – a **34.75%** increase on 2019
- **47.04%** of proxies lodged were in paper form – a **22.5%** decrease on 2019
- **78%** of shares voted via electronic means – a **2.63%** increase on 2019
- **22%** of shares voted via paper – an **8.33%** decrease on 2019

Voting volumes

It is pleasing to note that the average amount of issued capital being voted at meetings is also rising. This may reflect efforts by companies to make voting easier using multiple voting channels and the desire by companies to engage with shareholders at the current time.

- On average, **63.87%** of share capital was voted for each resolution – a **27.51%** increase on 2019

However, there was a drop in the number of shareholders submitting a proxy appointment. This may reflect general concerns during the pandemic,

particularly about using paper voting and posting items when the lockdown was implemented.

- Only **5.19%** of registered shareholders exercised their voting rights via proxy appointments compared to **6.16%** in 2019.

Engagement and participation

Social distancing measures have meant that the “standard AGM” was largely abandoned in 2020. Many companies have held their shareholder meetings behind closed doors and the measures contained in the Corporate Insolvency and Governance Bill 2020 have allowed companies to hold GMs virtually regardless of legal or Articles of Association stipulation. This temporary provision will remain in place until 30 March 2021.

An increasing number of companies have utilised the hybrid meeting model where they already have regulations in place and many more have been seeking approval for changes to Articles of Association. In 2020, 16 FTSE 100 companies had Article changes approved by shareholders that include provisions for hybrid meetings to be held. The Article changes have also included changes to clarify share forfeiture provisions and flexibility around electronic dividend payments.

During the year, we supported 26 separate hybrid meeting events in the UK where companies have used existing authorities or relied on the measures provided for within the Corporate Insolvency and Governance Bill 2020. Most of these meetings occurred in the final half of the calendar year.

However, during December 2020, almost double the number of companies that held a fully hybrid meeting made positive enquiries in holding a hybrid meeting during 2021 and these enquiries are continuing into 2021.

A look ahead to 2021

Support for the hybrid model is generally gathering pace; **81%** of retail shareholders recently were surveyed in favour of the use of hybrid. The benefits for issuers have become clearer and the technology that supports delivery is well established globally.

The 2021 AGM season will present challenges in the UK given the uncertainty around legislative change required to side-step companies’ articles. However, Ireland have emergency measures in place until 9 June meaning most company AGMs can benefit from the additional measures.

The challenge for any issuer using the existing arrangements will be to consider extending shareholder rights of participation via digital means rather than holding closed door meetings; something that investors and regulators have voiced concern about.



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