

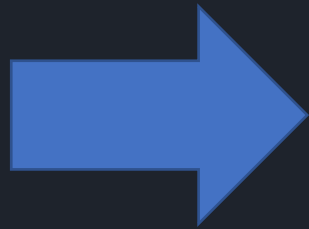
EUROPE



Europe: Timing and Meeting Format

PROXY SEASON 2024 OVERVIEW

- Peak AGM voting season in 2024:
 - March to June
- Meeting format:
 - Likely in-person or virtual as hybrid meetings have not broken through (with a few notable exceptions, e.g., **Raiffeisen Bank International**)



**Raiffeisen Bank
International**

Europe: Meetings to Watch

PROXY SEASON 2024 OVERVIEW

dsm-firmenich 

Givaudan
Human by nature

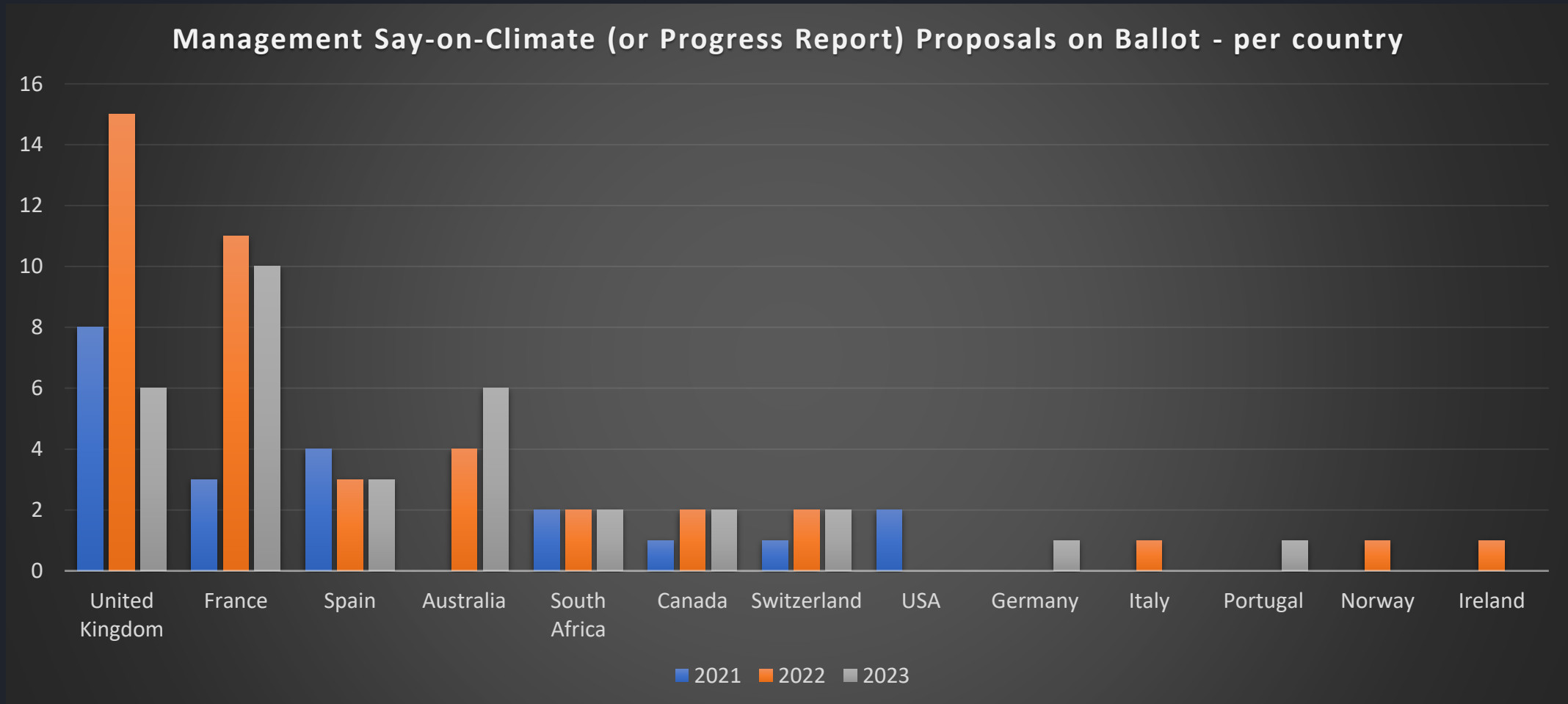
symrise 

 **TIM**
GRUPPO TIM

GEA Engineering
for a better
world.

Europe: Say-on-Climate

The numbers remain small, and a material increase in proposal volume is not expected for 2024



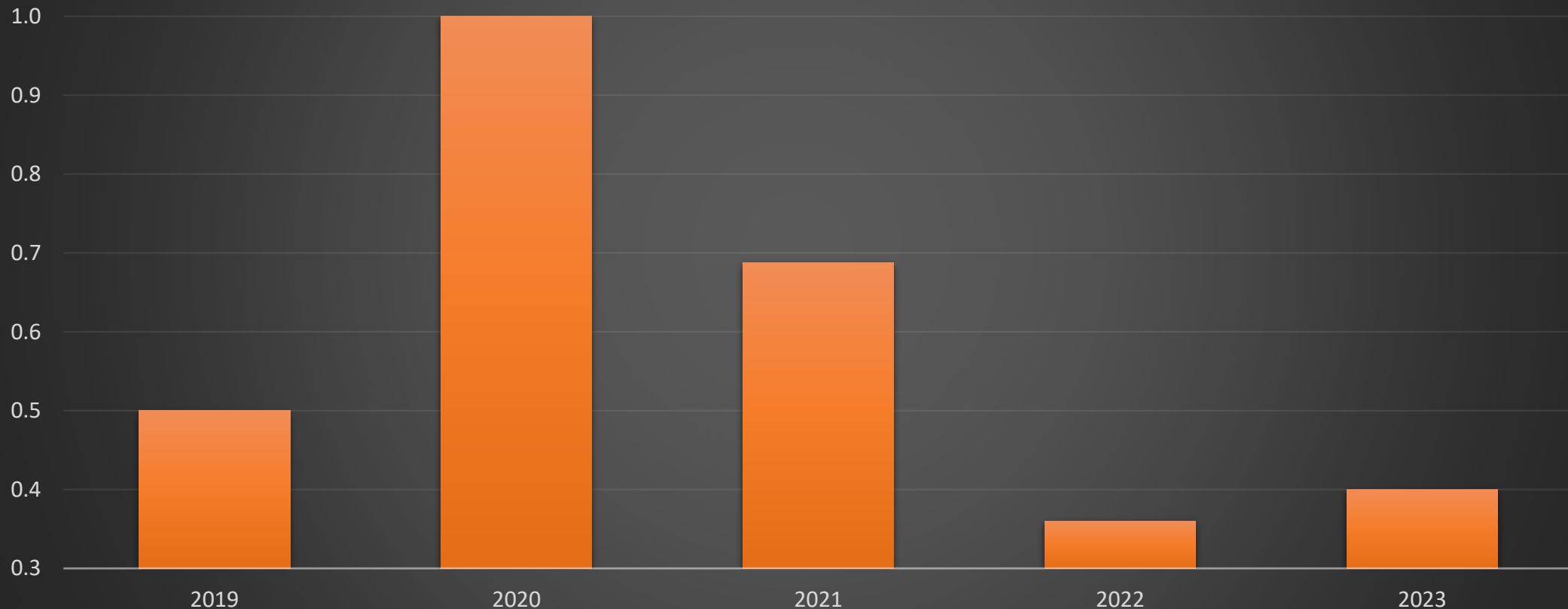
Source: ISS Governance Research & Voting



Europe: Executive Remuneration

2024 - SRD II Remuneration Policy Cycle Year

Median of the Average Number of Remuneration Policy Proposals Per Company in the EU



Source: ISS Governance Research & Voting

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Europe: Executive Remuneration

2024 - SRD II Remuneration Policy Cycle Year

- The focus for many investors appears to be directed at increased disclosure, both in terms of compensation policies, but also reports.
- Companies are still finding their way in the difficult space of aligning ESG strategy with executive pay in a robust and reliable way.
- Investors continue to argue that such criteria should be:
 - ✓ Relevant for the company in question;
 - ✓ Clearly linked to and supplementing the company's strategy;
 - ✓ Achievable, but not providing guaranteed pay;
 - ✓ The outcome being under the influence of the participant(s); and
 - ✓ Ideally quantifiable/measurable.



Europe: Corporate Sustainability Reporting Directive

Covered companies are expected to report on their sustainability risks, opportunities and impacts

Entity category	Financial year	First reporting in:
<p>Large European and non-European companies under NFRD thresholds</p> <p>European public interest entities (according to the Accounting directive definition - which includes EU companies listed on EU regulated markets) and non-EU companies that are listed on EU regulated markets, that satisfy both of the following criteria:</p> <ul style="list-style-type: none"> • More than 500 employees • Turnover that exceeds EUR 40 million and/or balance sheet that exceeds EUR 20 million. 	2024	2025
<p>Other large European and non-European companies</p> <p>All other large EU companies (listed or not listed) i.e. that meet two out of the three following criteria:</p> <ul style="list-style-type: none"> • More than 250 employees • Turnover that exceeds EUR 40 million • Balance sheet that exceeds EUR 20 million • All other large non-European companies that are listed on EU regulated markets (i.e. that meet the criteria mentioned above). 	2025	2026
<p>SMEs listed on EU regulated markets</p> <p>All SMEs – European or non-European - that are listed on European regulated market, except micro-undertakings.</p> <p>(Micro-undertaking: do not exceed at least two of these criteria, 10 employees, a balance sheet total of EUR 250,000 and a turnover of EUR 700,000).</p>	2026 with a 2-year opt-out * (2028)	2027 with a 2-year opt-out*(2029)
<p>Other large non-European groups</p> <p>Third-country groups with a European turnover that exceeds EUR 150 million and with a large branch or subsidiary based in the EU</p>	2028	2029

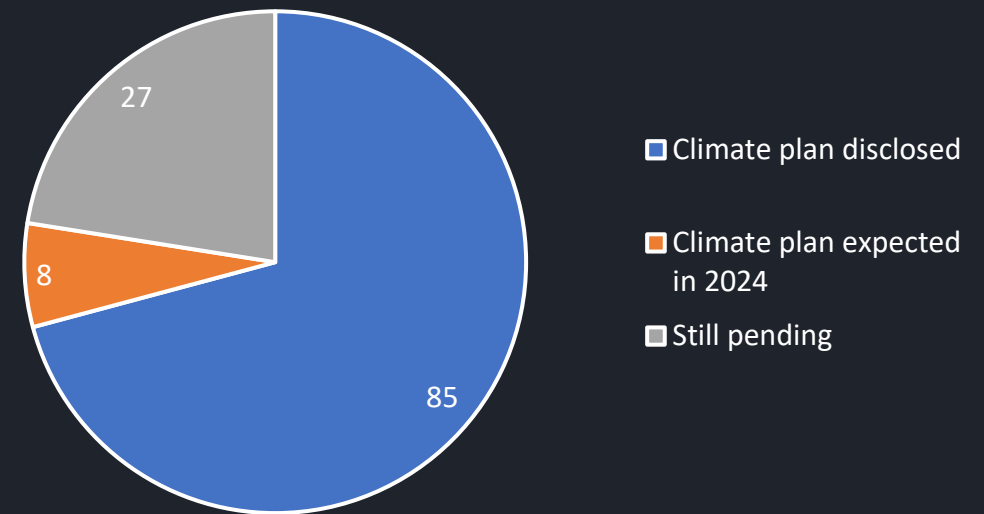


France: Climate strategies at AGMs

Soft law urges companies to present a non-voting debate on their climate strategies to their AGMs

- A draft law was submitted to make say-on-climate votes mandatory but was unsuccessful.
- The Afep-Medef governance code and the AMF still recommend a non-voting debate at the AGM on climate transition plans from 2024.
- Most companies anticipated the recommendation and complied as early as 2023.

Climate strategy of the SBF 120 companies



United Kingdom: Backdrop to Season

- Efforts to make the UK a more attractive place to list has been a theme in recent times, particularly in the wake of high-profile listing departures, listing snubbings and a lack of IPO activity.
- Revisions to the FCA Listing Rules are currently out for consultation and aim to encourage companies to float their shares in London, with proposals including:
 - Combining the premium and standard listing segments into a single category;
 - Facilitating the adoption of dual classes of shares; and
 - Dispensing with the need for a shareholder vote or circular for significant or related-party transactions.
- Opponents to the proposed changes, such as the ICGN, have raised concerns that the new rules will dilute the current standards of the UK, which is seen as a positive differentiator for the UK market.
- In January 2024, the FRC published a revised version of the UK Corporate Governance Code.
- The largest change concerns amendments to internal controls, with the Code continuing to operate on a “comply or explain” basis.
- Changes that were dropped include the role of the audit committee; expanding expectations on diversity, equity and inclusion; provisions on over-boarding; ESG issues and committee Chairs’ engagement with shareholders.

United Kingdom: Executive Remuneration

- The ongoing debate over the competitiveness of UK pay arrangements continues, with the CEO of the London Stock Exchange leading calls for a 'big tent' discussion on executive pay.
- Later this year, the Investment Association are expected to review their Principles of Remuneration to acknowledge challenges faced by UK companies in attracting international talent.
- Anticipated that companies will explore the introduction of 'hybrid' incentive schemes.
- So far this year, we have seen some companies implement executive salary increases above those made to the wider workforce salary increases, commonly reflecting increased complexity of business operations.
- There may be an increase in the number of companies incorporating ESG metrics into their variable incentives, despite no new E&S reporting requirements in the updated UK Corporate Governance Code.
- The removal of the bankers' bonus cap may see a rebalancing of fixed and variable opportunities.



United Kingdom: Other Areas of Focus

- UK listed companies must now report compliance against three diversity targets outlined in the FCA's Listing Rules.
- The updated Parker Review expects FTSE 350 constituents to disclose their own targets for the percentage of senior management who self-identify as being in an ethnic minority by December 2023. Such companies are likely to begin working towards their targets in 2024, which they will be required to meet by December 2027.
- Companies used expanded share issuance authorities in 2023; trends may continue in 2024.
- A new 'gold standard' for transition plans was published under HM Treasury's TPT Disclosure Framework in late 2023, which may have ramifications for the 2024 proxy season.
- The debate over meeting formats (physical vs. hybrid) in the UK will persist in 2024, as companies adapt to their unique circumstances.



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