



Reflections on the 2025 AGM and reporting season



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As the 2025 AGM and reporting season passes its peak, we reflect on what we've seen in the market so far this year and share some thoughts on developments we might expect in the rest of 2025 and beyond.

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AGM arrangements and shareholder engagement

The AGM is the one forum where a listed company can hear from all its shareholders. Institutional investors have regular opportunities to meet the board and senior management, but it's at the AGM that their voice is clearly and publicly heard through the exercise of voting rights. Meanwhile, for smaller shareholders, including retail investors, the AGM may be the only opportunity for direct communication with the board.

So far in 2025, AGMs have again varied widely in scale and profile, with companies continuing to seek a balance between providing engagement opportunities for shareholders and using their resources efficiently. This is reflected in the range of formats seen even within the FTSE 100 AGMs (67 in total) held between 1 January and 31 May 2025.

FTSE 100 AGM FORMATS¹

In person only



Shareholders who wish to attend the AGM must come to the physical venue.

Full hybrid



Shareholders can exercise all their rights to attend, ask questions and vote either by coming to the physical AGM venue or by joining online.

In person plus



Shareholders who wish to attend the AGM and vote on the day must come to the physical venue. The company provides additional facilities for shareholders to view or listen to, and in some cases to ask questions at, the AGM online, or by telephone.

Digital first



The AGM is broadcast from a physical venue named in the Notice of AGM, but shareholders are strongly encouraged to attend online and not to come to the physical venue.

Virtual only



Shareholders who wish to attend the AGM must do so online.

Outside the FTSE 100, an even higher proportion of AGMs have been held “in person only”. In some cases, this format has been chosen following a cost-benefit analysis of providing online facilities, taking account of low uptake in years when they have been offered. At the same time, companies have tried other ways to increase engagement. Examples include holding the AGM in a different city for the convenience of local shareholders, inviting shareholders to submit questions by email in the run up to the AGM (with responses before the proxy voting deadline to facilitate informed voting decisions) and, separately from the AGM, encouraging participation in retail investor forums, including through online platforms, and convening stakeholder panels.

Looking ahead, we believe further movement away from “in person only” and hybrid meetings towards online formats will require both a clarification in UK company law² and a positive shift in institutional shareholder views³. Recent reports indicate that the much-anticipated Audit Reform and Corporate Governance Bill may “clarify the legality” of virtual general meetings, while considering the interests of shareholders⁴, and this would certainly reignite the debate around virtual AGMs. However, given the large number of companies that would need to update their articles of association to enable virtual only shareholder meetings⁵, those institutional shareholders who drive voting trends, as well as companies, would need to be convinced of and embrace the benefits of the virtual format.

¹ Based on AGMs held between 1 January and 31 May 2025 of companies named in the FTSE 100 index constituents table as at 31 May 2025.

² s.311(1)(b) Companies Act 2006 requires the Notice to state the “place” of the meeting. There is debate around whether this requires a physical location to be stated. A&O Shearman has previously received advice from Counsel that, while there is no definitive answer, the better and only safe view is that it does require a physical location.

³ ISS, Glass Lewis, the Investment Association, PLSA and PIRC have all stated that they would not usually support virtual only meetings for UK companies and so companies proposing amendments to their articles of association to enable such meetings risk strong opposition.

⁴ “An end to sandwiches and protests? The rise of the virtual AGM” (Financial Times article dated 5 May 2025).

⁵ Updates to articles of association must be approved by a special resolution, requiring 75% of votes to be in favour for the resolution to pass.

AGM share capital authorities

The share capital authorities proposed by most companies at their AGMs (authority to allot shares, disapplication of pre-emption rights and market purchase of own shares) are viewed as routine resolutions, because they are included in the AGM business every year. However, having these authorities in place is crucial to enable companies to manage their capital effectively and to remain agile when considering how to finance organic and inorganic investment opportunities throughout the year.

The strategic value of AGM authorities can be seen through their practical use. Over the last two years⁶, in addition to a number of completed rights issues and open offers amongst FTSE companies, 12 have filed post transaction reports with the Financial Reporting Council (FRC) following a capital raising in which they have utilised their authority to disapply pre-emption rights⁷. In addition, over the same period, and in the FTSE 100 alone, 63 companies have returned capital to shareholders via a share repurchase programme.

Many companies have adopted the maximum flexibility for AGM share capital authorities permitted under current guidelines. Based on the 67 FTSE 100 AGMs held between 1 January and 31 May 2025, current market practice is as illustrated in the pie charts below.

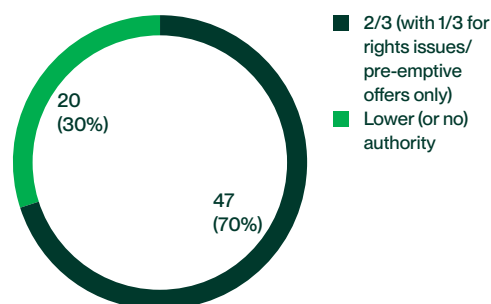
We note that there continues to be lower market uptake of the enhanced disapplication of pre-emption rights authorities permitted under the Pre-emption

Group's statement of principles from November 2022 by comparison with the other standard (and longer established) AGM share capital authorities, particularly in the FTSE 100 group⁸. We understand the lower uptake reflects nervousness among some companies that their shareholders may be sensitive to the level of dilution to which they could be exposed if the disapplication of pre-emption rights authorities were used in full.

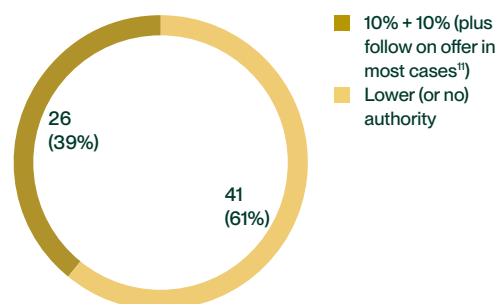
Nonetheless, shareholder support for disapplication of pre-emption rights resolutions remains strong overall. The public register of the Investment Association (IA) has only recorded 12 "significant"⁹ votes against disapplication of pre-emption rights resolutions across 8 companies in the whole FTSE index between 1 January and 31 May 2025¹⁰.

FTSE 100 - CURRENT MARKET PRACTICE

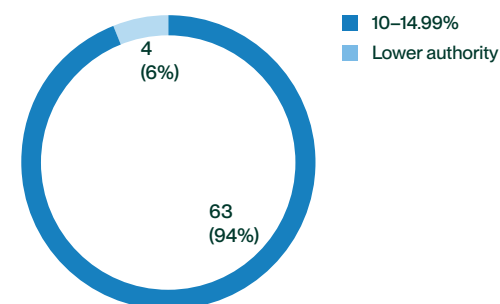
AUTHORITY TO ALLOT SHARES



DISAPPLICATION OF PRE-EMPTION RIGHTS



MARKET PURCHASE OF OWN SHARES



6_31 May 2023 to 31 May 2025.

7_Based on information appearing on the [FRC Post Transaction Reports Database](#) as at 17 June 2025. Of the 12 reports filed between 31 May 2023 and 31 May 2025, 8 relate to transactions that completed during this period.

8_The [Pre-emption Group Annual Monitoring Report](#) published in November 2024 noted that 67.1% of FTSE 350 companies holding an AGM within their study period of 1 August 2023 to 31 July 2024 sought enhanced disapplication of pre-emption rights authorities.

9_20% or more of votes received were against the board recommendation for the resolution.

10_Based on information appearing on the public register as at 17 June 2025.

11_Three out of the 26 companies in this group proposed 10% + 10% disapplication of pre-emption rights resolutions in line with the [Pre-emption Group's template resolutions](#), but did not include the additional follow-on offer limb of the template resolutions.

Executive remuneration and share plans

The 2025 AGM season has marked a pivotal juncture in the ongoing debate on executive remuneration in UK listed companies. The IA's updated Principles of Remuneration (IA Principles), effective from October 2024, provided boards and remuneration committees with enhanced flexibility to tailor pay policies to their specific business needs and global talent strategies. Several substantive changes have been introduced under the revised IA Principles, two of which have sparked particular discussion.

IA PRINCIPLES - CHANGES IN FOCUS



Recognition of Hybrid Pay Schemes:

The IA's endorsement of "hybrid" schemes, which combine performance-based and service-based vesting, has been welcomed by companies seeking to align more closely with U.S. practices. We expect market practice to evolve as companies embrace this new flexibility.



Shareholding Requirements and Transaction and Retention Bonuses:

Updated guidance on minimum shareholding requirements and a more permissive stance on transaction bonuses and retention awards have also featured in several remuneration reports and policy votes this season.

These changes to the IA Principles have come at a time when UK companies are facing intensifying competition from the U.S., where executive compensation levels remain significantly higher. The widening gap between U.S. and UK executive pay has remained a central theme throughout the 2025 AGM season. With U.S. S&P 500 CEOs earning, on average, three times more than their UK counterparts, concerns about the UK's ability to attract and retain top executive talent have intensified.¹² This has prompted a growing number of FTSE 100 companies to seek shareholder approval for more innovative and competitive pay structures, including higher value long-term incentive schemes and hybrid awards. Some of the biggest companies on the London Stock Exchange by market capitalisation are among those implementing improved pay deals for their chief executives this year. The removal of the "bankers' bonus cap" (albeit in 2023) has also seen multiple banks seeking shareholder approval to increase the maximum remuneration their chief executive can receive. Indeed, UK pay packages have grown faster this year than their counterparts in the U.S., with the median pay at FTSE 100 companies that have reported this year having increased 11% to USD6.5 million¹³. However, given the heightened scrutiny from shareholders, proxy advisers, and the broader public, a balance needs to be struck when designing and implementing executive incentive arrangements.

¹²_The High Pay Centre estimates that median FTSE 100 CEOs earnings GBP4.22m in 2024. An AFL-CIO report confirmed that the average compensation at S&P 500 companies was USD17m.

¹³_According to data from ISS corporate.

Director re-elections and shareholder concerns

The 2025 AGM season is once again seeing more “significant”¹⁴ votes against director (re-) election resolutions than against any other type of resolution, with the IA’s public register recording 16 companies receiving such a vote against at least one director (re-)election resolution from 1 January to 31 May 2025, corresponding to 32 resolutions in total¹⁵.

The higher number of significant votes against these resolutions is unsurprising, given the number of director (re-)election resolutions proposed at AGMs by comparison with other categories of resolution and the broad range of concerns that might lead shareholders to vote against a director (re-)election. Nonetheless, votes against directors do attract attention; they can feel personal when driven by individual issues such as commitment or tenure, and they can also shine a light on broader issues for which a director may be held accountable such as company performance (executive directors), executive remuneration (remuneration committee chair) and diversity performance (nomination committee chair).

Over-boarding, or perceived over-boarding, remains a common concern, with shareholders keen to ensure other business commitments do not impact directors’ effectiveness¹⁶. Where there is concern, criticism and a vote against a director seem particularly likely where board or committee meetings have been missed¹⁷.

Companies may be able to provide some reassurance through explanation in their annual report of a director’s overall contribution, the reasons for permitting new external appointments¹⁸, and the context of missed meetings (for example short notice, or short-term illness or personal reasons). However, investors are increasingly making their own judgements as to how many commitments is too many, sometimes based on their own internal guidelines on this issue which may diverge from the guidelines of major proxy advisers, and so ongoing dialogue with larger shareholders is strongly recommended to minimise the risk of negative voting outcomes.

Diversity at both board and senior management level has also continued as an area of focus, but for some companies, and particularly those with a significant U.S. presence, the content and emphasis of reporting has started to shift in response to the evolving D&I landscape in the U.S. and globally. In particular, companies have recently been grappling with the tension between the UK emphasis on setting and reporting against targets as a means of driving improvement in diversity performance and concerns over the legality of such targets in the U.S. Of course, UK companies must continue to comply with all their UK disclosure obligations, including reporting, on a “comply or explain” basis, against the board level diversity targets set out in the UK Listing Rules, with such additional explanation or contextual information as they think appropriate for readers based in other jurisdictions. However, we have observed some companies with a significant U.S. presence reconsidering their approach to reporting against targets on a voluntary basis, including choosing to apply senior management representation targets to employees based in the UK only or eliminating targets altogether.

14_20% or more of votes received were against the board recommendation for the resolution.

15_Based on information appearing on the public register as at 17 June 2025.

16_UK Corporate Governance Code 2018/2024, Principle H.

17_Shareholders can assess this based on annual report disclosure of meeting attendance pursuant to UK Corporate Governance Code 2018/2024, provision 14.

18_UK Corporate Governance Code 2018/2024, provision 15.

“Say on climate” and climate-related reporting

2025 has seen a cooling of momentum on “Say on climate” resolutions, and other climate resolutions as a whole. We have so far seen only a handful of climate-related resolutions tabled this AGM season¹⁹, relating to the approval of companies’ updated Climate Transition Plans and Climate-related Financial Disclosures. There have also been a few high-profile companies that declined to offer “Say on climate” votes, despite shareholder calls for those resolutions.

The dearth in these resolutions may be partially attributed to voting cycles, for example, some companies may not opt for “Say on climate” resolutions annually but on a tri-annual basis. However, what we have seen is also in line with broader trends that reflect a shift away from a strong emphasis on ESG initiatives. Notably, in Europe, the “Stop the clock” directive entered into force in mid-April, delaying the applicability of the Corporate Sustainability Reporting Directive (CSRD) to certain companies.

Nonetheless, for corporates that remain within the remit of mandatory climate-related laws, there has been a continued emphasis on the quality and depth of disclosure in annual reports. The FRC continues to review companies’ climate-related financial disclosures, and in January²⁰ noted several deficiencies and lessons for AIM and large private companies in scope of the UK Companies Act climate-related financial disclosures, with continued scrutiny expected of disclosures made by companies of all sizes.



¹⁹ Between 1 January and 31 May 2025, there were four climate-related AGM resolutions, all of which were at FTSE 100 companies. One of the four resolutions was requisitioned by shareholders, and the other three were proposed by the board.

²⁰ [FRC Thematic Review of Climate-Related Financial Disclosures by AIM and Large Private Companies](#).

Expectations for the coming months

As all companies await further progress on the Government's Audit Reform and Corporate Governance Bill, most have begun applying the UK Corporate Governance Code 2024 (2024 Code)²¹ and some are already preparing for their first reporting cycle under the 2024 Code. In this context, we expect to see greater emphasis on showcasing, in annual reports, the specific activities companies have undertaken during 2025, and the outcomes of those activities, to demonstrate the impact of governance practices. Reporting under provision 29 (risk management and internal control) of the 2024 Code will not be required until 2027²², but companies are already working hard to ensure systems are in place to support the declaration of effectiveness of the material controls that directors will be expected to make in annual reports of the future.

Executive remuneration in the UK is likely to remain a central issue as companies take advantage of the flexibility afforded by the revised Principles of Remuneration and mounting global competition. The 2025 AGM season has seen the beginnings of a shift towards more innovative pay structures, and we anticipate this will continue as companies compete to attract and retain top talent.

Share price volatility continues to present a significant challenge for UK listed companies when implementing and operating executive incentive arrangements, specifically when granting awards and at the time awards vest or pay out. Fluctuations in share price, often driven by macroeconomic factors beyond management's control, can result in outcomes that do not accurately reflect the performance of the company or the contribution of executives. As for the vesting or payout of awards, concerns relate to the accuracy and effectiveness of a company's share price being the main determining factor. Companies could counter this by adopting longer term performance periods, incorporating non-share price-based performance metrics, and introducing hybrid schemes. These approaches are intended to provide a more balanced and accurate assessment of executive performance, while also addressing shareholder concerns about the alignment between pay and performance.

The sustainability landscape is evolving rapidly, driven by ongoing political and economic challenges. In Europe, for example, further changes to the substance of the CSRD are anticipated as part of the broader EU Omnibus package, but the final outcome is subject to intense political and business negotiations. We anticipate that voluntary reporting will continue to play a significant role in addressing the gaps created by rescinded laws. For instance, the EFRAG has already published voluntary sustainability reporting standards for SMEs. Meanwhile, in the UK, companies are encouraged to stay informed about ongoing developments related to the International Sustainability Standards Board (ISSB) standards, namely IFRS S1 and IFRS S2. The UK government has expressed strong support for the ISSB and its initiatives though timing with respect to adoption and application is currently unclear.

21_The 2024 Code applies to financial years beginning on or after 1 January 2025, except for provision 29 (risk management and internal control).

22_Provision 29 of the 2024 Code applies to financial years beginning on or after 1 January 2026.

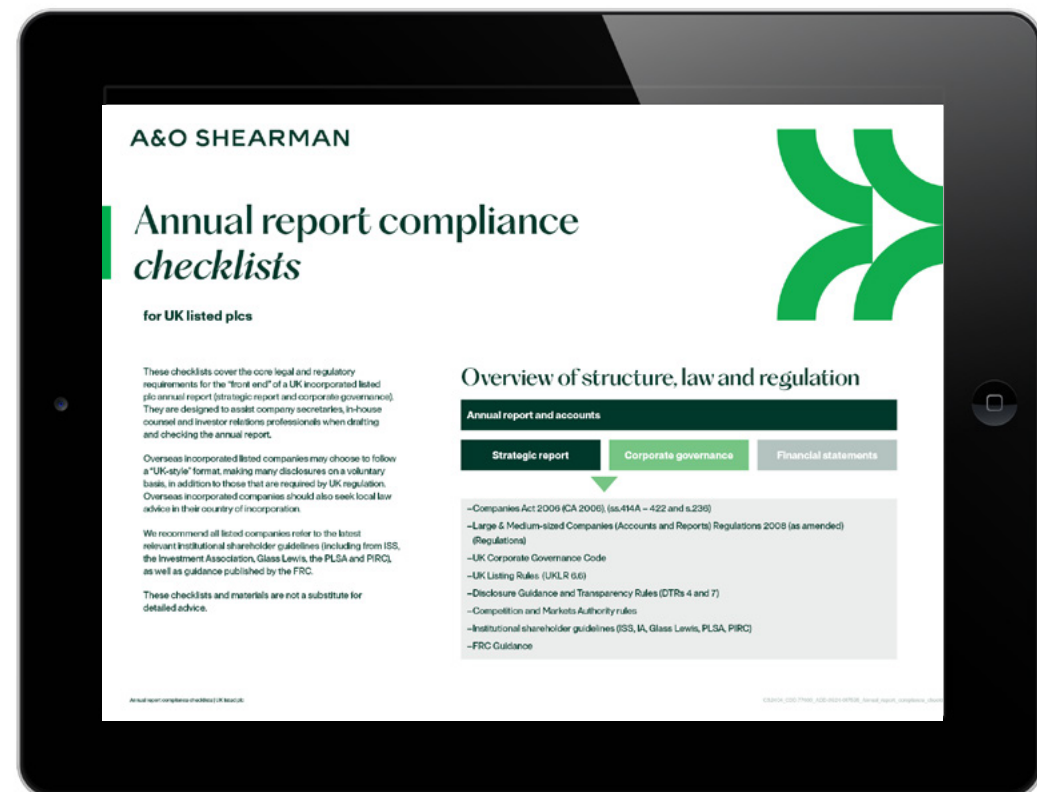


Further resources

The next episode of our podcast: “Annual reports and AGMs – what you need to know this year” will be released in autumn 2025. It will cover legal and regulatory changes impacting UK listed plc annual reports for 2025 financial years and AGMs to be held in 2026, as well as evolving best practice and practical points to consider when preparing an annual report for the next reporting and AGM season.

We will also make available at this time our updated user-friendly checklist detailing the core legal and regulatory requirements for UK listed plc annual reports.

Please speak to your usual A&O Shearman contact if you would like to register to receive these materials. You can find further information on the support we provide for AGMs and annual reports, in our brochure [here](#).



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