

## News Release

<b>Date:</b>	Monday 12 November 2018
<b>Subject:</b>	<b>Contested director elections increase dramatically in Europe in 2018, says Georgeson</b>

London, Monday 12 November 2018 – Director elections became more controversial in some major European markets during this year’s AGM season, a report released today by Georgeson has shown.

In its [2018 Proxy Season Review](#), the world’s leading shareholder engagement firm and corporate governance advisor reports that the number of director election proposals at large cap companies that were opposed by at least one in 10 shareholders has doubled since 2016 in the UK and France (128% and 95% increases respectively).

Increased investor concern was also evident in Germany, where there was a 114% increase in the number of contested proposals relating to the discharge of the management and supervisory boards since last year.

Georgeson says the trend reflects an increase in investor focus on directors at companies they consider unresponsive to shareholders’ demands.

The review also shows that executive remuneration remains an area of intense focus for many investors across Europe, with large cap companies continuing to suffer intense levels of scrutiny.

Remuneration report resolutions that were opposed by at least one in ten shareholders increased by 43% in Italy compared to 2017, while in the FTSE 100 the increase was 39% (and resolutions to which at least two in ten shareholders were opposed increased by 63%).

In Germany 56% of remuneration system votes were contested by at least one in ten shareholders, while in Switzerland 65% of remuneration report resolutions were contested.

Domenic Brancati, Chief Executive Officer – UK/Europe at Georgeson, said: “The latest edition of our Proxy Season Review shows that investors are becoming much more willing to oppose board members directly when they believe there have been corporate governance failings.

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“At the same time, there is no question that executive remuneration continues to remain a key focal point for investors.

“However, during 2018 we have also seen a decrease in the number of overall contested resolutions in some European markets, which we believe is caused by an increased effort by issuers to engage with their shareholders on contentious topics.

“Although proxy advisors have become more demanding in many markets, a number of resolutions that they supported also received significant levels of opposition, highlighting how important it is for companies to go beyond superficial assumptions in order to develop a full understanding and engage effectively with all relevant stakeholders.”

The report also shows that during 2018:

- In France there was increasing investor opposition to combined Chairman/CEO mandates. Over 70% of Chairman/CEO re-elections (across the CAC40 and Next20) received a higher level of dissent than at their previous elections
- In Spain, director elections continue to be the most contested resolution type (by at least one in ten shareholders), representing 41% of the contested proposals brought forward
- In the Netherlands, remuneration was a prominent theme, with 22% of remuneration proposals being contested (by at least one in ten shareholders): a 46% increase over 2017. Additionally, public debate over remuneration was so intense that two companies decided to withdraw remuneration-related resolutions
- In Italy, while the average level of support for minority director slates was down compared to 2017 (from 32% to 22%), in a rare occurrence a minority slate succeeded in winning control of the board at Telecom Italia (in connection with an activist campaign)
- In Switzerland, despite a 33% decrease in the number of directors receiving more than 10% opposition, director elections were still the most contested type of proposal within the SMI and made up 31% of all contested proposals in 2018

The report is available to download from <https://www.georgeson.com/uk/2018-season-review>.

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**Notes**

1. For high resolution images of spokespeople, visit <http://cpu.vg/spokespeople>.

**About Georgeson**

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