IS YOUR COMPANY READY FOR THE 2025 AGM?

Seven Questions Every Company Should Ask Before Their AGM

Our 2024 Proxy Season Review revealed one key takeaway – annual general meetings (AGMs) are now critical touchpoints that demand year-round planning and strategic engagement. With the 2025 AGM season fast approaching, it's essential to evaluate your company's readiness. Start with these seven questions to check if your company is AGM-ready.

1 Is Your Voter Turnout Where It Should Be?

Voter turnout isn't just a procedural benchmark – it's a reflection of your company's governance health. Strong voter turnout indicates engaged shareholders and effective governance. Conversely, low turnout creates vulnerabilities, often drawing activist attention. Activists frequently target companies with weak voter engagement, leveraging the low threshold to disproportionately influence outcomes. A year-round engagement plan is ideal, but it's not too late to act – Kingsdale Advisors can help ensure your shareholders understand your strategy and feel motivated to vote.

2 Do You Really Know Your Shareholder Base?

Economic shifts can mean big changes in your shareholder mix. Retail-heavy ownership tends to result in lower voter turnout and requires targeted engagement strategies. Understanding your shareholder demographics is critical. Do you have an effective outreach strategy to connect with retail investors? Kingsdale specializes in crafting and executing targeted engagement strategies to help you connect with and mobilize retail investors.

3 Is Your Meeting Format Aligning with Stakeholder Expectations?

The debate over AGM formats – virtual, in-person, or hybrid – intensified in 2024. Shareholder proposals advocating for in-person meetings garnered majority support at seven of 13 companies (average 47%).

Proxy advisors like ISS and Glass Lewis now have clear expectations: virtual-only meetings are acceptable – only if companies provide sufficient disclosures to ensure shareholders can meaningfully participate. Failure to meet these standards could result in "Against" recommendations for governance committee chairs.

4 Is Your Board Ready for Racial and Ethnic Diversity Requirements?

Proxy advisors have raised the bar on board diversity and disclosure expectations. Nominating committee chairs risk "Against" recommendations if companies fail to disclose plans to add racially/ethnically diverse directors when required.

If your company committed to diversity targets in 2024, ensure you've followed through. Falling short of diversity thresholds this year? ISS' updated 2025 policies don't require explanations for noncompliance but do expect companies to commit to meeting the requirements by the next AGM.

5 How Robust Are Your Succession Plans?

Boards are under a microscope when it comes to director refreshment and succession planning. Glass Lewis now evaluates the quality of board competency disclosures at S&P/TSX 60 companies, expecting sector-specific skills matrices. Institutional investors often hold boards to higher governance standards than proxy advisors, particularly regarding director tenure and succession planning.

Have your run a rigorous vulnerability analysis of your director nominees? Start with independence tests based on proxy advisors' stricter definitions and address any gaps in succession planning. Kingsdale can help you navigate these challenges with precision.

6 Does Your Executive Compensation Pass the Test?

Executive compensation remains a battleground issue for shareholder activism. Companies that received negative recommendations from ISS or Glass Lewis saw their Say-on-Pay (SoP) support drop to an average of just 52%. With S&P/TSX 60 CEOs seeing an average 16% salary increase in 2024, boards must tread carefully.

Such numbers should be a wake-up call for boards to proactively address executive compensation issues, as the alternative may be unfavorable media attention and future shareholder attacks. Practices such as significant year-over-year pay increases, one-time awards, or excessive upward discretion can raise red flags. Kingsdale offers Pay-for-Performance simulations to help you assess how your compensation practices align with shareholder expectations.

7 Are ESG Issues Adequately Addressed?

Governance-related proposals more than doubled in 2024, making ESG an unavoidable topic. However, recent years have also seen a rise in anti-ESG sentiment, with some shareholders advocating for a more restrained approach to sustainability and governance initiatives.

Curious about where your investors stand? Testing shareholder sentiment with targeted ESG or anti-ESG proposals can provide valuable insights. Regardless of your company's stance, it's essential to address ESG issues thoughtfully. Boards failing to articulate clear ESG strategies supported by meaningful disclosures risk attracting shareholder proposals — or even activist attention. Striking the right balance between proactive ESG efforts and responding to anti-ESG sentiment is key to maintaining strong shareholder relationships and mitigating reputational risks.

Take the Next Step to Elevate Your 2025 AGM

Preparing for your AGM doesn't have to be a challenge. Whether it's boosting voter turnout, navigating diversity requirements, or refining your ESG strategy, Kingsdale Advisors is here to guide you every step of the way. Contact us today to ensure your 2025 AGM is a success.

Kingsdale Advisors is North America's leading strategic shareholder advisory firm, trusted by hundreds of management teams and boards for their annual meeting needs. For advice on your AGM, please contact:

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