

How AGM Ready Are You?

AGM Season Is Upon Us

Companies are in planning and execution mode for their Annual General Meetings (AGM), with dates locked in, platform technology confirmed, and the Notice of Meeting either sent or almost ready to be sent to investors. With AGMs changing from typically routine affairs to increasingly heated debates in the last few years, key questions and asks for investors are likely to centre on a few hot button topics. Likely discussions will centre on data security and cyber threats, climate change, executive remuneration and ESG linked KPIs and the perennial aspect of how much skin in the game directors should have.

Looking back, strikes for 2022 were grounded in remuneration issues. In the context of current inflation levels, investors expect restraint when it comes to executive remuneration. Remuneration reports are likely to be closely scrutinised at the next AGMs; in particular, the remuneration framework appropriately reflecting desired performance metrics and outcomes.

HOW CAN YOUR COMPANY TACKLE THESE TOPICS AT YOUR AGM?

1. In addition to direct engagement with investors, consider social listening to ensure that your Board and management are across investor sentiment via online platforms to be better equipped for left field questions.
2. Ensure you have taken steps to engage with proxy advisors ahead of the proxy blackout season, engage with the right representatives that hold the vote and take note of the questions from your results roadshow to ensure you are addressing the nuanced themes for your company within your presentation rather than providing a cut down version of the results presentation.
3. What feedback have you had from your stakeholders on your ESG position? Be honest about where the company is and realistic about where you would like to be in the future.

PRACTICALLY WHAT CONSIDERATIONS SHOULD BE TAKEN ON THE KEY TOPICS FOR THIS AGM SEASON:



Shareholder Engagement: Ensuring active participation and engagement from shareholders can be a challenge. This relies heavily on proactive and effective communication with shareholders and the ability to convey complex financial information and strategic plans in a way that is easily understood by all shareholders, regardless of their level of financial literacy.

With heightened media and wider stakeholder interest, company AGMs can become an opportunistic event for concerns and interests to be aired publicly. Additionally, shareholders may take the opportunity for robust direct engagement with a board and its directors. It is important to carefully consider investor concerns (both retail and institutional), risks and ensure robust communication including Q&A that address the distinct concerns and areas of interest of all stakeholders.



Environmental, Social, and Governance (ESG) Issues: AGMs increasingly incorporate discussions about E, S and G including climate change, diversity, and social responsibility. As institutional investors seek more disclosure on ESG related issues, companies need to address these issues effectively and respond to shareholder demands for greater transparency. Transparently communicating the steps taken to address the issues critical to your industry and how you intend to meet your ESG objectives, is vital. Governance disclosures are also critical and encompass board diversity, independence, and KPIs linked to environmental progress.



Proxy Advisers and Voting: Many institutional investors rely on proxy advisory firms for guidance on how to vote at AGMs. Companies may need to engage with these advisers to secure support for their resolutions and proactively track the proxy voting position ahead of the AGM to ensure they are aware of any risks to the passing of key resolutions. The engagement of a vote tracking provider is critical for companies with a larger and more diverse shareholder base.



Shareholder Activism: Shareholder activism has been on the rise in Australia, with some shareholders using AGMs as a platform to voice their concerns or advocate for changes in company policies or practices. Addressing all of the critical areas of concern puts the company in good stead to be aware and proactively address shareholder activism should it arise. Staying close to your investors and listening to their concerns is critical. Engaging with key institutional investors ahead of time to determine whether they intend to requisition resolutions and, if so, the substance of those resolutions, is also crucial.

In addition, monitoring your share register in the lead up to the AGM is important to flag any unusual trends, such as increased broker holdings, large buy or sell orders, etc. Through regular register reports and analysis and by having a proactive communications strategy for events, you can be prepared.

HOW CAN FTI CONSULTING HELP YOU?

FTI Consulting is your go to strategic communications firm with expertise in advising boards and management on proactively and effectively communicating to your shareholders and broader stakeholder groups at your AGM. We work with you to fully prepare, from strategic advice around key issues and preparation of key documents through to pre-meeting rehearsals.

FTI Consulting’s team provides expertise in Investor and Media Relations, digital and social listening, media and presentation training and ESG experts that can ensure your team is equipped and AGM ready. We also offer a professionally managed, cost-effective solution for small to mid-sized companies for live webcasting of AGM proceedings. Touch base with us for a discussion on your positioning in the lead up to your AGM.

- ➔ **Strategic advice**
 - High level review of corporate strategy and objectives
 - Review key stakeholders and potential issues
 - Agree high level key messages
- ➔ **Prepare and review key documents**
 - Chairman’s address
 - CEO/MD operations update
 - Investor presentation
- ➔ **Meeting preparation**
 - Draft/review investor Q&A
 - Q&A preparation with directors



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