

Annual reporting and AGMs 2017

What's Market practice?

Insights and trends from the 2017 reporting season







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Introduction

The 2017 reporting season has proceeded in a year dominated by public discussion on the role of business in society, corporate governance reform and the uncertainties surrounding Brexit.

With shareholder approval for many listed companies' existing remuneration policies expiring this year, the season witnessed those companies seek a binding vote in favour of a revised remuneration policy amidst public and political scrutiny of executive remuneration and the government's proposals for corporate governance reform published in its Green Paper in November 2016¹. Surprisingly very few companies have seen their remuneration reports rejected by shareholders and all policies have been approved this year, potentially reflecting the increased engagement on remuneration between companies and investors.

Nonetheless, the spotlight on executive pay and the remuneration committee's role will remain as the government takes forward next year the proposals identified in its response to the Green Paper including annual reporting of the pay ratio between the CEO and the average UK employee and clearer disclosures in remuneration policies on potential outcomes from complex share-based schemes. It will be interesting to see what changes the Financial Reporting Council (FRC) makes to the UK Corporate Governance Code (Code) having been invited by the government to strengthen certain provisions on executive pay and to deal with how companies should address significant shareholder dissent². The reforms will also see the introduction of the first public register of listed companies that have received 20% or more shareholder opposition to executive pay and other resolutions along with a record of what companies say they are doing to address shareholder concerns³.

As uncertainty persists around the likely shape of Brexit and progress on the negotiations with the EU, many companies have considered the impact of Brexit on their businesses and have made disclosures in their annual reports, although as highlighted in this report, many of the disclosures focus on the uncertainties of Brexit's impact as opposed to specific risks.

Investors regard risk reporting and viability statements as a priority. Boardroom diversity and the executive pipeline also continue to be a focus. Following the publication of the Parker Review final report in October 2017, nomination committees will need to factor and embed into their succession planning progress on ethnic diversity as well as gender diversity⁴. Directors' re-elections have garnered particular scrutiny more recently with some companies receiving substantial votes against resolutions proposing the election or re-election of their directors. It will be interesting to see whether this trend develops further in 2018.

Corporate governance reform has featured highly on the agenda this year with the FRC's announcement of its fundamental review of the Code, a consultation on which is expected imminently, publication of the Business, Energy and Industrial Strategy Committee's report on its inquiry into corporate governance and the government's response to its Green Paper on corporate governance reform⁵. Companies will need to plan for the forthcoming changes, many of which are due to be finalised in 2018. Aside from executive remuneration, stakeholder engagement is a key aspect of the reforms proposed and boards should consider their employee and other stakeholder engagement mechanisms, effective communication of this engagement and the appropriate medium⁶. They will also need to prepare for enhanced reporting on how the board has had regard to the various stakeholder interests in its decision-making under section 172 of the Companies Act 2006.

Based on the information contained in Practical Law's *What's Market*, this report looks at key trends in relation to certain aspects of narrative reporting, resolutions proposed during the 2017 AGM season and voting results. It also highlights some of the new reporting developments that companies will need to consider for 2018.

For the purposes of this report, we have reviewed the notices of AGM and annual reports of the FTSE 350 premium equity commercial companies, which can be accessed from *What's Market: AGMs FTSE 350: 2017*.

1 See *Legal update, Corporate governance: BEIS Green Paper on reform*.

2 See *Legal update, Corporate governance: BEIS response to Green Paper on reform*.

3 *Investment Association press releases*, dated 27 August 2017 and *26 October 2017*.

4 See *Legal update, Corporate governance: Parker Review final report on ethnic diversity on boards*.

5 See *Legal updates, FRC announces review of UK Corporate Governance Code* and *Corporate governance: BEIS Committee report and Toolkit, Corporate governance reform*.

6 See *Legal update, Corporate governance: ICSA and IA guidance on board engagement with stakeholders*, dated 26 September 2017.

Department for Business, Energy & Industrial Strategy



Corporate Governance reform

The UK is world renowned as a dependable and confident place to do business, underpinned by our system of company law and a commitment to high standards of corporate governance.

Our robust and transparent system of corporate governance has continued to evolve over time and this ongoing willingness to review and upgrade is essential if our companies are to continue to compete effectively and successfully in the global economy.

The Government's recent Corporate Governance Reform Green Paper consultation generated a rich debate and 375 high quality submissions from business, investors, civil society groups, academia and members of the public. I welcome the positive role that our leading businesses and investors played in that consultation and their constructive response to the reforms that the Government subsequently announced in its response to the Green Paper published in August⁷.

The reforms that we are now implementing include:

- a new provision for clearer and more consistent reporting on how the directors of companies of a significant size are fulfilling their duty, under Section 172 of the Companies Act 2006, regarding employee interests and their relationships with customers, suppliers and other stakeholders;
- a requirement on listed companies to disclose the ratio of CEO pay to the average of their UK employees alongside a narrative explaining why it is appropriate;
- the development of voluntary corporate governance principles for large private companies and the introduction of an obligation for these companies to report annually on their corporate governance arrangements.

Additionally, the Financial Reporting Council will shortly be consulting on new provisions that, as part of a revised UK Corporate Governance Code, would require companies to adopt – on a comply or explain basis – a number of new measures to strengthen board-room engagement with company employees while increasing accountability on the setting of executive pay, including how companies respond to significant shareholder votes against pay resolutions.

Business and investors are playing an important role in implementing the package of new reforms. The GC100⁸ is currently devising new guidance on companies' interpretation of Section 172 that will help complement the new reporting requirement on Section 172. The Investment Association will shortly be launching a new publicly accessible register of companies that receive significant votes against executive pay and other resolutions, which will reference any actions being taken by companies to understand and address the reasons for shareholder dissent. And ICSA: the Governance Institute and the Investment Association have already produced valuable new practical guidance on the ways in which company boards can engage with employees and stakeholders⁹.

It is also important that company boards are more representative of society. It is in the interest of business, as well as wider society, that companies draw fully on talent from the whole population and ensure a genuinely diverse range of people with different backgrounds and perspectives participate in the governance of our companies. Sir John Parker's review into the ethnic diversity of boards of FTSE100 companies found that the majority (51) of the FTSE 100 did not have any people from ethnic minorities on their boards. Similarly, while the proportion of female non-executive board members has more than doubled since 2011, the proportion of female executive directors (9.8% on FTSE 100 boards), and the proportion of women in the leadership teams of FTSE 350 companies remain low. This implies that we are not

⁷ www.gov.uk/government/consultations/corporate-governance-reform

⁸ uk.practicallaw.com/groups/uk-gc100

⁹ www.theinvestmentassociation.org/assets/files/press/2017/2017-09TheStakeholderVoiceinBoardDecisionMaking.pdf

reaping all the economic and social benefits we should be from a diverse and inclusive workforce. I urge boards and business more broadly to act on the recommendations of both the Parker and Hampton-Alexander Reviews, to make sure we meet the targets they have identified for board diversity, and develop talent for the future.

I am grateful to the GC100 and the wider business and investment community for their positive engagement with these important issues, and their readiness to look afresh at how corporate transparency, engagement and accountability can further improve. Their support for these new reforms is helping to ensure that the UK continues to be one of the best places in the world to work, invest and do business.



Margot James MP

Parliamentary Under Secretary of
State and Minister for Small Business,
Consumers & Corporate Responsibility

Financial Reporting Council



UK Corporate Governance Code review

The UK Corporate Governance Code, which is now in its 25th year, has greatly enhanced the quality of corporate governance in the UK and is globally renowned. It recognises that hard law and rules do not fit easily with the wide variety of listed businesses. It offers companies flexibility in how they apply the Principles to their own particular situations and business models.

By itself, a code cannot prevent inappropriate behaviours, strategies or decisions. Only people, particularly the leaders within a business, can do that by setting high standards, developing the workforce and leading by example. Creating a corporate culture is also important and this is why the FRC led a coalition of parties which produced a report in July 2016 – Corporate Culture and the Role of Boards.

Culture in business is a key ingredient in delivering long-term sustainable performance. Where there is a healthy culture, the systems, procedures, overall functioning and mutual support of an organisation work together effectively. This brings integrity, confidence, long-term success and, ultimately, trust.

Corporate governance does not stand still. The FRC has considered the changing political landscape, the need to build trust, the need for companies to look to the long-term and build a culture that takes into account its workforce and wider stakeholders.

That is why we announced in February that we would undertake a comprehensive review of the UK Corporate Governance Code. The result of this review will be a public consultation, which will also include changes that the government asked us to consider following its own Green Paper on Corporate Governance.

The changes to the Code will update the Principles and focus the company's approach to governance through their application. Companies will need to apply the principles, report on them in a manner that shareholders can evaluate, and demonstrate throughout their reporting how the governance of the company contributes to its long-term success and achieves wider objectives.

The consultation will also ask some broad questions about the future direction of the UK Stewardship Code in preparation for a more detailed consultation in 2018. This follows the earlier work of tiering signatories to that Code on the basis of the quality of their statements. This work improved the quality of reporting against the UK Stewardship Code and encouraged greater transparency in the market.

Updating and improving both the UK Corporate Governance and UK Stewardship Codes will demonstrate the value of investors and boards working together for the long-term success of the company.



Narrative reporting

Apart from the section on board composition, which covers all FTSE 100 companies, this part of the report covers 298 FTSE 350 premium equity commercial companies that published their notice of AGM between 28 October 2016 and 27 October 2017, and held, or will hold, their AGM in 2017 (98 FTSE 100 companies and 200 FTSE 250 companies).

Board composition of FTSE 100 companies

With companies operating in increasingly complex and challenging environments, the expertise, experience and diversity of thought in the boardroom is critical to ensuring effective governance and oversight. Investors and regulators need the reassurance that the composition of the board is reviewed and refreshed regularly with factors such as independence, tenure, diversity and skills playing their part.

While female representation measures in boardrooms remain a focus, particularly following publication of the Hampton-Alexander Review¹⁰, companies are expected to look beyond gender and consider diversity in the broadest sense. This is highlighted by recent reports, including the Parker Review which contains recommendations to promote representation of ethnic minorities at board level in UK companies (only 2% of all FTSE 100 board directors were UK citizen people of colour as at July 2017¹¹). Although the Parker Review rejected proposals for statutory quotas, it recommends that mechanisms should be put in place to identify, develop and promote people of colour so that there is at least one director of colour on each FTSE 100 board by 2021 and each FTSE 250 board by 2024.

“Today's FTSE 100 and 250 boards do not reflect the society we live in, nor do they reflect the international markets in which they operate. While we are making good progress on gender diversity in the boardroom, we still have much to do when it comes to ethnic and cultural diversity.”¹²

Sir John Parker

The Parker Review recommends that a company's annual report should set out the board's policy on diversity, including a description of the company's efforts to increase, among other things, ethnic diversity within its organisation, including at board level. What's Market will monitor any such disclosures made by companies during the 2018 reporting season.

Boards will also need to consider how the interests of employees, customers and the wider stakeholder voice are better represented at board level. In its response to the Green Paper, the government states that as part of strengthening employee representation, it will invite the FRC to consider and consult on a specific Code provision requiring premium listed companies to either assign (on a comply or explain basis) a designated non-executive director to represent employees, create a formal employee advisory council or nominate a director from the workforce. It will be interesting to see how market practice evolves. This is an area that What's Market will be monitoring going forward.

¹⁰ Hampton-Alexander Review, *FTSE Women Leaders, Improving gender balance in FTSE Leadership*, published on 9 November 2017 (see *Legal update, Corporate governance: Hampton-Alexander Review supplementary report on gender balance in FTSE leadership*, dated 9 November 2017).

¹¹ See *The Parker Review: A Report into the Ethnic Diversity of UK Boards 2017* and *Legal update, Corporate governance: Parker Review final report on ethnic diversity on boards* dated 12 October 2017.

¹² Gavin Hinks, *Boardagenda*, 13 October 2017.

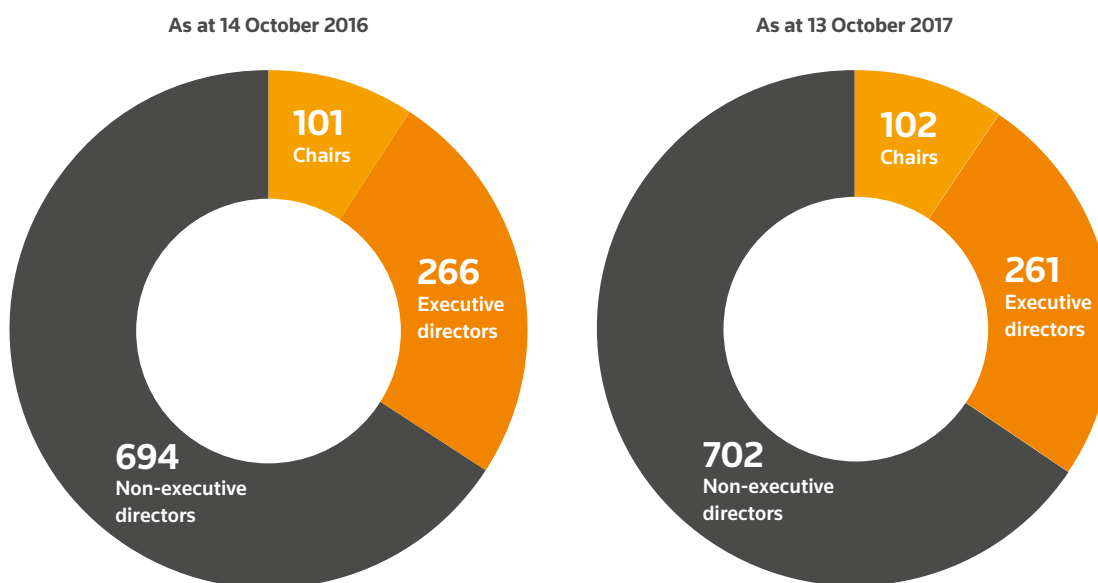
Composition and average size of boards

What's Market has analysed the board composition of the FTSE 100 companies as at 13 October 2017. As at that date, the FTSE 100 boards comprised a total of 1,065 directors which is comparable to 2016.

The average size of a FTSE 100 board, including the chair, was 11 directors (comparable to 2016 and 2015), with the number of directors on each board ranging from five to 26, a slightly wider range than in 2016 (seven to 25 directors).

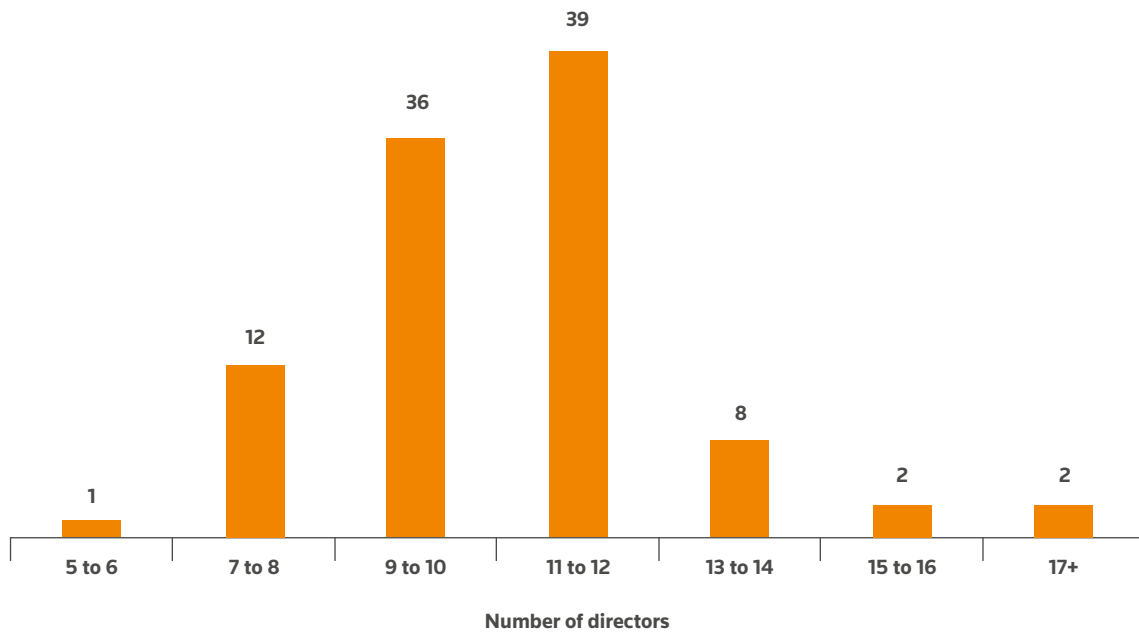
Further analysis of the FTSE 100 board composition is shown in the following graphs. For clarification, the boards of Mondi plc and NMC Health plc each have two non-executive directors acting as joint chair.

Composition of FTSE 100 boards



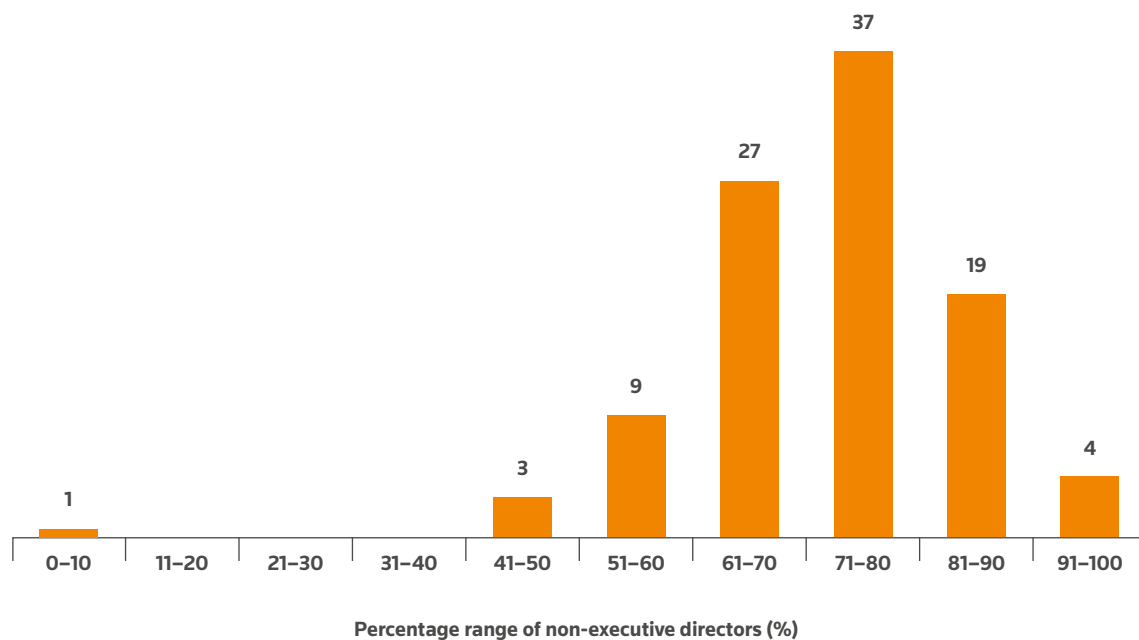
As at 13 October 2017, 10% of boards comprised chairs, 66% non-executive directors and 25% executive directors, an almost identical split to 2016 and 2015.

**Number of FTSE 100 companies with between five and 17 plus directors
(including the chair) on their boards as at 13 October 2017**



The percentage of non-executive directors on FTSE 100 boards ranges from 0% to 100%, with the board of one company being comprised solely of executive directors and the boards of three companies being comprised solely of non-executive directors.

**Percentage range of non-executive directors on FTSE 100 boards
(excluding the chair) as at 13 October 2017**



Women on boards

Since Lord Davies' final report in October 2015¹³, the number of female appointments to FTSE 100 boards has remained fairly static with 27% of board positions being held by women (26% in both 2016 and 2015). Further progress is needed to increase the number of women holding executive positions. Currently only 11% of the executive positions held across the FTSE 100 are held by women and only 2% of FTSE 100 companies have a female chief executive.

The Hampton-Alexander Review looks to raise the target to a minimum of 33% of women on FTSE 350 boards and FTSE 350 executive committees by 2020¹⁴.

“A step change is needed in pace. With just less than a third of FTSE 350 leadership roles going to women in the year, this falls short of what is required. Almost one in two or around 40% of all appointments need to go to women over the next three years to achieve the 33% target”

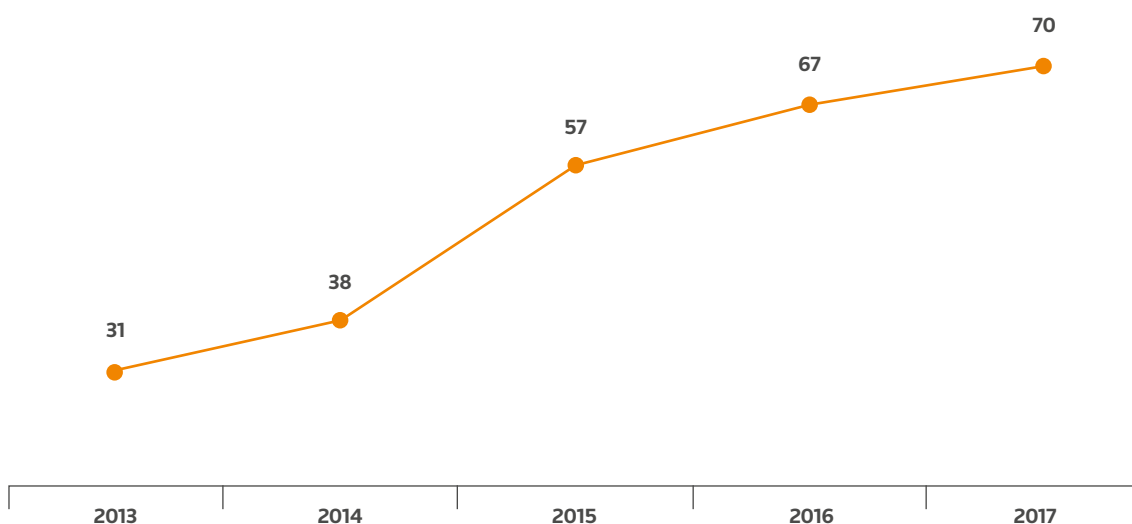
Hampton-Alexander Review 2017¹⁵

The report also recommends that there should be an increase in the number of women appointed to the roles of chair, senior independent director and executive director positions on boards of FTSE 350 companies.

Companies with at least 25% female directors

Using data analysed by What's Market, as at 13 October 2017, 70 FTSE 100 companies had at least 25% female directors on their boards, representing a 126% increase in the number of FTSE 100 companies that had this level of female representation in their boardrooms in 2013 and a 4% increase since 14 October 2016.

Number of FTSE 100 companies that have at least 25% female directors



¹³ *Women on Boards Davies Review: five year summary October 2015, published 29 October 2015.*

¹⁴ The 2017 Hampton-Alexander Review extended this target of 33% women in leadership teams by 2020 to include both FTSE 100 and FTSE 250 companies (see *Legal update, Corporate governance: Hampton-Alexander Review supplementary report on gender balance in FTSE leadership*, dated 9 November 2017).

¹⁵ *Hampton-Alexander Review, FTSE Women Leaders, Improving gender balance in FTSE Leadership*, published on 9 November 2017.

It is interesting to note that while 70 FTSE 100 companies have at least 25% female directors on their boards, only 28 of these companies have at least 33% as recommended by the Hampton-Alexander Review. However, our analysis suggests that companies are taking note of the Hampton-Alexander Review recommendations with 48% of FTSE 100 companies having made a reference to the Review and/or including a relevant disclosure of their board policy on gender diversity in their 2016/2017 annual reports.

Of the 70 FTSE 100 companies that have at least 25% female representation on their boards, ten of these companies have 40% or more female representation on their boards, compared to seven as at 14 October 2016.

FTSE 100 companies with 40% or more female representation on their boards

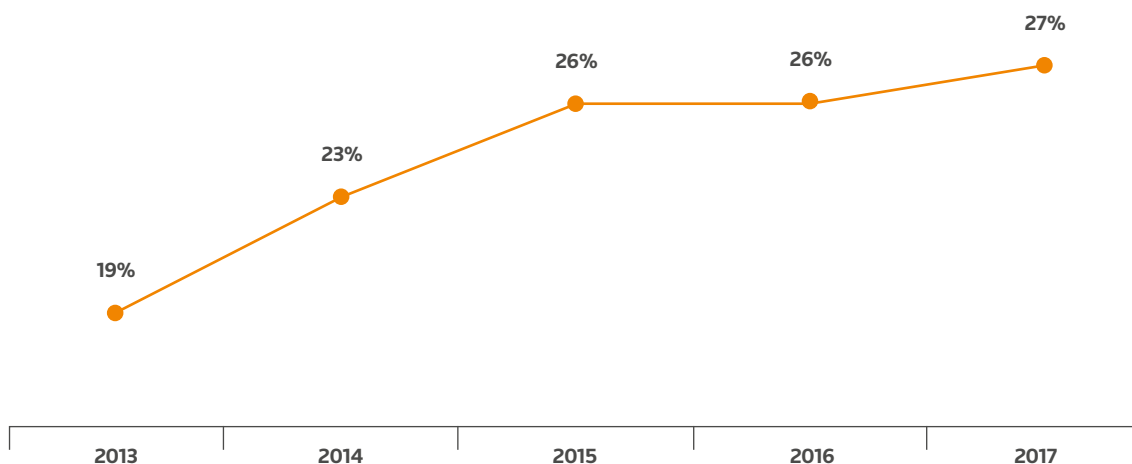
2017		2016	
Severn Trent Plc	44%	Severn Trent Plc	44%
Kingfisher plc	44%	Kingfisher plc	44%
Merlin Entertainments plc	44%	Merlin Entertainments plc	44%
Diageo plc	44%	Unilever PLC	43%
Whitbread PLC	44%	Whitbread PLC	40%
NEXT plc	44%	NEXT plc	40%
GlaxoSmithKline plc	42%	Admiral Group plc	40%
Old Mutual plc	42%		
Intercontinental Group PLC	40%		
Scottish Mortgage Investment Trust	40%		

Of the 30 FTSE 100 companies that did not reach 25% female representation in the boardroom, 26 of these companies would have achieved this target with the appointment of one more female to their board.

Female directorships

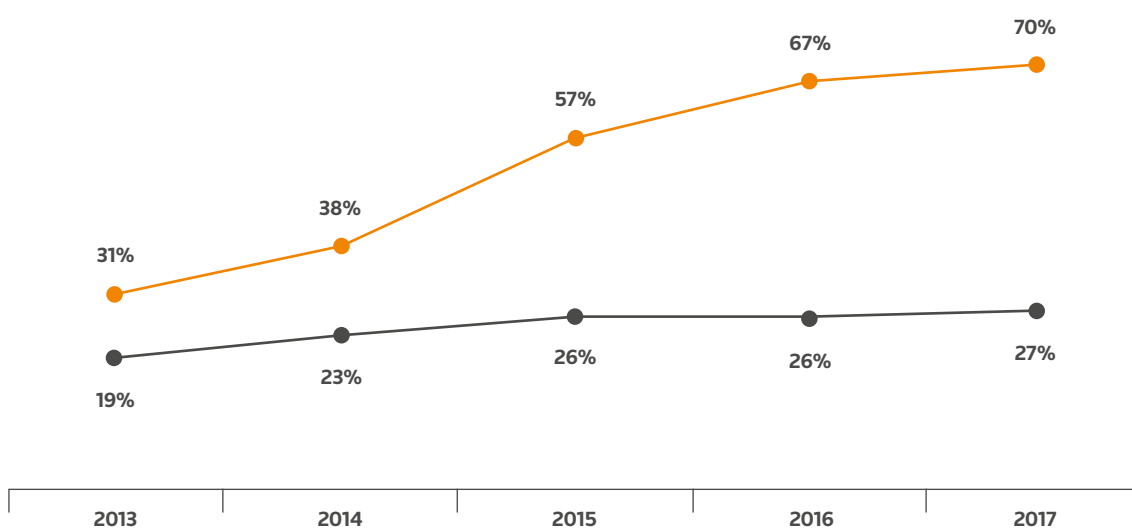
As at 13 October 2017, there were 1,065 board positions in the FTSE 100. As illustrated by the following graphs, 292 (27%) of these positions were held by women, a slight increase on the 26% seen in both 2016 and 2015. Of the 292 female directorships, 90% were non-executive positions, which is comparable to the 89% in 2016 and 2015.

Percentage of female directors on FTSE 100 boards



As demonstrated in the graph below, although the percentage of FTSE 100 companies with at least 25% female directors on their boards has increased from 31% in 2013 to 70% in 2017, the percentage of female directors on FTSE 100 boards has increased at a slower rate, from 19% in 2013 to 27% in 2017.

Comparison of percentage of FTSE 100 companies that have at least 25% female directors and percentage of female directors on FTSE 100 boards as at 13 October 2017



● Percentage of companies with at least 25% female directors ● Percentage of female directors on FTSE 100 boards

It is interesting to note that while the overall number of female directorships has increased this year, the number of executive positions held by women has decreased from 32 to 28.

Position of female directors on FTSE 100 boards

2017

292 Female board positions



5

Non-executive chairs



259

Non-executive directors



9

Other executive directors



13

Chief finance officers/finance directors



6

Chief executive officers

2016

281 Female board positions



5

Non-executive chairs



244

Non-executive directors



13

Other executive directors



12

Chief finance officers/finance directors



7

Chief executive officers



Non-executive directors

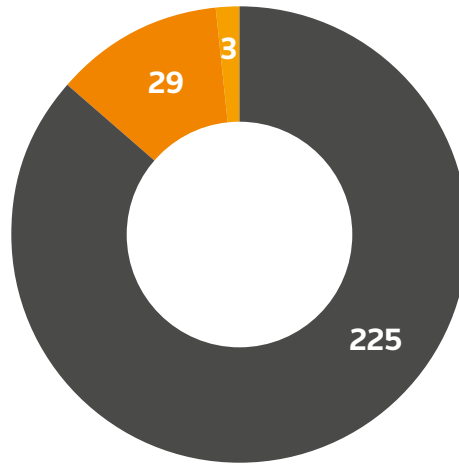


Executive directors

Multiple female directorships

From our analysis, only 12% of female directors hold multiple FTSE 100 directorships, slightly lower than the 13% in 2016 and 2015. The 292 female FTSE 100 board positions were held by 257 women. Of the 257 women, 225 held single directorships, 29 held two directorships and three held three directorships with other FTSE 100 companies. Of the 32 women who held multiple directorships, seven held an executive position within a FTSE 100 company.

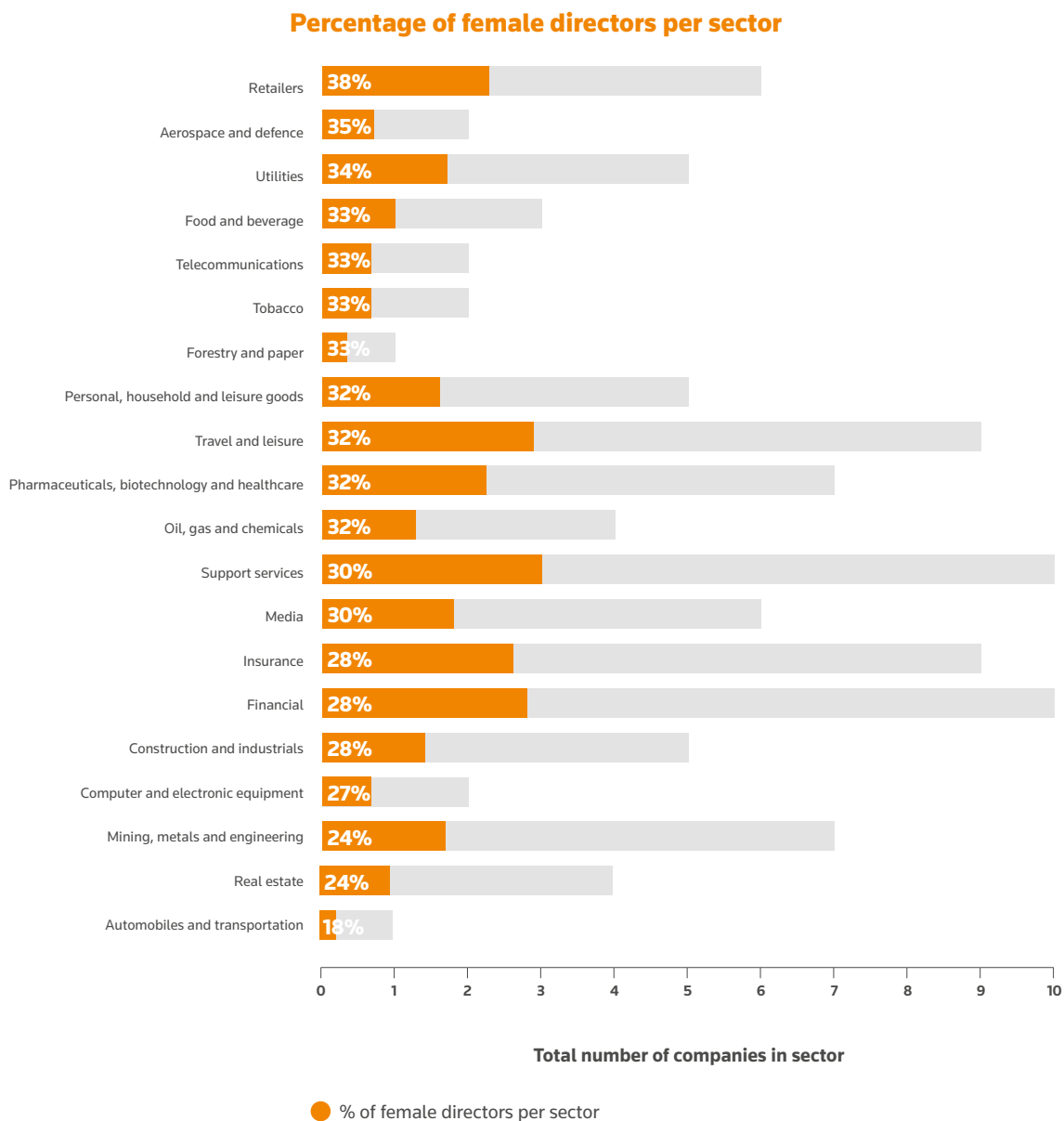
As at 13 October 2017



● Single directorships ● Two directorships ● Three directorships

Number of female directors per sector

What's Market has analysed the composition of boards for each of the sectors within the FTSE 100 to identify the percentage of female directors within each sector¹⁶. The percentage of female directors shown in the chart below is the percentage of all of the directors on the boards of the total number of companies within that sector.



As shown above, the percentage of female directors per sector in the FTSE 100 ranges from 18% to 38% which illustrates that there are certain sectors, particularly mining, metals and engineering, real estate and automobiles and transportation that have less female representation.

¹⁶ As categorised in the What's Market database.

Summary of What's Market analysis of FTSE 100 board composition¹⁷

	2017			2016		
	Number	Percentage of female directors	Percentage of all board positions (1,065)	Number	Percentage of female directors	Percentage of all board positions (1,061)
Female directors	292	100%	27%	281	100%	26%
Female executive directors	28	10%	3%	32	11%	3%
Female non-executive directors including chair	264	90%	25%	249	89%	23%

¹⁷ Percentages have been rounded to nearest whole number for ease of reference.

Board evaluation

With investors seeking greater transparency on how boards address the balance of skills, experience, tenure and diversity of thought around the boardroom table, regular board evaluations are seen as integral to the effective performance and development of the board.

Investors want the reassurance that the board has the processes in place to review the capabilities and perspectives in the boardroom that are critical to the long-term success and sustainability of the company and that any areas identified for improvement are monitored and acted on. This is particularly relevant given the government's proposals to strengthen stakeholder engagement at boardroom level. The board evaluation presents an opportunity for boards to identify what stakeholder expertise is needed and whether the board has, or would benefit from, directors with relevant experience or understanding.

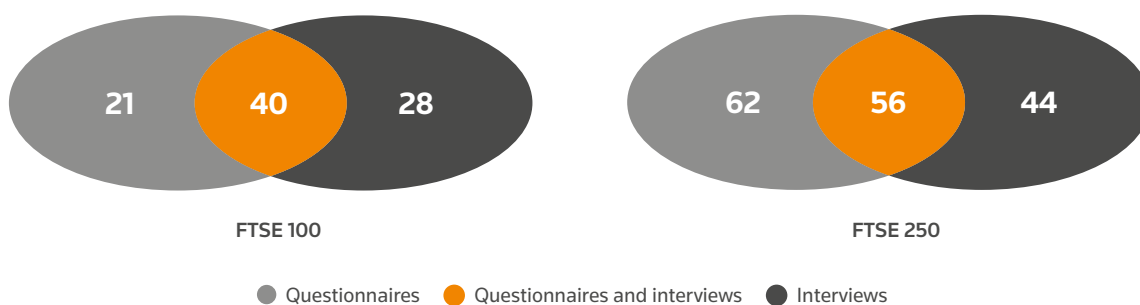
Annual board evaluations with an external facilitation every three years are considered best practice among FTSE 350 companies and 285 companies comprising 96% (93% during 2016) of the FTSE 350 companies reviewed this year disclosed specific findings from their most recent board evaluation as recommended by Provision B.6.1 of the Code.

The level of detail in board evaluation disclosures varies among FTSE 350 companies but our analysis of the 2017 reporting season indicates that companies are being more transparent in highlighting actions identified by the board to be taken on areas requiring improvement and, more importantly, the actions that have been taken in relation to previously highlighted concerns.

Method of evaluation

As with previous years, What's Market has analysed board evaluation disclosures to see if there is a preference for a particular method of evaluation. From our review, 251 FTSE 350 companies (89 FTSE 100 and 162 FTSE 250) disclosed that their evaluation process had been conducted using either questionnaires, interviews or a combination of both.

Method used for board performance evaluation as disclosed by FTSE 350 companies



Our analysis illustrates that the number of FTSE 350 companies using a combination of interviews and questionnaires as part of the evaluation process remains static with 96 companies using this method of evaluation during the 2017 reporting season (95 in 2016 and 93 in 2015). However it is interesting to note that while proportionately there was little difference between the two FTSE indexes during 2016, the 2017 reporting season has seen 45% of FTSE 100 companies use both interviews and questionnaires compared to only 35% of FTSE 250 companies.

The 2017 reporting season has seen an increase in the number of board evaluations including non-board members. Of the 285 FTSE 350 companies that disclosed their board evaluation findings, 50 companies (19 FTSE 100 and 31 FTSE 250) extended the process outside the boardroom compared to 29 FTSE 350 companies (17 FTSE 100 and 12 FTSE 250) during 2016.

Brexit and reporting risk

On 29 March 2017, the UK government notified its intention to withdraw from the EU under Article 50 of the Treaty on European Union triggering a two year period for the negotiation and conclusion of a withdrawal agreement¹⁸. Various rounds of negotiations have been held between the UK and the EU during the 2017 reporting season but details of any likely transitional period or future relationship agreement with the EU are uncertain.

Following the Brexit vote, the FRC issued a statement in July 2016 highlighting that when preparing companies' annual reports¹⁹:

- Directors must consider the nature and extent of risks and uncertainties arising from the result of the Brexit vote and the impact on the future performance and position of the business.
- As part of the assessment of principal risks and uncertainties, boards should consider whether the Brexit vote gives rise to solvency, liquidity or other risks that may threaten the long-term viability of the business, and any implications for the viability statement in the annual report.

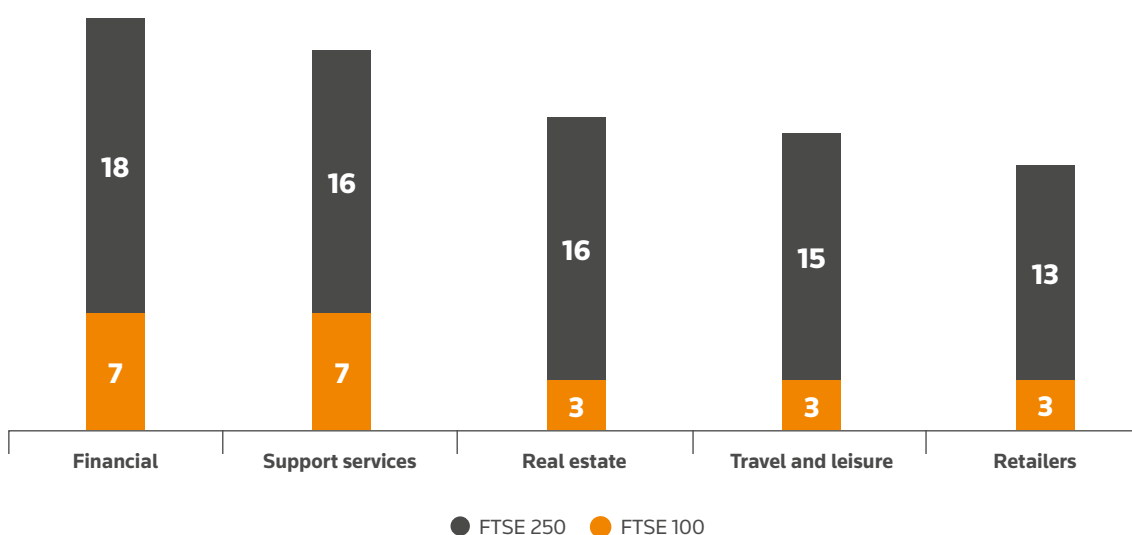
On 23 October 2017, the FRC published its annual review of corporate reporting 2016/2017 in which it set out its expectation that companies provide increasingly focused disclosures, identifying the company specific risks and opportunities as the economic and political effects of the Brexit vote develop and become more certain²⁰.

The 2017 reporting season is the first year that What's Market has monitored those FTSE 350 companies that have included Brexit-related disclosures in their annual reports. In particular, we have identified those companies that have considered the potential for Brexit to have an impact on the performance of the business and, as a consequence, have included, or made reference to, Brexit in one or more of their principal risks in the strategic report.

Of the 298 FTSE 350 companies reviewed, 187 companies (63%) (58 FTSE 100 and 129 FTSE 250) have included, or made reference to, Brexit in one or more of their principal risks. The proportion of companies that made Brexit-related disclosures in their principal risks is slightly higher in the FTSE 250 (65%) than in the FTSE 100 (59%).

What's Market has analysed the industry sectors²¹ in which the 187 FTSE 350 companies that have made Brexit-related disclosures in their principal risks operate. The bar chart below shows the five sectors with the highest number of companies that made such disclosures out of all 187 FTSE 350 companies.

Five sectors with highest number of FTSE 350 companies that have made Brexit disclosures in one or more principal risks



¹⁸ *Legal update, Government triggers Article 50 and starts countdown to Brexit.*

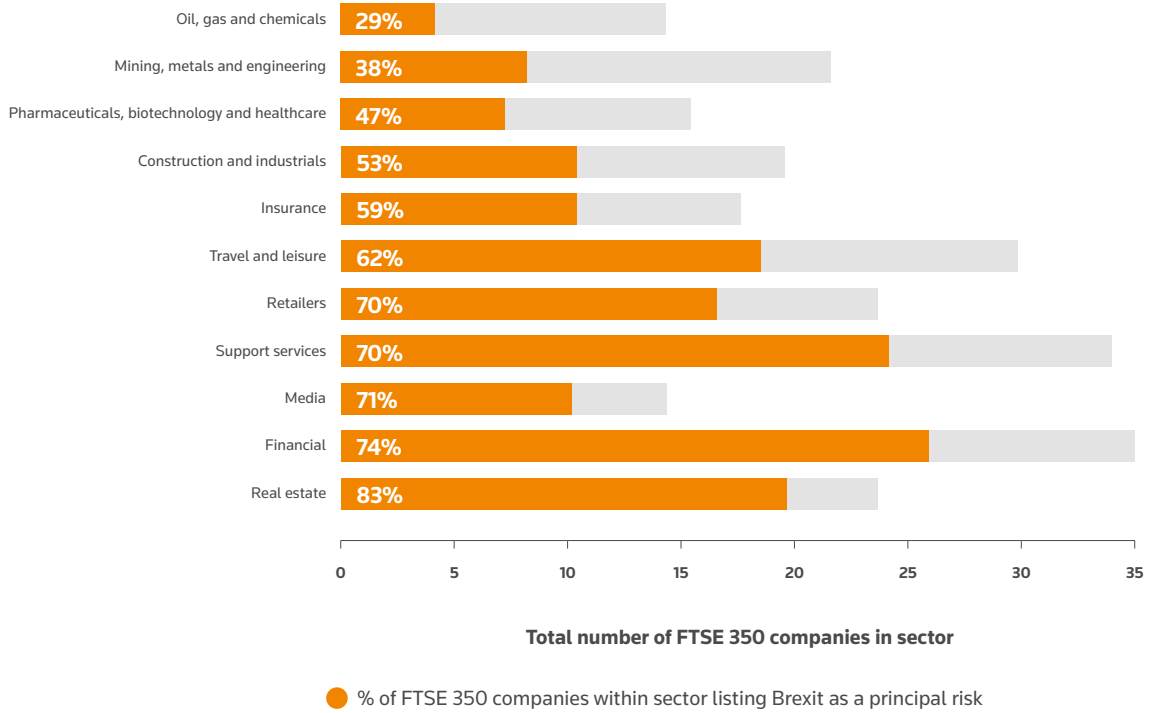
¹⁹ *FRC, Reminders for half-yearly and annual financial reports following the EU referendum*, dated 12 July 2016.

²⁰ *FRC, Annual Review of Corporate Reporting 2016/2017*, dated October 2017.

²¹ As categorised in the What's Market database.

We have also analysed the eleven industry sectors²² within the FTSE 350 with the highest number of companies in total per sector (14 or more companies per sector) to identify what percentage of FTSE 350 companies within those sectors made Brexit disclosures in relation to one or more principal risks.

Percentage of companies that made Brexit disclosures in one or more principal risks out of total number of FTSE 350 companies within the sector



It is interesting to note that there was a total of 14 FTSE 350 companies in each of the media and oil, gas and chemicals sectors but whereas 71% of FTSE 350 companies in the media sector made a Brexit disclosure in one or more of their principal risks, only 29% of FTSE 350 companies in the oil, gas and chemicals sector did so.

²² As categorised in the What's Market database.

FTSE 100: key themes of Brexit-related risk disclosures

Of those 58 FTSE 100 companies that made Brexit-related disclosures in one or more of their principal risks, we have analysed these disclosures to ascertain any common themes. It is not possible to draw definitive conclusions about the potential impact of Brexit on these companies as they articulate their risks and any related impact on the business in different ways and some disclosures are more meaningful and specific than others. Nonetheless, we have identified the following broad themes:

Brexit as a risk. Our analysis indicates that many companies considered and made reference to Brexit in their principal risks but did not identify Brexit as a specific, standalone risk. Some companies stated that Brexit did not raise new principal risks but instead had the potential to impact or heighten a number of their existing principal risks.

Uncertain impact. A prevailing theme throughout the disclosures was the political uncertainty arising from the Brexit vote, including the timing of Brexit and status of any future relationship with the EU. Many companies therefore indicated that the impact on their businesses was uncertain and some noted that it was too early to understand it fully. A few companies stated that they did not expect Brexit to have a material effect on their businesses overall. Some companies cited the global nature or diversification of the business as limiting the potential impact. A small number of companies expressly referred to Brexit as having impacted in some way the performance of the business.

Legal and regulatory changes. Uncertainty surrounding potential changes to the current legal and regulatory framework following Brexit, including any future divergence from the EU regime, featured fairly highly in the disclosures, with some companies in the financial services sector citing potential implications arising from any changes to EU financial passporting rights.

Economic and market impact. Many companies referred to potential market volatility arising from Brexit, including exchange rate fluctuations, and to economic performance being adversely affected in the UK.

Labour market. The ability for companies to attract and retain highly skilled workers, the loss of key management personnel and the status of existing EU employees in the UK were raised as concerns.

Viability statements. Of the 58 FTSE 100 companies that made Brexit-related disclosures in their principal risks, seven companies (12%) made reference to Brexit in their viability statements²³.

²³ From our analysis, the FTSE 100 companies that refer to Brexit in their viability statements are: Diageo plc, easyJet plc, J Sainsbury plc, Johnson Matthey Plc, Prudential plc, Standard Chartered PLC and Taylor Wimpey plc.

Audit tender

Recent years have seen a shift in emphasis on the retendering and rotation of auditors following the entry into force of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (Order). The Order requires FTSE 350 companies to put their statutory audit engagement out to tender at least every ten years and to change their auditor at least every 20 years. A company must include a statement in its annual report as to whether it has complied with the Order.

In addition to the Order, following changes to the Companies Act 2006, public interest entities (which include issuers whose transferable securities are admitted to trading on a regulated market) must retender their audit engagement at least every ten years, with no auditor being able to hold office for more than 20 years, unless extended by up to a further two years by the FRC in exceptional circumstances.

The selection of the external auditor is one of the most important decisions the audit committee will have to make. During the 2017 reporting season, both the Investment Association²⁴ and the FRC²⁵ updated their guidance on audit tenders to assist companies with the tendering process. In formulating its guidance, the FRC sought feedback from various organisations, including representatives from the investor community and comments as follows:

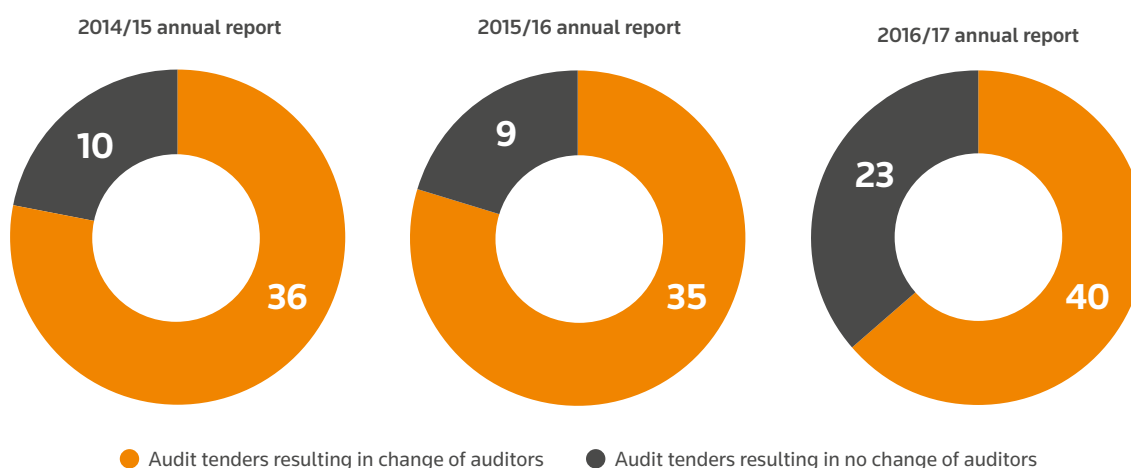
“We know from discussions with stakeholders that retendering and auditor rotation contributes to improved confidence in audit and we have also seen evidence of competition on grounds of audit quality.”

What’s Market has once again monitored disclosures relating to audit tendering to see how many companies have tendered their audit engagement this year and whether, as a result of the tender process, a new auditor has been appointed or whether the incumbent auditor has been reappointed.

72% of the 298 FTSE 350 companies reviewed (69 FTSE 100 and 147 FTSE 250) included a reference in their annual report to the requirement to put their external audit engagement out to tender. Of those 216 companies, 73% (54 FTSE 100 and 103 FTSE 250) also provided a date by which they anticipated conducting an audit tender.

As illustrated below, 63 companies (16 FTSE 100 and 47 FTSE 250) put their external audit engagement out to tender and completed the process during this reporting season. 40 tenders resulted in a change of external auditor, with 23 resulting in the reappointment of the incumbent auditor.

Number of FTSE 350 companies conducting audit tenders and outcomes reported

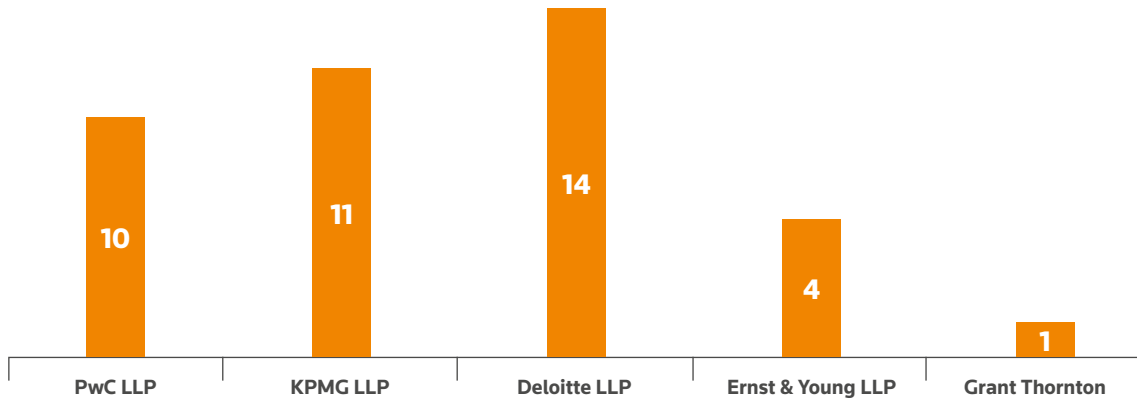


²⁴ *The Investment Association Guidelines on Audit Tenders January 2017.*

²⁵ *FRC, Audit tenders: Notes on best practice February 2017.*

The Investment Association states in its guidance that a wide range of firms should to be invited to tender and, where practical, those other than the four largest should be included. It is interesting to note for the third consecutive year, all but one of the tenders has resulted in the appointment of KPMG LLP, Ernst & Young LLP, PricewaterhouseCoopers LLP or Deloitte LLP. Similarly, the companies that have reappointed their incumbent auditor reappointed one of these four firms in all but one case as can be seen from the graph below:

Auditors appointed or reappointed by FTSE 350 companies



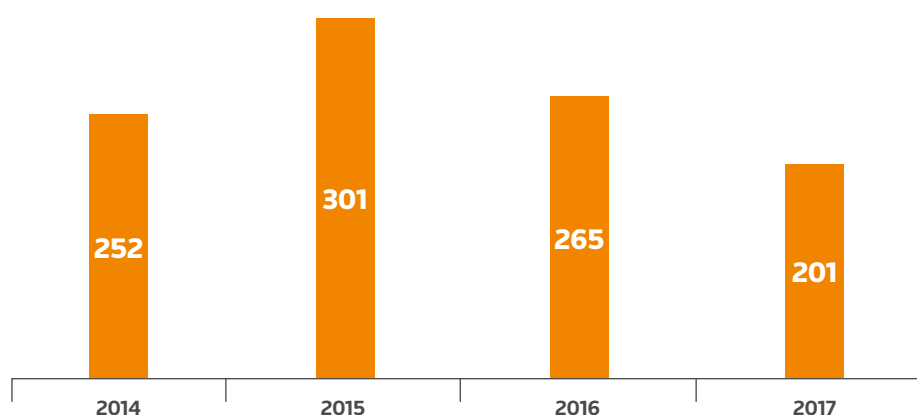
For further details, see [What's Market: AGMs: FTSE 350: 2017: External audit put out to tender in reporting financial year](#).

Compliance with the UK Corporate Governance Code

FTSE 350 companies are subject to the version of the UK Corporate Governance Code applicable to the date that their financial year begins. The September 2014 version of the Code applies to financial years beginning on or after 1 October 2014 and before 17 June 2016 and the April 2016 version of the Code applies to financial years beginning on or after 17 June 2016²⁶. In February 2017, the FRC announced its plan to carry out a fundamental review of the Code, a consultation on which is expected shortly²⁷.

Our analysis²⁸ illustrates that the 2017 reporting season has again seen a decrease in the number of companies that have disclosed non-compliance with at least one provision of the Code (97 FTSE 350 companies in 2017 compared to 123 companies in 2016 and 142 companies in 2015). Our findings also show that there has been a decrease in the aggregate number of Code provisions with which companies have disclosed non-compliance, as illustrated by the graph below²⁹.

Aggregate number of provisions stated as not complied with by FTSE 350 companies in their annual reports



The most frequent explanations for non-compliance with the Code disclosed by companies in their annual reports relate to Provisions A.3.1 (chairman to be independent on appointment), B.1.2 (at least half the board should be independent), C.3.1 (composition of audit committee), D.1.1 (performance-related remuneration for executive directors) and D.2.1 (composition of remuneration committee). 61 companies (11 FTSE 100 and 50 FTSE 250) are not in compliance with at least one of these five provisions.

26 When tracking compliance with the Code, What's Market has made no distinction between the versions of the Code in relation to which each company has stated its compliance.

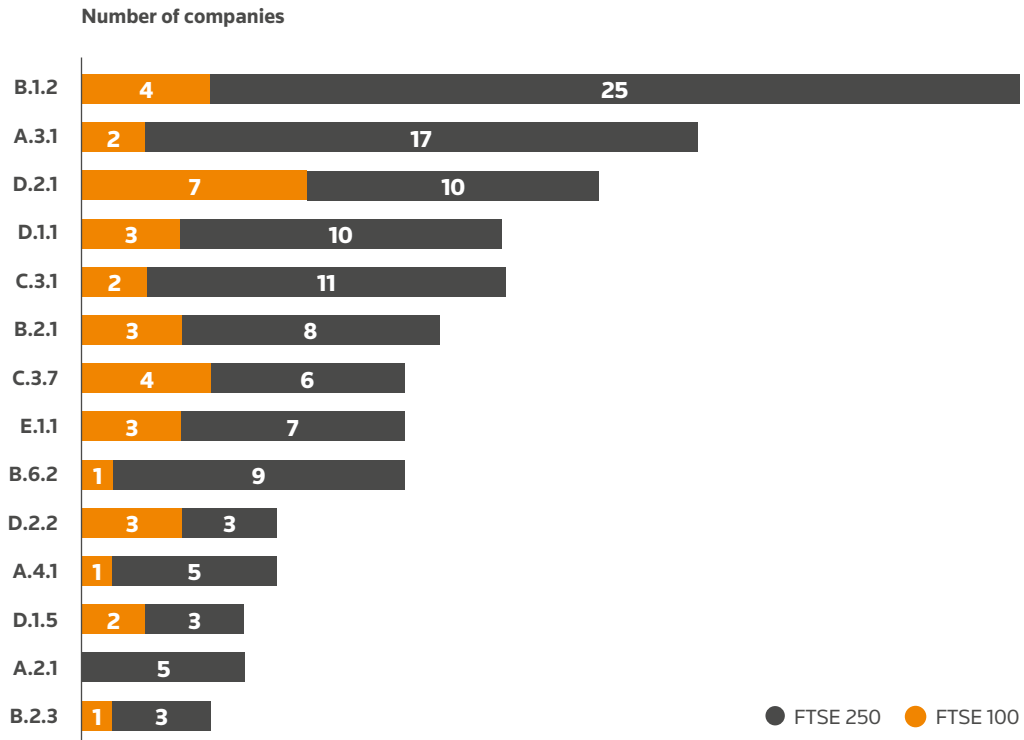
27 See [Legal update, Corporate governance: FRC announces review of UK Corporate Governance Code](#), dated 16 February 2017 and [FRC, Annual Review of Corporate Reporting 2016/2017](#), dated 23 October 2017.

28 For the purposes of our analysis of compliance with the Code, we have excluded Sirius Minerals Plc (FTSE 250) as it was quoted on AIM when it published its annual report on 28 March 2017 and did not state its compliance with the provisions of the Code. It was admitted to the Official List and to trading on the Main Market of the London Stock Exchange on 28 April 2017.

29 Where companies have reported non-compliance with Main Principle B.6 of the Code (annual performance evaluation), this has been counted as one provision for the purposes of our analysis.

The following graph illustrates the 14 provisions of the Code from which the FTSE 100 and FTSE 250 companies deviated most frequently.

Most frequent areas of non-compliance with the Code as reported by FTSE 350 companies in their 2016/17 annual report

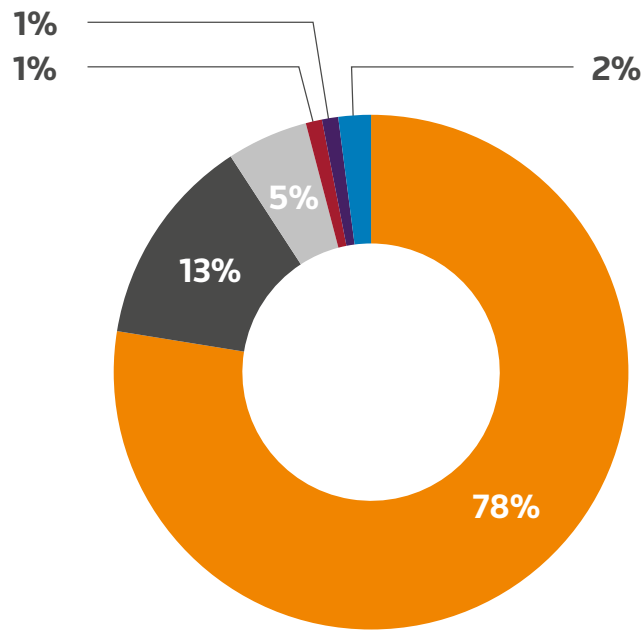


What's Market also noted that three companies (one FTSE 100 and two FTSE 250) reported that they had not conducted an annual evaluation of their own performance as recommended by Main Principle B.6 of the Code. This is a reduction from 2016 when six companies reported non-compliance with this provision.

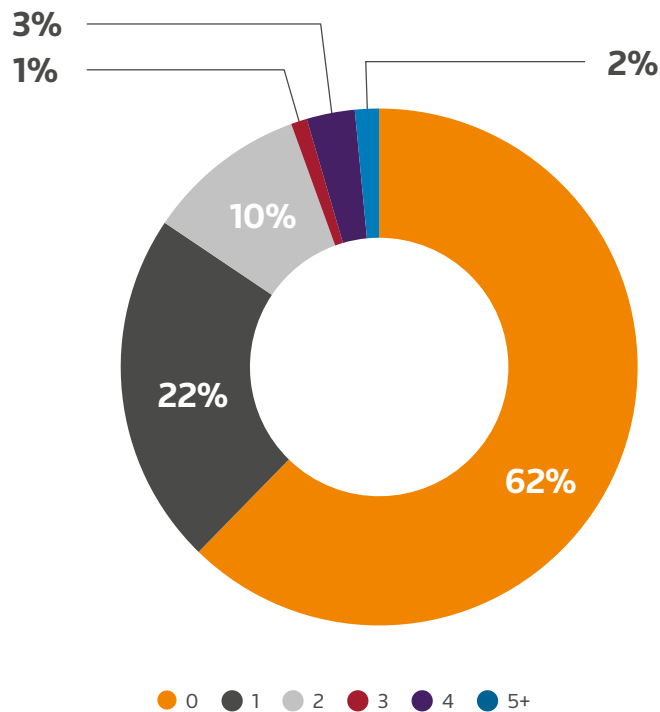
It is interesting to note that 78% of FTSE 100 companies (76 companies) and 62% of FTSE 250 companies (124 companies) reported full compliance with the Code in their annual reports. The following charts illustrate the percentages of FTSE 100 and FTSE 250 companies that have reported non-compliance with a range of between zero and five or more provisions of the Code³⁰.

³⁰ In the charts, percentages have been rounded to the nearest whole number for ease of reference.

Percentage of FTSE 100 companies deviating from between zero and five or more Code provisions



Percentage of FTSE 250 companies deviating from between zero and five or more Code provisions



For examples of explanations of non-compliance with the Code, see *What's Market: AGMs: FTSE 350: 2017: Explanation of non-compliance with the UK Corporate Governance Code*.

Viability statements

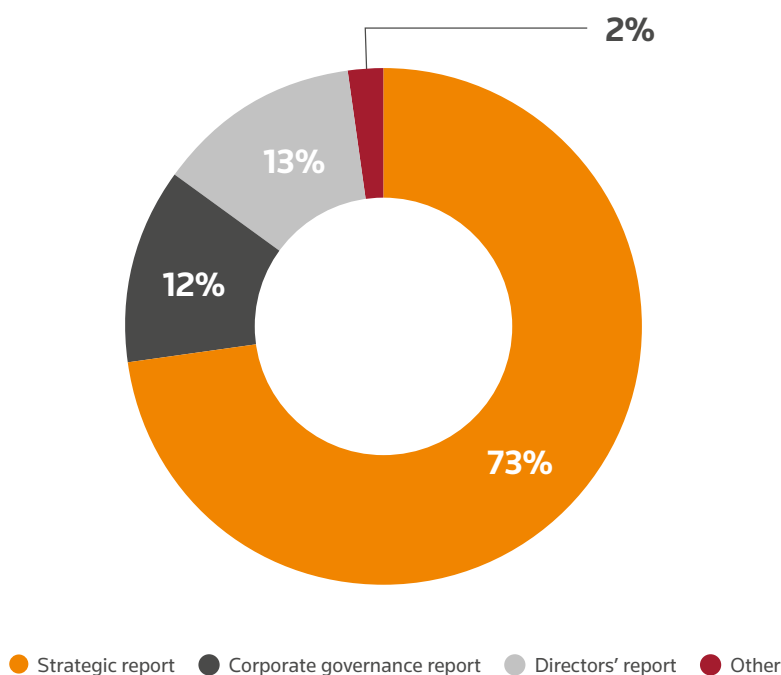
One of the key requirements of the Code is for directors of FTSE 350 companies to explain in the annual report, taking account of the company's current position and principal risks, how they have assessed the prospects of the company, over what period they have done so and why they consider that period to be appropriate. The purpose of this statement is to strengthen the focus by a company and its investors about the longer-term viability of the company over an appropriate period of time.

In its recently published Annual Review of Corporate Reporting³¹, the FRC notes that further improvements to the viability statement are needed, as much of the disclosure has become boilerplate and lacks proper explanation of how the company has carried out its analysis.

The 2017 reporting season is the second year that companies have been required to include a viability statement in their annual reports. What's Market has once again analysed the statements to ascertain the period over which the directors of these companies assessed the prospects of the company and the location of the statement in the annual report to see if there is a particular trend emerging.

During the 2017 reporting season, all but one³² of the companies reviewed has included a viability statement within their annual report. As illustrated by the following graphs, 73% of companies included the statement in their strategic report (71% in 2016). In relation to the period that they have assessed the prospects of the company, 240 companies chose a period of three years, which is comparable to 2016.

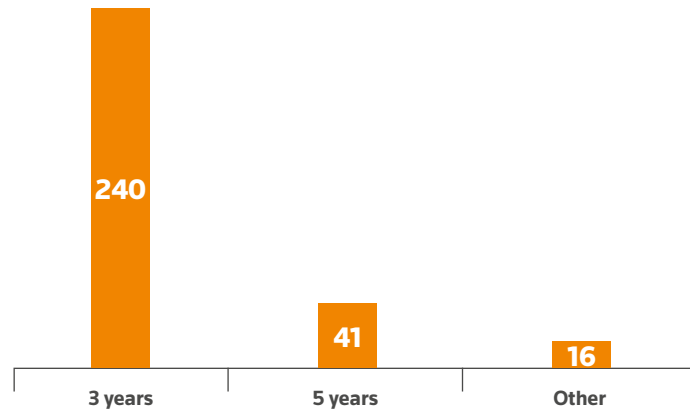
Location of viability statement within the annual report



³¹ Financial Reporting Council, *Annual review of corporate reporting 2016/17*, dated 23 October 2017.

³² Sirius Minerals Plc was quoted on AIM when it published its annual report on 28 March 2017 and was admitted to the Official List and to trading on the Main Market of the London Stock Exchange on 28 April 2017. The company was not therefore required to include a viability statement in its report this year.

Disclosure of period of time covering viability statement



Notice

This part of the report covers 298 FTSE 350 premium equity commercial companies that published their notice of AGM between 28 October 2016 and 27 October 2017 and held, or will hold, their AGM in 2017 (98 FTSE 100 companies and 200 FTSE 250 companies).

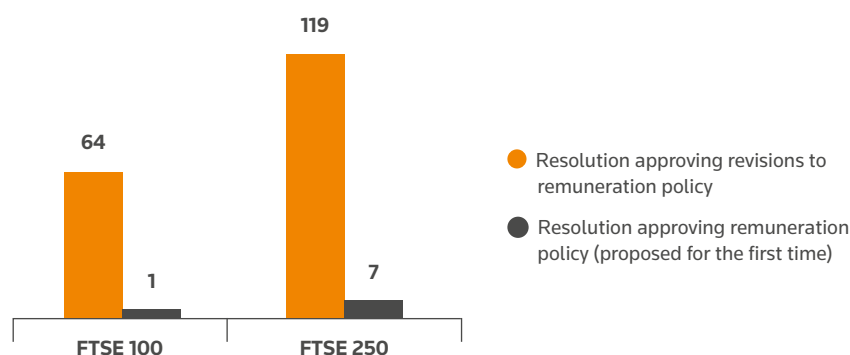
Directors' remuneration policy

The 2014 reporting season introduced a new disclosure and voting regime for directors' remuneration for quoted companies, requiring companies to seek a binding vote from shareholders on their directors' remuneration policy every three years and an annual advisory vote on the directors' remuneration report.

While a number of companies have sought approval for revisions to their policies in the intervening years, for many the 2017 AGM has been the first time that shareholders have been asked to renew their approval of the remuneration policy since 2014. This, together with the government's proposals on executive remuneration published in the Green Paper last autumn and its subsequent response, has propelled executive remuneration into the spotlight this reporting season.

Of the 298 FTSE 350 companies reviewed, 194 companies (66 FTSE 100 and 128 FTSE 250) included a resolution in their notice of AGM to renew their remuneration policy at their 2017 AGM, of which 167 companies (60 FTSE 100 and 107 FTSE 250) have not sought a binding vote from shareholders since first proposing the resolution in 2014. However, three of the 194 companies (one FTSE 100 and two FTSE 250) proposing a policy resolution this year withdrew the resolution prior to the meeting following engagement with its investors³³.

Number of FTSE 350 companies that proposed a resolution to approve the remuneration policy during 2017



From our analysis conducted in 2016, 171 companies (64 FTSE 100 and 107 FTSE 250) were required to seek shareholder approval of the remuneration policy at their 2017 AGM. Taking into account movements within the FTSE 350 index, of these 171 companies, 151 companies (58 FTSE 100 and 93 FTSE 250) have sought a triennial vote this year in line with the statutory requirements.

For details of the voting results, see **Voting results, Remuneration policies**.

³³ Imperial Brands PLC, Safestore Holdings plc and Aggreko plc.

Auditors' remuneration

In its 2017 corporate governance policy and guidelines on voting³⁴, PLSA³⁵ states that separate resolutions should cover the appointment of auditors and the setting, or authorising of, auditors' remuneration. The rationale for this is that shareholders may have concerns about the balance between audit and non-audit fees which need to be considered separately from the appointment of the auditor.

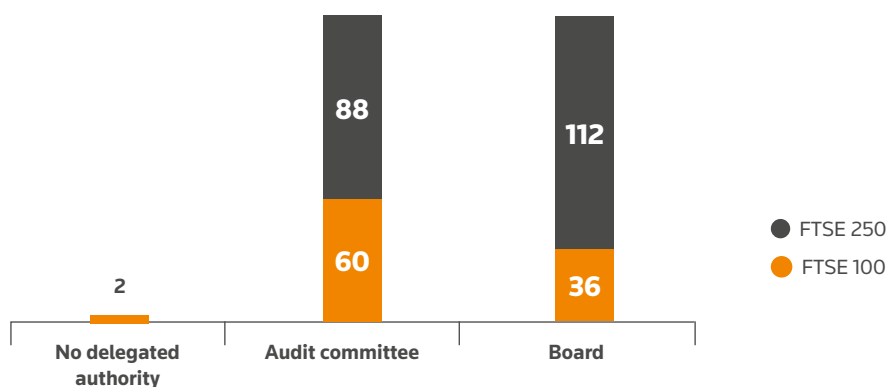
The FRC recommends that the audit committee (as opposed to the full board) should approve the terms of engagement and the remuneration to be paid to the external auditor in respect of audit services provided³⁶.

What's Market has once again monitored those companies that proposed separate resolutions, together with the number of companies that authorised the audit committee to set the auditors' remuneration and the number of companies that authorised the board to do so.

283 (95%) of the 298 FTSE 350 companies reviewed proposed two separate resolutions for the appointment and the setting of remuneration of its auditors. Interestingly, there is an even split between those companies that authorise the board to determine the auditors' remuneration (148 companies (36 FTSE 100 and 112 FTSE 250)) and those companies that give the authority to the audit committee (148 companies (60 FTSE 100 and 88 FTSE 250)).

However, proportionately more FTSE 100 companies (62.5%) authorised the audit committee to set the auditors' remuneration than FTSE 250 companies (44%). Two FTSE 100 companies, both of which are non-UK registered, did not seek approval for either the audit committee or the board to determine the auditors' remuneration.

Authority given by FTSE 350 companies to approve auditors' remuneration



34 See [Practice note, PLSA corporate governance policy and guidelines on voting](#), published on 18 January 2017.

35 Pensions and Lifetime Savings Association.

36 [Financial Reporting Council: Guidance on audit committees](#), April 2016.

Changes to articles of association

During the 2017 AGM season, What's Market continued to monitor those FTSE 350 companies that proposed a resolution to amend or to adopt new articles of association. Of the 298 FTSE 350 companies reviewed, 36 companies (17 FTSE 100 and 19 FTSE 250) sought changes to their articles at their 2017 AGM.

What's Market was particularly interested in monitoring those companies that have sought changes to their articles to enable the company to conduct virtual or electronic general meetings as opposed to holding a physical meeting. In 2016, Jimmy Choo PLC³⁷ held the first virtual AGM of a UK listed company and while none of the 298 FTSE 350 companies reviewed has followed suit this year, there has been continued interest from listed companies in exploring the option of holding a virtual or hybrid AGM (where there is both a physical place of meeting and electronic access). Of the 36 FTSE 350 companies that sought shareholder approval to amend or adopt new articles, 13 companies (six FTSE 100 and seven FTSE 250) included changes to enable the company to hold virtual general meetings in the future.

On 27 October 2017, Institutional Shareholder Services published its 2018 benchmark policy consultation³⁸, in which it seeks views on a new policy on virtual/hybrid shareholder meeting proposals. It seems that ISS will generally recommend a vote against proposals that allow for the convening of virtual-only shareholder meetings (meetings of shareholders held exclusively through online technology without a corresponding physical, in-person meeting). It will be interesting to see how this area of law develops in the coming years, particularly as there appears to be a divergence of opinion as to whether the Companies Act 2006 permits virtual-only general meetings.

15 FTSE 350 companies (three FTSE 100 and 12 FTSE 250) sought shareholder approval for the increase in fees payable to non-executive directors. 13 FTSE 350 companies (seven FTSE 100 and six FTSE 250) sought shareholder approval to update their articles to allow the company to decide which payment mechanism to use in relation to the payment of dividends and distributions, including the flexibility to use payment methods that become available in the future.

For further information on virtual meetings, see [Article, Virtual general meetings: treading new ground](#).

Authority to allot

The 2017 AGM season has again seen the resolution seeking authority to allot one-third of a company's issued share capital as a standard item on the AGM agenda, with only nine companies out of the 298 FTSE 350 companies reviewed not seeking this authority at their 2017 AGM.

What's Market continues to monitor those companies that have taken advantage of the additional flexibility set out in guidelines issued by the Investment Association³⁹, which support an authority to allot up to two-thirds of the existing share capital provided any amount over one-third of the existing shares will be applied to fully pre-emptive rights issues only.

Of the 289 FTSE 350 companies that sought shareholder approval to allot shares this year, 74% of these companies also sought the additional one-third authority. However, notably only two of these companies undertook a rights issue⁴⁰ during 2017 (see [What's Market: Secondary issues: Rights Issues: Main Market](#)).

37 Jimmy Choo PLC was not a constituent of the FTSE 250 when it published its notice of AGM on 24 April 2017.

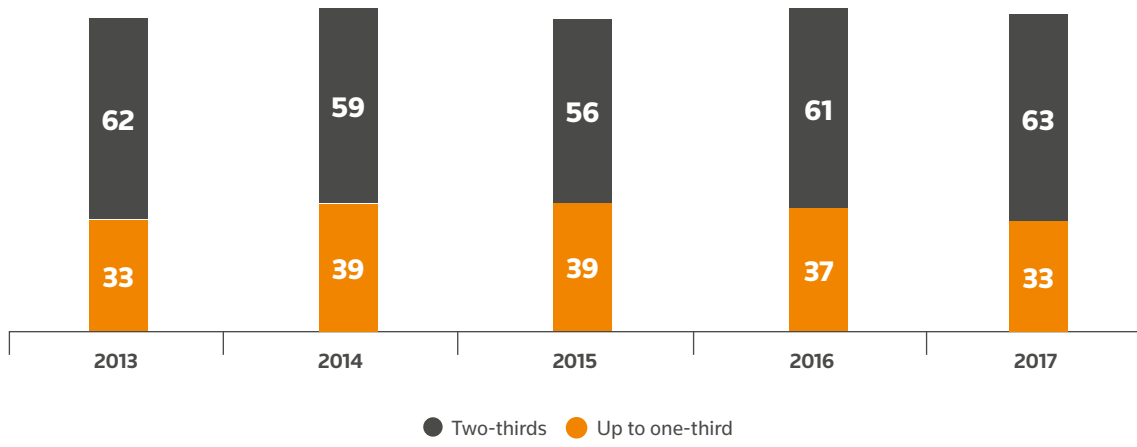
38 [Institutional Shareholder Services 2018 benchmark policy consultation](#), published 27 October 2017.

39 [Investment Association, Share Capital Management Guidelines](#), dated July 2016.

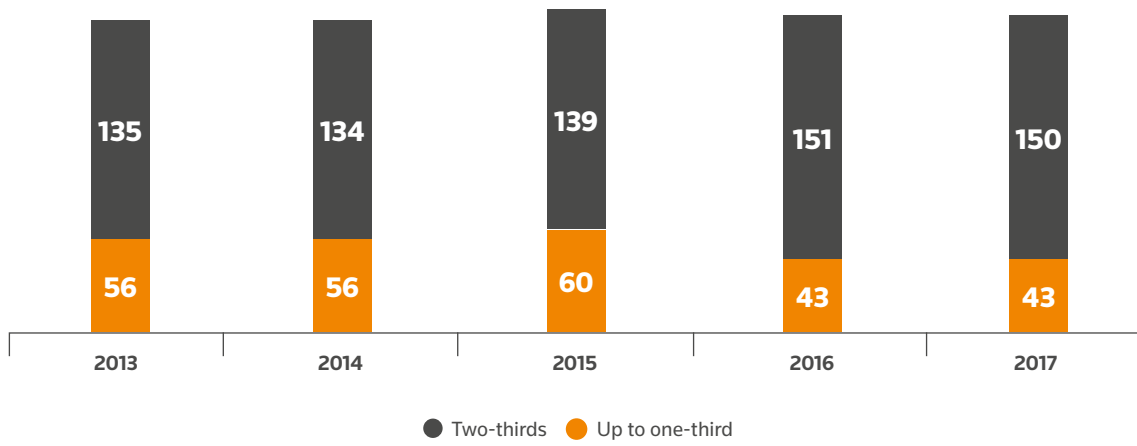
40 As reviewed by What's Market.

Number of FTSE 350 companies seeking authority to allot shares

FTSE 100



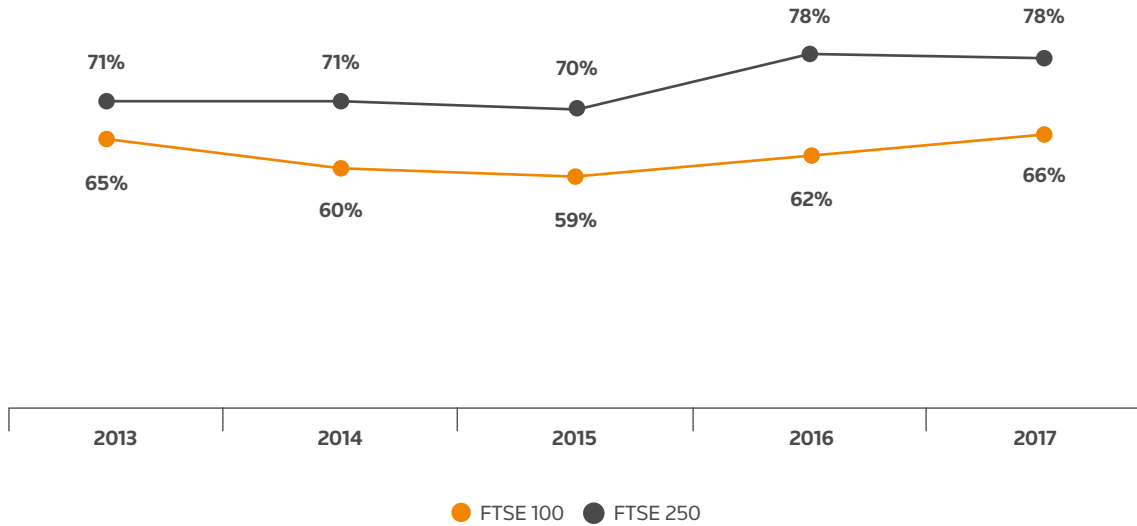
FTSE 250



Of the 96 FTSE 100 companies seeking the authority to allot shares this year, 66% (63 companies) also sought authority for the additional one-third compared to 62% during the previous reporting season. The number of FTSE 250 companies seeking the additional one-third authority has remained static in 2016 and 2017.

Looking back over the past five years, our analysis indicates that more FTSE 250 companies have sought the additional one-third authority than FTSE 100 companies, with FTSE 250 companies seeing a steady increase in the number of companies seeking this additional authority during the past three years.

Percentage of FTSE 100 and FTSE 250 companies seeking additional one-third authority



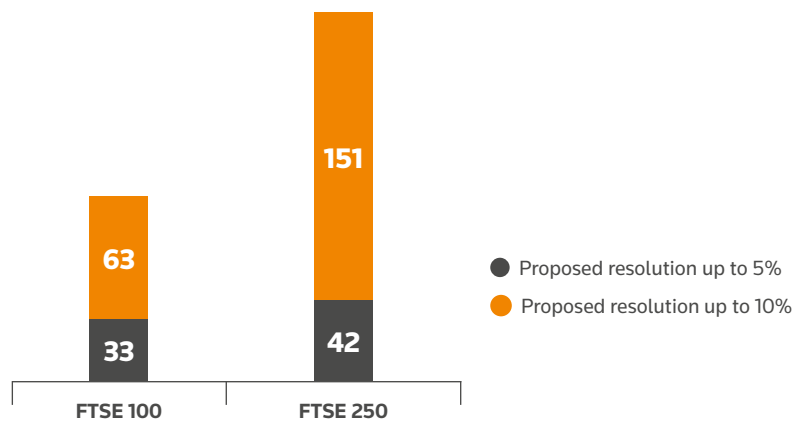
Disapplication of pre-emption provisions

Following publication by the Pre-emption Group of its revised Statement of Principles for the disapplication of pre-emption rights in March 2015, companies have had the flexibility to seek an enhanced authority to allot up to 10% of the issued ordinary share capital provided 5% of authority is used only in connection with an acquisition or specified capital investment.

In May 2016, the Pre-Emption Group published two template resolutions which it expects companies to use when seeking approval for the disapplication of pre-emption rights. One resolution is to be used for the general 5% disapplication on an unrestricted basis and the second resolution is to be used when a company is seeking an additional 5% authority in connection with an acquisition or specified capital investment.

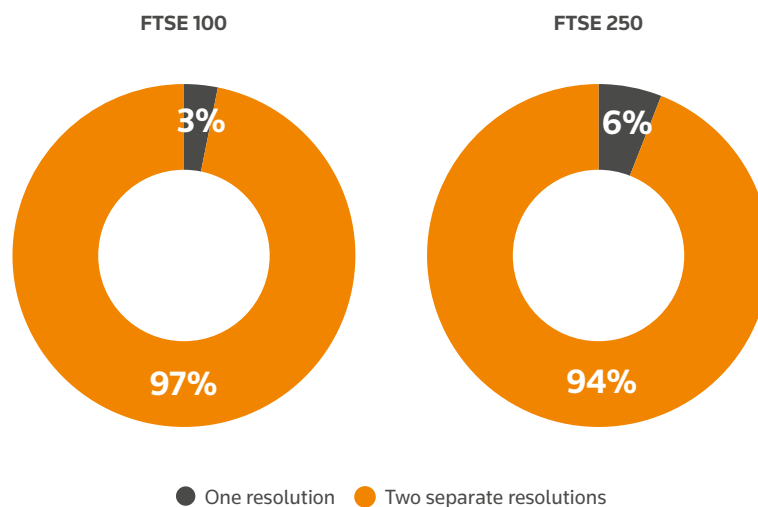
What's Market has continued to monitor those companies that have taken the enhanced authority during the 2017 AGM season to see how market practice is evolving, particularly the extent to which these companies have adhered to the Pre-Emption Group's recommendations and proposed two separate resolutions.

Number of FTSE 350 companies that proposed a resolution authorising enhanced disapplication of pre-emption rights



Of the 289 FTSE 350 companies that sought a general authority to disapply pre-emption provisions at their 2017 AGM, 214 (74%) of these companies also sought the enhanced disapplication authority, representing a 12% increase compared to 2016. It is interesting to note that, as with 2016, proportionately more FTSE 250 companies (78%) have sought the enhanced authority this year compared to FTSE 100 companies (66%) (71% and 59% respectively in 2016).

Percentage breakdown of FTSE 350 companies proposing separate resolutions



As illustrated above, of the 214 FTSE 350 companies that proposed a resolution for an enhanced authority during the 2017 reporting season, all but 11 companies followed the Pre-emption Group's recommended template and proposed two separate resolutions.

204 of the 214 companies that sought an enhanced disapplication authority included a statement in the resolution that the authority will only be used in connection with an acquisition or specified capital investment.

It is worth noting that from 1 January 2017, IVIS has stated that it will issue a red top to any company seeking an enhanced disapplication of pre-emption rights which does not provide for two separate resolutions as set out in the template⁴¹.

Of those 289 FTSE 350 companies that have sought an authority to disapply pre-emption provisions and held their AGM and published their results on or before 27 October 2017, three companies have received insufficient votes for the resolution to be passed, two of which were in relation to an enhanced disapplication of pre-emption provisions.

For details of the voting results, see **Voting results**.

41 *The Investment Association – Share Capital Management Guidelines*, July 2016.

Incentive plans

What's Market has been following FTSE 350 companies that have sought shareholder approval for the introduction, amendment or extension of the life of a share plan. 73 companies have put forward resolutions so far in 2017 (26 FTSE 100 and 47 FTSE 250).

18 of these companies proposed minor amendments to align existing plans with new remuneration policies or acquire additional flexibility. Three companies extended the life of existing plans with minor amendments.

The remaining companies proposed a total of 75 new plans:

- 29 new long term incentive plans (LTIPs, PSPs and similar) (eight FTSE 100 and 21 FTSE 250).
- Nine new deferred bonus plans (two FTSE 100 and seven FTSE 250).
- One new co-investment plan (FTSE 250).
- 23 new all employee plans (SAYE option schemes, share incentive plans (SIPs), US employee stock purchase plans (ESPPs) and similar) (ten FTSE 100 and 13 FTSE 250).
- 13 new plans with unconventional design, some of which are discussed in Plan design (two FTSE 100 and 11 FTSE 250).

Plan design

Last year we mentioned that the Executive Remuneration Working Group published its final report⁴². The report described what it called the "one-size-fits-all LTIP model". The characteristics of this model are a grant of a share award that vests based on performance measured over a three to five-year period against a series of pre-agreed targets. Typically the size of an award is limited at a multiple of salary ranging between 200% and 350%.

The report suggested that companies consider an alternative "restricted share" model which would involve substantially smaller awards, but without performance conditions.

There is currently no consensus amongst institutional shareholder advisory bodies and their members as to whether the restricted share model is appropriate and as a result it has not been widely taken up.

Of 2017's crop of 52 new executive share plans, 29 use the one-size-fits-all LTIP model, while 23 proposed a more bespoke design.

Restricted share plans

Two FTSE 100 companies introduced new restricted share plans.

The Hargreaves Lansdown PLC Sustained Performance Plan 2017

Under this plan, employees are awarded nil-cost options with a five-year vesting period. Awards are capped at 50% of salary. There are underpinning performance conditions but they should not be challenging in normal circumstances. 99% of votes were cast in favour of the plan.

The Johnson Matthey Restricted Share Plan

This plan offers awards with a three-year vesting period, capped at 200% of salary, with no performance conditions. However, it is closed to directors, who will participate instead in a more conventional plan, the Johnson Matthey Performance Share Plan.

In the FTSE 250, Pets at Home Group Plc obtained shareholder approval for the Pets at Home Group Plc Restricted Stock Plan, which permits awards of shares worth up to 75% of salary which vest over a five-year period. The only performance condition is that the company must deliver a positive total shareholder return over a three year measurement period. 85% of shareholders voted in favour.

42 See [Legal update, Executive remuneration: Working Group's final report](#), dated 26 July 2016.

Two other FTSE 250 companies failed to win sufficient shareholder support for restricted share plans:

- Aggreko plc withdrew its proposed 2017 Restricted Share Plan before its AGM took place. Its chairman said: *“While [the resolution] would have gained majority support, the level received for the RSP element is not one that we are comfortable proceeding with. This is disappointing as we believe our proposal aligned shareholder, company and management interests.”*
- AVEVA Group plc already has a restricted share plan, but directors are excluded from participating. The company sought permission from shareholders to extend it to directors but withdrew the resolution before the meeting.

Transformation type plans

Three companies proposed plans with exceptionally large awards to incentivise a management team:

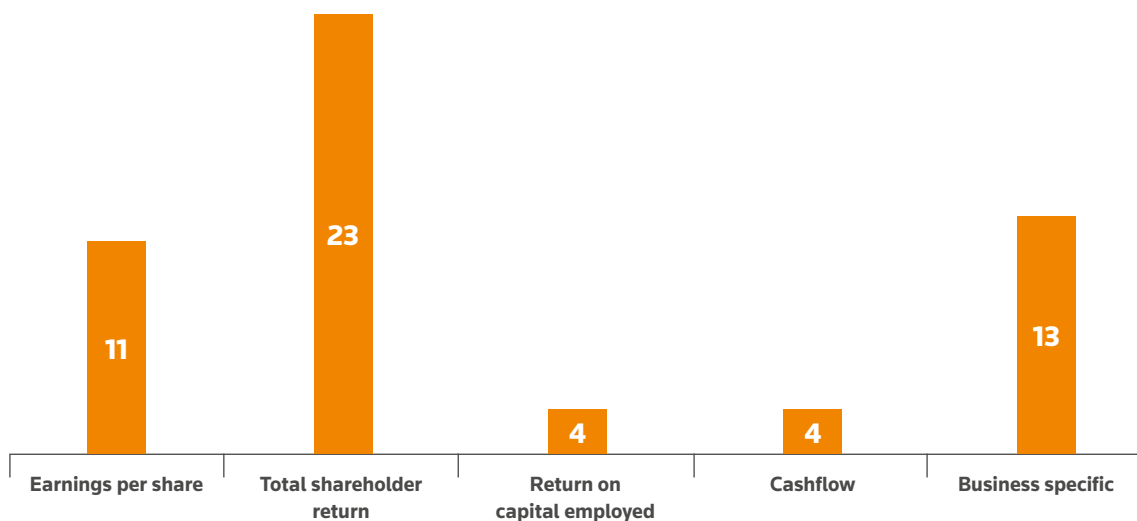
- Entertainment One Ltd proposed an award of up to three million shares with no performance conditions to the chief executive. This was supported by 55% of shareholders.
- Safestore Holdings PLC proposed the Safestore Long Term Incentive Plan, which would have involved an award of up to 1% of share capital to the chief executive on achievement of challenging performance conditions. The resolution was withdrawn in March 2017 before the meeting took place. The company put a revised proposal to shareholders in July 2017, at a general meeting that was convened solely to discuss remuneration. The revised proposal involved smaller awards and even more challenging conditions. This was passed by 51% of shareholders.
- TP ICAP PLC sought approval for its Transformation Long-Term Incentive Plan under which the chief executive could be awarded shares worth up to £15 million, vesting over a three-year period. 89% of shareholders voted in favour.

Performance conditions

Several companies did not state their performance conditions in the plan description accompanying the AGM notice, but often the performance measures were stated elsewhere, for example, in the remuneration policy. The most commonly used measures were earnings per share (three FTSE 100 and eight FTSE 250 companies) and total shareholder return (five FTSE 100 and 18 FTSE 250 companies). The only other measures used by more than one company were return on capital employed (one FTSE 100 and three FTSE 250 companies) and cashflow (four FTSE 100 companies).

13 companies proposed conditions that were very specific to their business activities. Examples include total property return (Workspace Group PLC) and group production levels and reserves replacement ratios (Nostrum Oil & Gas PLC).

Performance conditions accompanying incentive plans



Dilution limits

The Investment Association's principles of remuneration expect companies to limit the use of new issue and treasury shares to:

- 10% in ten years for all plans.
- 5% in ten years for discretionary plans aimed at senior executives.

Nearly all companies adopting new plans kept within these limits; the only exception was Telecom Plus plc, which has a limit of 12% on all its schemes.

Holding periods

Institutional shareholders expect executives to hold their LTIP shares after vesting rather than sell them immediately. The government has invited the Financial Reporting Council to consult on a proposal that all listed companies should have a retention period of at least five years between the grant of the award and the executive being allowed to sell the shares⁴³.

In practice, companies are already complying with this, with most companies requiring participants to retain LTIP shares for two years after the award "vests" three years after grant.

Some companies have longer periods for regulatory reasons. Barclays PLC amended its LTIP to increase the deferral period on its awards from three years to seven years.

Other companies do not apply a holding period to more junior employees. For example, the Rolls-Royce Long-Term Incentive Plan has a five year post-grant holding period which applies only to awards made to executive directors and the executive leadership team.

Deferred bonus plans are different to LTIPs in that they already require the employee to hold shares for a period between a bonus being earned and the shares being released for sale. Therefore they do not typically have post-vesting holding periods.

Malus and clawback

Malus usually describes the downward adjustment of a share scheme award in the event of a downturn in the company's performance or poor performance or misconduct by the employee. Malus arrangements adjust share awards before they have vested.

Clawback means that an executive who receives shares under a share scheme is required to pay back all or some of the value received because either the performance of the business is later found to be not as good as initially reported, or because the recipient has committed some kind of misconduct. Clawback usually takes the form of either an adjustment to unvested awards held by the executive (with the adjustment based on the amount to be clawed back) or a repayment of amounts that have already vested.

Nearly every new LTIP includes both malus and clawback. Unusually, the summary of the Nostrum Oil & Gas PLC 2017 Long Term Incentive Plan states that it includes clawback but does not mention malus.

Malus and clawback typically apply in a broadly defined set of circumstances including:

- A material misstatement of the audited accounts or other relevant financial information.
- Gross misconduct.
- An error in assessing whether the performance conditions have been achieved.

Market practice defines these circumstances very broadly because it is likely that an attempt to invoke malus or clawback will be litigated by the executive concerned.

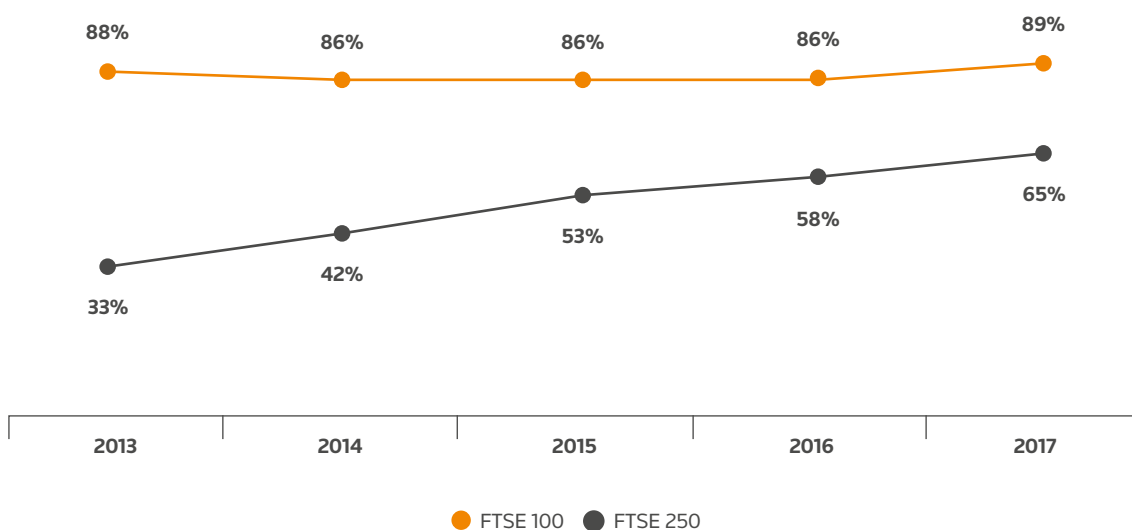
In some cases, there is no time limit on the application of clawback; in theory it continues indefinitely. However, market practice is moving towards having a time limit, typically until the sixth anniversary of grant or the third anniversary of vesting. For example, under its LTIP, Ultra Electronic Holdings PLC can apply clawback for up to three years after vesting.

43 See [Legal update, BEIS publishes proposals for corporate governance reform \(share schemes aspects\)](#), dated 29 August, 2017.

Poll voting

It remains best practice for companies, particularly FTSE 100 companies, to conduct voting by way of a poll to ensure that the AGM runs smoothly and to give greater transparency to the voting figures. The logistics for conducting the vote using this method is often simpler and quicker for the chair as the poll is generally conducted by the company's registrars (either using a manual poll or electronically).

Percentage of FTSE 350 companies that included an automatic poll voting statement in their notice of AGM



The number of FTSE 100 companies conducting poll voting increased marginally this year to 89% having remained static for the previous three years. For FTSE 250 companies, the upwards trend has continued, with 65% of FTSE 250 companies proposing the vote by way of poll at their 2017 AGM.

It is interesting to note that where voting is conducted by poll, some companies are moving away from proposing each resolution separately and allowing shareholders to vote during the course of the meeting. An example of this is the Marks & Spencer Group plc's AGM⁴⁴ held in July this year. After the chairman and CEO had given their reviews, but before questions were taken from the floor, the chairman took the notice as read and opened the poll vote. This enabled shareholders to vote at their convenience during question time rather than at the end. It also meant that the chairman did not need to propose each resolution separately but simply referred to the resolutions as set out in the notice.

44 See *Marks & Spencer Group plc AGM 2017 webcast*.

Voting results

This part of the report covers 285 FTSE 350 premium equity commercial companies that published their notice of AGM on or before 27 October 2017 and held their AGM and published the results between 1 January 2017 and 27 October 2017 (91 FTSE 100 companies and 194 FTSE 250 companies).

So far this reporting season, seven resolutions have not been passed, two of which were in relation to the remuneration report, one in relation to the re-election of a director and four comprising other resolutions.

11 resolutions proposed were withdrawn by companies prior to the AGM, three of which were in relation to the remuneration policy, three in relation to the re-election of a director and five comprising an assortment of other resolutions.

Directors' remuneration

While executive remuneration remains a primary focus for the government, it has become apparent, following publication by BEIS of the government's response to the Green Paper on corporate governance reform⁴⁵, that the existing executive remuneration regime introduced in 2013 will remain largely unchanged. However, there are certain reforms in the pipeline for 2018. The introduction of secondary legislation next year will require quoted companies to report annually in their remuneration report the ratio of CEO pay to the average pay of their UK workforce, together with narrative explaining changes to that ratio from year to year and how it relates to pay and conditions across the wider workforce.

Further, the government has asked the FRC to amend the Code to be more specific about the steps that companies should take when they encounter significant shareholder opposition to executive pay policies and awards and to broaden the responsibilities of the remuneration committee for overseeing pay and incentives across their company. In addition, the Investment Association has been invited to maintain a public register of listed companies encountering shareholder opposition of 20% or more to executive pay and other resolutions, along with a record of what these companies say they are doing to address shareholder concerns⁴⁶.

What's Market has monitored the shareholder votes cast on both the advisory resolution to approve the remuneration report (annual remuneration report) and the binding vote to approve the remuneration policy⁴⁷.

In summary, two companies (one FTSE 100 and one FTSE 250) failed to attain sufficient shareholder support for the annual remuneration report resolution to be passed. All resolutions to approve the remuneration policy have been passed by shareholders so far this year.

⁴⁵ See [Legal update, Corporate governance: BEIS response to Green Paper on reform](#).

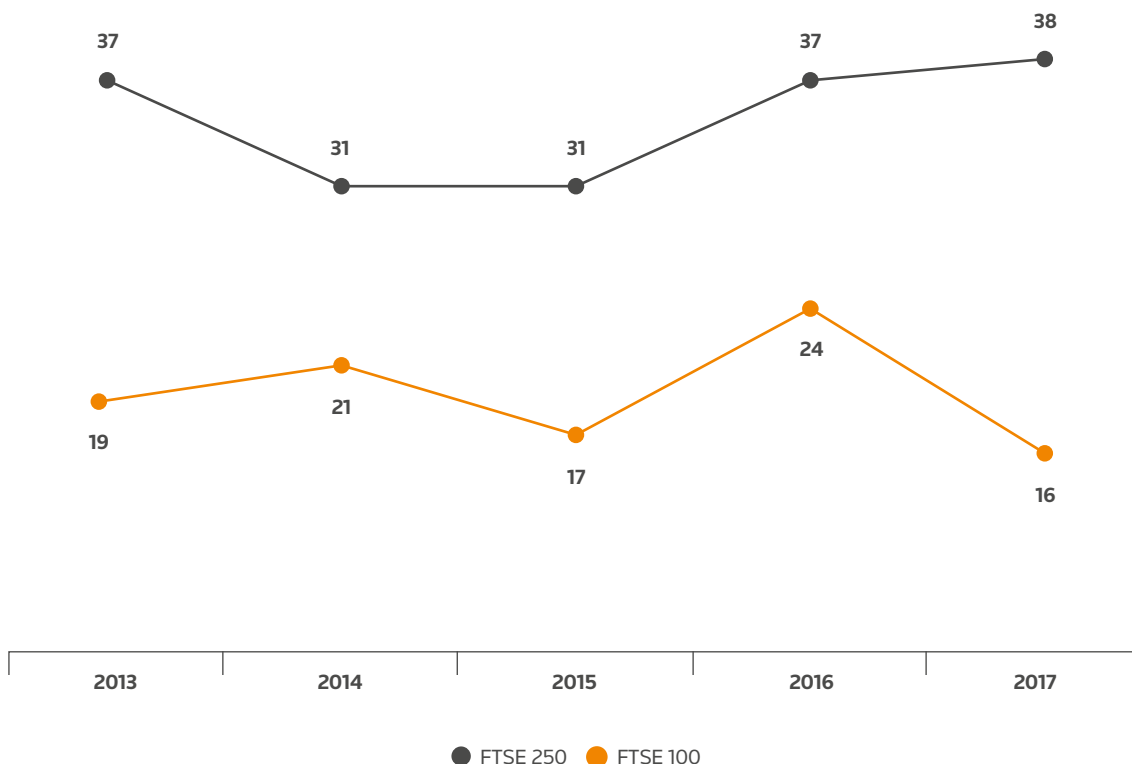
⁴⁶ [Investment Association press release](#), dated 26 October 2017.

⁴⁷ For the purposes of this section on directors' remuneration, What's Market has excluded from its analysis TUI AG (FTSE 100) and Sirius Minerals Plc (FTSE 250) as no resolutions to approve the remuneration report or the remuneration policy have been proposed at their 2017 AGM. Sirius Minerals Plc was quoted on AIM when it published its annual report on 28 March 2017 and was admitted to the Official List and to trading on the Main Market of the London Stock Exchange on 28 April 2017. It therefore did not propose resolutions to approve the remuneration report or the remuneration policy at its AGM on 29 June 2017.

Annual remuneration reports

What's Market has monitored those companies where a resolution to approve the annual remuneration report has been passed, but the company has received a substantial vote (between 10% and 49.9%) against the resolution.

Number of FTSE 350 companies that received between 10% and 49.9% of votes against the annual remuneration report



The number of FTSE 350 companies that received a substantial vote against⁴⁸ their annual remuneration report has decreased from 61 in 2016 to 54 in 2017. Nonetheless, the graph above shows that whereas the number of FTSE 100 companies receiving a substantial vote against their remuneration report has fallen in 2017 compared to 2016, the figure for FTSE 250 companies has increased each year since 2015. Our analysis has also shown that, of the FTSE 100 companies reviewed during the 2017 reporting season, the average percentage of votes received in favour of the annual remuneration report was 92.5%, which is an increase in comparison to last year (90.9%). Conversely, there has been a slight decrease in the average percentage of votes in favour received by FTSE 250 companies, with an average of 92.9% this year compared to 93.8% during 2016.

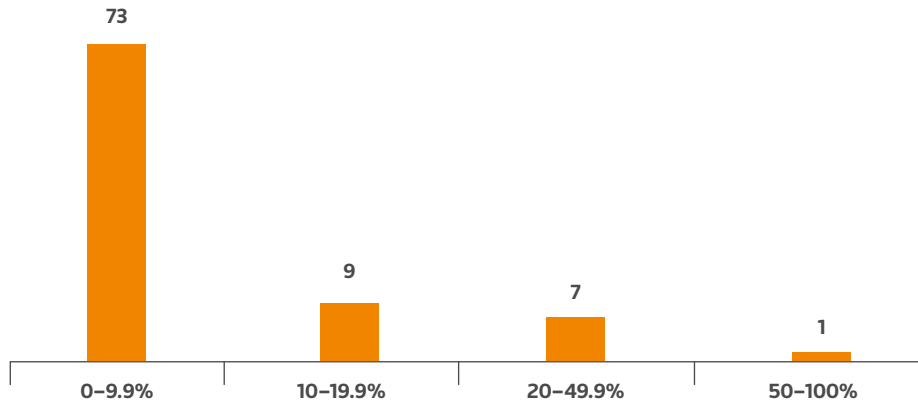
The following graphs provide an overview of the voting results for FTSE 100 and FTSE 250 companies according to the percentage range of votes received against their annual remuneration report. 16 FTSE 100 companies (18% of the FTSE 100 companies reviewed) received a substantial vote against their remuneration report and one FTSE 100 company received insufficient votes in favour of the resolution for it to be passed. 38 FTSE 250 companies (20% of the FTSE 250 companies reviewed) received a substantial vote against their remuneration report and one FTSE 250 company also received insufficient votes in favour of the resolution for it to be passed⁴⁹.

48 Between 10% and 49.9%

49 Excluding TUI AG and Sirius Minerals Plc.

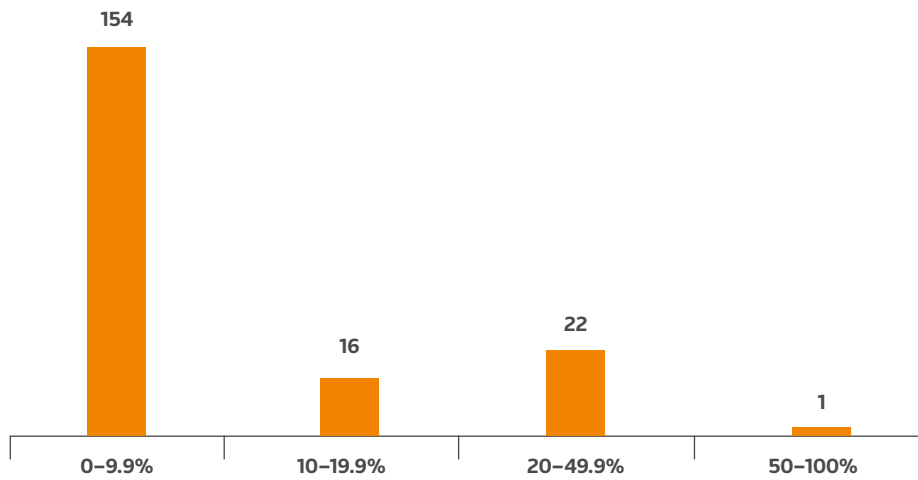
It is interesting to note that eight FTSE 100 companies (9% of the FTSE 100 companies reviewed) and 23 FTSE 250 companies (12% of the FTSE 250 companies reviewed) received 20% or more votes⁵⁰ against their resolution to approve the annual remuneration report and will appear in the public register of listed companies encountering shareholder opposition to be set up by the Investment Association by the end of this year.

Number of companies that received votes against the annual remuneration report by percentage range: FTSE 100



Percentage range of votes cast against resolution to approve annual remuneration report

Number of companies that received votes against the annual remuneration report by percentage range: FTSE 250



Percentage range of votes cast against resolution to approve annual remuneration report

⁵⁰ This includes votes of 50% or more received against a resolution to approve the annual remuneration report.

Remuneration policies

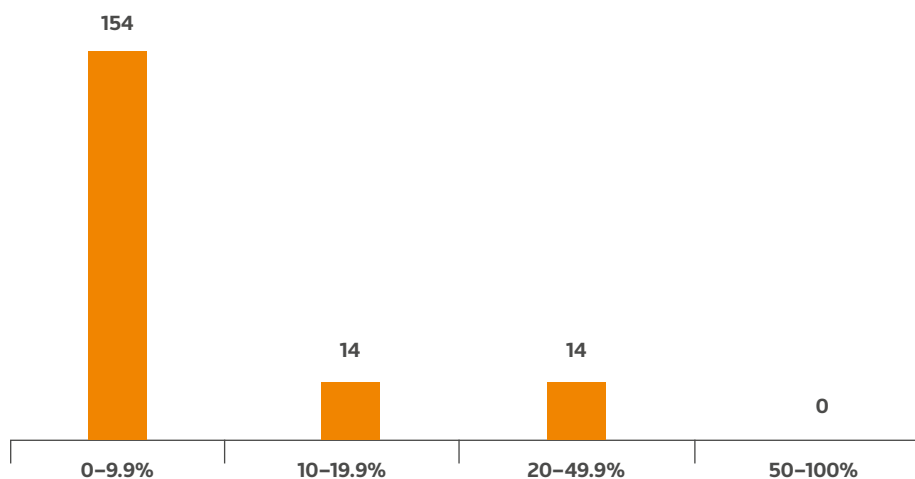
What's Market has analysed the voting results of the FTSE 350 companies reviewed that either have sought shareholder approval for their remuneration policy for the first time or proposed an amendment to their remuneration policy this year. 2017 has been a key year as many companies have sought to renew their remuneration policy following the expiry of shareholder approval for their policy originally obtained in 2014.

During 2017 our analysis shows that there were three companies (one FTSE 100 and two FTSE 250) that withdrew the resolution to approve their remuneration policy before the AGM. These companies are therefore excluded from our analysis of the voting results. This has been an interesting development in the 2017 AGM season as all three companies in announcing the withdrawal of the resolutions cited shareholder concerns raised and their intention to engage in further dialogue with shareholders.

Of the 280⁵¹ FTSE 350 companies reviewed, 182⁵² companies (65%) have proposed a resolution to approve their remuneration policy this year. Of these companies, the average percentage of votes received in favour of the policy resolution so far this year is 93.7%. All resolutions have been approved.

The following graph provides an overview of the voting results for FTSE 350 companies according to the percentage range of votes received against their remuneration policy. The graph shows that 28 companies (15%) (six FTSE 100 and 22 FTSE 250) received a substantial vote against the resolution. Our analysis also indicates that 14 companies (two FTSE 100 and 12 FTSE 250) received 20% or more votes against their remuneration policies so far this year and will appear on the Investment Association's public register to be launched later this year⁵³.

Number of companies that received votes against the remuneration policy by percentage range: FTSE 350



For many FTSE 350 companies the 2017 AGM is the first time that they have proposed a resolution to shareholders to approve their revised remuneration policy since it was originally approved in 2014. What's Market has analysed and compared the voting results of the FTSE 350 companies reviewed that first sought approval for their remuneration policy in 2014 and sought their second triennial binding vote on their policy in 2017.

Of the 182 FTSE 350 companies that have proposed a resolution to approve a revised remuneration policy this year, and taking into account movements within the FTSE 350 index, 143 companies first sought approval of their remuneration policy in 2014 and have not renewed shareholder approval until this year.

51 For the purposes of this section on remuneration policies, What's Market has excluded from its analysis TUI AG (FTSE 100) and Sirius Minerals Plc (FTSE 250) as no resolutions to approve the remuneration policy have been proposed at their 2017 AGM, together with Imperial Brands PLC (FTSE 100), Safestore Holdings plc (FTSE 250) and Aggreko plc (FTSE 250) that withdrew the resolutions to approve their remuneration policy before their AGM.

52 Berkeley Group Holdings plc is excluded from this figure as it sought shareholder approval for its remuneration policy at a separate general meeting on 23 February 2017 rather than at its AGM held on 6 September 2017.

53 [Investment Association press release](#), dated 26 October 2017.

When comparing the voting results of those 143 companies in 2014 and 2017, What’s Market has determined that the average percentage of votes received in favour of the resolution to approve their remuneration policy proposed at their 2014 AGM is slightly higher (94.6%) than the average percentage of votes received this year (94.2%).

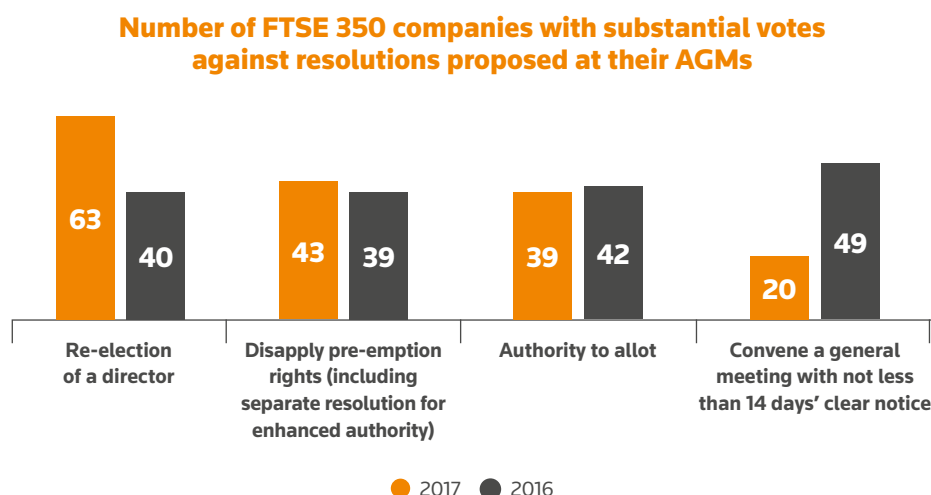
Substantial votes against resolutions

The Code requires a company that, in the opinion of the board, received a significant proportion of votes against any resolution, to explain in the announcement of its voting results what action it intends to take to understand the reasons behind the result (Provision E.2.2).

While significant dissent is not defined for the purposes of the Code, ISS states in its Proxy Voting Guidelines⁵⁴ that a figure somewhere in the range of 20% to 30% is consistently seen as a threshold for significant dissent. It will be interesting to see if a threshold of 20% will emerge as market practice given that the government has asked the Investment Association to maintain a public register of listed companies encountering shareholder opposition of 20% or more referred to above.

For the purposes of this report, What’s Market has used a threshold of between 10% and 49.9%.

Of the 285 FTSE 350 companies that have held their AGM so far this year and published their results, 140 companies (49%) have seen 282 resolutions (not including resolutions relating to directors’ remuneration) receive substantial votes cast against them. The following graph illustrates the four resolutions proposed by companies that most commonly received substantial votes against them and compares the number of companies that received such votes against these resolutions in 2017 and 2016. These four resolutions comprise 78% of the substantial votes received against the 282 resolutions proposed during the 2017 AGM season.



Notably, during 2017 the number of companies that received a substantial vote against a resolution to reduce the notice period to 14 clear days for convening a general meeting dropped by nearly 60%. This, we understand, is due to the fact that Glass Lewis⁵⁵ is no longer recommending a vote against this resolution.

Our analysis also indicates that the number of directors that received a substantial vote against their election or re-election more than doubled in 2017 compared to last year (113 directors in 2017 and 55 directors in 2016)⁵⁶. One company received insufficient votes in favour of the resolution to approve the re-election of one of its directors for it to be passed.

⁵⁴ *United Kingdom and Ireland Proxy Voting Guidelines 2017 Benchmark Policy Recommendations*, published 18 January 2017.

⁵⁵ *Glass Lewis, 2017 Proxy Paper Guidelines, an overview of the Glass Lewis approach to proxy advice in the UK.*

⁵⁶ These numbers exclude any independent directors that received a substantial vote against their election or re-election by the company's independent shareholders as required by Listing Rule 9.2.2A.

Substantial votes against the election or re-election of directors

What's Market has analysed the voting results of those companies that received a substantial vote against the election or re-election of one or more of its directors at their 2017 AGM. Of the 285 FTSE 350 companies reviewed, 70 companies (25%) received a substantial vote against a resolution to approve the election or re-election of a director, numbering 130 directors in total⁵⁷.

The following diagram shows the breakdown of the total number of directors that received substantial votes against their election or re-election by the shareholders, independent shareholders or both.

Number of directors that have received a substantial vote against their election or re-election in 2017



● ordinary shareholder vote ● both ordinary and independent shareholder vote ● independent shareholder vote

What's Market has also analysed the tenure and committee chairmanships held by those directors that received a substantial vote against their election or re-election as disclosed in the relevant annual report.

Of the one or more directors of the 70 companies that received a substantial vote against a resolution to approve their election or re-election, What's Market has determined that:

- **20** directors were the **remuneration committee chair**.
- **18** directors were the **audit committee chair**.
- **22** directors were the **nomination committee chair**.
- **23** directors had served on the **board for ten⁵⁸ or more years**.

In spite of these figures, it is not always possible to analyse whether the votes cast by shareholders against the election or re-election of such directors were related to the relevant director's committee chairmanship or tenure because while some companies have included an indication in their AGM voting results announcement as to why they believe such votes were cast, many companies do not disclose this information.

⁵⁷ The figures cited incorporate the substantial votes against the election or re-election of directors cast by shareholders or independent shareholders.

⁵⁸ The figure is the number of years disclosed in the annual report rounded down to the nearest completed year as at the relevant company's financial year end.

Trends at a glance

Buy back of shares

280 FTSE 350 companies (174 companies in 2016) proposed a resolution seeking a general authority for the company to purchase its own shares during the 2017 reporting season. However, only 37 companies (48 companies in 2016) used the authority and repurchased their own shares in the market.

Dividends

235 FTSE 350 companies proposed a resolution to approve a dividend at their 2017 AGM. 96 companies set out the record date for the dividend in the resolution and 85 companies set out the payment date for the dividend in the resolution. These figures are comparable to 2016.

Scrip dividends

Only ten FTSE 350 companies (five FTSE 100 and five FTSE 250) proposed a resolution to approve a scrip dividend alternative at their 2017 AGM compared to 14 companies last year.

Requisitioned resolutions

Two companies, both FTSE 100, proposed resolutions which had been requisitioned by shareholders during the 2017 AGM season. One company has yet to publish its voting results but the other company received insufficient shareholder support for the resolution to be passed.

Withdrawn resolutions

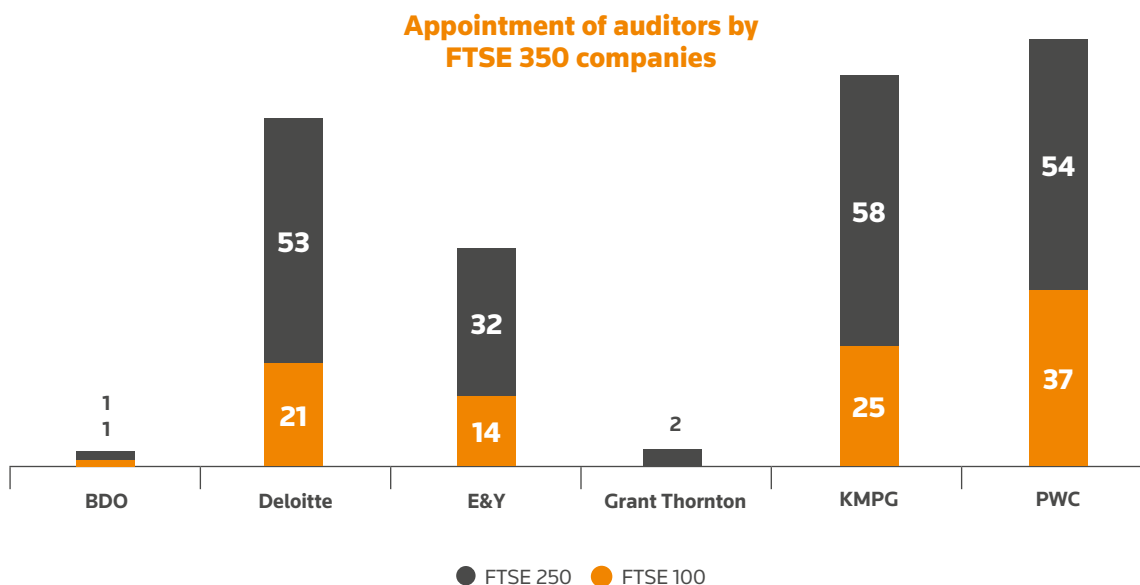
11 resolutions were withdrawn this year prior to the meeting. It is interesting to note that seven of these were in relation to the remuneration policy or share schemes.

Non-audit fees

178 FTSE 350 companies disclosed the level of non-audit fees in their audit committee report compared to 120 companies in 2016. Proportionately more FTSE 100 companies (67%) disclosed the level of fees than FTSE 250 companies (56%).

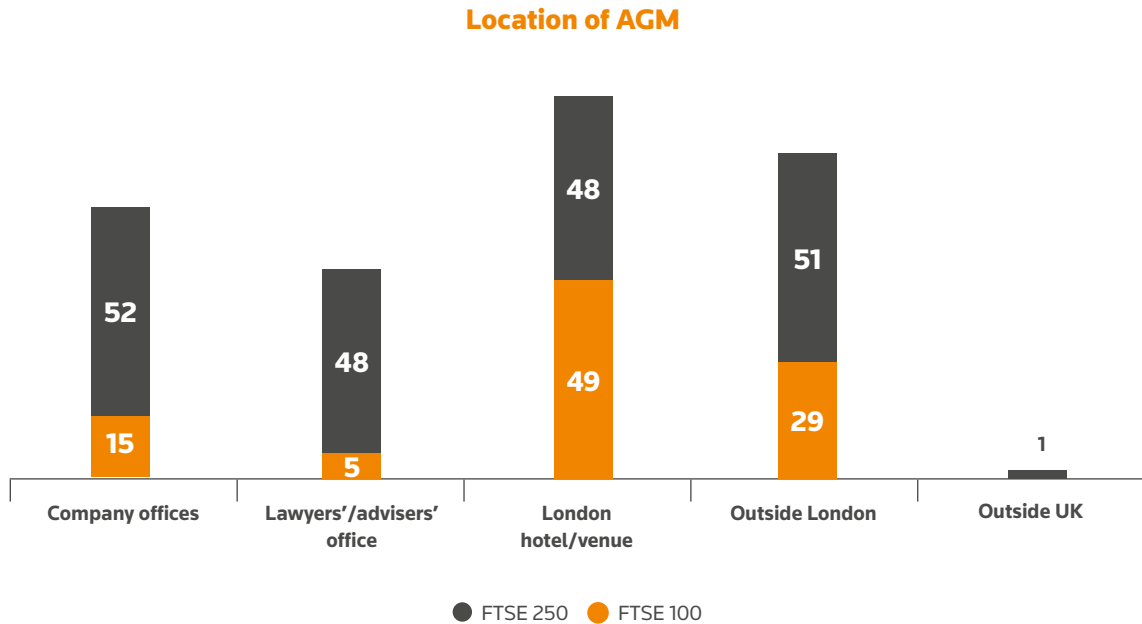
Auditors

Between the 298 FTSE 350 companies reviewed, six firms of auditors have been appointed. As expected, other than four companies (one FTSE 100 and three FTSE 250) that have appointed BDO and Grant Thornton, the "Big Four" are predominantly auditors for the FTSE 350 companies, as illustrated below.



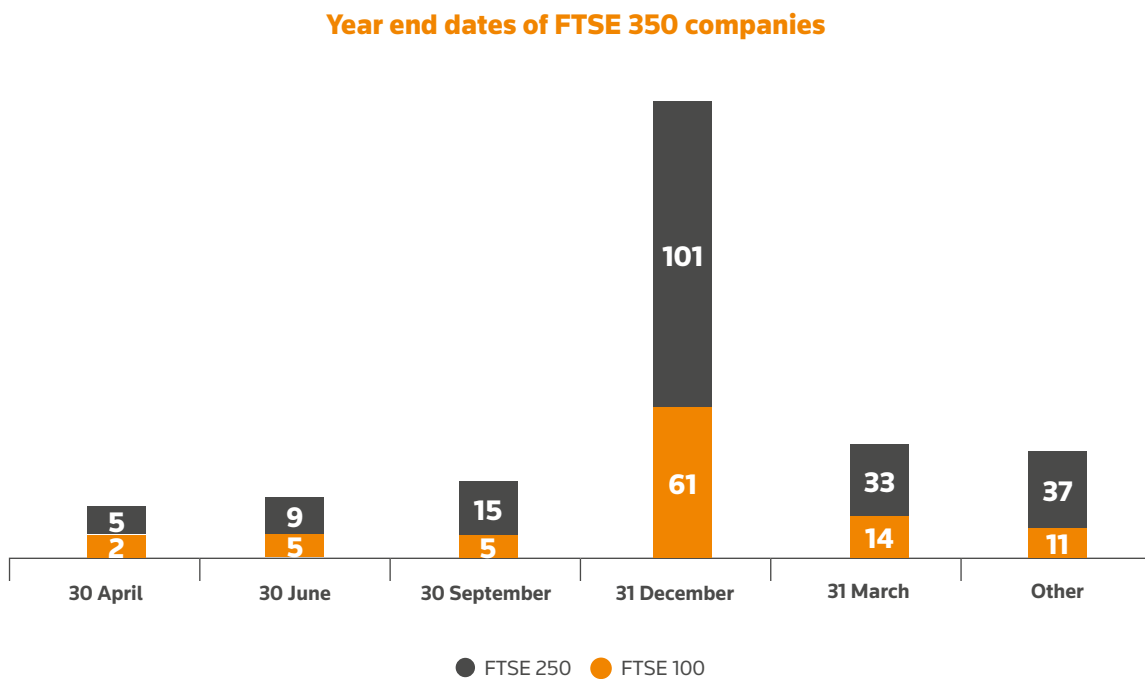
Location of AGM

This year What's Market monitored the location of the AGMs held by the FTSE 350 companies reviewed. While London is still the favoured location, a number of companies are holding their AGMs outside London. Just over a quarter of FTSE 250 companies have opted to hold their AGM at their registered office and exactly half of FTSE 100 companies opted for a London hotel or other venue.



Financial year ends

What's Market has analysed the year ends of the FTSE 350 companies subject to our review as shown in the graph below.



Looking ahead to 2018

As the 2017 reporting season comes to a close, companies are left with a degree of uncertainty as to what changes the next reporting season will bring – particularly in relation to corporate governance.

Some of the key areas companies will need to consider include:

✓ The Knowns:

Non-financial and diversity information

As part of the UK implementation of the *Non-financial Reporting Directive 2014/95/EU*, for financial years beginning on or after 1 January 2017, the Companies Act 2006 requires large public interest entities, who have more than 500 employees, to provide in their strategic report enhanced disclosures relating to environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters.

Disclosure of diversity policy

Following changes to the Disclosure Guidance and Transparency Rules (DTR 7.2.8AR), certain listed companies with financial years beginning on or after 1 January 2017 must include in their corporate governance statement a description of the diversity policy applied to the company's administrative, management and supervisory bodies, including aspects such as age, gender or educational and professional backgrounds.

Gender pay gap

Private and voluntary organisations with 250 or more employees must publish their first gender pay report on their website, and upload to a government website, by 29 April 2018 at the latest. The report must disclose the difference between the male average pay and female average pay as at 30 April 2017 and the average bonus pay gap calculated over the 12 months preceding that date. There is no requirement to publish gender pay gap information in a company's annual report but it remains to be seen if companies choose to do so.

Payment practices and performance

Large companies and large LLPs must report on their payment practices and policies and their performance by reference to those payment practices and policies for financial years commencing on or after 6 April 2017. The report must be published on a web-based service provided by the government and updated every six months.

Publication of tax strategy

Schedule 19 to the Finance Act 2016 requires large UK businesses with turnover exceeding £200 million and balance sheet totals exceeding £2 billion to publish their tax strategy each year. The publication requirement takes effect for financial years beginning on or after 15 September 2016. The statement should be posted on the company's website but it remains to be seen if companies choose to also include this in their annual report.

? The Unknowns:

Corporate governance reforms

As previously discussed in this report, companies will need to consider the changes that are likely to be made following the FRC's fundamental review of the Code and the consultation on those changes, which is due to be published shortly. The FRC expect to publish the final version of the Code by June 2018 which is likely to apply to companies with financial years beginning on or after that date.

The FRC, together with certain other organisations, have also been asked by the government⁵⁹ to develop a voluntary set of corporate governance principles for large private companies, which may be relevant for certain private subsidiaries of large companies.

Stakeholder engagement and worker representation

Also highlighted in this report is the increased focus on stakeholder engagement and employee representation in the boardroom. Companies will need to consider suitable employee and other stakeholder engagement mechanisms to ensure that the wider stakeholder voice is better represented in the boardroom. In addition, companies will need to consider the proposed disclosures that will likely be required in the strategic report (for financial years beginning on or after June 2018) as to how the board has had regard to the various stakeholder interests in its decision making under section 172 of the Companies Act 2006.

Executive pay

It is expected that secondary legislation will be published that will require quoted companies to publish pay ratios comparing CEO remuneration to the average pay of the wider workforce, together with appropriate narrative explaining the changes from year to year. In addition, quoted companies will be required to provide clearer explanations in their remuneration policies of the possible outcomes of their long-term incentive plans.

59 See *Legal update, Corporate governance: government response to BEIS Committee report*, dated 22 September 2017.

Methodology

Practical Law's What's Market contains summaries of FTSE 350 premium equity commercial companies' AGM notices and certain aspects of the annual reports and voting results. What's Market does not review AGM notices of FTSE 350 closed-ended investment funds.

The findings set out in this report are based on the information compiled by Practical Law in its What's Market database. A substantive part of the report is based on factual information as set out in a company's annual report or notice of AGM. However, to provide a meaningful analysis we have used our discretion as to the interpretation of certain disclosures contained in these public documents.

The report includes comparable data for reporting years 2014 to 2017:

	Narrative reporting, notice and poll voting sections	Voting results section (excluding poll voting section)
2017	<p>298 FTSE 350 premium equity companies that have published their AGM notice on or before 27 October 2017 and held, or will hold, their AGM between 1 January 2017 and 31 December 2017.</p> <p>98 FTSE 100 companies and 200 FTSE 250 companies.</p>	<p>285 FTSE 350 premium equity companies that have published their AGM notice on or before 27 October 2017 and held their AGM and published their results between 1 January 2017 and 27 October 2017.</p> <p>91 FTSE 100 companies and 194 FTSE 250 companies.</p>
2016	<p>299 FTSE 350 premium equity companies that published their AGM notice on or before 28 October 2016 and held their AGM between 1 January 2016 and 31 December 2016.</p> <p>99 FTSE 100 companies and 200 FTSE 250 companies.</p>	<p>283 FTSE 350 premium equity companies that published their AGM notice on or before 28 October 2016 and held their AGM and published their results between 1 January 2016 and 28 October 2016.</p> <p>97 FTSE 100 companies and 186 FTSE 250 companies.</p>
2015	<p>305 FTSE 350 premium equity companies that published their AGM notice on or before 30 October 2015 and held their AGM between 1 January 2015 and 31 December 2015.</p> <p>98 FTSE 100 companies and 207 FTSE 250 companies.</p>	<p>290 FTSE 350 premium equity companies that published their AGM notice on or before 30 October 2015 and held their AGM and published their results between 1 January 2015 and 30 October 2015.</p> <p>93 FTSE 100 companies and 197 FTSE 250 companies.</p>
2014	<p>300 FTSE 350 premium equity companies that published their AGM notice on or before 31 October 2014 and held their AGM between 1 January 2014 and 31 December 2014.</p> <p>99 FTSE 100 companies and 201 FTSE 250 companies.</p>	<p>285 FTSE 350 premium equity companies that published their AGM notice on or before 31 October 2014 and held their AGM and published their results between 1 January 2014 and 31 October 2014.</p> <p>95 FTSE 100 companies and 190 FTSE 250 companies.</p>

Practical Law resources


A selection of Practical Law practice notes, checklists and standard documents:


- *A guide to Practical Law's UK corporate governance materials*
- *A toolkit for annual general meetings*
- *Dates of FTSE 100 companies' AGM*
- *General meetings: overview*
- *Annotated UK Corporate Governance Code: Index*
- *UK Corporate Governance Code: disclosure statement in annual reports*
- *A toolkit for corporate governance reform*
- *Strategic report*
- *Directors' remuneration report*
- *Directors' report*
- *Viability statement*
- *Gender diversity in boardrooms*
- *Ethnic diversity in boardrooms*
- *A toolkit for ethnic diversity on boards*
- *A toolkit for the Modern Slavery Act 2015*
- *Statutory Audit Directive: overview*
- *Accounting Directive: overview*
- *Checklist: Annual reporting and accounts: quoted companies*
- *Audit tenders: best practice and practical issues*
- *Terms of reference for the audit committee (premium listed company)*
- *Terms of reference for the remuneration committee (premium listed company)*
- *Terms of reference for the nomination committee (premium listed company)*
- *Chairman's AGM script: voting on a show of hands*
- *Chairman's AGM script: voting on a poll*
- *Annual report and accounts: best reporting*
- *What's Market: 2017 AGMs: FTSE 350*
- *FTSE 350: resolutions to adopt or amend a share scheme in 2017*
- *Institutional investor guidelines on share schemes and incentives*


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Deal	FTSE Index	Industry sector	Company country of incorporation	Date of AGM
1. Ferguson plc notice of AGM 2017	FTSE 100	Support services	Channel Islands	28 Nov 2017
2. Dunelm Group plc notice of AGM 2017	FTSE 250	Retailers	England and Wales	21 Nov 2017
3. Close Brothers Group plc notice of AGM 2017	FTSE 250	Financial	England and Wales	16 Nov 2017
4. Kier Group plc notice of AGM 2017	FTSE 250	Construction and industrials	England and Wales	17 Nov 2017
5. J D Wetherspoon plc notice of AGM 2017	FTSE 250	Travel and leisure	England and Wales	09 Nov 2017
6. Smiths Group plc notice of AGM 2017	FTSE 100	Construction and industrials	England and Wales	14 Nov 2017
7. Barratt Developments	FTSE 100	Construction and	England and Wales	15 Nov 2017

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January 06, 2017

Corporate governance reform: toolkit
 A toolkit highlighting the proposals and progress on the UK corporate governance reforms in the BEIS Corporate Governance Reform: Green Paper, BEIS Select Committee corporate governance inquiry and the FRC proposal for a fundamental review of the UK Corporate Governance Code.

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 Visit our [Brexit landing page](#) for a collection of content on the legal implications of the UK's decision to leave the EU.

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Maintained

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Board minutes: ICSA guidance on minute taking
September 20, 2016

Directors' remuneration: GC100 and Investor Group, Directors' Remuneration Reporting Guidance 2016
August 15, 2016

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Financial reporting: FRC Corporate Reporting Annual Review 2017

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DTR: FCA final notice for breaches relating to interim results and publication of misleading information

Financial services: Commission Invitation to comment on roadmap for fitness check of reporting requirements (corporate aspects)

AIM: Legal Entity Identifier requirement for AIM companies

Corporate governance: Parker Review final report on ethnic diversity on boards

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Hilary Owens Gray

Head of Corporate

Previous experience at:

Pinsent Masons
Baker & McKenzie



Sarah Hassan

Deputy head
of Corporate

Previous experience at:

Taylor Wessing
Travers Smith
Barlow Lyde & Gilbert



Amanda Cantwell

Senior Editor
Author of report

Previous experience at:

Allen & Overy
Boyes Turner



Caroline Pearce

Senior Editor
Author of report

Previous experience at:

Nabarro
PricewaterhouseCoopers Legal
Kaplan Law School



Naomi Bellingham

Senior Editor

Previous experience at:

Slaughter and May



Sara Bradbury

Senior Editor

Previous experience at:

Norton Rose Fulbright
Taylor Wessing



Liga Dugdale

Senior Editor

Previous experience at:

Ashurst



Simon Graham

Senior Editor

Previous experience at:

Gowling WLC



Samantha Cotton

Senior Editor

Previous experience at:

Lovells
College of Law



Aidan Langley

Senior Editor

Previous experience at:

Clifford Chance
Deloitte
PricewaterhouseCoopers



Nady Budaly

Assistant Editor,
What's Market

 uk.practicallaw.thomsonreuters.com

 +44 (0)207 202 1220

 info.practicallaw@thomsonreuters.com

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