

Shareholder dissent concentrates on directors

Over a quarter of highly contested proposals at European AGMs relate to directors' issues, according to a new report. Proxy voting agency Manifest's new report, which looks at pan-European proxy voting trends in 2007, has revealed that motions which concern director election, removal and independence made up 28 per cent of all 'highly contested' proposals – that is, resolutions which provoked shareholder dissent of more than 10 per cent.

Share capital and transactions in company shares also proved to be controversial, also claiming 28 per cent of all contested motions across Europe. Additionally, proposals relating to employee share schemes provoked concern, accounting for a further 14 per cent of all resolutions.

Concerns in the UK paint a slightly different picture, however, with 31 per cent of all controversial proposals dealing with directors' issues, and 29 per cent looking at board composition and remuneration. Employee share scheme account for 14 per cent of all motions, mirroring the pan-European picture.

The report argues that there were 'governance issues' in an overwhelming majority of highly contested proposals, which were either directly related to a particular proposal or may have had an indirect, but relevant connection from a governance perspective. It also suggests that the main causes for concern revolve around the composition of remuneration committees and specific components of executive remuneration, such as severance payments and uncapped bonus potential.

The report also reveals that companies listed on Sweden's OMX exchange have the busiest AGMs, with an average of 27 resolutions passed per AGM. It points out that this is mainly due to the Swedish requirement for annual (re)election of all directors and resolutions proposing to discharge individual directors from liabilities.

The Manifest report can be purchased online at http://www.manifest.co.uk/reports/proxy_poll/voting_review.htm