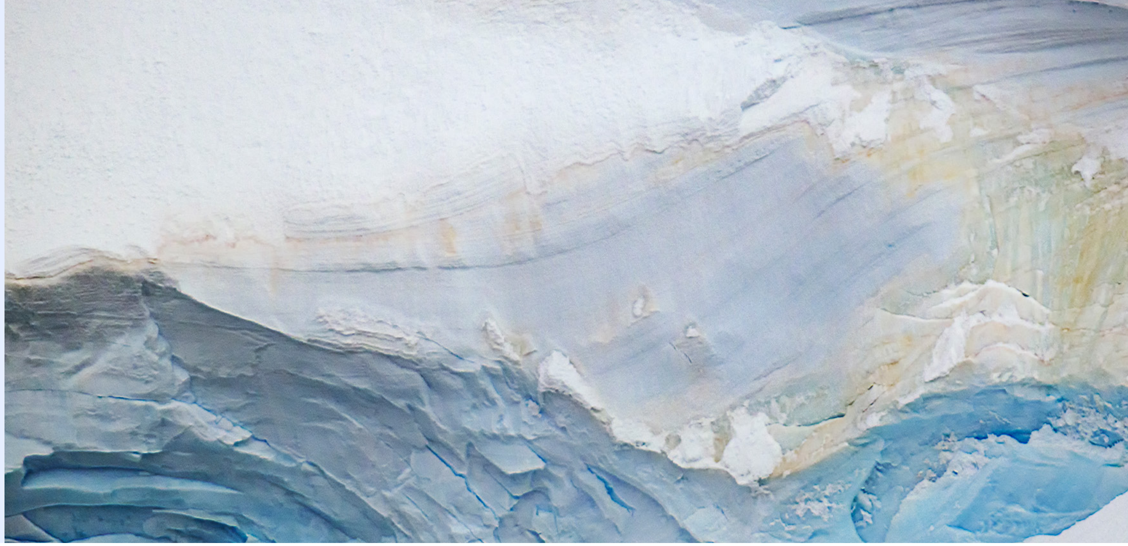
Clifford Chance



Across the Board
2026 AGM season: what are the latest trends?

The 2026 UK AGM season has been a relative oasis of calm amidst all of the other challenges buffeting UK companies. A season of incremental – rather than transformative – change.

Although protestors caused notable disruption at a small number of meetings, overall, meetings proceeded in an orderly manner and almost all management proposed resolutions passed without significant dissent from shareholders. In this briefing we look at 2026 AGM trends so far in key areas including:

- the format of meetings;
- shareholder dissent, climate-related resolutions and shareholder requisitioned resolutions;
- disapplication of pre-emption rights; and
- executive remuneration.

Data in this report is based on Practical Law's What's Market AGMs and annual reporting: FTSE 350, for AGMs held on or before 30 June 2026.

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Key trends so far this year

1

Vast majority of companies continue to opt for physical AGMs

We have continued to see the majority of companies opting for physical-only AGMs (86%), with a growing number reverting to physical-only, having previously held a hybrid meeting.

Some companies included commentary in their AGM notices explaining the rationale behind returning to physical-only meetings. These typically centred around two main arguments: (i) the number of shareholders attending virtually was low or non-existent; and (ii) the lack of uptake did not justify the significant cost involved in providing the facilities for full virtual participation.

In some cases, those holding physical meetings opted to offer shareholders a live webcast or broadcast facility (15% or 22 companies), which allows shareholders to follow the meeting but not vote, although the vast majority (85% or 129 companies) did not (see Chart 1).

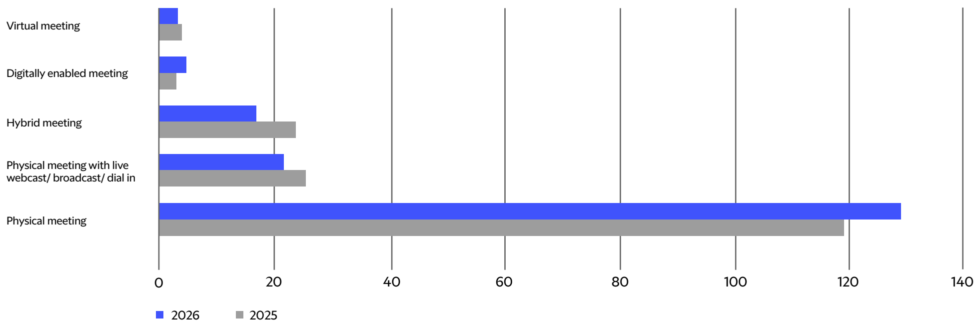
A small number of companies included a statement in their AGM notice noting that some or all directors would not be available at the AGM in person and would instead be dialling-in. One company went further and noted that the Chair and the Board would all be participating online and that while a physical room would be available for shareholders who wished to attend in person, such persons would be connected electronically to the meeting.

In the context of amendments to articles of association, Glass Lewis' 2026 Benchmark Policy Guidelines[1] notes that amendments to allow the virtual attendance of directors and senior executives at an in-person or hybrid meeting may serve to reduce accountability and risks perpetuating the perception that companies are utilising technology to avoid uncomfortable conversations. The 2024 UK Corporate Governance Code Guidance[2] also highlights that (a) NEDs are encouraged to take opportunities, such as attendance at AGMs, to understand the concerns of shareholders; and (b) the chairs of the audit, remuneration and nomination committees ought to be available to answer questions at the AGM. It does not however, expressly require physical in-person attendance.

Fully virtual meetings remain rare (only three), down from four this time last year.[3] Interestingly, compared to last year, two more companies have chosen to hold digitally-enabled physical meetings (Tesco and Drax Group) going against the general trend towards in-person physical meetings.[4]

Two companies (bp and Harbour Energy) sought amendments to their articles of association to grant authority to convene fully virtual meetings – but only Harbour Energy was successful in obtaining shareholder approval. More generally, we continue to await government clarification on the validity of virtual-only meetings under English law but currently expect limited uptake immediately following any such clarification, with most companies expected to continue favouring in-person meetings at least in the short term. We would however expect clarification of the position to lead to companies reengaging with shareholders on this topic given the current views of institutional investor bodies and proxy advisers in the UK market.

Chart 1: Format of meetings (to 30 June)



Source: Practical Law's What's Market AGMs and annual reporting: FTSE 350, relating to 176 companies that held AGMs on or before 30 June 2026 and 175 companies that held AGMs on or before 30 June 2025.

[1] Glass Lewis 2026 Benchmark Policy Guidelines (UK) (available here).

[2] FRC 2024 UK Corporate Governance Code Guidance (available here).

[3] These are the same three companies as in 2025 (Aston Martin Lagonda Global Holdings plc, Clarkson PLC and Haleon plc). The fourth company that held a virtual meeting during this period in 2025 (Bakkavor Group plc) was taken over by Greencore Group plc with the takeover completing in January 2026.

[4] Tesco held a physical meeting with live webcast/broadcast/dial-in in 2025 and Drax Group held a hybrid meeting in 2025. Three other companies held digitally enabled meetings during this period in 2026 as well as in the same period in 2025: BAE Systems plc, AstraZeneca PLC and HSBC Holdings plc.

Key trends so far this year

2

‘Significant votes against’ have fallen slightly but failed resolutions similar to last year

Overall, the number of failed resolutions is broadly consistent with the same period last year, increasing by just one to 14 (see Chart 2). Significant votes against resolutions have fallen from 65 to 55, driven by a notable reduction in votes against remuneration-related resolutions. Director elections, share capital authorities and remuneration-related resolutions continue to attract the most opposition.

Significant votes against director elections or re-elections impacted 18 resolutions across 11 companies, broadly in line with the same period last year (19 across 14 companies).

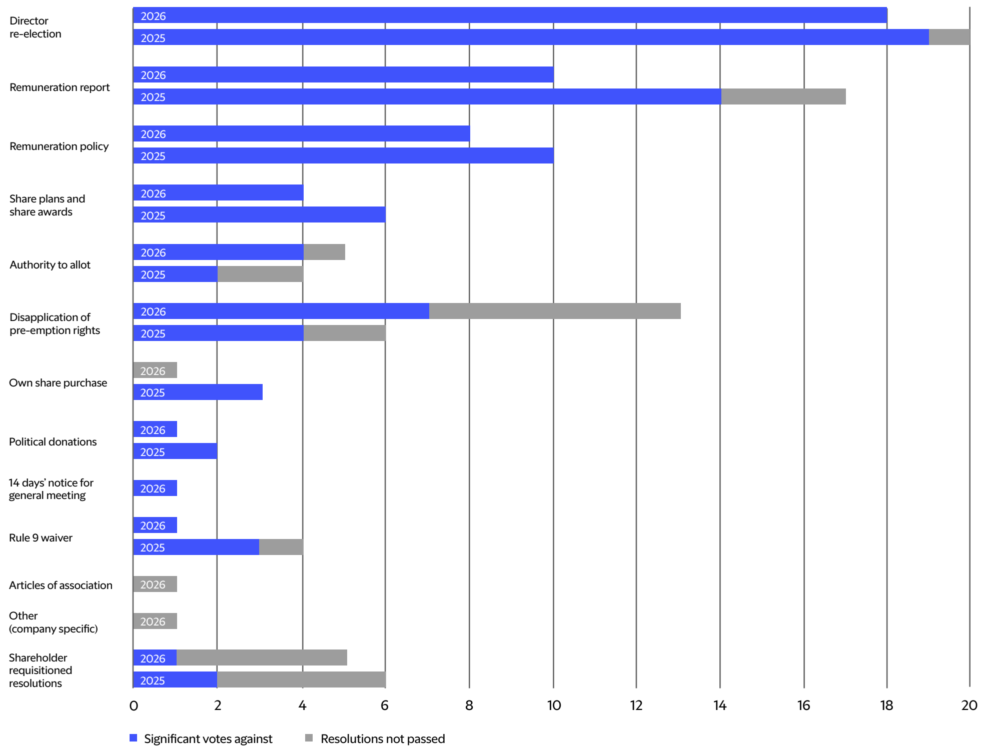
However, significant votes against, and failed resolutions relating to authority to allot and disapplication of pre-emption rights, have increased. Six disapplication resolutions failed[5] (two in this period in 2025), while seven received significant votes against[6] (four in 2025[7]). This is despite the companies concerned broadly following the PEG's guidelines, suggesting some investors remain hesitant about companies seeking the full authorities provided by PEG.

[5] This relates to four companies and includes three failed general disapplication authorities and three failed enhanced disapplication authorities. Two companies failed to pass both authorities.

[6] This relates to six companies and includes four significant votes against the general disapplication authority and three against the enhanced disapplication authority. One company received significant votes against both authorities.

[7] One of these four related to the disapplication of pre-emption rights in relation to the issue of convertible bonds.

Chart 2: Failed resolutions and significant votes against resolutions.



2025 Footnote:
Director election: includes three resolutions with substantial votes against the resolution from independent shareholders.
Disapplication of pre-emption rights: includes one resolution relating to the disapplication of pre-emption rights in relation to the issue of convertible bonds.
Authority to allot: includes one resolution relating to authority to allot shares in relation to the issuance of convertible bonds.
Rule 9 waiver: includes two resolutions with substantial votes against the resolution from independent shareholders.

2026 Footnote:
Director election: includes four resolutions with substantial votes against the resolution from independent shareholders.
Shareholder requisitioned resolutions: one resolution is in both the failed resolutions and substantial votes against resolutions as the resolution received more than 20% support from shareholders.

Source: Practical Law's What's Market AGMs and annual reporting: FTSE 350, relating to 176 companies that held AGMs on or before 30 June 2026.

Key trends so far this year

3

Climate-related and shareholder-requisitioned resolutions remain stable

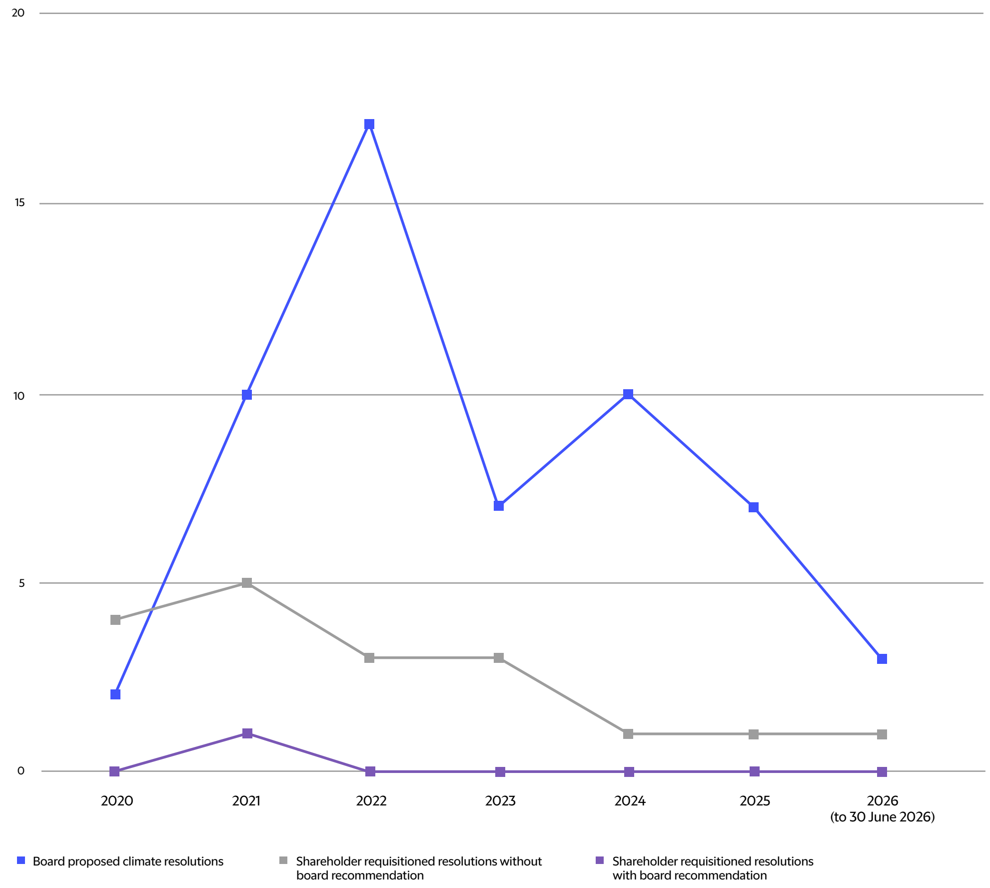
Having declined from a high of 20 in 2022, the number of climate-related resolutions has levelled off. To date this year, there have been three board-proposed climate resolutions[8], consistent with the three at this point last year and seven overall in 2025 (see Chart 3). For the second consecutive year, no company has proposed a climate resolution for the first time.

The sole shareholder-requisitioned climate resolution again relates to Shell. Co-filed by Follow This and institutional investors, it took a different approach from prior years, requesting disclosure of Shell's strategy for generating shareholder value under declining oil and gas demand scenarios, rather than alignment with Paris Agreement goals. Support was 13.01%, down from 20.56% in 2025 and 18.62% in 2024.

Follow This also requisitioned a resolution at bp, but bp excluded it from its AGM notice on the basis that it did not conform to legal requirements. bp did, however, include a board-proposed resolution seeking release from earlier commitments to publish certain additional climate-related information; that resolution failed, with 52.53% of votes cast against.

[8] These relate to Aviva plc (approval of 2025 climate-related financial disclosures), Legal & General Group plc (approval for the climate and nature transition plan) and Anglo American plc (approval of the 2026-2028 transition plan).

Chart 3: Climate-related resolutions (2020 to 30 June 2026)



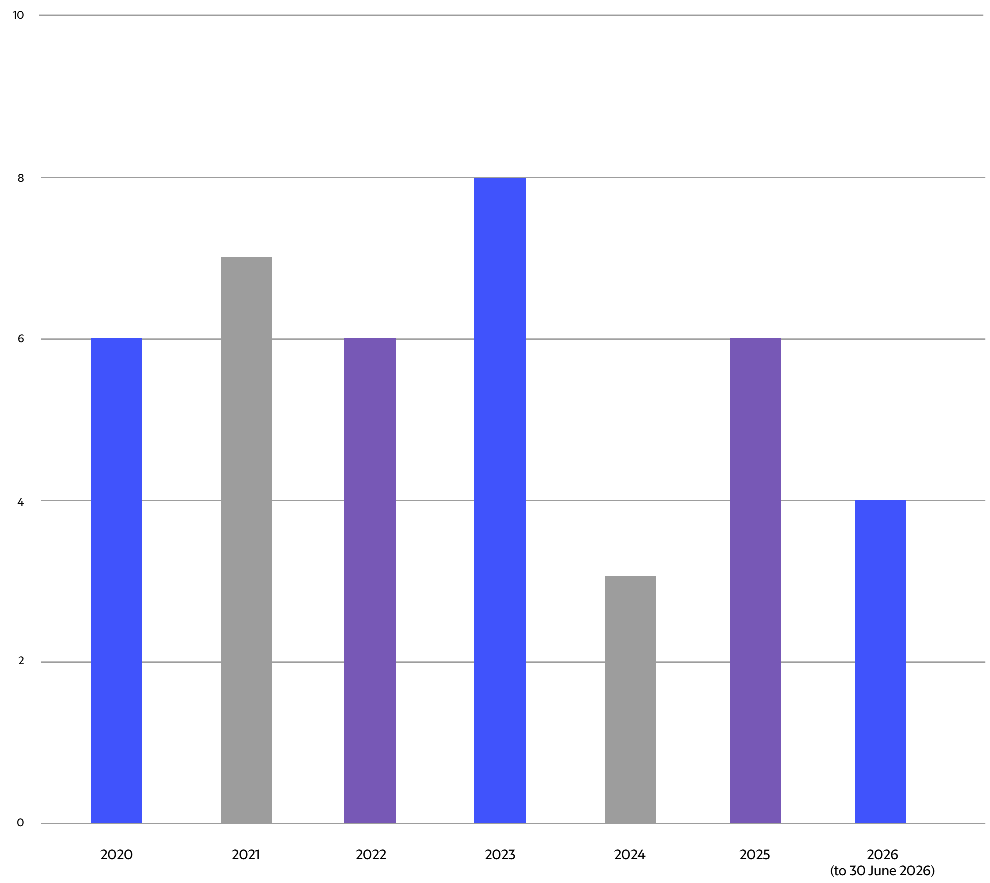
Source: Practical Law's What's Market AGMs and annual reporting: FTSE 350, and for 2026, relating to 176 companies that held AGMs on or before 30 June 2026.

Key trends so far this year

Overall, there have been four shareholder-requisitioned resolutions this year, matching the position at the same stage in 2025 (six in total in 2025) (see Chart 4). Trends remain difficult to predict, as such resolutions are often driven by activists or advocacy groups responding to specific issues. Alongside the climate requisitioned resolution at Shell, the remaining three comprise two "Midland Clawback" resolutions at HSBC, receiving similar support to prior years (3.92% and 4.02% in 2026, versus 3.90% in 2025 and 4.21% in 2024), and a resolution at bp filed by the Australasian Centre for Corporate Responsibility and certain pension funds on disciplined capital allocation. That resolution received 25.85% support, prompting bp to commit to engaging with shareholders and providing an update within six months as required by the 2024 UK Corporate Governance Code.

ShareAction did not follow up its 2025 living wage resolutions at Next, M&S and JD Sports, though investor statements on the subject were read out at the M&S and Next AGMs.[9] ShareAction has also established a tracker monitoring banks' climate commitment rollbacks and noted increased dissent against chairs at two of those banks.[10]

Chart 4: Shareholder requisitioned resolutions (2020 to 30 June 2026)



Source: Practical Law's What's Market AGMs and annual reporting: FTSE 350 (for 2026 relating to 176 companies that held AGMs on or before 30 June 2026)

[9] ShareAction, Investors keep up heat on Next over minimum wage reliance – ShareAction response, 21 May 2026 (available here) and ShareAction, M&S urged to return to Living Wage as investors flag pay concerns, 7 July 2026 (available here).

[10] ShareAction, 2026 AGM Season Wrap Up, 4 June 2026 (available here).

Key trends so far this year

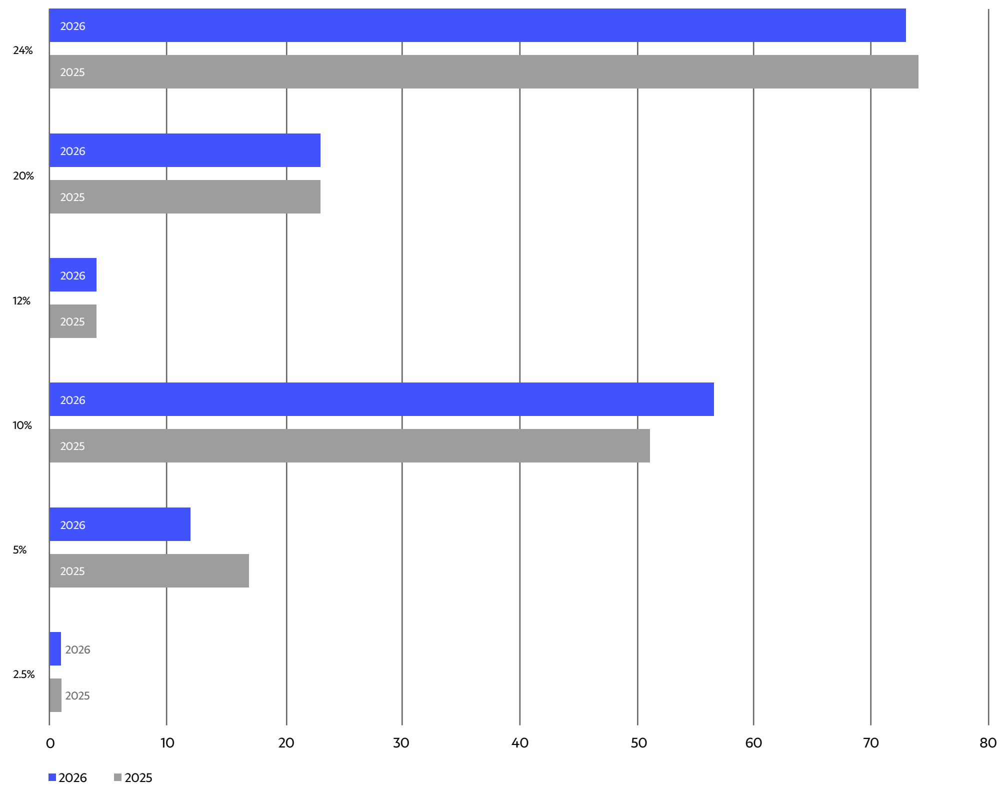
4

Majority of companies continue to take advantage of additional PEG headroom

A majority of companies (57% of the 169 companies that proposed disapplication of pre-emption rights resolutions and the same percentage as at this point in 2025) continue to take advantage of the additional headroom of 20% or more permitted under the 2022 edition of the Pre-Emption Group Principles (see Chart 5).

For companies seeking authority to disapply pre-emption rights in respect of less than 20% of issued share capital, there has been a modest increase in companies seeking a maximum of 10% of issued share capital and an equivalent decrease in companies seeking 5%, while the number of companies seeking other percentage limits has remained broadly stable.

Chart 5: Disapplication of pre-emption rights (to 30 June 2026)



Source: Practical Law's What's Market AGMs and annual reporting: FTSE 350, and for 2026, relating to 169 companies that held AGMs on or before 30 June 2026 and proposed disapplication of pre-emption rights resolutions and, for 2025, relating to 170 companies that held AGMs on or before 30 June 2025 and proposed disapplication of pre-emption rights resolutions.

In 2025, five companies did not propose disapplication resolutions and in 2026 six did not do so. In 2026, 170 companies proposed disapplication or pre-emption rights resolutions but one company, which requested a total maximum of 24% of issued share capital, withdrew both of its disapplication resolutions before the AGM. This company is not included in the table above.

Key trends so far this year

5

The pay debate shifts from structure to quantum

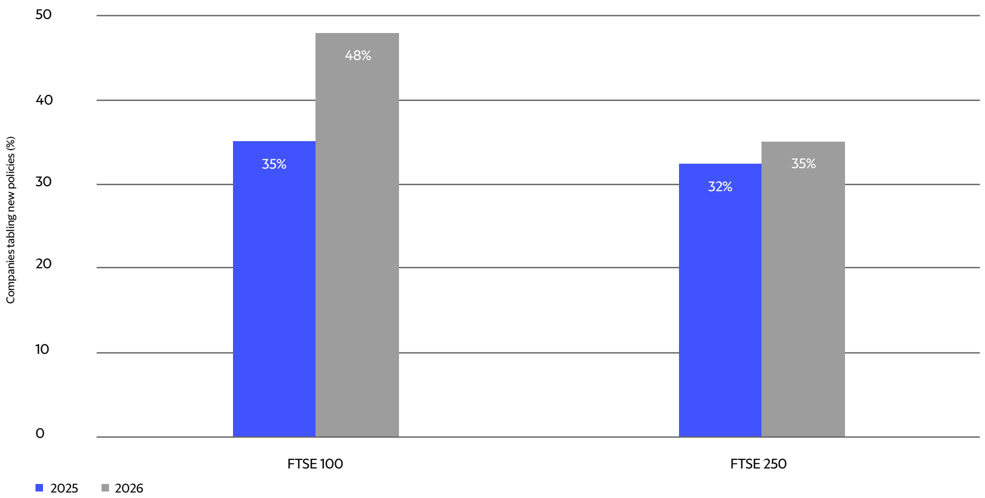
We have seen gradual change on executive pay from last year. The principal trend remains an increase in incentive opportunities rather than wholesale plan redesign.

Another point to note from this AGM season is a sharp increase in remuneration policy renewals compared to the previous year (Chart 6). Whilst 2026 is a 'triennial year', notably, around a third of companies who put their policies to vote went 'early' by tabling it before their existing policies expired.

The headline trend is increased quantum. Among FTSE 100 companies introducing new policies, over two thirds are proposing higher LTI opportunities and around a quarter of those are also proposing higher bonus opportunities (Chart 7).

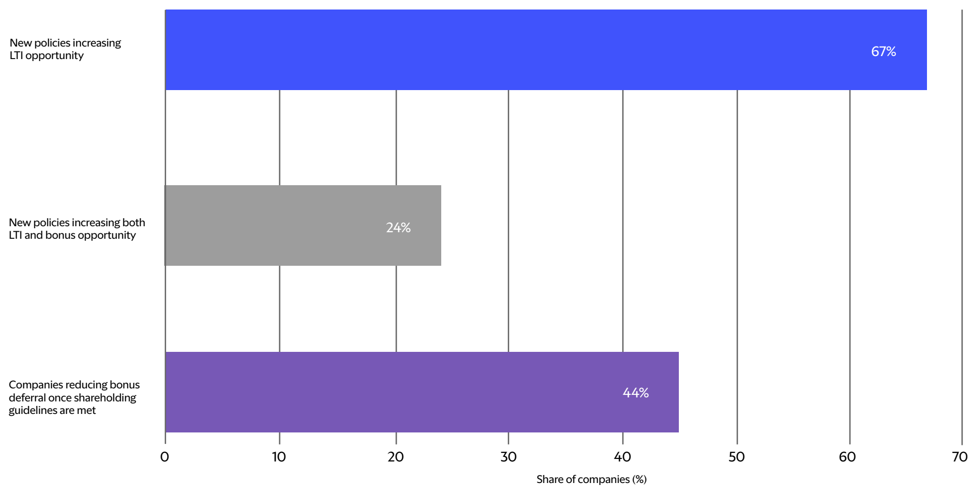
Median total variable pay opportunity (on a PSP equivalent basis) is now 600% of salary for the FTSE 100 as a whole, with nine companies offering total variable pay opportunities above 1,000% of salary.

Chart 6: Remuneration policies going to vote



Source: Ellason LLP

Chart 7: FTSE 100 incentive design shifts in 2026



Source: Ellason LLP

Practical implications for remuneration committees

1. **More remuneration policies were put to vote.** 48% of FTSE 100 companies put new policies to vote, up from 35% in 2025, with 20% going early. Data for the FTSE 250 points in the same direction, with 35% proposing new policies, up from 32% in 2025, and 11% going early. The practical point is that investors may expect remuneration policy review cycles to become more strategic. A company should not assume that 'three years have elapsed' is the only legitimate trigger for a new policy. Equally, going early raises the evidential burden: companies need to explain why the current policy is no longer fit for purpose and why the proposed design is needed now.

2. **Quantum is rising faster than structure is changing.** The 2024/25 "bold mover" period was about testing alternative structures; 2026 is more about increasing opportunity levels inside familiar frameworks. Companies are continuing to use the flexibility created by the Investment Association's revised Principles of Remuneration, particularly for LTIPs/PSPs, relax bonus deferrals where the shareholding guidelines have been met, and remove the 5% dilution limit. The core battleground is now the quality of the rationale: investors are more open to change and quantum increases, but only where the board can explain why it is needed for the company's strategy, linked to performance and not merely a benchmarking ratchet.

3. **LTIP/PSP headroom is the main lever.** For FTSE 100 companies introducing new policies, 67% are proposing higher LTI opportunities, while 24% are also proposing increases to both LTI and annual bonus opportunities. Median LTI opportunity (on a PSP equivalent basis) is 400% of salary for the FTSE100. For remuneration committees, the governance challenge is to connect each increase to performance and business strategy. 'Attract and retain talent' is not enough on its own. The Investment Association says investors expect tailored rationales and suitable explanation, and it warns against generic benchmarking driven justification.

4. **Global talent and US comparators remain the dominant narrative.** The largest global companies are increasingly arguing that UK pay frameworks must compete with US and international executive markets in order to justify pay increases.

5. **Hybrid plans remain the exception.** Whilst the Investment Association's November 2025 letter to remuneration committees recognised the importance of hybrid incentive plans for companies competing for global talent, their use remains limited. Only 5% of FTSE 250 companies and 1% of FTSE 100 companies introduced such structures during the 2026 AGM season. Shareholders continue to be cautious, and companies are having to undertake significant consultation and engagement before putting hybrid proposals to a vote. Even where they are used, many companies are retaining a heavy emphasis on performance-based awards.

6. **Investor tolerance is conditional.** Investors appear more willing to consider higher pay, but remain focused on stretching targets, shareholder alignment, discretion, malus/clawback, and good leaver treatment. Where headroom increases, companies should review whether other elements of the pay package (e.g. target ranges, threshold and maximum vesting, relative TSR peer groups and metrics) still make the package appropriate in the round.

7. **Workforce alignment and pay ratios.** Whilst data shows median FTSE 100 CEO total pay increased by 5.4% and median employee total pay increased by a similar percentage (5.3%), the median CEO-to-median employee pay ratio remains high at 81:1 (up from 70:1 in 2025), creating potential reputational tension.

8. **ESG metrics are being recalibrated, not abandoned.** ESG has long been a 'buzz' word but its use in metrics is being revisited. 11% of FTSE 100 companies and 15% of FTSE 250 companies are reducing ESG metric weightings, and 13% of FTSE 100 companies and 18% of FTSE 250 companies are removing at least one ESG metric. This suggests a move towards fewer, more material measures and may be indicative of a broader shift to metrics being capable of assessment without excessive discretion.

9. **Early shareholder engagement matters:** To avoid public 'remuneration revolts', remuneration committees are consulting with major investors early in the cycle to secure support. This is particularly important where changes involve increased quantum, new structures or departures from established market practice.

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