

Highlights



Regulatory

Companies will be required to more clearly demonstrate adherence to the “comply or explain” principle of the FRC Code of Corporate Governance by providing clear explanations for any deviations.



Investors

2021 has been a record year for shareholder and investor dissent on remuneration matters with twelve (2020: 6) FTSE 100 companies and twenty-four (2020:16) FTSE 250 companies receiving a significant vote against their remuneration reports.



Environment, Social and Governance (ESG)

As anticipated, the topic of ESG has moved significantly up the agenda for the vast majority of investors and continues to gain momentum across the FTSE 350. As part of the outcome of COP 26, we are seeing companies announcing ambitious ESG targets and stating that executive bonuses and LTIPs will be linked to ESG and other “green targets”.



Pensions

Pensions continue to be a focus area in 2021, with companies under pressure to align executive pensions with the majority of the workforce as soon as possible and by the end of 2022. Institutional investors are likely to red-top instances of non-compliance.



Proxy agencies

ISS and Glass Lewis released updates to their voting policies on executive remuneration related aspects to further strengthen corporate governance.



Diversity

Many shareholders, proxy agencies and regulators such as the FRC will vote or recommend votes against companies that do not meet the diversity targets of 33% female board representation in each company, as set out by the FTSE Women Leaders report (formerly Hampton-Alexander review).

