

SECTION 9: TAKING A HOLISTIC APPROACH

It is important for investors to take stock after working with their advisers and managers to consider their approach to voting on any company issues and to think about their views of the board as a whole. Voting decisions should be made in the context of a company's overall governance arrangements and should include consideration of the progress made.

Investors should also consider the level of responsiveness of the board to investor concerns. Although it is mandatory for companies to address significant dissent votes and explain how the board will address the concerns that have led to the dissent, Directors should be responsive to investor concerns throughout the course of the year and not just on a one-off basis, in specific circumstances. As a reference point, The Investment Association publishes a public register¹⁰² with details of companies which have received significant opposition by shareholders to a resolution.

THE LEVEL OF DISCLOSURE

Investors need detailed and meaningful disclosures about a company's board and governance practices. Without this, it is very difficult to arrive at an informed opinion. Investors should reflect on whether the Annual Report adequately informs investors on the company's strategy, vision and business model.

If investors are unhappy with the level of disclosure overall or in key areas, this should be a significant factor in their holistic assessment of how to vote.

ACCUMULATION OF MINOR ISSUES

Although certain minor corporate governance issues would not generally trigger voting consequences, an accumulation of minor issues may be indicative of poor corporate governance and more deep-rooted issues at a company. This is particularly the case if there fails to be meaningful progress – despite expressions of concern and engagement from investors – and it appears that the company management does not prioritise shareholder concerns.

HOW INVESTORS SHOULD CONSIDER VOTING

Investors should consider voting against the Annual Report and Accounts if:

- Report has not fulfilled its purpose of giving insight into the company's strategy, vision and business model.

Investors should consider voting against the Chair or against the Senior Independent Director if:

¹⁰² The Investment Association 'Public Register', The Investment Association (2023) <<https://www.theia.org/public-register>>.

- There are particularly serious concerns about the company’s business model, plan or the implementation of its plan for engagement with long-term shareholders.
- The company seems unwilling to change its approach despite significant investor concerns.
- The company does not follow corporate governance provisions to respond to dissent.

Please note that where investors may wish to take the extremely significant step of voting against the whole board, they should be able to clearly articulate an alternative proposition for the board’s approach.