



# PROXY SEASON REVIEW

## **BELUX**



# CMI2i LETTER

I am delighted to provide you, for the third year in a row, the CMI2i Proxy Season Review, a corporate governance analysis of the main European markets. The purpose of this analysis is to allow you to better understand the latest corporate governance developments and to highlight the latest trends that are predominant in the market.

2023 marks a very important year for CMI2i, with it being our 10 year anniversary. During this time, CMI2i's Capital Markets Intelligence and insights consistently made the difference to the success of deals, AGMs, Activist Defences, IR strategies and proxy battles. We have invariably identified investors where others have not. We continue to provide unrivalled expertise and put our intelligence into context. And ultimately, giving you the edge you need to win.

When we started in 2013, the capital market environment was a very different picture than today. In particular, we have observed the rise of ESG considerations that just a few years ago were not considered as essential for issuers and investors. Today, partly driven by new responsibilities and accountability imposed by the Stewardship Codes, investors have become increasingly vocal and want to play a more active role in the companies they are investing into. Moreover, proxy advisors' influence is stronger than ever. Most resolutions that received an Against recommendation from proxy advisors often also received high shareholders dissent. Finally, more and more investors have taken the opportunity to onboard "pass-through voting initiatives" where funds

and retail investors are being given more of a voice in voting the proxies. This has made the identification of shareholders at the Fund level even more of an imperative when establishing who will support a company – as it is based on who controls the vote. As a result an AGM average quorum increase has been observed among almost all the countries analysed.

With increased scrutiny, more stringent regulations and new corporate governance requirements approved every year, CMI2i is best placed to help your next general meeting preparation in order to gather optimal AGM representation and to maximise shareholders support.

A special thanks goes to the CMI2i Proxy team that contributed to the production of this latest series of reports and to all our clients that trusted our global market intelligence services once again.



Mark Simms, CEO





# METHODOLOGY

This review is a chapter of the “2023 CMi2i European Season Review”.

As every year, CMi2i gathered the Annual General Meeting data for the main European markets in order to analyse and present the predominant trends related to Governance, Sustainability and Shareholder Activism.

Continental Europe has been divided into ten main regions: Italy, Spain, Switzerland, France, Netherlands, BeLux (Belgium + Luxembourg), Germany, Nordics (Sweden + Norway + Finland), Ireland and UK. The following stock indices have been investigated: FTSE MIB 40 (Italy), IBEX 35 (Spain), SMI 20 (Switzerland), CAC 40 (France), AEX (Netherlands), BEL 20 + LUXX 10 (Belgium + Luxembourg), DAX 40 (Germany), STOXX NORDIC 30 (Nordics), ISEQ (Ireland) and FTSE 100 (UK). In the case that a company is a member of more than one index, we will consider it only as part of the market where it is headquartered.

Moreover, a brief analysis of the Secondary index will be present where relevant, especially for the bigger markets.

For editorial reasons, this review will focus only on the meetings that took place between 1 August 2022 and 31 July 2023. Only Annual General Meeting are considered, with the limit of one meeting per company, in case a issuer had multiple meetings during the period under review. Only management proposed resolutions are being counted, while shareholder proposed resolutions will be analysed separately when relevant.

Every meeting has been analysed according to company provided disclosure and public available information. The quorum gathered is the figure published by the companies; in the case a company did not disclose the meeting quorum the highest number amongst each resolution has been considered.

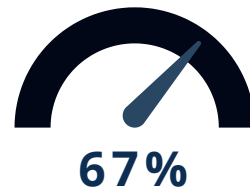
In order to compare markets, all the proposed resolutions have been split into 10 different main categories: Auditor, Board Related, Bylaws Amendment, Capital Related, Dividend, Financial Statement, Remuneration, E&S, M&A, Other.

Two level of shareholder dissent will be considered relevant in this review: above 10% and above 20%. Therefore, all the resolutions that gathered at least 90.1% support will not be marked as contested. Resolutions that received between 80.1% and 90% will be considered contested while resolutions receiving less than 80% support will be considered highly contested. When it comes to failed resolutions, resolutions that received below 50% support are generally considered failed. However, in some markets and cases, the threshold might be higher at 75% or 2/3 of the vote cast, in these eventuality, we will clarify the market specificity case-by-case.



# HIGHLIGHTS

AVERAGE  
QUORUM



COMPANIES  
WITH  
SIGNIFICANT  
DISSENT\*



HIGHLY  
CONTESTED  
RESOLUTIONS  
(>20% DISSENT)



E&S PROPOSALS



FAILED  
PROPOSALS

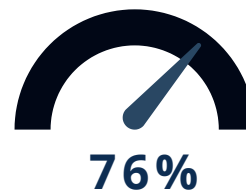


\*At least one resolution with 20% or more against votes.

2023  
**BELGIUM**  
BEL 20

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E&S PROPOSALS



FAILED  
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2023  
LUXEMBOURG  
LUXX



# BELUX BEL 20 + LUXY OVERVIEW

The following 27 issuers have been analysed as part of either the BEL 20 (AB InBev, Ackermans & Van Haaren, Aedifica, AGEAS, Cofinimmo, Colruyt, D'ieren Group, Elia, Galapagos, GBL, KBC, Proximus Group, Sofina, Solvay, UCB, Umicore, VGP, WDP) or the LUXY Indices (Aperam, ArcelorMittal, Brederode, Luxempart, Reinet Investments, RTL Group, SES, Socfinaf, Socfinasia). 1 issuer has been excluded from the analysis, given it is part of other indices/headquartered outside the BeLux area: Argenx.

During the 2023 BeLux Season Review 333 management resolutions were put forward across 27 companies, with an average support rate of 95%. Moreover, 0 resolutions failed to be approved, 48 were contested (with at least 10% dissent) and 24 were highly contested (with at least 20% dissent). 8 companies received significant dissent (20% or more) on at least one resolution and therefore will be required to address shareholder dissent ahead of next season's AGM. These companies include: AB InBev, Ackermans & Van Haaren, Elia, Galapagos, KBC, Solvay, SES and Reinet Investments.

Although no resolutions failed to be approved by shareholders across both countries, the BeLux 2023 Proxy Season Review has been highly contested overall, with issuers in both Belgium and Luxembourg experiencing substantial increases in the level of dissent.

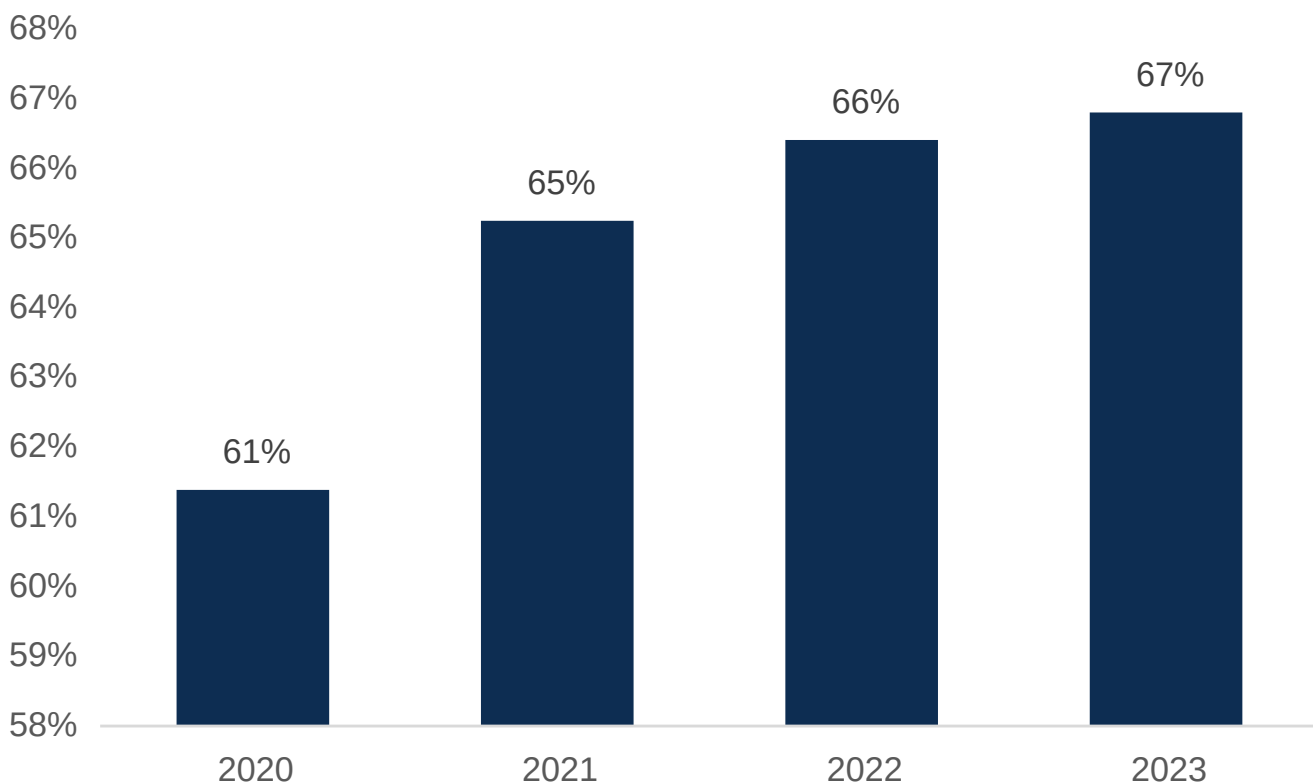
In particular, dissent in Luxembourg has more than doubled. The main issues across the BeLux region have once again been Remuneration and Board Related proposals. In particular, the Remuneration practices of these countries have lagged other European companies for a number of years, and it seems that international investors have started to push for a change.

In May 2023 the "Belgian Mobility Law" was adopted in order to implement the EU Mobility Directive. Therefore, new regulations related to mergers, de-mergers and conversions involving a Belgian company entered into force during 2023. The main development was the lowered threshold for transaction approvals from 80% to 75% of the vote cast during shareholder meetings.

# BELGIUM BEL 20 QUORUM

The overall AGM representation (quorum) for the Belgian 2023 proxy season was 66.81%, the highest number recorded in the last four years. In particular, the Belgian market seems to have definitely recovered from the very low quorum experienced in 2020 (61%) due to the Covid-19 pandemic. The average AGM representation has been increasing constantly by 1% since 2021. High participation level is usually seen as a positive sign for issuers.

Four Years Quorum Evolution

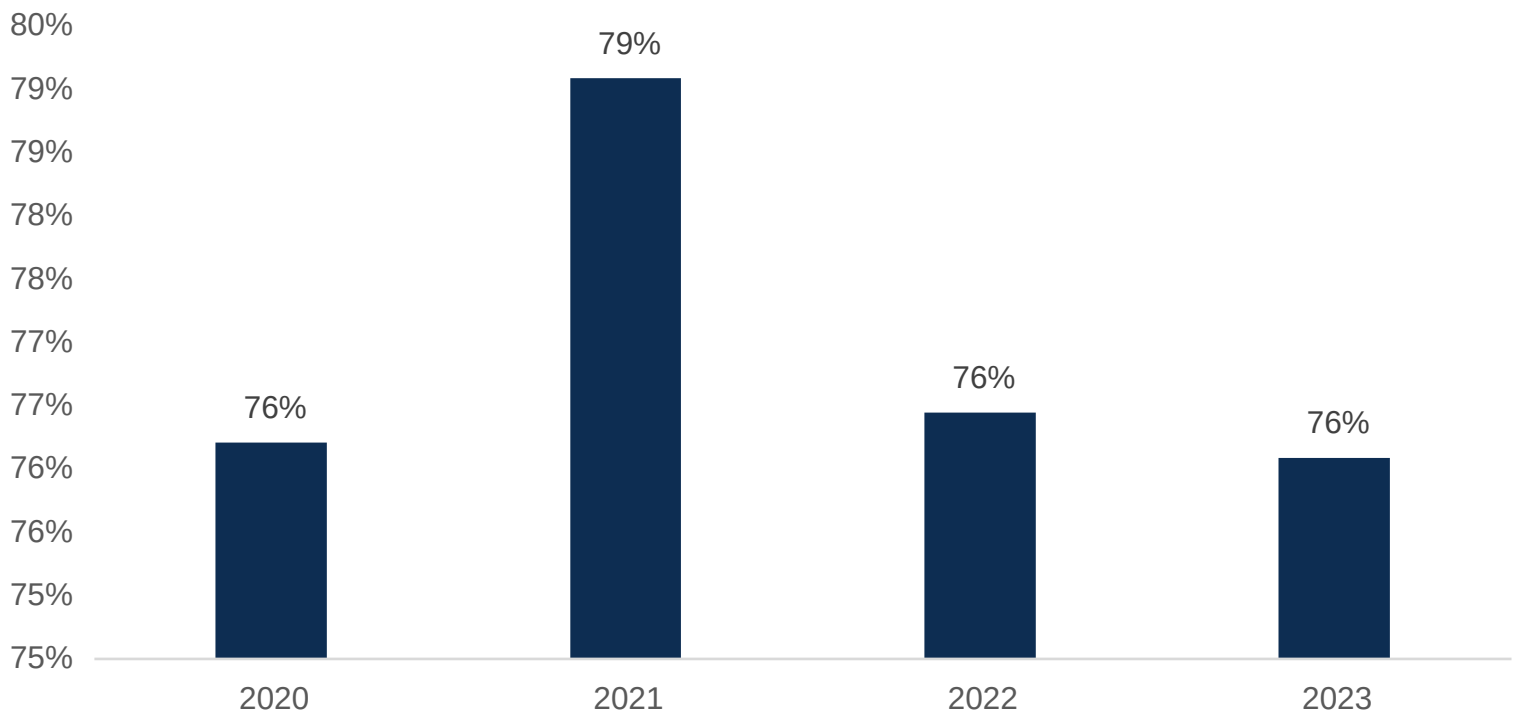


# LUXEMBOURG LUXX QUORUM

The overall AGM representation (quorum) for the Luxembourg 2023 proxy season was 76.09%, slightly lower than the quorum recorded last year (76.45%).

The Luxembourg AGM representation peaked during 2021 (79.09%) and returned to the historical average of 76% thereafter. The low number of companies composing the LUXX index, with the exception of a rare index composition change causes the Luxembourg quorum to generally remain unchanged.

Four Years Quorum Evolution



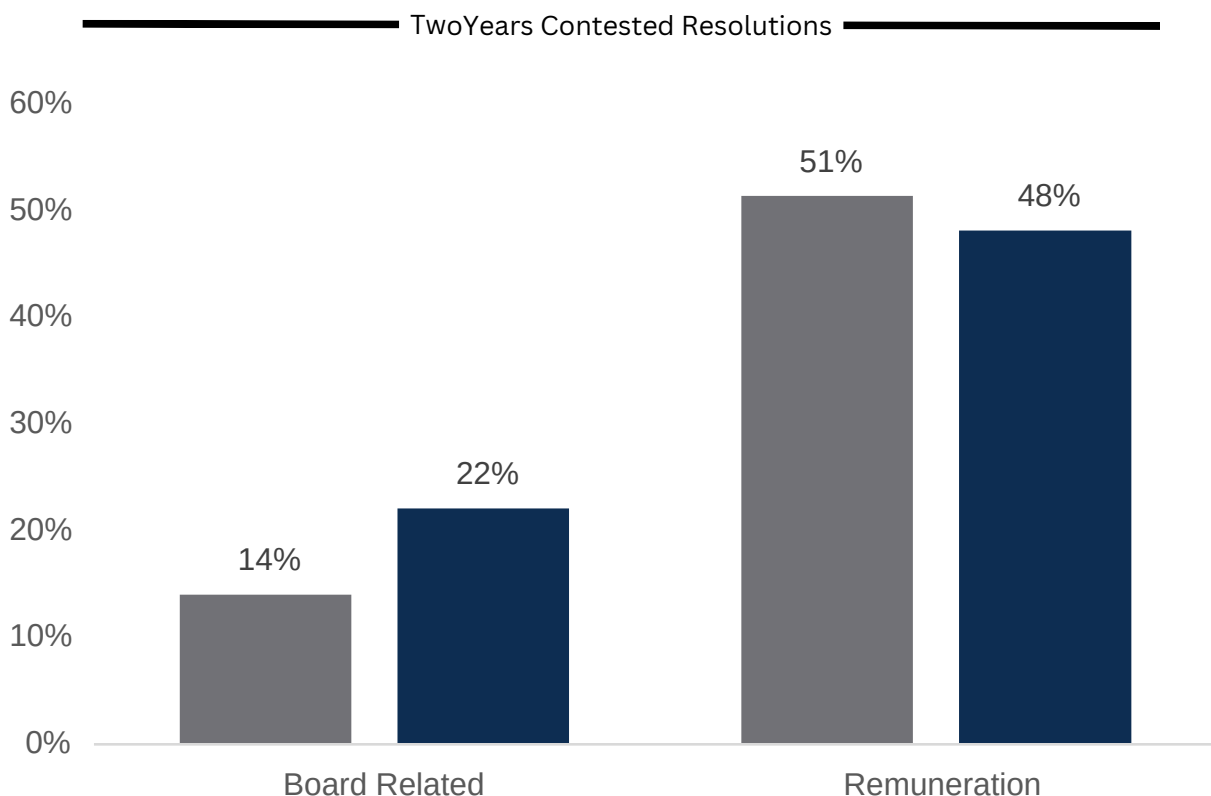




# BELGIUM BEL 20 CONTESTED RESOLUTIONS

Based on the disclosed results, and considering 10% dissent as a threshold for opposition, Remuneration related proposals were the most contested in Belgium, with 48% of such proposals opposed by shareholders. Board Related resolutions were the second most contested category, with 22% of such proposals being contested.

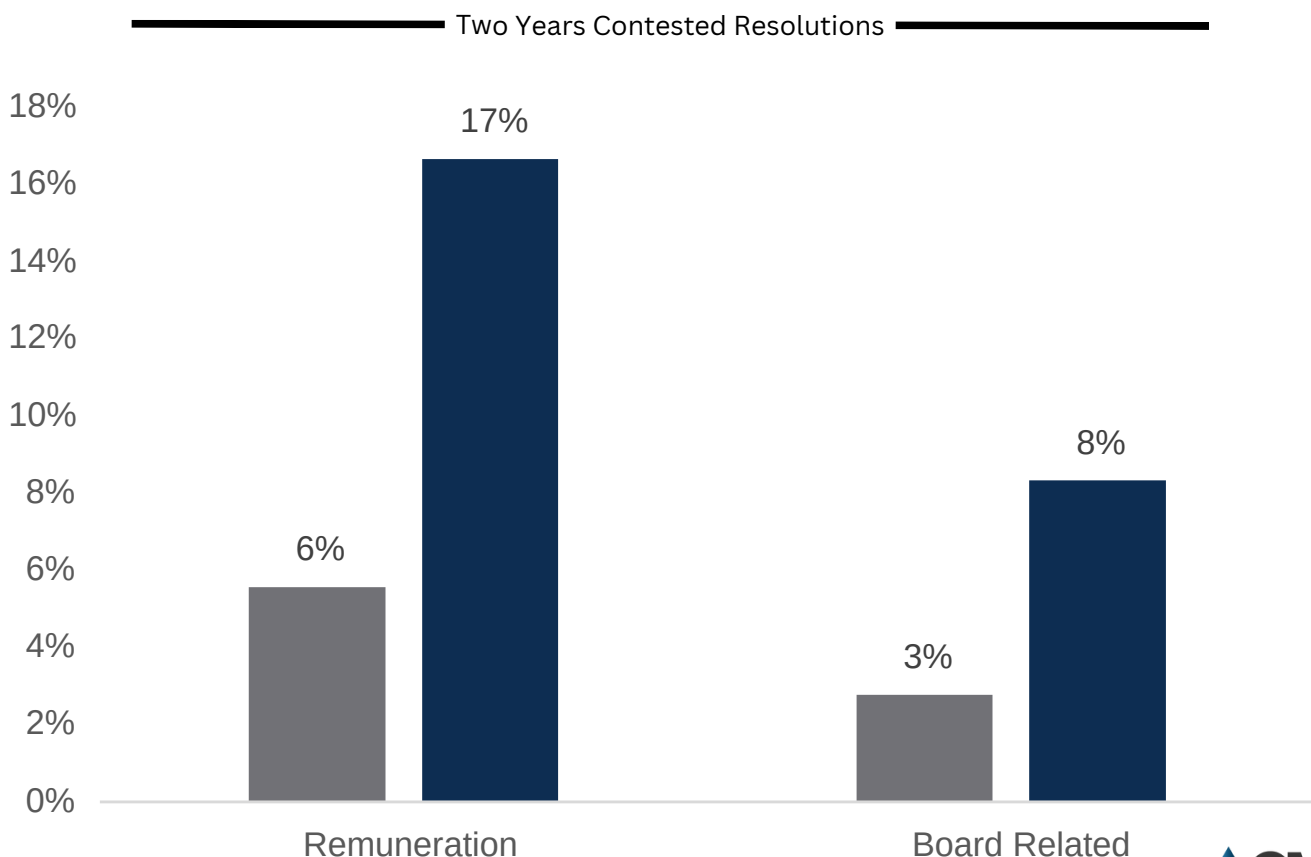
While the overall number of contested Remuneration proposals slightly decreased (-3%) the number remains one of the highest across Europe, with one Remuneration proposal out of every two contested by shareholders in Belgium. Moreover, the dissent over Board Related proposals increased by 8% signaling that shareholders are starting to express their dissent against Board members as well. In particular, it is common practice for investors to vote against a Remuneration Committee member if concerns around Remuneration practices are not being addressed promptly.





Based on the disclosed results, and considering 10% dissent as a threshold for opposition, Remuneration related proposals were also the most contested in Luxembourg, with 17% of such proposals opposed by shareholders. Board Related resolutions were again the second most contested category, with 8% of such proposals being contested.

Whilst the overall number of contested Remuneration proposals is not too high, especially if compared to the data observed for Belgium, the 11% increase in the level of dissent should be taken into consideration very seriously by Luxembourg issuers, as well as the 5% increase in the number of contested Board Related proposals. Despite Luxembourg being a smaller market, and with corporate governance standards generally below European best practice, international investors are starting to increase their opposition and more are requiring Luxembourg companies to align with their European peers.





# BELGIUM BEL 20 CONCLUSIONS

This year's Belgian AGM season was slightly more contested than in 2022 despite no resolutions failing to be approved by shareholders.

Belgium issuers are still far from aligning themselves to the European best practice requirements and the high number of contested resolutions proved that. In particular, the fact that 48% of Remuneration related resolutions were contested signals that the investors and the proxy advisors are requiring Belgian issuers to improve their level of disclosure. While Belgium law is generally more forgiving than other markets, companies should still aim to improve their Remuneration practices a level in order to avoid further issues in the next few years.

## POSITIVES

- AGM representation increased to the highest level recorded in the last 4 years.
- No resolutions failed to be approved.
- Remuneration dissent slightly decreased year-on-year.
- The Belgian Mobility Law lowered the threshold for the approval of transactions from 80% to 75%.

## NEGATIVES

- Board Related dissent increased year-on-year.
- 48% of the proposed Remuneration resolutions were contested by shareholders.
- 6 issuers received significant dissent and will be required to address it before next year AGM.



# LUXEMBOURG LUXURY CONCLUSIONS

This year's Luxembourg AGM season was substantially more contested than the previous one, despite no resolutions failed to be approved by shareholders.

While the number of companies receiving significant dissent (20%) was limited to two, the number of contested resolutions increased substantially compared to 2022 signaling investors started to demand for a change across Luxembourg issuers. In particular the 11% increase in the number of contested remuneration proposals should be seen as very problematic and the issuers that experienced an increase in the level of dissent should start addressing it sooner than later in order to avoid further dissent during the 2024 AGM season.

## POSITIVES

- No resolutions failed to be approved during the year under review.
- Only two companies received significant dissent (above 20%).
- While lower than 2021, quorum levels remained in line with last year.

## NEGATIVES

- The overall number of contested resolutions increased substantially year-on-year.
- Remuneration dissent increased by 11%, on of the highest increases recorded in Europe this year.
- Board Related dissent increased by 5% year-on-year.



# CONTACTS

CMi2i is a capital markets intelligence firm headquartered in London that specialises in helping issuers and their advisers to identify debt and equity investors and to understand their behaviour. Our senior team brings decades of experience in market data analysis, investor identification, targeting, Corporate Governance advisory and proxy solicitation, drawn from detailed working knowledge of the key capital market participants, corporate governance, and regulation. Our bondholder and shareholder identification reports are used by issuers and their advisers to plan day-to-day IR activities as well as to successfully navigate corporate actions, including debt restructurings, consent solicitations, tender offers, refinancing, and M&As. CMi2i also provides bondholder and shareholder identification reports designed to meet regulatory and tax certification requirements, including withholding tax exemption rules and SEC Rule 802. Over the years we have provided support and advice to over 500 of the largest, most structurally complex companies in the world, and our team has worked on over 1000 transactions, analysing over \$200billion worth of bondholders in the secondary market.



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### CMi2i

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