

PROXY SEASON REVIEW

IRELAND



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.

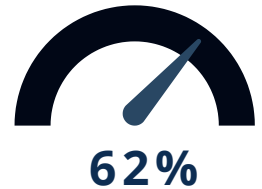
Every meeting has been analysed according to company provided disclosure and public available information. The quorum gathered is the figure published by the companies; in the case a company did not disclose the meeting quorum the highest number amongst each resolution has been considered.

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



2023
IRELAND
ISEQ 20

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



IRELAND ISEQ 20 OVERVIEW

The ISEQ 20 season review consisted of analysis of the following 20 issuers: AIB Group PLC, Bank of Ireland Group PLC, Cairn Homes PLC, CRH PLC, Dalata Hotel Group PLC, FBD Holdings Plc, Flutter Entertainment plc, Glanbia PLC, Glenveagh Properties PLC, Greencoat Renewables PLC, Irish Continental Group plc, Irish Residential Properties REIT PLC, Kerry Group PLC, Kingspan Group PLC, Malin Corporation PLC, Origin Enterprises PLC, Permanent TSB Group Holdings PLC, Ryanair Holdings plc, Smurfit Kappa Group PLC and Uniphar PLC. Permanent TSB Group Holdings PLC is the only new entrant to the index this year. Hibernia REIT PLC was the only exit and was excluded from the 2022 proxy season review due to having its headquarters located outside of Ireland. However, this year, no issuers were excluded from the analysis on this basis.

A total of 395 management resolutions were proposed by index constituents and received an average shareholder support of 97%. 3 resolutions failed to obtain required shareholder support for approval. 31 resolutions were contested with at least 10% shareholder dissent and 9 were highly contested with at least 20% dissent. The highly contested resolutions put forward in 2023 were proposed at the following AGMs: Glenveagh Properties, Irish Residential Properties REIT, Ryanair Holdings and Uniphar. No E&S proposals were put forward by management during the 2023 Irish proxy season. Typically, Irish E&S proposals have been rare.

The Irish market shares many similarities with the UK, including regulatory frameworks, corporate governance trends and corporate structure conventions. This season review therefore aims to highlight market environments and corporate governance trends specific to Ireland where they differ from the UK.

The Irish Corporate Governance (Gender Balance) Bill of 2021 introduced a mandatory requirement of a minimum of 33% female representation on boards. Furthermore, this mandatory threshold is on track to rise to a minimum of 40% by 2026.

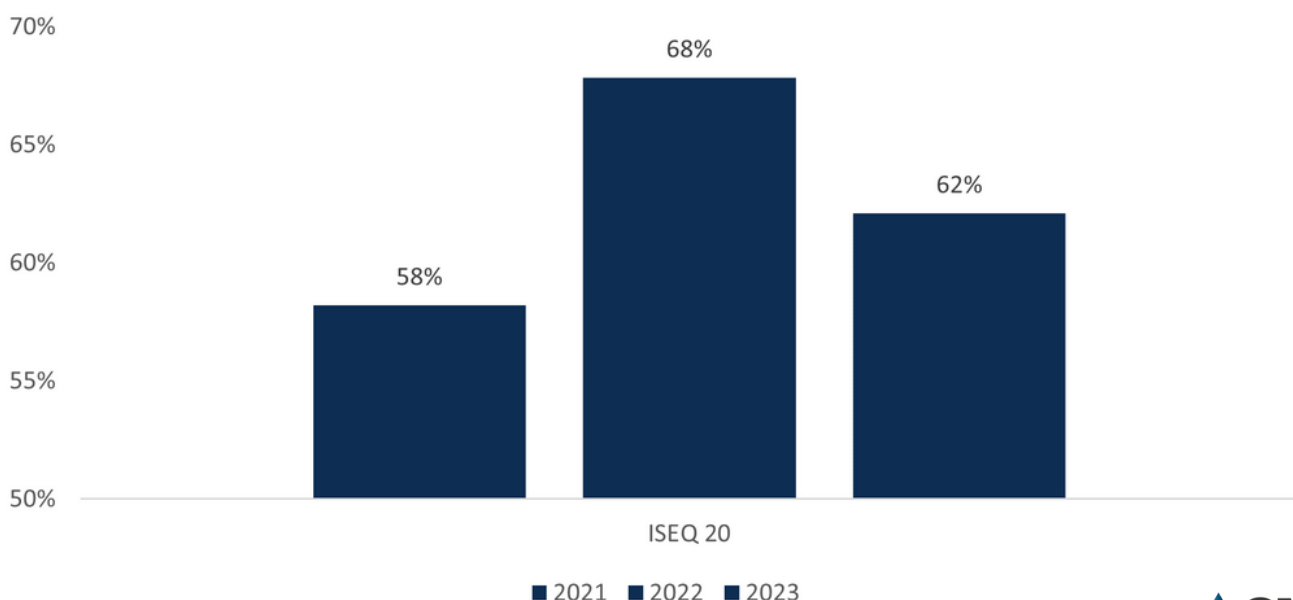
Updates to the Irish Administrative Sanctions Procedure (ASP) were partially introduced on the 19th of April 2023. They included proposed changes to the Senior Executive Accountability Regime (SEAR), which will require firms to clearly disclose specific responsibilities and decision-making powers for each member of the senior management team. Executives will also be subject to amended Conduct Standards (guidance for executives on appropriate individual conduct and how to manage their respective business areas). Importantly, the Irish Central Bank could also start to prosecute individuals for their disclosed obligations rather than only for direct participation in breaches committed by a firm.

IRELAND ISEQ 20 QUORUM

The average AGM voting participation (quorum) for all ISEQ 20 issuers in 2023 was 62%, which is a slight decrease from the participation level seen in 2022. This may be a continued knock-off effect of key Brexit-related changes to Ireland's central securities depository environment implemented in 2021. At the time, Ireland ceased using CREST in favour of adopting the Euroclear Bank system. CREST holders were not automatically transitioned to the new system, which added two additional custody chain layers in Ireland. This resulted to some confusion as to how to manage and navigate proxy voting and custody chain issues.

Historically, there has been significant UK ownership in Irish companies. This is especially true in the case of Ryanair's retail shareholder demographic and is relevant to the negative impacts seen in the company's participation levels, which came about because of Irish CSD changes but also to measures specific to the aviation industry which the company took to comply with EU ownership regulations to protect its EU licenses after Brexit. These events put sudden and drastic limits on UK ownership and the ability of UK shareholders to vote from 2021. Ryanair's AGM quorum therefore went from 69% in 2020 down to 13% by 2022 and 2023. However, participation seen at Ryanair's last 2 AGMs are a slight improvement from its 2021 AGM, which saw an overall participation level of only 9%.

Three Years Quorum Evolution

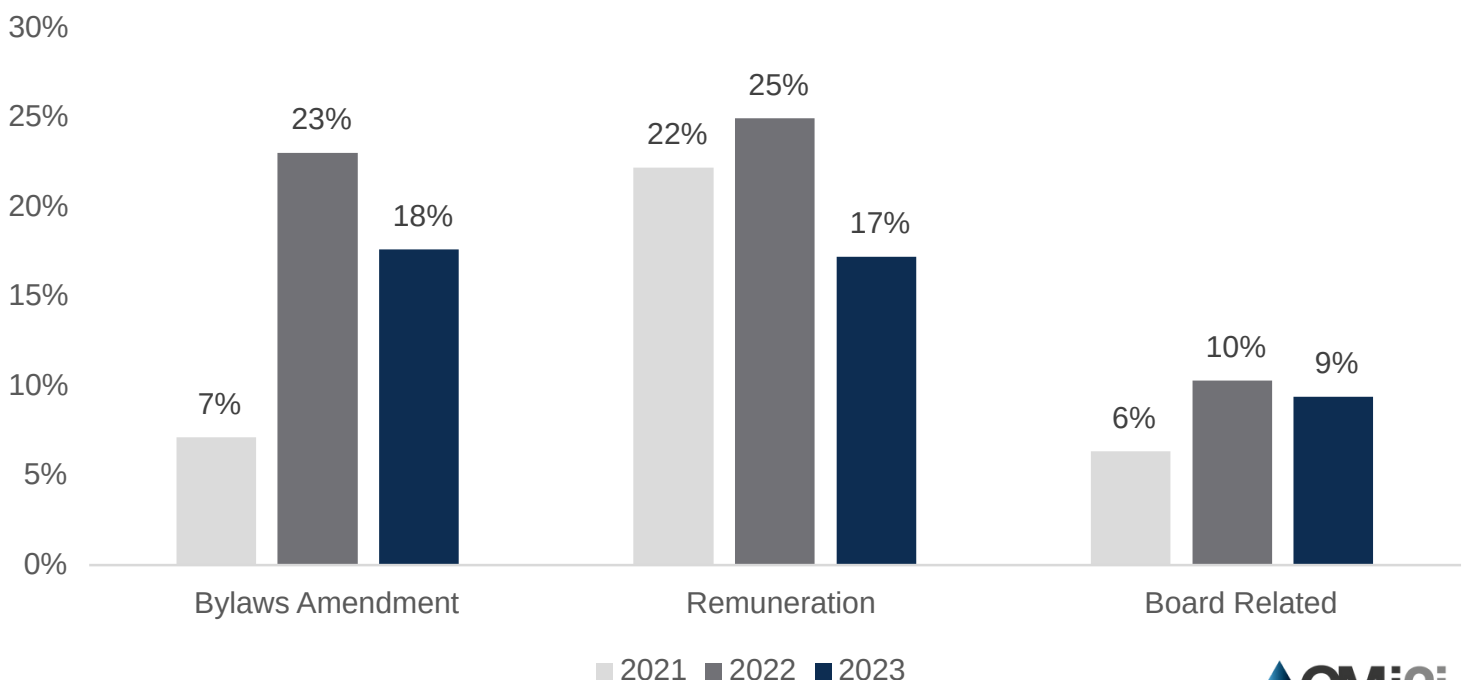




Bylaws Amendments, Remuneration and Board related proposals were the most contested resolution categories for ISEQ 20 issuers in 2023, despite a minor increase in the average level of support in comparison to the preceding proxy season. However, they were slightly less contested in 2023 when compared to the previous year, as the percentage of proposals which received 10%+ shareholder opposition decreased in these three categories by between 1 to 8 percentage points.

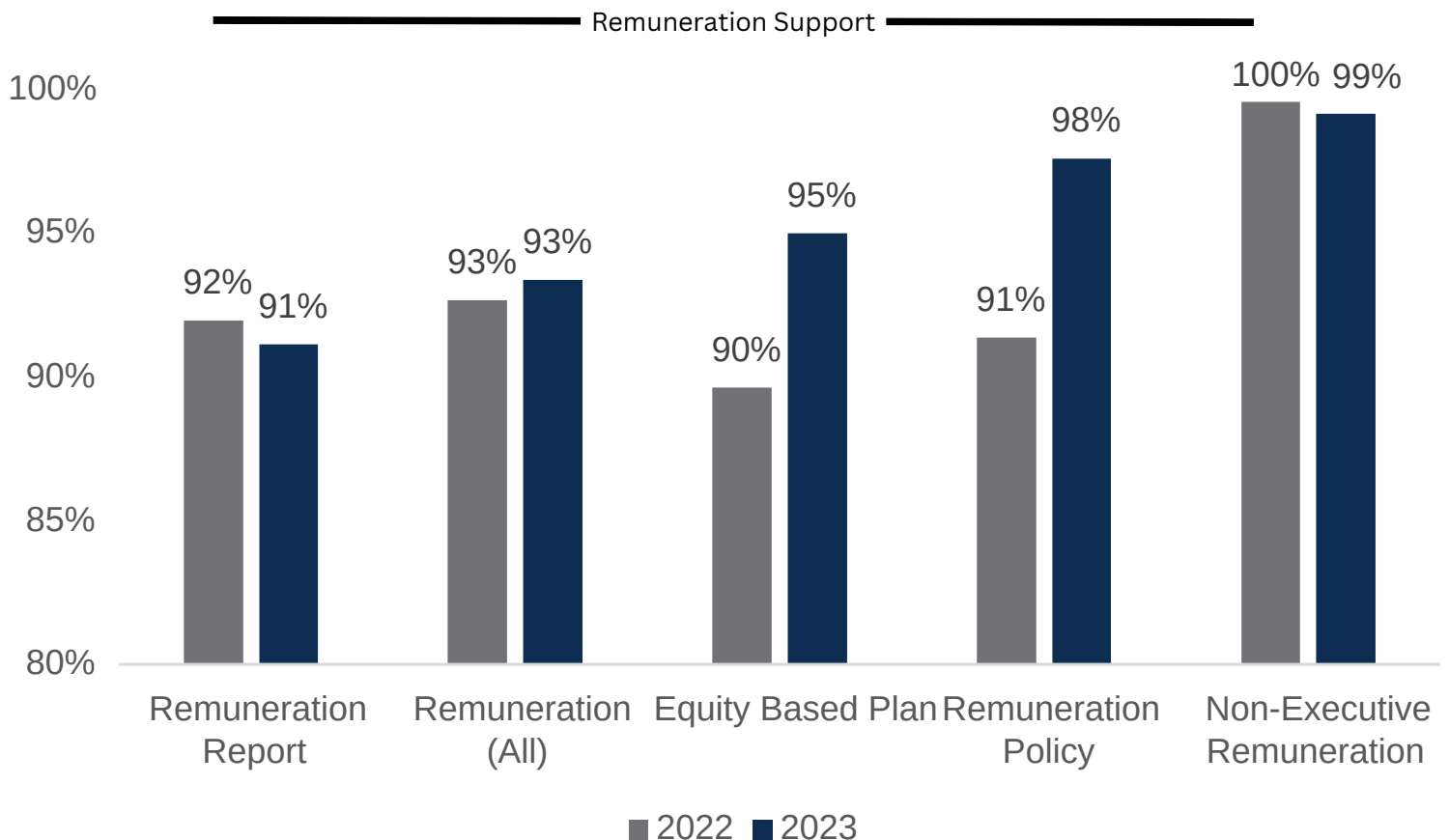
Opposition towards Bylaws Amendments in 2023 was driven by a significant number of proposals aiming to shorten meeting notice periods to 14 days, where Section 181 of the Irish Companies Act requires an AGM notice period of no less than 21 days. Common issues that were highlighted by investors in opposition to Board Elections included excessive tenures, independence and financial oversight concerns attached to Executive Directors. Apart from global Remuneration issues such as disclosure, one way that Ireland differs slightly from the UK is that more issuers in this market make use of long-term incentive performance periods of under 3 years, which is typically more akin to Remuneration systems in some other markets within the European Union.

Three Years Contested Resolutions



IRELAND ISEQ 20 REMUNERATION

Out of a total of 29 Remuneration proposals, 5 (17%) received 10% or more shareholder dissent in 2023, while 2 proposals received a minimum of 20% opposition. Average support levels of Equity Based Plans and Remuneration Policies increased significantly, while Remuneration Reports were the most contested type of Remuneration proposal this year and saw a decrease in average shareholder approval by 1 percentage point. Furthermore, 1 Remuneration Report failed to pass in 2023. However, in the banking sector, average approval for Remuneration Proposals in 2023 reached an unprecedented level of nearly 100%, indicating that investors overwhelmingly welcomed the benefits of lifting the Irish banking pay cap.



IRELAND ISEQ 20 FAILED RESOLUTIONS

Irish Residential Properties REIT



AGM: 04/05/2023

Quorum: 74%

Average Support: 83%

6 - Approve Remuneration Report



8.01 - Authority to issue shares w/o pre-emptive rights



8.02 - Authority to issue shares
(in connection with specified capital investment)



Vision Capital Corporation, a significant shareholder in IRSE REIT, holding approximately 5% of the issued share capital, issued an open letter to all shareholders in April urging them to join in voting against a number of Director elections as well as the Remuneration Report and capital issuances excluding pre-emptive rights. Vision's rationale was that despite extensive engagement with the Board, they believe that the Board fails to address strategic issues while Directors benefit from disproportionate pay practices.

The Remuneration Report and Capital Authorities were ultimately not passed at IRES REIT's 2023 AGM. The Remuneration Report was targeted by investors who agreed that increases in Remuneration tied to the success of the asset disposal programme were inappropriate in the context of the underperformance of the share. Some investors additionally opposed it due to the lack of disclosure of performance conditions for its long/short term incentive programmes and unclear pay/performance links. The Capital Authorities failed to gain support for a second year in a row, with some investors taking issue with what they perceived as the lack of Board responsiveness on past opposition towards them. Based on available disclosures, Duff & Phelps was a key shareholder that opposed the capital issuances and abrdn, Aviva, Duff & Phelps and Wellesley Investments were among investors who joined Vision in opposition to the Remuneration Report.

The Board committed to future engagement with shareholders and will address dissent on the failed resolutions within 6 months of the AGM.



IRELAND ISEQ 20 CONCLUSIONS

In Ireland, Bylaws Amendments, Remuneration and Board Related proposals were the most contested in 2023 but were less contested than in 2022, and received improved levels of average shareholder approval. The decrease in average shareholder participation seen this year also warrants a greater need than ever for expert shareholder identification and analysis to determine the shape of their future shareholder base in the aftermath of Brexit.

Proposals calling to shorten meeting notice periods are likely to continue to face opposition should the Irish Companies Act remain in its current form. While there were several contested Remuneration proposals this year, more Irish issuers are beginning to use ESG-specific pay metrics and are increasing their alignment with disclosure expectations that the global investors have. We also witnessed that investors continue to target specific Committee Chairs and all Board Members as an escalation to previous concerns, relating primarily to pay and governance oversight.

POSITIVES

- Overall dissent decreased year-on-year compared to 2022.
- Female representation increased by 16%.
- Remuneration proposals in the banking sector were less contested than expected overall.

NEGATIVES

- 3 resolutions failed to be approved.
- Year-on-year average AGM representation decreased.
- Female representation, despite the increase, is still below the 40% target.
- Rise in shareholder activism.



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.



Simon Bray

Director of Equity Capital Market Solutions
simon@cmi2i.com



AUTHORS

Nancy Hameni

Head of Corporate Governance, Proxy and M&A
nancy@cmi2i.com

Luca Rizzi

Senior Associate
luca@cmi2i.com

Leah Carlsson

Associate
leah@cmi2i.com

Kerry Kitus

Associate
kerry@cmi2i.com

CMi2i

CMi2i, the world's leading forensic capital markets intelligence firm, specialises in the world's most accurate Equity & Debtholder identification service and supports issuers and their advisors with their ESG investment, investor relations, M&A, AGMs/EGMs, corporate governance, shareholder activism and capital restructuring goals through its integrated approach. The company has supported more than 1000 corporate transactions and over 500 clients worldwide.

www.cmi2i.com