Another shareholder spring? Execs, companies and institutional investors under pressure ahead of AGM season

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Highly-paid executives, companies and institutional investors are expected to come under increased scrutiny in the upcoming AGM season, with remuneration policies in the firing line.

Bosses at Shell, Glaxosmithkline and BAE Systems came under pressure last week, and experts are expecting plenty more investor challenges in the coming months.
Many firms are facing the added complication this year of holding binding votes on remuneration policies. This is the first AGM season most firms will hold the votes since 2014, the year the government introduced rules stating that they must be held every three years.

Read more: Martin Sorrell's share scheme pay is down more than 30 per cent (to £42m)
Catherine Howarth, the chief executive of fund manager industry watchdog ShareAction, told City A.M.:

The directors of companies are incredibly keen not to put forward policies that will attract a lot of controversy, and certainly they're really nervous about putting out policies that would get rejected.

She added that, with the government scrutinising corporate governance, institutional investors are also "jumpy" and want to "avoid looking… too weak to stand up to corporate management and vote in favour".

In January, the world's largest asset manager, BlackRock, warned companies it will use its weight to vote down excessive executive pay. Meanwhile, a group of UK fund managers has agreed to club together to combat excessive pay.
Research by corporate governance and shareholder services company Morrow Sodali found that executive pay is going to be top of the agenda for shareholders going into this year's AGM season.

"I would think that there is a lot more concern because of the political climate," Kiran Vasantham, the firm's head of investor engagement, told City A.M.

Any increase that the companies are contemplating… the timing of this vote, after the Brexit vote, where there's a lot of focus on pay inequality within the market, it's probably not a year that you would want to go and propose a significant pay rise.