



GLASS LEWIS

AGM Essentials 2025 – Equiniti Fireside Chat

About Glass Lewis

The World's Choice for Governance Solutions

We enable institutional investors and publicly listed companies to make sustainable decisions based in research and data.

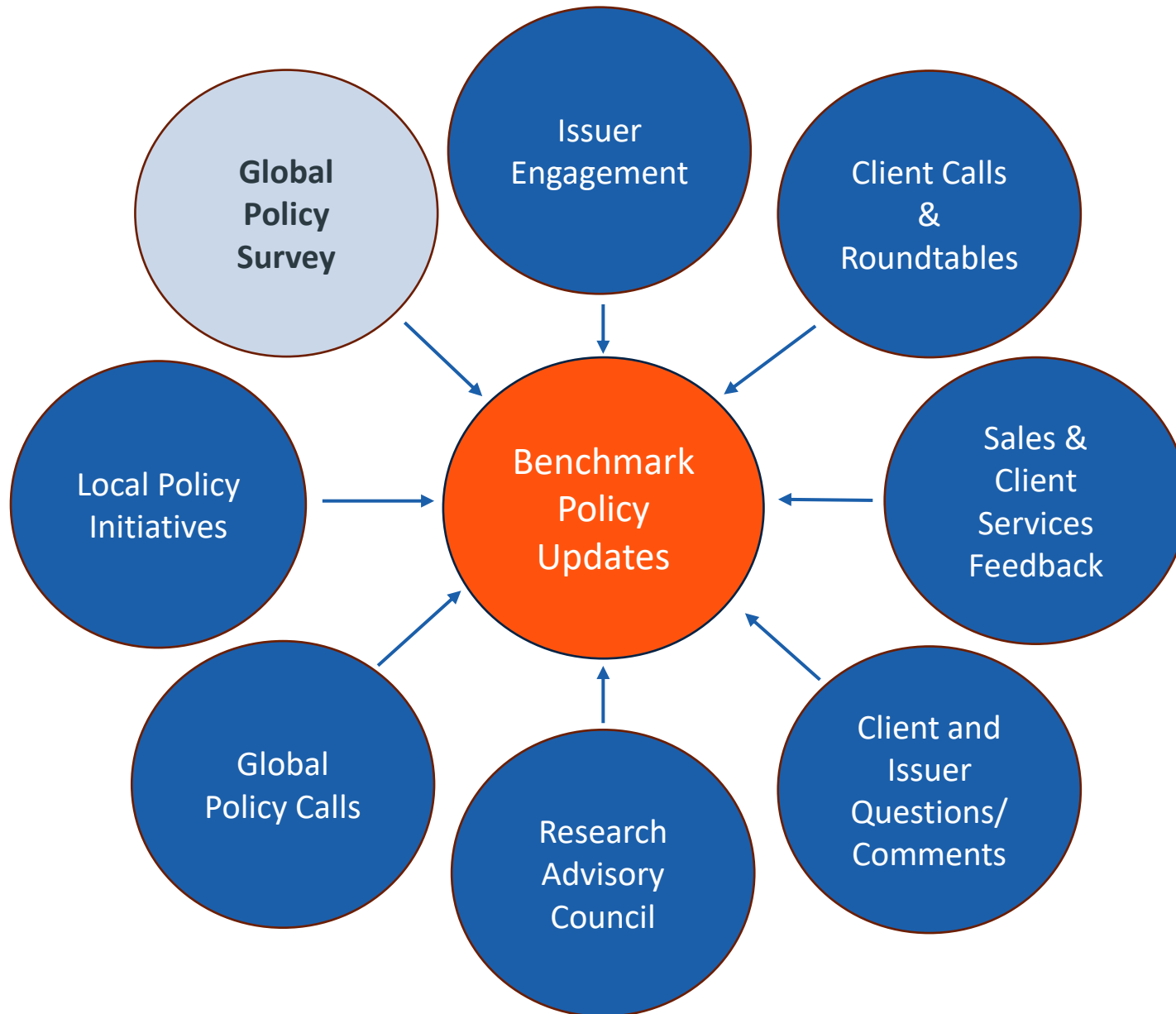
- Our customers include many of the world's largest pension plans, mutual funds, and asset managers, collectively managing over \$40 trillion in assets.
- We have teams located across the United States, Europe, and Asia-Pacific giving us global reach with a local perspective on timely and important governance issues.
- We cover 30,000+ meetings each year, across approximately 100 global markets
- Our offerings include Proxy Paper proxy research reports, Viewpoint Proxy voting platform, Stewardship Solutions, and extensive thought leadership (learn more at [GlassLewis.com](https://www.glasslewis.com)).
- For public companies, our Governance Hub provides easy access to tools and resources, including Glass Lewis research and thought leadership, to help companies optimize their corporate governance programs and ESG strategies.

Contact your Glass Lewis representative to discuss further or email our teams at:

grow@glasslewis.com (institutional investors) | engage@glasslewis.com (public companies)

Benchmark Policy Guidelines

Policy Update Process



- Year-round, multi-stakeholder process
- Feedback or Questions?
 - [Contact Us](#)
- Results and Key Findings from 2024 Policy Survey
 - [Available Here](#)

UK Regulatory and Market Updates

Listing Rules

- Applies to Main Market companies with effect from July 11, 2024
- **Material Changes:** Creation of a single listing category; more permissive approach to multi-class shares; removal of compulsory shareholder vote on certain transactions

QCA Code

- Applies to AIM companies with effect from April 1, 2024
- **Material Changes:** Advisory vote on remuneration policy encouraged; increased board independence threshold

UK Code (effective for 2026 proxy season)

- Applies to Main Market companies with effect from January 1, 2025
- **Material Changes:** Declaration of effectiveness regarding internal controls and risk management; reporting on how company culture has been embedded; strengthening malus and clawback reporting

AIC Code (effective for 2026 proxy season)

- Applies to Investment Companies with effect from January 1, 2025
- **Material Changes:** Reflect updates to UK Code

Governance-related Updates

Board Chair Tenure

- Will assess rationale on a case-by-case basis where chair tenure exceeds nine years
 - Previously our general policy was to recommend against the chair of the nomination committee where a timeline for succession was not provided

Board Gender Diversity

- Expect at least two gender diverse directors on smaller main market company boards
 - Previous expectation was for at least one gender diverse director

Board Ethnic Diversity

- Expect at least one director from an ethnic minority background at FTSE 250 companies
- Will generally recommend against the chair of the nomination committee unless a compelling rationale is provided

UK Remuneration-related Updates

Dilution Limits

- Potential dilution of over 5% over a ten-year period in relation to executive (discretionary) schemes will no longer generally lead to a recommendation to oppose equity awards

Annual Bonus Deferral

- Clarified that where the remuneration policy otherwise provides adequate long-term alignment, and executive shareholding guidelines have been met, Glass Lewis will generally support a reduction in the level of annual bonus deferral

Restricted Share and ‘Hybrid’ Incentive Plans

New section to outline approach to proposed adoption of such incentive plans

- Explanation of how we review a company’s proposal to fully or partially remove performance conditions from a long-term incentive plan
- Assessed on a **case-by-case basis**, but generally expect UK companies to follow the recommendations of the Investment Association:
 - Provision of compelling rationale for reduction in performance-based pay
 - Reduction in maximum opportunity to reflect the reduced risk profile
 - Total vesting and post-vesting holding period of ≥ 5 years
- Similar criteria will be considered when assessing hybrid/ restricted share plans in Continental Europe

Hybrid Plans

- Direct talent competitors
 - Location of executives
 - Location of operations and revenue generation
- Risk to the company of inaction
- Treatment of wider workforce pay
- Benchmarking
 - Who are the peers?

2024 Directors' Remuneration Policy

As noted above, the location of Hunting's Chief Executive has been in Houston, Texas since 2001 and, during this time, the Committee has sought to strike an appropriate balance between the compensation frameworks adopted by Hunting's closest trading peers within the quoted oilfield services sector in the US so as to ensure that the Policy is capable of meeting the Board's future recruitment and retention needs, and the governance expectations of the Company's mainly UK-based shareholders.

The Committee's most recent review highlighted that the balance struck by the current Policy was no longer sufficiently aligned with practices among our peers or with the pay arrangements of Hunting's wider workforce. In particular, the overwhelming majority of Hunting's direct trading peers now grant a mix of restricted stock units ("RSUs") and performance stock units ("PSUs"). Pay levels amongst our direct trading peers in the US are also higher. The Committee believes this to be a material recruitment risk to the Group as it seeks to implement the Hunting 2030 Strategy.

Within Hunting, the Chief Executive and Finance Director are the only mid-level and senior executives who do not currently receive awards of RSUs. Therefore, the Committee is also seeking to increase consistency within the Company's remuneration framework as part of the new Policy.

The Committee has engaged with its largest shareholders extensively since June 2023 on proposals to introduce a RSU element.

The feedback received, which related to the quantum, choice and weighting of long-term performance metrics and shareholding requirements, has materially influenced the final proposals, with further amendments being made to the proposals following wider shareholder engagement throughout Q4 2023 and Q1 2024. As part of this engagement, proxy voting groups were also consulted, with feedback being incorporated into the final proposals, which were communicated to shareholders in January 2024, to confirm support or otherwise to the Committee's thinking.

The majority of shareholders consulted have indicated they are supportive of the proposals given Hunting's North America business profile, including revenue, profits, people and facilities which is fairly unique to the UK listed environment.

The principal changes to the existing Policy being proposed are as follows:

- the maximum PSU award level will be reduced from 450% to 350% of salary for the Chief Executive and from 210% to 160% of salary for the Finance Director;
- a new RSU element will be introduced with an annual award level of 100% of salary for the Chief Executive and 50% of salary for the Finance Director. RSU awards will normally vest three years after grant subject to an underpin based on the Committee's assessment of underlying performance against a range of objective factors; and
- the post-cessation shareholding requirement, which currently applies to shares worth up to 200% of salary to be held for one year following the end of employment, will be extended to two years following the adoption of the new Policy.

Board Oversight of Artificial Intelligence (AI)

New benchmark policy approach to AI-related risk oversight

- Primarily outlines our views on emerging best practice:
 - Defined and clearly disclosed board oversight of AI
 - Cognisance of potential skills gaps on board (training/board skills profile)
 - Strong internal AI framework including ethical considerations
- We will generally not make voting recommendations based on a company's oversight of, or disclosures on, AI
- In instances where there is evidence that insufficient oversight and/or management of AI technologies has materially impacted shareholder value, we will:
 - Provide a review of a company's overall governance practices and oversight of AI-related risks
 - Evaluate the board's response and management of this issue and associated disclosures, which may factor into voting recommendations



Shareholder Meeting Format

Extension and restructuring of our benchmark policy approach to meeting format

- Clarification that we may recommend voting against relevant directors/items in egregious cases where a company fails to respond to legitimate shareholder concerns regarding how meetings are held
- Clarification of our belief that companies that do not allow for in-person attendance at meetings should engage with shareholders and provide rationale
- Closed-Door Meetings (Italy)
 - We believe that **companies should avoid this meeting format** where possible
 - We will **generally oppose related article amendments** unless closed-door meetings may be held only in extraordinary circumstances
 - We have currently **refrained from introducing a formal policy** for companies holding closed-door meetings given ongoing legal process and rapidly-evolving market practice in Italy
 - March 2024 Blog Post: [Closed-Door Meetings in Italy Threaten to Silence Shareholders](#)

Best Practice Disclosure

From a Glass Lewis Perspective

Quantum Increases

Key findings

The acquisition of Terminix and secondary listing on the New York Stock Exchange, combined with the continued growth of the rest of our business, has fundamentally changed the scale and complexity of the business since the last Policy review.

- Revenue (at AER) has increased by 90.4%, from £2,823.5m in 2020 to £5,375m in 2023.
- Profit before tax (at AER) has increased by 114.5%, from £229.8m in 2020 to £493m in 2023.
- Percentage of revenue (at AER) from outside the UK has increased from 89.8% to 94.0% and the percentage of revenue from North America has increased by 41.9%, from 43.4% in 2020 to 61.5% in 2023.
- The number of countries has increased by seven, from 83 in 2020 to 90 in 2023.
- The number of employees has increased by 18,311, from 44,589 in 2020 to 62,900 in 2023.

Benchmark data

The Committee adopted a UK FTSE market benchmark, given that many of the largest UK companies are global. We considered how best to reflect our significant presence in North America and, notwithstanding the different pay practices and higher levels there, concluded that the broad-based FTSE was suitable given that many UK-based companies have operations in the US. In addition, our Executive Directors are based in the UK.

The Committee used the market data as a reference point for the overall sizing of the proposed packages given the significant change in the business and the associated demands upon our leadership as a consequence. Our framework remains unchanged; we aim to deliver the fixed element of remuneration around market median and provide the opportunity to achieve up to the upper quartile for outstanding performance. This ensures that remuneration is weighted to performance and is variable.

When we started the review in July 2023, the benchmark we used was companies within the FTSE 15 – 50, excluding financial services. Given the shareholder experience in the second half of 2023, we felt that it was appropriate to revise the market benchmark downwards accordingly. Therefore, we have adopted a lower market benchmark of the FTSE 21 – 50, excluding financial services. While the share price has been volatile, in the round, this peer group is felt to reflect our overall size and complexity, having regard to the increased revenue and increased scope of our international activities. We have consciously chosen not to include data from non-UK, particularly US, companies which would have increased the benchmark figures.

Safety Metrics

A focus on safety

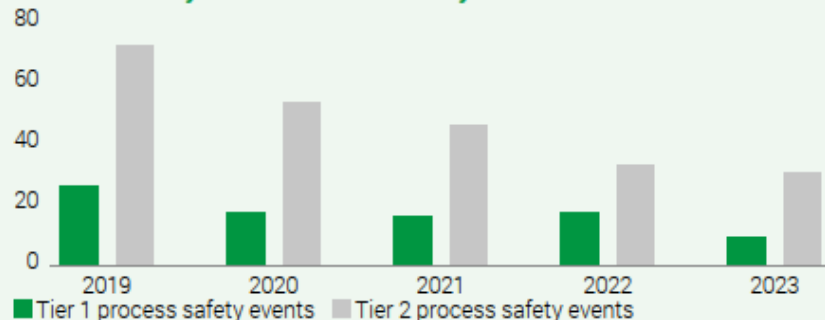
Safety comes first at bp and avoiding safety incidents within the workforce is paramount. Our goal is to eliminate tier 1 process safety events, fatalities and life-changing injuries.

Each year the committee, with advice from the S&SC, reviews the formulaic outcome of the annual bonus scorecard against broader contextual factors when determining the final performance outcome. As part of this holistic review, careful consideration is given to annual and long-term safety performance, any major safety incidents and any workforce fatalities during the year.

Process safety performance

To improve the focus on tier 1 process safety events, the committee determined that for the 2023 annual bonus scorecard tier 1 and tier 2 events would be measured independently rather than a combined measure. The committee is pleased to report that both tier 1 and tier 2 process safety events – particularly tier 1 – were lower than prior years.

Process safety events over last five years



The overall strong process safety performance resulted in a score of 87.5% of maximum for this element of the annual bonus scorecard. With the overall trend in process safety performance over time being positive, the committee felt this outcome was fair.

Impact of fatalities

In 2023, three people lost their lives while working for bp – a contractor within bpx energy and two employees from our newly acquired TravelCenters of America business. Our thoughts, as ever, are with their family, friends and co-workers.

Alongside the S&SC, the committee reflected on the fatalities that occurred during the year. While the fatality in bpx energy was within bp's ultimate responsibility, the incident was contractor led and under a third party management system. However, after careful consideration the committee concluded that the fatality should directly impact the annual bonus.

TravelCenters of America was acquired mid 2023 and is not fully integrated into bp – either from a safety culture or remuneration perspective (employees there do not participate in the bp annual cash bonus plan). The committee has therefore determined that applying a discretionary adjustment to all bp employees for the fatalities in TravelCenters of America would not be appropriate at this time. This is consistent with our approach to target setting more generally for recent acquisitions, where a transition period normally applies. Details on the TravelCenters of America acquisition are provided on [page 20](#).

Reflective of the fatality in our bpx energy business, the overall formulaic outcome of 1.64 has been reduced by 5 points (3%), resulting in an overall performance outcome of 1.59. This adjustment has been applied to all participants of the bp annual cash bonus plan to emphasize our collective responsibility with regard to safety.

We hope to see fatalities eliminated. Nevertheless, in response to shareholder feedback, a framework has been developed to guide the committee's decisions regarding the impact of fatalities on incentive outcomes. This new framework will formally take effect from 2024 (the committee has applied its principles when determining 2023 outcomes). Further detail on the framework has been provided in the implementation section of this report (see [page 122](#)).

UK Code Compliance

- Boilerplate disclosure is common
- Good departure disclosure comprises:
 - Acknowledgement of the departure
 - Rationale for the same
 - Mitigation of governance risks
- The FRC's review of governance reporting is a helpful resource

Chair Succession

Tenure

Irial Finan joined the Board in February 2012 and was appointed Chair in May 2019. He was independent at the time of appointment, as recommended by the Code. He was appointed as Chair designate in October 2018 and became Chair at the conclusion of the AGM in May 2019.

In 2021, as Irial had then exceeded nine years on the Board, a comprehensive review of the Chair's tenure including a shareholder consultation was conducted. On completion of the review, the Board concluded that it was in the best interests of the Company and its stakeholders, including its shareholders, that the tenure of Irial be extended by a period of up to three years (or up to the 2025 AGM) as it would provide clarity and certainty for all stakeholders of the Group. Full details of the review process undertaken and the rationale for the Board's recommendation are outlined in the 2021 Annual Report on pages 84 and 85, and in the 2022 Annual Report on page 111. At the 2022 AGM and the 2023 AGM there was strong support from the Company's shareholders for the Chair with approximately 93% of votes cast in favour of his re-election at both meetings.

During 2023, the Chair Succession process remained a priority for the Senior Independent Director.

In line with the commitments outlined in the 2022 Annual Report, an independent external recruitment firm was appointed following a formal selection process led by the SID and the Chair of the Nomination Committee. A comprehensive exercise was also undertaken to prepare and approve a detailed specification for the role. This process included external benchmarking, interviews with each individual Board member and input from the external recruitment firm, the output of which was approved by the Board.

Shareholder Dissent

- A good response should:
 - Acknowledge the dissent;
 - Outline the engagement process;
 - Identify key concerns raised by shareholders;
 - Explain and rationalise any actions taken to address concerns.

After receiving more than 20% votes against the re-election of its Group Chair at the 2023 AGM, the Company engaged with a number of shareholders to understand the reasons for that. It related to concerns about the number of external Board mandates held by the Group Chair, and the Board composition not including anyone from a minority ethnic background. These concerns have been addressed through the Group Chair having resigned as Chair of Unbound Group plc in July 2023 as part of a planned succession; and the Company having made changes to its Board appointments which promote its objective to achieve and maintain targets on gender and ethnic diversity. More information on the Board's and the Company's progress towards its gender and ethnic diversity targets can be found on [page 96](#).

Any updates to the arrangements for the conduct of the meeting will be communicated via www.QinetiQ.com.

Issuer Relations

Engaging with Glass Lewis

Issuer Relations Initiatives

Interacting with Glass Lewis Research Analysts

Full details of our [Issuer Relations Policy](#) and links to appropriate forms for Glass Lewis are [on our website](#).



MEETINGS

Dialogue with issuers, shareholder proponents, and other stakeholders, at the appropriate time to foster mutual understanding and help promote better disclosure.



SHARE UPDATES

Submit annual updates, investor slide decks, remuneration letters or other publicly available shareholder communications.



POLICY QUESTIONS

Clarify something related to Glass Lewis policy or ask questions about our approach to a specific proposal.

Meetings With Research Analysts



UNCONTESTED

Agenda: topical or specific related to governance/ remuneration topics for previous or upcoming shareholder meeting

Timing: before public disclosures + outside market's proxy season

[REQUEST HERE](#)



E&S ACTIVISM

Agenda: Shareholder proposals related to E&S topics/activism

Timing: after SHP is filed with subject company but before issuer files proxy materials. Requests accepted during proxy season based on bandwidth

[REQUEST HERE](#)



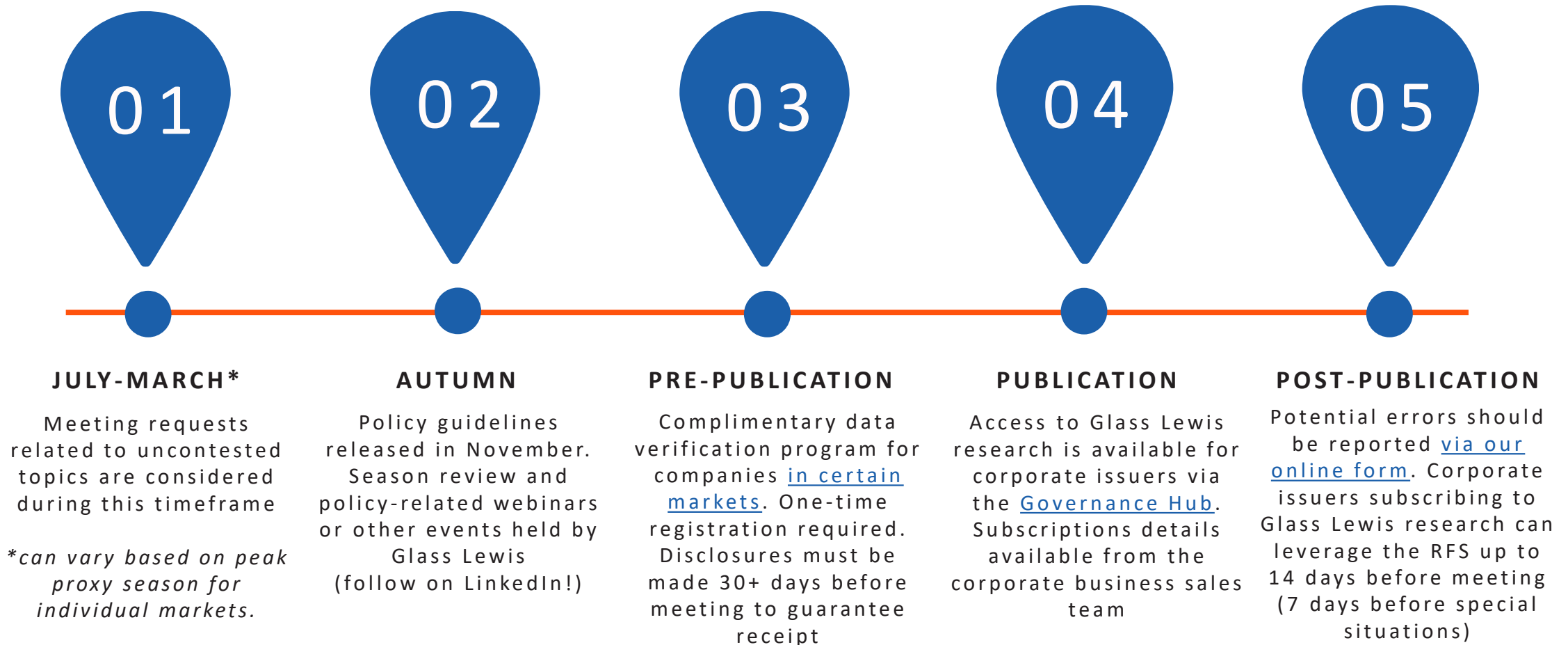
M&A/CONTESTED

Agenda: special situations, including mergers, acquisitions, transactions or contested elections

Timing: after publicly available information is released by all parties

[REQUEST HERE](#)

Issuer Relations Timeline



Providing Feedback During Proxy Season

Glass Lewis provides the opportunity for corporate issuers to share feedback before and after the publication of its Proxy Paper Research.



Data Verification (IDR)

- Pre-publication, complimentary data verification (AGMs only)
- Requires one-time registration; only available in certain markets
- Only guaranteed where company releases proxy materials 30+ days before meeting
- FAQs and registration [available on our website](#)



Proxy Paper Feedback

- Submit feedback, purported errors or omissions related to Glass Lewis' published Proxy Paper
- Reviewed by analysts and responded to within two business days
- Dedicated form for feedback [on our website](#)



Report Feedback Statement (RFS)

- Opportunity to submit a statement in response to Glass Lewis' Proxy Paper
- Included with the Proxy Paper and circulated to vote decision makers
- Included with corporate purchase of Governance Hub
- Can submit up to 14 days before meeting or 7 days before M&A/Contested meeting
- FAQs [available on our website](#)



GLASS LEWIS

Institutional Investors | GROW@glasslewis.com

Public Companies | ENGAGE@glasslewis.com

Corporate Website | Glasslewis.com

Email | Info@glasslewis.com

Social | [!\[\]\(ed6754fb969b73e72f998151e17d90e7_img.jpg\) @glasslewis](https://twitter.com/glasslewis)

[!\[\]\(da429e12a05eb927178659682de93cbb_img.jpg\) Glass, Lewis & Co.](https://www.linkedin.com/company/glass-lewis-co)