



2022

PROXY SEASON REVIEW BELUX

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2022

BELGIUM

HIGHLIGHTS

(BEL 20)



AVERAGE
QUORUM: 66%



NUMBER OF
CONTESTED
RESOLUTIONS WITH
20%+ DISSENT*



NUMBER OF
CONTESTED
RESOLUTIONS WITH
10%-20% DISSENT*

REMUNERATION

MOST CONTESTED PROPOSALS

*Percentage based off of total number of votes



2022

LUXEMBOURG

HIGHLIGHTS

(LuxX)



AVERAGE
QUORUM: 76%



NUMBER OF
CONTESTED
RESOLUTIONS WITH
20%+ DISSENT*



NUMBER OF
CONTESTED
RESOLUTIONS WITH
10%-20% DISSENT*

REMUNERATION & BOARD RELATED

MOST CONTESTED PROPOSALS

*Percentage based off of total number of votes

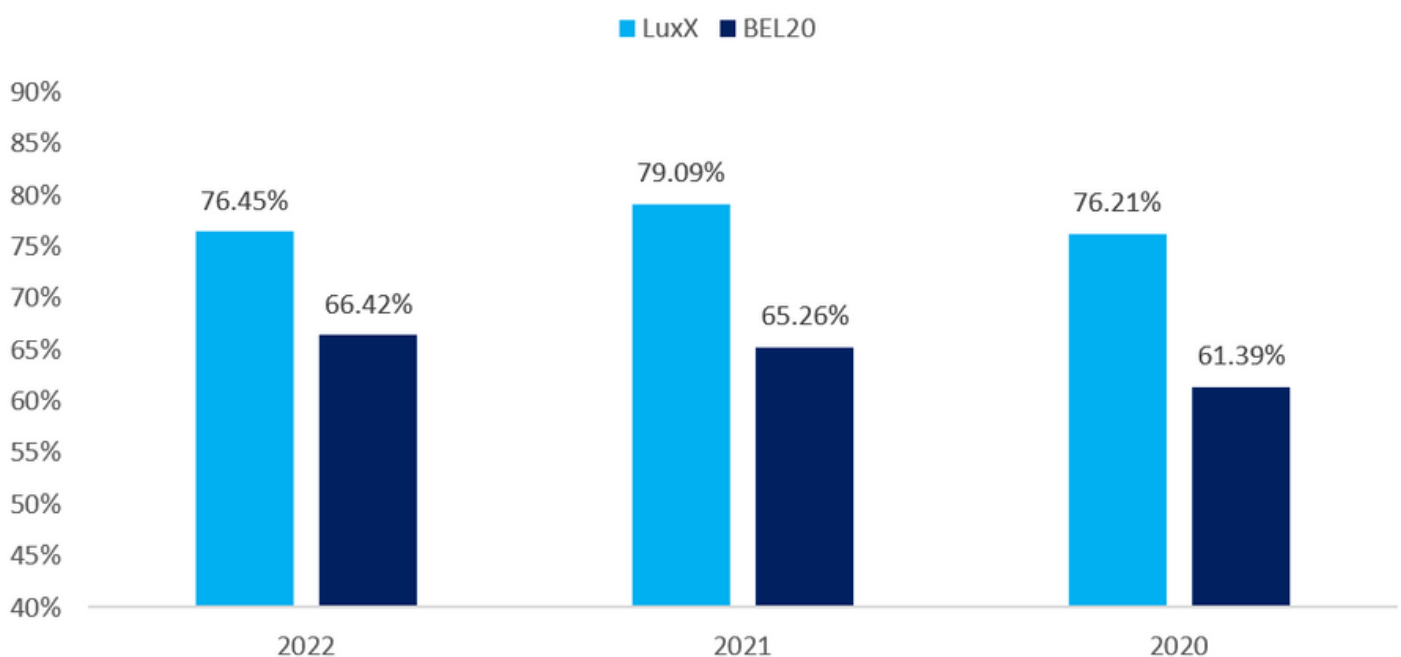
GENERAL OVERVIEW

(BEL 20 & LuxX)

As in previous years, CMi2i has analysed the Belgium and Luxembourg (BeLux) Annual General Meeting landscape in order to identify and highlight the major trends and topics of the 2022 season. This year, CMi2i gathered and reviewed the data for the two main indices, BEL 20 for Belgium and LuxX for Luxembourg. Given the limited number of companies composed within the two indices (20 in Belgium and 9 in Luxembourg) this review groups both countries together. The general overview will cover both indices while other sections of this report will exclusively address the country with the most relevant issues identified. Finally, to avoid potential overlapping with other countries already covered in CMi2i's 2022 reviews, companies not headquartered in Belgium or Luxembourg have been excluded from the report[1].

During the period under review, 203 management resolutions were put forward across 18 companies in Belgium while 96 resolutions were presented across 9 companies in Luxembourg. The average AGM representation (quorum) of the BEL 20 for the 2022 proxy season was 66.42%, the highest recorded in the last three years and the average quorum in Luxembourg was 76.45%, down almost 3 percentage points from 2021.

THREE YEAR QUORUM COMPARISON (BEL 20 - LUXX)



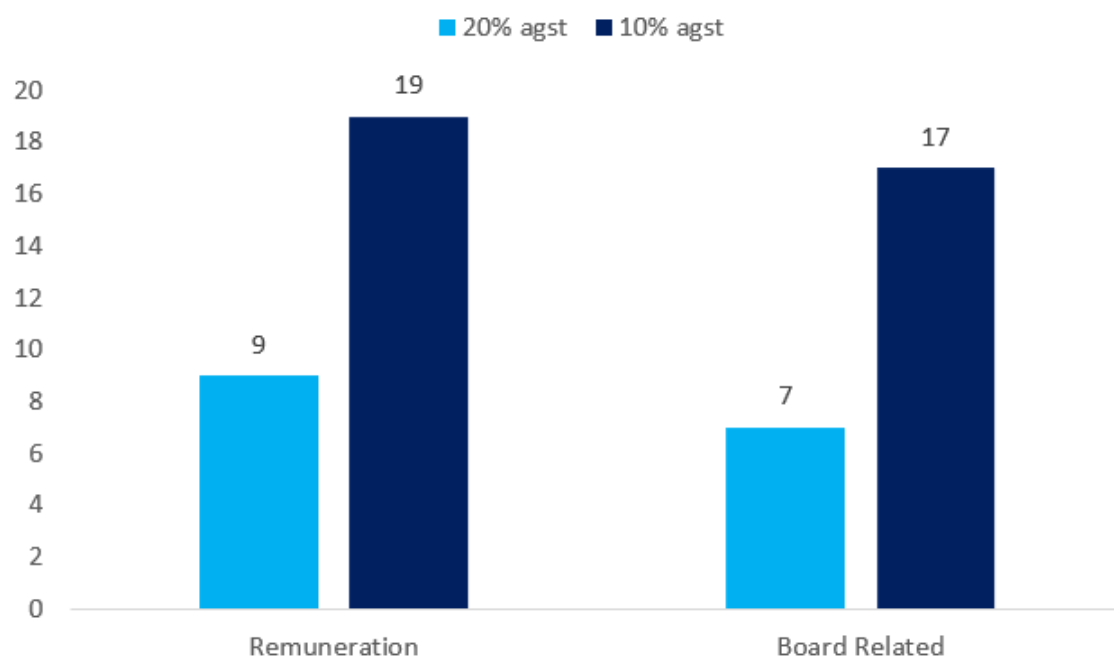
[1] Argenx and Aperam have been excluded from the BEL 20 index.

Summary of the SEASON (BEL 20)

In order to proceed with this analysis, we have grouped the resolutions into 10 macro categories. Based on the disclosed results, and similar to what we observed in other European markets, Remuneration and Board Related proposals were the most challenged resolutions in Belgium in 2022; respectively, 51% and 14% of such proposals received a high level of shareholders' dissent. At the other end of the spectrum, Dividend and Financial Statements received the highest level of support generating less than 1% negative votes on average.

This season, four (4) resolutions received more than 30% shareholders' dissent. Moreover, 16 resolutions received 20% or more negative votes. As per the investors and proxy advisors' guidelines on dissent level above 20% and appropriate board acknowledgment, seven (7)[1] corporate issuers will be required to address the significant dissent ahead their 2023 AGM, formally acknowledging investors' concerns and presenting a plan of action to improve of their governance practices.

NUMBER OF DISSENT VOTES BY CATEGORY



[1] AB InBev, Ackermans & Van Haaren, D'ieteren Group, Galapagos, KBC, Proximus Group, Umicore

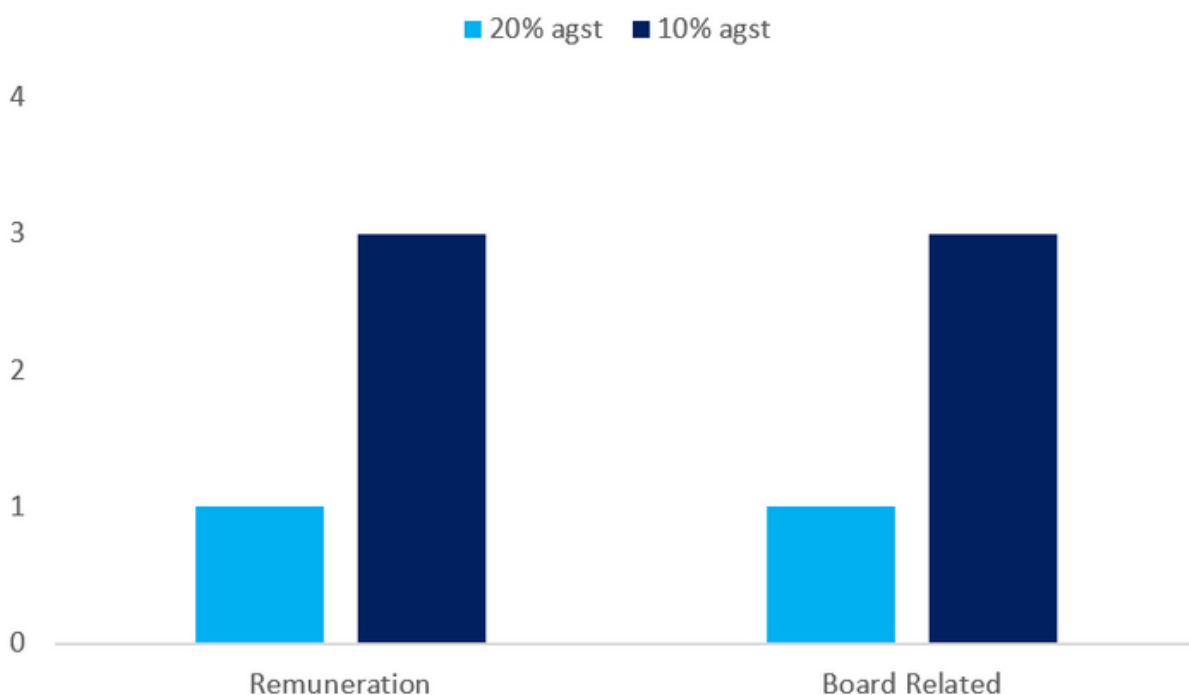


Similarly, to Belgium, we have again grouped the main resolutions into 10 macro categories.

Based on the disclosed results, Remuneration and Board Related proposals were also the most challenged resolutions in Luxembourg with 17% and 8% against these proposals respectively this year. Audit related proposals on the other hand achieved the highest support level with an average of 99.9%

No resolutions failed to be approved this year and Luxembourg recorded one of the highest levels of shareholder support across Europe with an average of 98% 'For' votes across all proposals; signaling that investors are generally satisfied with the governance of Luxembourg issuers and their compliance with the market best governance practices.

NUMBER OF DISSENT VOTES BY CATEGORY



Focus on:

REMUNERATION

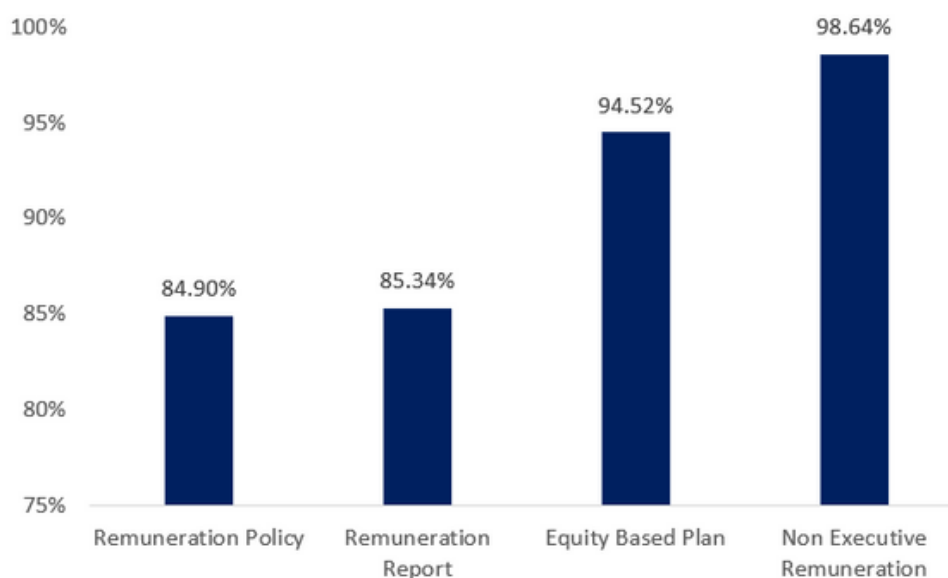
(BEL 20)

Executive compensation concerns led institutional investors' agendas across Europe this year and Belgium was no exception. Out of the 37 remuneration related proposals put forward across the BEL 20 this year, 19 (i.e., 51% of the total resolutions), received 10% or more shareholder dissent; while 9 resolutions (24%), received at least 20% or more negative votes. In recent years, investors and proxy advisors have strengthened their voting guidelines on shareholder dissent and now require a Board acknowledgement from any issuer that receives over 20% of dissenting votes, notably when concerning remuneration proposals.

The most common issues linked with remuneration practices highlighted by the proxy advisors and institutional investors included, but was not limited to, pay for performance linkage, lack of overall disclosure, unclarity of targets (both on the short and the long-term), excessive use of board discretion to grant exceptional bonuses and excessive pay gaps between employees and executives.

While no resolutions failed to be approved this year, 8 out of the 10 least supported proposals were linked to remuneration signaling concerns with remuneration practices among Belgian companies. The biggest issues observed were with remuneration reports and remuneration policies, while equity-based plans and non-executive remuneration proposals were better supported by investors. Over the years, investors have increasingly targeted remuneration systems which are deemed not aligned with long-term shareholder interest or too vague when it concerns board discretion to award exceptional awards with no clear limits. Similarly, remuneration reports that lack disclosure on the targets, vesting and where quantum exceeds peers or deem excessive are highly challenged.

AVERAGE REMUNERATION SUPPORT BY CATEGORY





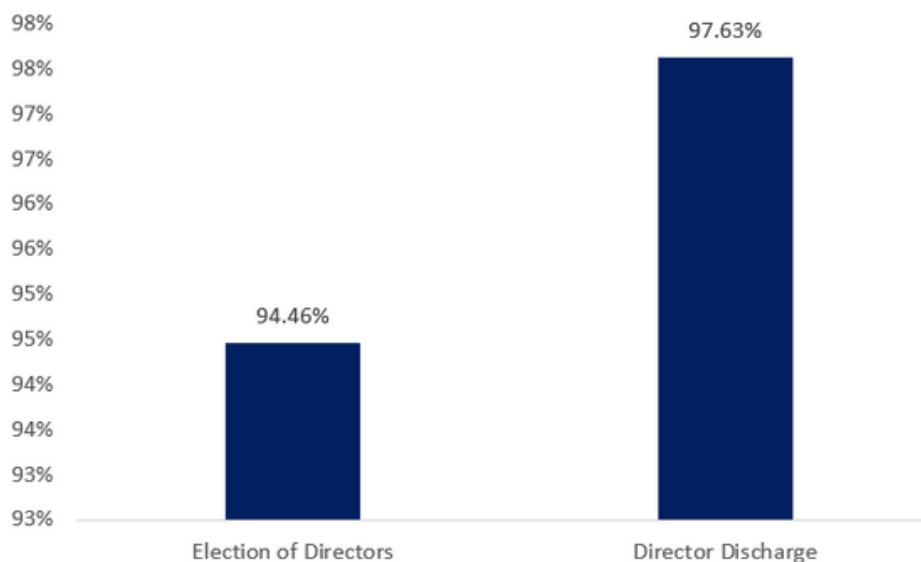
Board related resolutions were the second most contested proposals in the 2022 proxy season.

In total, 124 Board related proposals were approved at the BEL 20 AGMs this year with an average support level of 96%. 17 (14%) proposals received at least 10% negative votes and 7 (6%) at least 20% dissent. 5 companies[1] will be expected to address the low support level ahead of their 2023 meetings in order to comply with the latest investors and proxy advisor guidelines on Board responsiveness.

In Belgium, it is common for companies to put forward two different type of board related resolutions: election of directors and discharge of directors. This season, the election of directors obtained on average 94% support, compared to 98% for Board discharge.

While best governance practice would require for individual board election and discharge, some companies continue to present a single resolution for discharge of the entire Supervisory Board. On average companies that put forward bundled discharge resolutions received a lower approval levels than those with split proposals (95% average support bundled vs 98% average support split).

AVERAGE BOARD RELATED SUPPORT BY CATEGORY



[1] KBC, AB InBev, Ackermans & Van Haaren, Umicore, D'ieteren Group

CONCLUSION

The Belgian and Luxembourg proxy seasons followed the rest of Europe in respect of topics and predominant trends. In fact, executive remuneration concerns have once again led the investors' agenda this year across both countries. In a time of global economic crisis, excessive remuneration without a clear performance link and poor Human Capital management are seen as major issues by institutional investors.

In Luxembourg, despite the considerable year-on year decrease in AGM participation, this year has seen one of the least contested seasons in Europe signaling that institutional investors are generally satisfied with issuers performance and management.

Comparatively, quorum in the BEL 20 is the highest it has been in three years; nevertheless, the index has also seen a soaring level of dissent votes this year, one of the highest in Europe.

As the result of the global economic crisis, there is renewed scrutiny of the "G" from ESG, with greater demand for Board effectiveness, accountability, and oversight on governance practices as well as Climate Strategy and executive compensation taking center stage. This scrutiny will further increase notably around executive pay and bonuses, as investors' ability to accept very high pay will be more difficult due to high inflation and the cost-of-living crisis.

UMICORE

KEY ISSUES

- Excessive termination benefit awarded to former CEO and welcome bonus granted to the new CEO
- Identical performance metrics used for STI and LTI
- Excessive use of Board discretion
- Poor overall disclosure and no link with performance

Remuneration Report



Remuneration Policy



OVERVIEW

- Umicore has a history of shareholder dissent on remuneration proposals since 2017
- A 1.8m EUR termination benefit was granted to the former CEO without compelling rationale.
- A 1m EUR sign-on bonus awarded to the new CEO.
- Investors deemed the grants inappropriate, too excessive and raised concerns over the Board's discretion.
- The new remuneration policy allows for double dipping performance given that the same metric "ROCE" is used for both the STI and the LTI plans.
- Investors criticised the excessive use of Board's discretion by Umicore.
- Investors and proxy advisors were unsatisfied with the company's lack of dissent acknowledgement.

KEY TAKEAWAYS

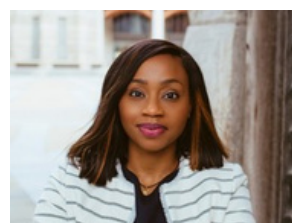
- The use of Board discretion, particularly relating to the one-off awards granted to the former and new CEOs and the lack of transparency in respect of the performance criteria for these payments were the key issues which fueled investors' discontent.
- The overall remuneration policy was deemed poorly structured, with the same metric used for both STI and LTI going against investors' and proxy advisors' guidelines.
- Stakeholders, including the proxy advisors (ISS and Glass Lewis) criticised the general lack of disclosure on the performance targets, caps and KPIs.
- With this level of dissent, Umicore will be expected to address shareholders' concerns ahead of the 2023 AGM, outlining what they intend to do in order to improve on their practices and how they will further align pay and performance.

NON-SUPPORTERS





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CMi2i

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