

```
() {  
er(System.in);  
art:");
```

```
size {  
while getNumber() {  
Scanner scanner =  
new Scanner(System.in);
```



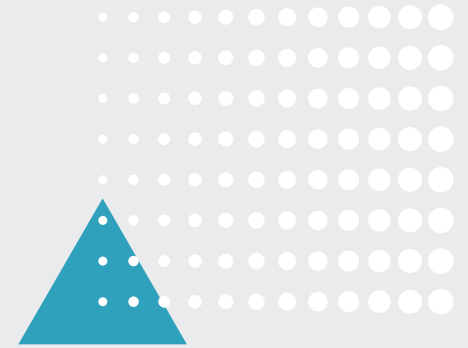
```
static void main(String []argal)  
{  
int i=10;  
while (i>=1) {  
System.out.println(i);  
i--;
```



Shareholder
Roadblocks
Breaking down
barriers to the AGM

Foreword

from Kerry Leighton-Bailey, Chief
Commercial Officer at Lumi



The debate around virtual AGMs is something that anyone working in governance in the UK will be very familiar with. There is a need for a meeting to be held in “a place” according to the Companies Act, and it remains uncertain legally whether a virtual location, a URL, constitutes “a place”.

Whilst the temporary legislation that was passed during the pandemic to permit virtual meetings meant the majority of Issuers enjoyed the benefits that a virtual element to an AGM can bring in terms of engagement and participation, it has now expired. At the time of writing there is no sign of primary legislation being amended to permit virtual AGMs on a more permanent basis, as has happened in so many other markets.

But let’s take a step back from that, for a moment. Even in the utopian dream, in governance circles at least, where legislation can keep pace with technology, there is a bigger issue that these ongoing debates around meeting format may be obscuring: accessibility.

Many retail investors are currently being locked out of AGMs because of the complexity around the structure of share ownership in the UK.

The numbers of shareholders listed on a company’s register is slowly declining, with growing numbers of retail investors purchasing their shares through online platforms such as Interactive Investor or Hargreaves Lansdowne, where they are beneficial rather than registered shareholders. Without being a direct





name on the register, the process to exercise voting rights and attend AGMs is complex and not fully understood by the majority of individual shareholders.

While digitalisation and the hybrid meeting format have removed many of the practical physical obstacles to AGM participation, retail investors currently face huge challenges with a lengthy paper-based process to receive a letter of representation in order to receive credentials to attend and participate in the meeting. I have spoken to so many people, informed and determined individuals, who have faced roadblock after roadblock when attempting to gain access to the AGM. And we have all been at AGMs where 'shareholders' arrive and want to gain access, not understanding that actually, that isn't their automatic right.

Our research shows that retail investors in the UK are hungry to attend AGMs. But the

system to allow that to happen needs to go through a similar digital transformation process as the AGM itself.

The complex, intermediated paper-based process that retail shareholders have to navigate to exercise their right to attend the AGM needs work.

So, we're calling out for urgent change to digitise the chains of complexity that stand between retail investors and the companies they own shares in. We need cross industry consensus from issuers, from trading platforms, from registrars and ultimately, legislative support to bring transparency and simplicity.

The insights from our research are compelling, and there is already a groundswell of support from multiple stakeholders. Please feel free to contact me directly if you would like to discuss any of the research, or to be part of our cross industry group to bring about change.



Key findings

53%

of shareholders have never been invited to an Investor Relations event

48%

of UK shareholders are being locked out from AGMs due to red tape

No.1

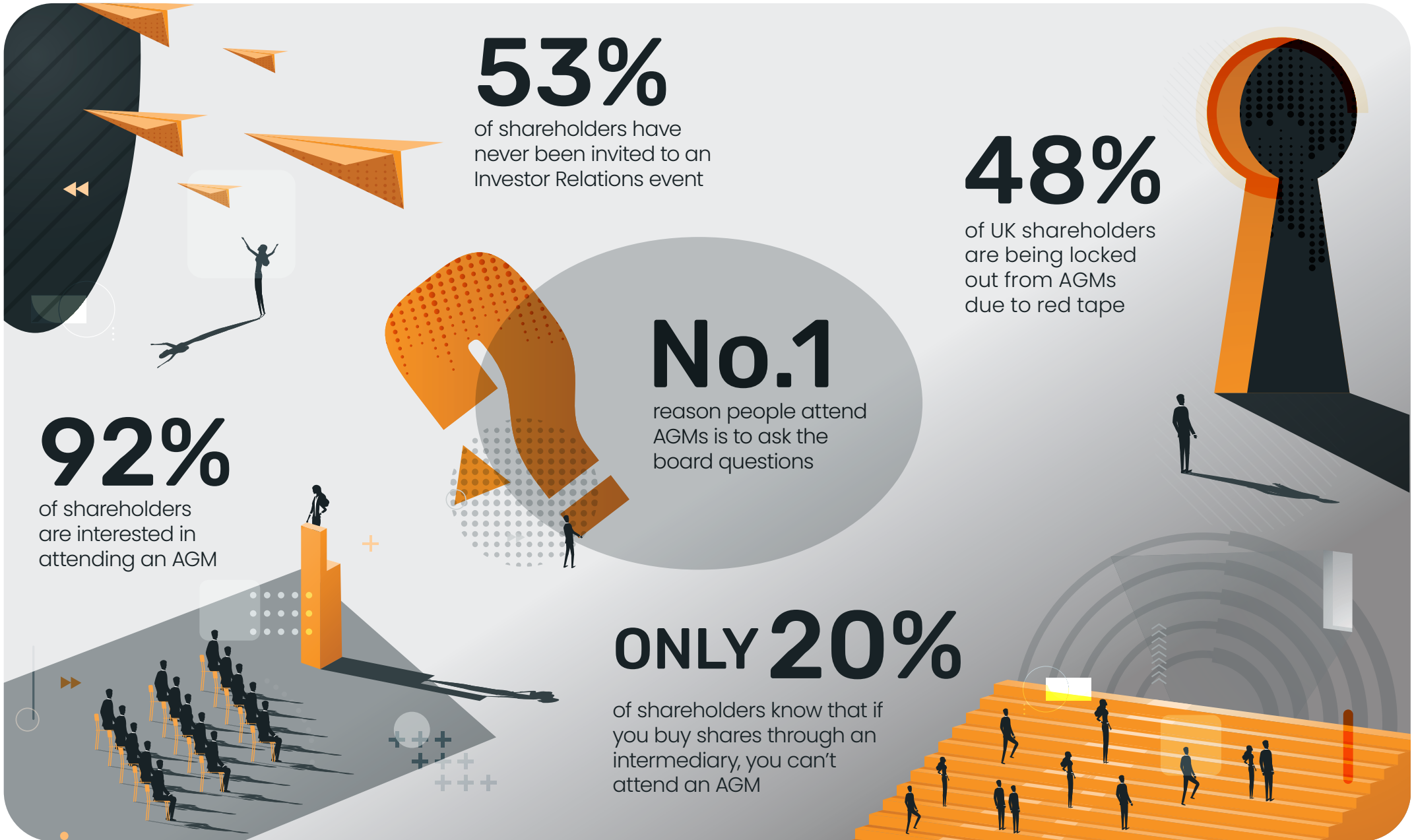
reason people attend AGMs is to ask the board questions

92%

of shareholders are interested in attending an AGM

ONLY 20%

of shareholders know that if you buy shares through an intermediary, you can't attend an AGM



Shareholders are being locked out

Just under half (48%) of UK shareholders are unable to attend AGMs simply because they purchased shares through a broker and therefore aren't registered directly as a shareholder. To make matters worse, just a fifth of shareholders knew this was the case when they bought their shares, meaning there is a lack of information being supplied to shareholders when they are investing through a platform.

While the shareholder can contact the broker and ask for a letter of representation to attend the AGM, this is often a long and complex process that in many cases will cost the shareholder money out their own pocket. In today's digital age, processes shouldn't need to be long and arduous, they should be streamlined easily to just a few clicks. Legal complexities cannot deny shareholders their right to attend AGMs moving forward.



"It's very hard if you're a private investor to speak to management. The process in the UK is extremely antiquated."

Stuart, Retail investor



Support for the report

“It’s promising to see that shareholders are increasingly aware of the social and environmental impacts of their investments and want to use their influence to bring about changes on critical issues. However, although the AGM is a critical forum for shareholders, and those impacted by the activities of corporates, to engage with companies, the complexity of the system – both in the UK and even more so internationally – can make it incredibly difficult for key stakeholders to attend.

It’s been positive to see some improvements to accessibility as a result of the pandemic, particularly with the rise of a ‘hybrid’ format that many companies have continued to use through 2022 AGM season. However, it’s been concerning to see a significant proportion revert back to in-person or online-only meetings. We attend around 100 AGMs each year, and in our experience, hybrid meetings provide both the ‘best of both worlds’ for accessibility and meaningful company engagement.”

Ellie McLaughlin, Campaigns Officer, ShareAction

ShareAction»

The changing face of shareholders

The idea of AGMs only being attended by an older generation, hosted in stuffy rooms, is a dying myth. AGMs are no longer dull and procedural, frequented by a certain demographic, interested in joining the meeting for a prawn sandwich.

The most common reasons shareholders gave for wanting to attend an AGM are to ask questions of the board about how the company is run (43%), followed by making their voice heard on issues they are passionate about (42%).

Only 29% want to influence dividends, the fourth most common response on the list, showing financial gain is less important than influencing governance. Respondents ages 55+ are also the least likely of any age group to want to influence dividends, shattering the idea that only younger generations care about having their voices heard on social impact.

Yet, a new generation of millennial and Gen Z investors are beginning to emerge.

For both these groups, ESG issues and making their voice heard are the number one reasons for attending AGMs. With **half of all shareholders in the UK and US now aged between 18 and 40**, and 18% between 18 and 24 (Gen Z), the industry needs to evolve quickly to keep up with a new digital savvy generation of shareholders.

Not only does age make a difference, but level of commitment to trading does too. Active traders are more likely to care about making their voice heard on issues they are passionate about than longer term investors (46% vs 29%).

All demographics of investors are more engaged than ever and as their voices get louder, they must be able to access the AGM. Businesses also have a unique opportunity to gather different perspectives from engaged groups of people by providing them with a seat at the table at the most important shareholder meeting of the year.



“I think it’s very important for shareholders to be able to ask questions because at the end of the day they’re putting their money into the company. Therefore, it’s exactly the same as buying a product.”

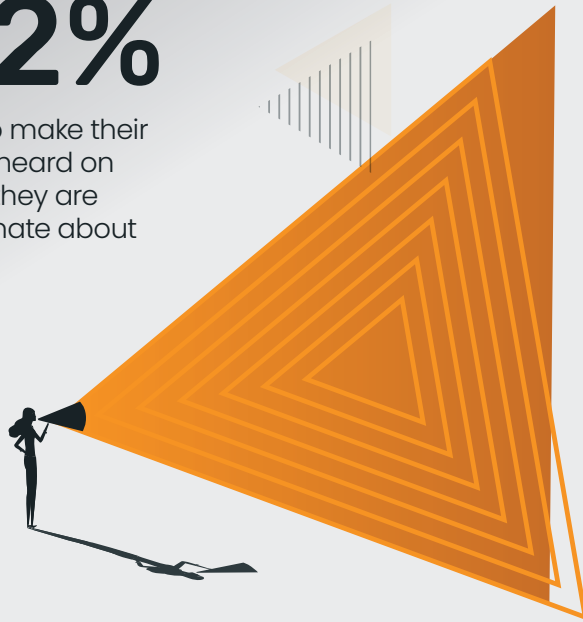
Amrita, Retail investor



Main reasons people want to attend AGMs

42%

want to make their voices heard on issues they are passionate about



32%

want to influence board decisions and vote



43%

want to ask the board questions



ONLY 29%

of people are interested in influencing dividends. Influencing dividends is the least popular motivation



The new AGM

The pandemic shifted AGMs worldwide online almost overnight, and virtual and hybrid meetings marked the starting point of a fundamental shift in how companies interact with investors. What we've seen post pandemic, is that hybrid meetings are becoming the new normal and this is good news for shareholders.



Hybrid meetings means location and timing of the meeting become less of a barrier to attendance. In fact, we've seen twice as many shareholders attend and ask questions at virtual or hybrid AGMs, compared to solely in person events.

Our research found that over a third (35%) would like the option to attend in person or online depending on the location and timing. However, a further 35% want to keep in-person meetings and 24% now want virtual-only events. One thing is clear – hybrid offers the best of both worlds and shareholders should be offered the choice to attend virtually or in person.

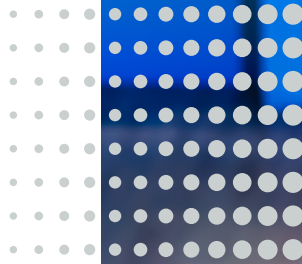
Yet, many businesses are turning back to solely in-person AGMs, and this is a problem. Many shareholders have been excluded from AGMs in the past by the meeting location, the time of day they're held or even accessibility issues. Once you take away the barriers of how people get there, we're seeing AGMs open up to a different demographic that is keen to participate.





Companies will only continue to run virtual and hybrid AGMs if the experience is great for both shareholders and the board. That means making sure the platform is as inclusive as possible and provides the same rights as in-person – for example, ensuring shareholders can ask questions during the meeting but also can vote live on the resolutions discussed.

Shareholders cannot continue to be locked out by administrative barriers, as well as logistical considerations, including whether they can attend the AGM at a certain time and date.



How I'd like to see AGMs change is by making them more dynamic and really thinking about who the audience is, who are the people investing and making sure that for the people who attend, it's a good use of their time. It breaks down that barrier between a company versus a shareholder and creates transparency.

Amrita, Retail investor



Shareholders are crying out for more information

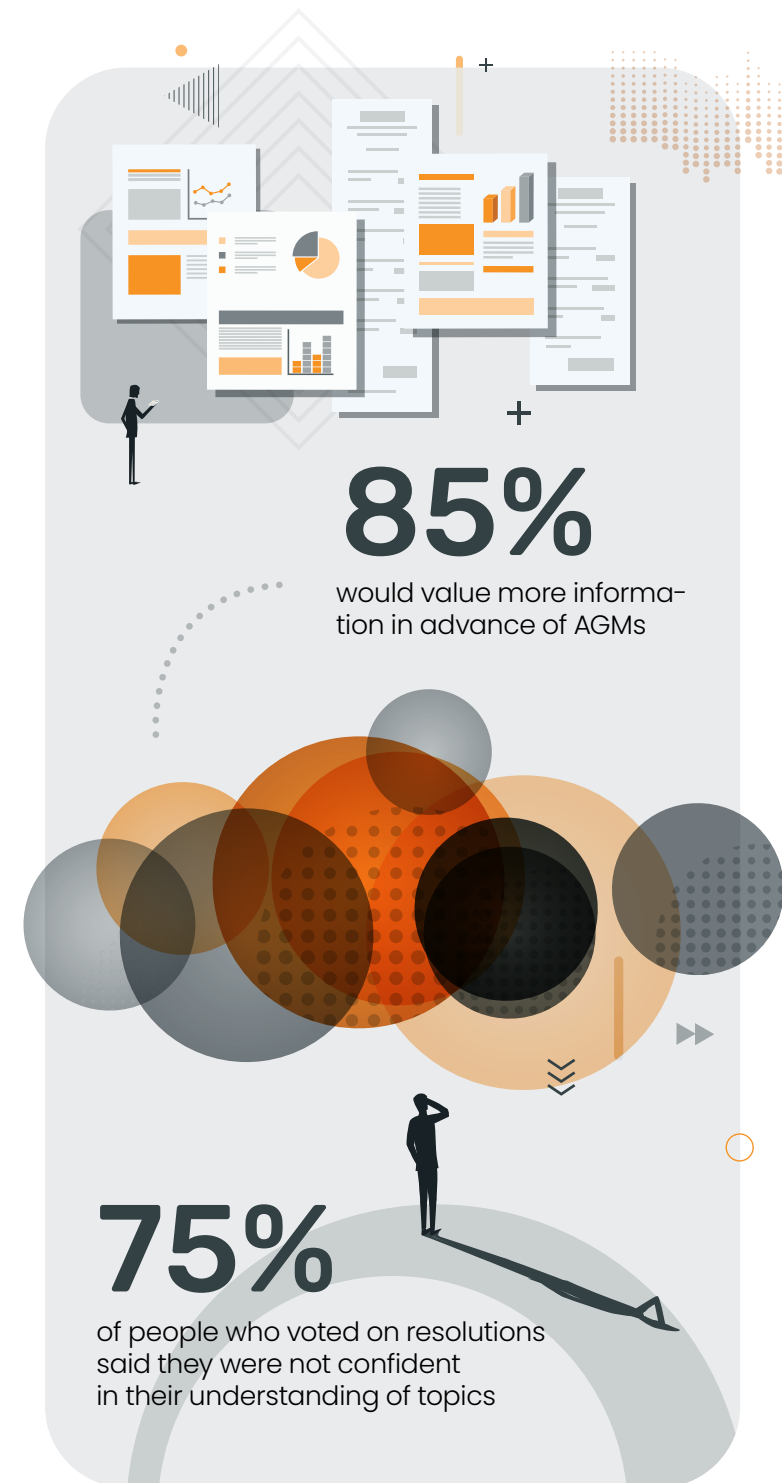
As well as shareholders wanting to attend and vote at AGMs, they are also crying out for more information. Unfortunately, as it stands currently, investors are frustrated by the lack of information supplied to them before a meeting and many don't understand what they are voting for.

In fact, 85% want to see more information from the companies they invest in on the issues being discussed at the meeting, before they attend. At the same time, for those who have voted at an AGM, just a quarter had a full understanding of the issues they were voting on, likely due to a lack of information.

This is because information on AGMs is often difficult to find and not communicated clearly with shareholders, with many businesses still sending out paper documents rather than as digital assets. In the modern era, documents informing shareholders of key information should be available as digital assets, to ensure that shareholders are kept updated of essential information in a timely manner.

In fact, the Financial Reporting Council (FRC) states that engagement between companies and shareholders would improve if email addresses were provided when new shares are purchased to facilitate communications.

If the process of sharing information with investors doesn't keep up with today's modern age, shareholder engagement will suffer as a consequence. This would be a huge step backwards. Issuers must evolve how they communicate with shareholders and allow access to their meetings, otherwise we will see setbacks in the industry.





Engaging with investors across the year

While shareholders can vote on AGM resolutions through their intermediary ahead of the meeting, they often don't have any context around the issues being discussed. This is because they are not invited to IR events being held across the year that provide valuable information. In fact, over half (53%) of retail shareholders have never been invited to an IR event.

In the past, company events such as AGMs, earnings calls and IR events would have operated completely separately. But recently we have seen a growing trend towards a calendar of investor relations events. Engagement beyond the AGM has become increasingly important, and companies are keen to engage with stakeholders across the spectrum – including retail investors – with recurring events throughout the year.

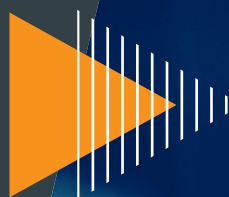
Delivering a joined-up programme of events is crucial to improving communication lines between board members and investors and quelling problems before they spiral. Providing multiple touch points throughout the year also ensures that investor relationships aren't left to fester, only to overflow at critical meetings like the AGM. Inviting directors to make regular contact with investor strongholds can also enhance voting outcomes, thanks to a better perception of transparency and a sense of personal connection with board members.

Bringing about change

Our research highlights a firm call to arms for the industry to transform the current complexity around the structure of share ownership in the UK. It's crucial the roadblocks that stand between retail investors and the companies they own shares in are removed, otherwise the vast majority of shareholders will remain locked out.

Retail investors are waking up to the complexities of the current system and want their voices heard at AGMs and beyond. They cannot be ignored. We're calling for urgent action to ensure retail investors gain the access they deserve.

At Lumi, we're working with issuers, brokers and intermediaries to implement change and simplify the process, ensuring every investor can have a voice and seat at the table. The face of shareholders is changing, as is the format of AGMs, it's time for this accessibility issue to be addressed.



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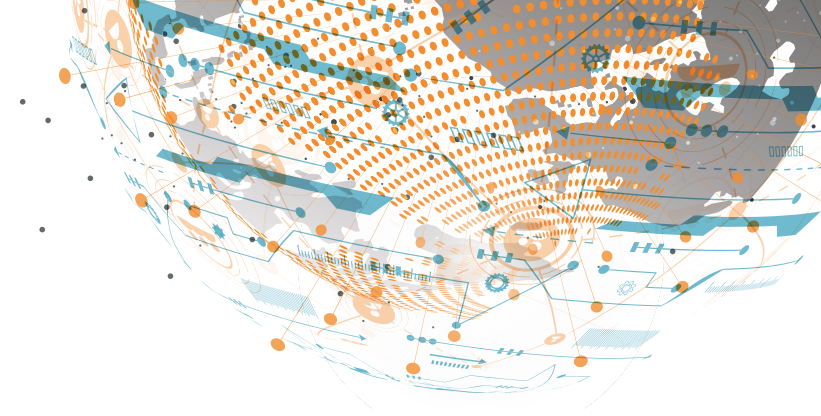
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Methodology and about Lumi

Lumi commissioned independent market research company, Censuswide, to survey a nationally representative sample of 2,000 UK shareholders. Unless stated otherwise, all figures were drawn from this poll.



About Lumi

For over 30 years, Lumi has been facilitating shareholder and member meetings, legislative meetings and elections, faith-based meetings and annual congresses, as well as meetings and events more generally. Based on proprietary, patented technology, Lumi provides software, hardware, and services that assist registrars or event organizers to register delegates and provide live, secure polling, Q&A management services, and relevant reporting. Headquartered in Hampshire, UK, Lumi has offices in 12 countries across Europe, APAC, The Middle East, Africa, and the Americas.