

IRISH LISTED COMPANIES

*What's on the agenda?*

# AGM SEASON 2025



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# INTRODUCTION

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With AGM Season 2025 fast approaching for Irish public limited companies (**PLCs**), we have prepared a guide to some of the key themes and issues which may be on this year's agenda.



## 01 / IRISH CORPORATE GOVERNANCE CODE

In October 2024, Euronext Dublin published the first Irish Corporate Governance Code (the **Irish Code**). It applies to companies with a primary equity listing on Euronext Dublin for financial years beginning on or after 1 January 2025. Until this date, Irish companies listed in Ireland have followed the UK Corporate Governance Code (the **UK Code**), supplemented by the Irish Corporate Governance Annex (the **Irish Annex**). The UK's Corporate Governance Code has also been revised, and the UK Code 2024 also applies for financial years on or after 1 January 2025.

The Irish Annex will not apply past 1 January 2025, but those reporting in 2025 on their 2024 financial year must still have a mind to the Annex when reporting against the UK Code 2018.

Companies dual-listed in both Ireland and the UK are permitted by the revised Irish Listing Rules to follow either the Irish Code or the UK Code. Once the Irish Code applies, if a dual-listed company chooses to (or has to) report against the UK Code 2024, Euronext Dublin will accept that as meeting the requirements of the Irish Code.

The Irish Code maintains a strong alignment with the UK Code. For example, the 'comply or explain' model of the UK Code has been retained and, like the UK Code, the Irish Code is made up of five overarching sections. Despite many similarities, Irish-listed companies should familiarise themselves with the Irish Code and take note of the differences, which include:

- A higher threshold of 25% for addressing shareholder dissent. The UK Code has a 20% threshold.
- Removal of the requirement to publish a six-month shareholder update, although the company must detail the process undertaken to consult with shareholders.

- Additional wording around the role of the chair in ensuring directors receive "relevant, accurate, timely and clear information" before and between meetings so they can "make a knowledgeable and informed contribution to board discussions".
- A requirement for the board to explain what arrangements are in place to engage with its workforce and why it considers them to be effective.
- A direction that a board "should establish and maintain an effective risk management and internal control framework" (although the Irish Code does not require the public disclosure of further details required by the UK Code).
- A reduction in vesting and holding periods for share awards from five years to three years.
- A shorter look-back period of three years (as opposed to five) when considering the independence of non-executive directors.
- A requirement for at least one member of the audit committee to have "competence in accounting or auditing". The UK Code's standard is of "recent and relevant financial experience".





## 02 / KEY MESSAGES FROM PROXY VOTING ADVISERS

Two of the leading proxy advisory services firms, Glass Lewis and Institutional Shareholder Services (**ISS**), published their proxy voting guidelines for AGM Season 2025.

Looking first at the Glass Lewis 2025 Guidelines for Ireland, which supplement their UK guidelines, the changes between the 2024 and 2025 Irish Guidelines are as follows:

- References Ireland's new Corporate Governance Code, that is only applicable for financial years beginning on or after 1 January 2025 (see section 01), and the 2025 Guidelines for Ireland continue to review Irish company compliance in accordance with the provisions of the UK Code, supplemented by the Irish Annex where applicable.
- Generally recommends against the re-election of the chair of the nomination committee at boards of companies listed on Euronext Dublin or Euronext Growth Dublin that have not met the 25% gender diversity target set out by the Balance for Better Business review and have failed to provide clear and compelling reasons.
- Clarifies that an affiliated director may include directors whose employers have a material relationship with the company, its subsidiaries, or major shareholders.

- Clarifies that, with regard to the proportion of the board that should be independent, Glass Lewis accepts the presence of representatives of significant shareholders in proportion to their shareholding or voting stake.

Looking at the Glass Lewis 2025 Guidelines for the UK and the ISS 2025 UK and Ireland Guidelines, there are more significant changes to reflect the reforms we have seen to various UK regulatory regimes over the past year. These include the Investment Association's revised Principles of Remuneration, updates to the Quoted Companies Alliance Corporate Governance Code, clarification around the Financial Conduct Authority's reporting requirements on board diversity, the new UK Listing Rules, and the UK Code 2024. Among the changes of particular note for 2025 are the following:

- **Executive remuneration:** The majority of the changes for 2025 are concentrated in this area, following on from the revised Principles of Remuneration published by the Investment Association (**IA**) in October 2024 (**AI Guidelines**) (see section 03).





## 02 / KEY MESSAGES FROM PROXY VOTING ADVISERS

- **Board oversight of AI:** A new section in the Glass Lewis Guidelines for the UK requires boards to be aware of, and take steps to mitigate, material risks arising from the use or development of AI. Companies are expected to adopt strong internal frameworks that include ethical considerations and to ensure effective oversight of how AI is being used.

In instances where there is evidence that insufficient oversight and/or management of AI technologies has resulted in material harm to shareholders, Glass Lewis may recommend that shareholders vote against the re-election of accountable directors, or against other matters up for a shareholder vote.

- **Director tenure:** Glass Lewis will now consider extensions to the tenure of a board chair beyond nine years on a case-by-case basis due to the “general market acceptance of a wide range of rationales”. ISS continues to follow the UK Code 2018, which states that the chair should not remain in post beyond nine years.
- **Proxy voting results:** Glass Lewis believes that all public companies should provide a full breakdown of their voting results after the AGM, although voting sanctions are only contemplated for FTSE 350 companies which fail to publish this information.





## 03 / REMUNERATION/SHARE INCENTIVES

The updated **IA Guidelines** in October 2024 are informing the approach of institutional investors in relation to remuneration in UK and Irish listed companies for 2025.

In addition, the ongoing debate about UK competitiveness and executive remuneration is bringing about a level of change in the UK that is unlikely to be replicated fully in Ireland, to the extent that it relates to EU law governed matters, such as shareholder rights and variable pay in the financial services sector. However, it is providing some leeway for Irish PLCs to make amendments to existing pay and policies where this is within the updated IA Guidelines.

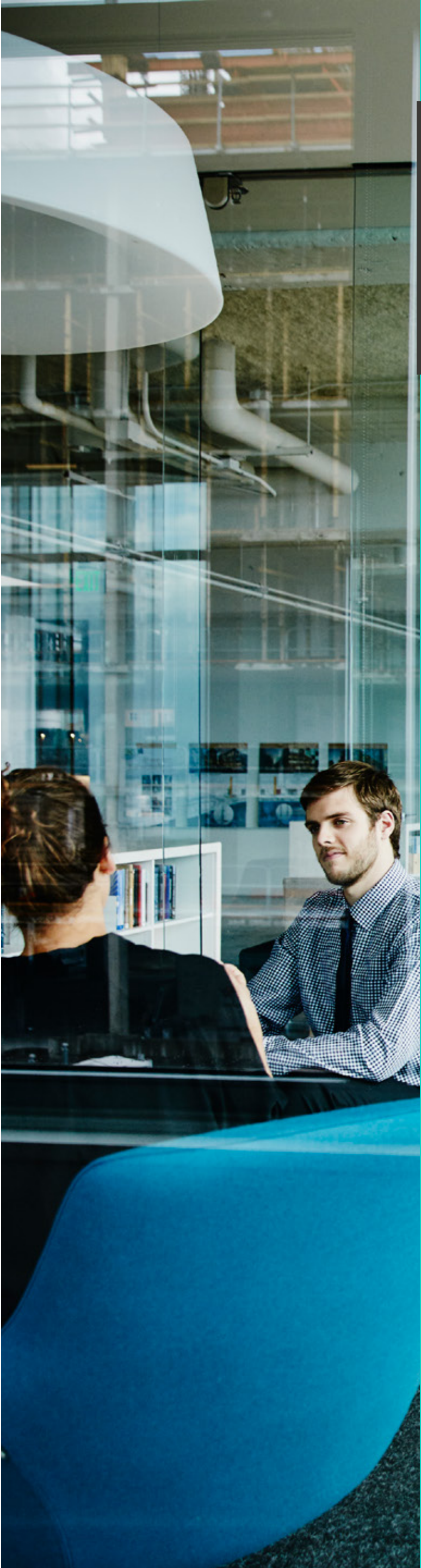
### IA Guidelines

The updated IA Guidelines are a move away from a “one size fits all” approach and an attempt to provide greater scope for more tailored arrangements, where this is justified. Among the key updates to the IA Guidelines are the following:

- **Bonus deferral:** The language around deferral of bonus has softened. For example, where an executive has met their shareholding threshold it is considered justifiable to reduce deferral levels, provided malus and clawback protections remain.

- **Dilution:** The previous share capital limit on executive plans of 5% in 10 years has been removed with an overreaching 10% in 10 years now available under all employee share plans in aggregate.
- **Hybrid equity plans:** The IA Guidelines recognise that a combination of performance-based and service-based awards may be appropriate for some companies. A 50% discount on the quantum of an award that is subject only to service conditions continues to be suggested as an appropriate starting point, though it appears to be open to remuneration committees to explain the rationale for any discount selected.
- **Change in control:** The previous guidance on this has been deleted, though in recent years a market “norm” has developed whereby time pro-rating applies and performance conditions are assessed on a change in control.

Simplicity, and pay outcomes that reflect shareholder outcomes, remain at the heart of the IA Guidelines, along with an emphasis on a clear link between pay and performance and the use of malus and clawback.





## 03 / REMUNERATION/SHARE INCENTIVES

### Proxy Voting Guidelines

Both ISS and Glass Lewis have responded to the updated IA Guidelines by aligning broadly with these updates, with some signs of a softening of approach. For example, Glass Lewis indicated that it will consider, but require a strong rationale for, any hybrid plans and ISS is shifting from an overtly negative view of hybrid plans to an emphasis on whether plans are appropriate, support strategic objectives, etc. ISS continues to see a dilution limit of 5% in 10 years for executive plans as being good market practice but recognises scope for a change of approach by companies in line with IA Guidelines, where there is a clear rationale for the change.

The 2024 AGM season was relatively quiet, with few companies experiencing high levels of shareholder dissent on executive remuneration matters, aside from a few notable exceptions.

However, several FTSE 100 companies put forward significantly changed executive pay policies and packages. Where this occurred, there was no overall preferred structure and the levels of shareholder support for remuneration proposals varied widely as between companies, even for similar proposals. Some UK companies moved from long term incentive plans to hybrid arrangements (e.g. Smith & Nephew and Hunting) while a few others did the reverse (e.g. Rolls Royce and Glencore).

For the 2025 AGM season, companies considering making substantial changes to executive pay will need to undertake significant proactive and early engagement with shareholders to make effective changes to their remuneration pay and policies.





## 04 / ESG

ESG concerns continue to shape the corporate agenda. In this section we set out some of the key incoming ESG related initiatives which PLCs should bear in mind during the upcoming AGM season and beyond. For further detail on ESG matters, check out the ALG website [here](#).

***Corporate Sustainability Reporting Directive***

We are in the first reporting phase for the Corporate Sustainability Reporting Directive (EU) 2022/2464 (**CSRD**), with companies in phase 1 reporting on the 2024 financial year. Ireland introduced the European Union (Corporate Sustainability Reporting) Regulations 2024 (the **Regulations**) on 6 July 2024 to transpose CSRD into Irish law. The Regulations insert a new Part 28 on sustainability reporting into the Companies Act 2014 (**2014 Act**).

As prescribed by CSRD, sustainability reporting obligations will apply to in-scope companies in Ireland on a phased basis.

While the Regulations are generally consistent with CSRD, certain anomalies have been identified. Some of these were rectified by amending regulations, but others remain outstanding despite representations by a number of Irish law firms, and by numerous representative bodies.

Under the 2014 Act, certain companies (“ineligible entities”) are deemed to be large regardless of whether they satisfy the ‘large company’ size

criteria (net turnover, balance sheet total, employee numbers). This includes all PLCs, public unlimited companies, investment companies and companies authorised by the Central Bank of Ireland. Ireland’s practice of deeming these ineligible entities to be large means that the number of Irish companies required to report for financial years beginning on or after 1 January 2025 is greatly expanded beyond what was envisaged by CSRD.

The proposed EU Omnibus package published on 26 February 2025 proposes to amend the current CSRD requirements by postponing its application for two years to in scope companies for 2025 or 2026 so that it would only commence from 2027 and 2028 respectively. It is also proposed to introduce new thresholds to remove many entities from CSRD scope (up to 80%). The new proposed thresholds are to large undertakings or groups with more than 1,000 employees and (i) net turnover greater than €50m or (ii) a balance sheet total greater than €25m.

The net turnover threshold (generated in the EU) for non-EU companies is to be increased from €150m to €450m.





04 / ESG

**Corporate Sustainability Due Diligence Directive**

The Corporate Sustainability Due Diligence Directive (EU) 2024/1760 (**CSDDD**) entered into force on 25 July 2024 and Member States have until 26 July 2026 to transpose it into national law.

CSDDD requires companies to conduct due diligence on actual and potential human rights and environmental impacts in respect of a company's own operations, those of its subsidiaries and the direct and indirect business partners throughout its chain of activities. Companies will be obliged to prevent and/or adequately mitigate potential adverse impacts and to take appropriate measures to bring actual adverse impacts to an end.

Companies subject to CSDDD must also adopt and put into effect transition plans for climate change mitigation. These plans aim to ensure, through best efforts, compatibility of the business model

and strategy of the company with the transition to a sustainable economy and with the limiting of global warming to 1.5°C. Companies will also be required to publish an annual statement on their website concerning their compliance with CSDDD. It will apply on a phased basis to EU and non-EU companies, commencing from 26 July 2027.

The EU Omnibus package proposes postponing the transposition deadline by one year and the first phase commencing on 26 July 2028. The scope of due diligence will be limited, and the information required from SMEs will be reduced.



Visit the ALG [ESG & Sustainability hub](#) for further consideration of ESG matters and [sign up](#) to the ESG & Sustainability bulletin to receive regular updates.



## 05 / GENDER BALANCE ON BOARDS

Member States were expected to transpose the Gender Balance on Listed Company Boards Directive (EU) 2022/2381 (the **Directive**) into national law by 28 December 2024. At the time of writing, Ireland has not yet published implementing legislation and is one of several Member States that missed the deadline.

The European Commission has opened infringement proceedings against these Member States for failure to transpose the Directive by issuing letters of formal notice. Member States have two months to respond. Transposition in Ireland is being led by the Department of Children, Equality, Disability, Integration and Youth in consultation with the Department of Enterprise, Trade and Employment.

The Directive aims to secure more balanced gender representation on the boards of large EU listed companies. It sets a target for these companies to reach, by 30 June 2026, either 40% representation by the “underrepresented” sex among their non-executive directors, or 33% representation by the underrepresented sex overall among all directors.

Companies will be expected to apply transparent and gender-neutral criteria in the appointment of directors and, where candidates are equally qualified, to prioritise the under-represented gender. In-scope companies must provide information to their competent authorities once a year about the gender representation on their boards, including how they plan to achieve these targets if they have not been met.

Each Member State is also obliged to publish a list of companies that reached the gender balance targets and to designate one or more bodies for the promotion, analysis, monitoring and support of gender balance on boards.

### Future developments

The current Programme for Government includes a commitment to “continue to promote the target of at least 40% for representation of each gender on boards to ensure Ireland remains aligned with international gender balance norms”.

Ireland’s Balance for Better Business Review Group (the **Review Group**) published its seventh report (covering 2024) on 11 February 2025. It revealed that the percentage of women on the boards of all listed companies in 2024 reached 37%. The figures for ISEQ20 companies are even better, with 40% representation for women on those companies’ boards in 2024. Irish PLCs, therefore, appear to be on track to surpass the Directive’s requirements.





## 06 / DEMATERIALISATION OF SHARES

Articles 3 and 76 of the Central Securities Depository Regulation (the **CSDR**) require all transferable securities of quoted companies admitted to trading in the EU to be in dematerialised form (either in book-entry form or held through a Central Securities Depository (**CSD**) such as Euroclear Bank Belgium (**EB**)).

From 1 January 2025, the European Union Dematerialised Securities Regulations 2023 (The **Irish Demat Regulations**) provide that all applicable securities, regardless of when they were issued, must be held in dematerialised form and that certificates issued in respect of such securities shall have no legal effect for the purpose of providing evidence of ownership of those securities or otherwise. No action will be required of holders of paper share certificates.

On the basis that CSDR overrides any conflicting provisions in the constitutions of issuers, issuers are not required to take any immediate action to implement changes. However, issuers may wish to introduce changes to their constitutions in the future to align with, and reflect the practical implementation of, the dematerialisation provisions of CSDR. In addition, registrars are providing ongoing guidance to issuers in respect of how shareholders who hold their interests outside of a CSD are managed in practice.





## 07 / REVISED PRE-EMPTION GUIDELINES

The UK Pre-Emption Group (**PEG**) has published a report reviewing the adoption of the updated Statement of Principles at AGMs from 1 August 2023 to 31 July 2024.

The figures show that 67.1% of FTSE 350 companies during the period sought an enhanced disapplication authority. 64.1% of these companies requested authority for a specified capital investment and 99.4% had all disapplication resolutions passed by shareholders.



## 08 / CHANGES TO THE UK CORPORATE GOVERNANCE CODE

In January 2024, the Financial Reporting Council (**FRC**) published a revised UK Code which applies from 1 January 2025. Changes relating to internal controls will not take effect until 1 January 2026.

The most notable change introduced to the Code relates to “internal controls”. Boards will be required to include a declaration in their annual reports to explain how they are monitoring company risk management and internal control frameworks, including financial, operational, reporting and compliance controls. Other provisions in the Code have been amended to strengthen the approach to malus and clawback, which are important features of the governance of executive pay. A new requirement for large listed companies to include remuneration clawback provisions in directors’ contracts apply from 2025.

Companies will be expected to publish details of these provisions annually and to explain how they have been used in the past year.



## 09 / HYBRID GENERAL MEETINGS

Irish companies may hold virtual and hybrid general meetings (both AGMs and EGMs) under the Companies (Corporate Governance, Enforcement and Regulatory Provisions) Act 2024, which commenced on 3 December 2024.

General Meetings can be held with the use of “electronic communications technology” unless the company’s constitution provides otherwise. Companies should review their constitutions as amendments may be required. Bespoke constitutions may need to be amended to comply with new mandatory requirements related to meetings involving electronic communications.





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