Shareholder Rights

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We have been working hard to protect the essential standards that have allowed the voice of shareholders to be heard. Voting is a powerful tool. It is a central mechanism by which shareholders exercise their ownership rights.

The right to vote enables shareholders to bring about change and hold management to account. It provides shareholders with the ability to elect directors to the board, appoint the auditor, and oversee executive pay.

Voting power has traditionally been determined in proportion to the amount of capital at risk. This creates an equal balance of risk and control. The so-called one share, one vote principle. However, not all companies abide by this principle.

Unfortunately, this erodes our ability to hold management to account in the event, for example, that they pay their executives for poor performance, spend money inappropriately, or ignore long-term risks in relation to climate change.

An example is the listing of Snap Inc., the US social media company behind Snapchat. Snap became a publicly listed company in 2017, but when it raised money, the shares issued had no voting rights. This means that ordinary shareholders cannot hold management to account if they act in a way that is not in their interests.

We are concerned that rules are being introduced across markets globally that remove the one share, one vote principle, weakening shareholder voices. We are in discussions with index providers, stock exchanges, regulators, companies, and other investors to ensure our rights as owners are protected and we can continue to hold management to account through our votes. By seeking to protect the market and ensure it functions properly, we are ultimately helping to safeguard our client's investments.

Legal & General