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2025 Global Proxy Season Wrap-up Note

Contents

This note is based on the contents of the ISS 2025 Global Proxy Season Wrap-up Report podcast, released June 26, 2025.

INTRODUCTION

This recap of the 2025 global proxy seasons covers the main Americas, Europe and Asia proxy seasons over the last few months, looking at interesting trends, new developments and key meetings of interest. The note also highlights some markets that are still in season, and India where main season is upcoming.

United States

U.S. Executive Compensation

After years of record low average vote results each year since U.S. companies began giving say-on-pay votes in 2011, say-on-pay support ticked upward for the first time in 2024. As of mid-June this year, however, we have seen support dip slightly on last year, and the number of failed votes has remained in the low single digits. Average say-on-pay support at S&P 500 companies was at 90.6%, which is below the average at this time last year of 92.7% support. Additionally, across all US indices, we saw a 90.7% average support rate, slightly down from 90.9% year-over-year.

Median CEO pay for both the S&P 500 and Russell 3000 indices has continued to rise. As of the first week of June 2023, median CEO pay for the S&P 500 (the pay that was voted on at this year's say-on-pay proposals) was $17 million, which is approximately an 8-percent increase compared to the median pay figure at this time last year which represents a record high. The Russell 3000 median rose more than 9 percent year-over-year from $6.6 million to $7.2 million. This represents an all-time high median CEO pay for both indexes.

Failed U.S. Say-on-Pay Votes

There has been a decrease in say-on-pay failure rates over the past two years. At the end of June last year, only four companies in the S&P 500 had failed to receive majority support for their say-on-pay proposals, down from 9 companies in 2023. So far through June 2025, just five S&P 500 companies have reported failed say-on-pay votes, which marks the second lowest say-on-pay failure rate dating back to the inception of mandated say-on-pay in 2011. The number of companies receiving less than 70% support for their say-on-pay proposal this year also remains in-line with the 2024 levels of support in the S&P 500 and across all US indices.

One potential reason for the record say-on-pay failure rates is that companies generally appear to demonstrate responsiveness to prior low say-on-pay vote results. Following low support, many companies are disclosing thoughtful engagement with shareholders, sometimes making meaningful changes to address shareholder concerns. There has also been a positive trend with respect to better pay program disclosure generally. More than ever, companies are providing more meaningful disclosure surrounding the rationale for certain pay decisions that can reasonably be anticipated to be met with investor scrutiny, such as lowering annual incentive target goals or granting off-cycle retention awards.

Detailed and compelling rationale disclosures may be the difference between an investor supporting, or voting against, the say-on-pay proposal. Another likely reason is the strong US stock market performance in 2024, with major stock indices showing significant gains, which points to a decrease in pay-for-performance concerns, and often to higher investor confidence.

U.S. Compensation-related Shareholder Feedback

Two key themes emerged from common shareholder feedback on company disclosures this proxy season. First, many shareholders are seeking improvements in the disclosure of executive pay programs, including clearer explanations of goal setting and demonstrable goal rigor. Many companies have expanded their disclosures in this area, often providing more detailed rationale for specific goal levels, outlining the influence of market or industry conditions on goal setting, and clarifying the selection process and rationale for choosing metrics deemed rigorous and aligned with company performance.

The second prevalent theme in reported shareholder feedback concerns the complexity of pay programs. In response, several companies have begun to simplify their programs by reducing the number of performance metrics or streamlining payout formulas. Additionally, some companies have disclosed plans for future simplification, which investors generally view positively.

U.S. Compensation-related Regulation or Guidance

Several companies this year disclosed in their proxies that they encountered difficulty receiving feedback from certain shareholders when reaching out for discussion, which may be due to the new SEC 13G and 13D filing guidelines. Many of these investors were index providers defined as ‘passive investors’ and had qualified as 13G filers while still engaging with issuers providing feedback and discussing changes they would like to see regarding pay programs, such as metrics used, disclosures, one-time awards, etc. However, under the new SEC guidelines, by engaging and providing similar feedback they could now be defined as ‘active’ investors and fall under 13D filing status, which entails a much more onerous filing process. The new guidelines have resulted in some investors being constrained from providing pay program feedback to their portfolio companies.

We have also seen the removal of some ESG-based pay metrics following the presidential executive orders earlier this year. While companies are not specifically citing the executive orders as the reasoning behind the removal of these metrics, they do appear to be the catalyst. While we are seeing certain companies remove ESG metrics from their incentive programs moving forward, most companies have not removed them from in-flight awards. Shareholders have shown in the past that doing so would be viewed as an extraordinary and negative action.

U.S. Governance-related Shareholder Proposals

Overall, investors remain skeptical about supporting some of the newer types of shareholder proposals on governance topics; for example, proposals to eliminate the one-year holding period for exercising special meeting rights, as well as repeats of proposals which seek to impact the board leadership structure, such as independent chair proposals. None of these proposals that made it on ballot this year received significant shareholder support. Nevertheless, interest in and support for other more traditional governance proposals remained robust this year, with a slight increase in the number of governance proposals on the ballot this proxy season compared to the first six months of 2024, and generally strong support for proposals seeking board declassifications and elimination of supermajority vote standards. The elimination of supermajority vote requirements has remained a popular topic this year, with only a modest drop-off in the number of proposals that made it on the ballot and passed this year over last year.

Majority support for special meeting right proposals seeking to adopt a new right or reduce the current threshold actually increased slightly this year: 23 percent of these proposals passed through June this year compared to 17 percent at this time in 2024, despite continued attempts from some companies to co-opt investor interest with their own unilateral adoption of special meeting rights prior to the vote or inclusion of their own proposals on the ballot, albeit generally with higher thresholds and more restrictions on exercise than seen in the equivalent shareholder proposals.

U.S. Reincorporations

As noted in previous bulletins, there has been market interest in the last few years about companies reincorporating away from Delaware, with Texas expected and aiming to be a major beneficiary. However, Nevada has actually been the most popular destination among companies seeking to change their domiciles. **Tesla** was the only large US company that reincorporated in Texas last year, and **Zion Oil & Gas** has been the only one through June this year. In Delaware, which remains by far the most common US state of incorporation, some companies cited recent decisions by the Delaware courts for creating an environment they claimed is unfriendly to business, and Delaware responded to these complaints over the past year with a series of controversial changes to its corporate code that extend new protections to boards making deals with controlling shareholders, among other changes.

These changes were seen by many as a gamble by Delaware to retain its leading position in US company incorporations. Although not a deluge as feared by advocates of the Delaware changes, the number of companies seeking shareholder approval to leave Delaware this year has exceeded the number of companies seeking approval to reincorporate in the state, resulting in a small net loss. While Delaware hoped its actions would placate corporations ruffled by those earlier court cases, several of the companies seeking to leave cited this back and forth between the courts and the legislature as adding to the unpredictability.

This may help explain why Texas has not been a big beneficiary here, as just two companies sought to reincorporate in Texas through June this year, with one withdrawing the proposal before it made it to a vote, and the other being Zion Oil & as the only Texas reincorporation this year. Texas has been making a well-publicized effort to draw companies away from Delaware, including acquiring the defunct Chicago stock exchange to create a new Texas exchange and establishing a dedicated business court. And most recently introducing some highly restrictive legislation on proxy advice concerning Texas companies. But, as we have previously highlighted, Texas has not addressed some key concerns for companies, e.g. the business court will still use jury trials which will give a higher level of uncertainty of outcome and Texas-incorporated companies are exposed to a greater risk of intellectual property litigation. Moreover, the rushed nature of this year's lawmaking has added more legal uncertainty than that of Delaware, with new statutes containing unclear language which appears to govern companies merely headquartered in Texas, regardless of their state of incorporation, contradicting the long-established internal affairs doctrine and raising the risk of future lawsuits. Both companies and investors will require some time to understand the scope of these changes and their implications.

Instead, more companies have been decamping to Nevada. 17 Delaware companies have sought shareholder approval for a reincorporation to Nevada this year, while **Dropbox** effected the move via written consent. The majority of these are controlled companies, the exact audience Delaware was hoping to soothe when it pushed through its new statutes.

U.S. E&S Issues and Shareholder Proposals

2025 is shaping up to be a turning point marked by a sharp decline in the number of E&S-related proposals. There were 437 environmental and social shareholder proposals filed as of mid-June this year compared to 590 filed at the same time last year. This is approximately a 26 percent drop. Of these, 234 proposals got to the ballot, compared with 374 during the same period in 2024—a drop of roughly 37 percent. The number of so-called "Anti-ESG" proposals that got on ballot stayed roughly the same as last year. However, these proposals made up around 28 percent of E&S proposals on ballot this year, up from 14 percent at the same time last year, a 100 percent increase. Despite the rise in their relative numbers, these "anti-ESG" proposals continue to receive very low support.

The average support levels for all E&S proposals have decreased in the U.S. this year, with E&S shareholder proposals averaging 11 percent support overall. When so-called anti-ESG proposals are excluded, average support was 14.6 percent. That compares to an average overall support of 15.4 percent at this point in 2024, including anti-ESG proposals, and 19.2 percent support when excluding them.

The decline in average support for environmental and social shareholder proposals continues to reflect several contributing factors. Some proposals remain overly prescriptive in their requests, which many investors view as micromanagement. Simultaneously, many companies are providing more E&S-related disclosures, which has reduced the need for requests for additional information to assess companies' practices and management of risks. More broadly, the current political climate has introduced greater scrutiny and polarization around ESG issues, which has led to some investors taking a more cautious or reserved stance on E&S related proposals.

U.S. E&S-related Proposal Focus Areas in 2025

This year’s E&S shareholder proposals span 13 major categories. The largest categories were climate change-related resolutions with 50 filings; DEI-related resolutions at 41, and social issues outside DEI at 38 filings. Other active areas included political spending with 24 proposals, human rights with 22 proposals, and other environmental and pollution-related with 21 proposals. Overall, while proposals ranged from animal welfare to E&S-related executive compensation measures, climate and social governance topics accounted for the bulk of proposals that made it on ballots this season.

Political-spending shareholder resolutions led investor support, averaging roughly 30 percent approval, and notably, five of those proposals received majority support. Two were at S&P 500 companies, namely **CBOE Global Markets** and **Teradyne**, and three were at Russell 3000 companies, specifically **Crown Holdings, Meritage Homes, and Spirit AeroSystems**. Support for the 5 majority-supported proposals ranged from 51 percent to 58 percent. All five companies concerned either had lagging disclosures compared to industry peers, or a lack of any relevant disclosure on the topic.

Human-capital and human-rights shareholder proposals were next in line, with human-capital management-related resolutions receiving approximately 15 percent average shareholder support and human-rights proposals around 14 percent, followed by other environmental and pollution-related resolutions at around 13 percent.

So-called anti-ESG shareholder proposals barely registered, with even less support than last year. Average support for this category of proposals slipped from around 1.9 percent last year to about 1.4 percent through June this year, and only one cleared 3 percent support. Of the anti-ESG shareholder proposals we covered, nine dealt with climate change-related topics, but most took aim at DEI-related practices or concerns at companies, often citing the Supreme Court ruling in Students for Fair Admissions v. Harvard. Another 24 of these anti-ESG proposals addressed other social topics, such as religious, political, and racial discrimination.

Average Support for E&S Shareholder Proposals Down

Social-related shareholder resolutions—for example, those requesting third-party audits related to human-rights risks—appear to be receiving less backing from shareholders than they previously did. We also see a similar pattern for climate change-related and DEI proposals. This season, climate change-related shareholder proposals averaged around 10 percent shareholder support, down from almost 25 percent average support at this same time last year. After filtering out anti-ESG proposals, DEI-related shareholder proposals received an average of just under 16 percent shareholder support this proxy season, while last year they garnered 23 percent average support.

As noted above political-contribution transparency is getting more traction, especially at companies that have not kept up with peers on disclosure. In general, institutional investors seem to be taking a more cautious approach to supporting E&S shareholder proposals and erring more on the side of supporting boards' recommendations.

E&S Shareholder Proposal Omissions

Through June 2025, 105 environmental and social shareholder proposals were allowed to be omitted from company proxies—more than double the 41 omits by June 20th last year. One reason for this is Staff Legal Bulletin 14M, which landed in February. It rescinded Staff Legal Bulletin 14L, which was less restrictive and generally considered more shareholder or proponent friendly. The new change the SEC made this year essentially signaled to companies that they had more leeway to argue exclusions on grounds like 'ordinary business,' 'relevance to core operations,' or 'micromanagement.' As a result, many companies went back to update or refile their no-action petitions under the new framework, presenting argument such as, 'This topic isn't central to our business,' or 'It steps into how we manage day-to-day.' That said, Staff Legal Bulletin 14M does not make it a sure thing for companies to get proposals excluded—claims of micromanagement and ordinary-business exclusion requests were still denied at times, and relevance challenges did not always succeed. But there has nonetheless been an uptick in omissions this season.

U.S. Activism

It is a dynamic period in the activism space, characterized by a flurry of developments. After a wave of high-profile proxy fights brought only mixed success for activists last year, activism does not appear to have lost steam, although the number of proxy fights has been lower through June this year than in previous years. Rather, dissidents are often getting more creative, initiating more indirect solicitations, also known as "vote no" or "withhold vote" campaigns, in place of proxy contests, to pursue change at some major public U.S. companies so far this year. While vote-no campaigns are not new, they can be less capital- and time-intensive to mount compared to proxy fights, this remains the case even after new rules from the SEC, in February of this year, requiring shareholder proponents to distribute their materials to other shareholders prior to filing an exempt solicitation. Some high profile examples of this year's campaigns include **Harley-Davidson**, where a vote-no campaign launched by H Partners targeted three directors to highlight their concerns with the company's performance and executive succession planning. At **Forward Air**, a vote-no campaign by Ancora Holdings targeted three directors, citing the company's controversial acquisition of Omni Logistics and flagging share price.

Nevertheless, shareholders have not completely abandoned traditional proxy fights. At least one proxy contest this season, at **Phillips 66**, provided a notable win for the activist, Elliott Investment Management, which picked up two seats on the Phillips board in the first of Elliott's proxy contests to ever make it to a vote.

Canada

Canadian Shareholder Proposals

The number of shareholder proposals increased overall this year in Canada, despite a pullback in environmental shareholder proposals specifically. As of June 2025, 81 shareholder proposals were voted on, up from 74 the previous year. Of these, there were 24 environmental-related proposals, down from 32 in 2024. Notably, there has been an influx of new shareholder proposals related to AI and AI risk management, with five targeting Canada's banks, and another four targeting non-banking issuers. However, support for these proposals was limited, ranging from approximately 4% to the highest at 17%. Proposals requesting companies hold in-person annual meetings generated the strongest support for the second year in a row, with one being approved at **Dollarama** with 56% support.

Executive Compensation in Canada

Overall, pay and company performance seem to be comparable to 2024 where executive compensation and company performance continue to be in better alignment at many Canadian companies. Nevertheless, say-on-pay resolutions at two companies failed to garner majority support at **First Majestic Silver Corp.** and **Aya Gold & Silver Inc.**, which compares to two failed say-on-pay votes by this time last year. The failed say-on-pay vote at First Majestic is likely the result of a persistent pay-for-performance disconnect, as the resolution has failed to gain majority support at the preceding three

AGMs. This year, ISS noted continued TSR underperformance and weaker financial and operational metrics compared to the company's self-selected peers.

Another notable case was identified at **Shopify Inc.**, where the CEO and co-founder was granted a US$150 million compensation package. The quantum and composition of this award are both unusual, as it is an order of magnitude larger than pay packages at most Composite Index companies, with 75% being options and 25% RSUs. Shopify's say-on-pay was approved with only 62% support which is lower than the 69 percent vote support the say-on-pay resolution received last year. Excluding the founder/CEO's approximate 40% voting power, 63% of the remaining shares were cast against the say-on-pay resolution.

High-Profile Canadian Meetings

The proxy contest at **Parkland Corporation** was among the most discussed meetings in Canada this year. The dissident, a 19.8% shareholder, was recognized in February by the court as being unbound from previous restrictions prohibiting its ability to oppose management. Parkland shares initially increased 17 percent over the following two days to this news, and several weeks later on March 5 the company responded by announcing a strategic review. Meanwhile, the dissident pressed forward with a board control campaign for the May 6 AGM, asserting performance issues, grave governance problems, and an ineffective CEO. On April 16, Parkland's CEO announced he would resign–a sign which appeared to support the dissident’s case.

However, on May 5, Parkland surprised many shareholders by announcing the company would be acquired by **Sunoco LP**, a buyer which had previously made non-binding offers in 2023. As a result, the May 6 AGM was cancelled, and a new meeting was created for June 24, where the election and transaction would both be considered. The dissident initially protested the cancellation of the AGM, but then went silent for approximately one month. On June 6, the dissident announced begrudging support and suggested the transaction was the best path forward for Parkland. On June 24, shareholders ended up approving the deal, with 93.4% voting in favour.

Latin America

Overview of Proxy Season in Latin America

Companies in Colombia and Peru, two of the smaller markets in Latin America, must hold their annual shareholder meetings by the end of March, while companies in the remaining markets, including Argentina, Chile and the two largest markets, Brazil and Mexico, must hold their AGMs by the end of April. Overall, through April 30 of this year, ISS covered more than 800 meetings during the 2025 proxy season.

In recent years, we have seen increasing meeting concentration in the final days of proxy season for these markets, reaching a peak in 2024 when around 65 percent of Brazilian meetings and 53 percent of Mexican meetings were held in the final four business days of April. However, during 2025, this trend eased, with around 57 percent of Brazilian meetings and 51 percent of Mexican meetings taking place during the final four business days of April. While these meeting concentration levels are still elevated, it is heartening to see the trends moving in the right direction for the first time in several years.

Board Election Disclosure in Latin America

Although we have been seeing a long-term trend of increased disclosure for board elections in the Spanish-speaking markets, the lack of disclosure of board nominees continues to pose challenges for investors. This year, around 46 percent of the companies with full board elections from the Spanish-speaking markets provided timely disclosure, largely unchanged from 2024.

However, another trend we are noticing is an increase in unbundled elections in Mexico. While slate elections are typically the norm in the region, for Mexican issuers that provide timely disclosure of their board nominees, around 58 percent carried out unbundled elections in 2025, the highest level for recent years.

In Brazil, prior to 2020, we saw an increasing trend towards unbundled elections. However, following a peak in 2019, when 41 percent of issuers carried out unbundled elections, this shareholder-friendly practice has steadily declined in the following years to around 25 percent this year, signaling perhaps a stronger preference by management for slate elections.

High-Profile Latin American Meetings

In February 2025, **Carrefour,** the French supermarket chain, announced a deal to acquire the remaining minority stake in its Brazilian subsidiary **Atacadao**, a transaction that was submitted for approval to the company's minority shareholders in April. However, multiple minority shareholders publicly raised concerns regarding the deal, including the lack of a material premium and the timing of the announcement, which coincided with a recent low in the company's trading price. On April 3, only four days prior to the meeting date, Carrefour decided to increase the offer consideration, and Atacadao delayed the meeting until April 25. Ultimately, the revised offer was sufficient to secure the approval of 59 percent of the minority shareholder vote.

JBS, the world's largest meatpacking company, called an EGM for May 23, presenting a proposal to reincorporate from Brazil to the Netherlands and to transfer their primary listing from the Sao Paulo Stock Exchange to the New York Stock Exchange. The company would also establish multiple share classes, including one with super voting rights, a practice that is not permitted for companies with a primary listing in Brazil. Although the company is controlled, one item on the EGM's agenda required approval from the majority of the company's free float, excluding the controlling shareholders. The proposal raised governance concerns for some investors, casting some doubt over its approval. Nonetheless, around 54 percent of the minority shareholder vote ultimately approved the proposal, allowing the company to move forward with its plans.

Europe

European Executive Remuneration

Remuneration was once again a notable theme during the 2025 European proxy season. Across continental Europe, there have been increases in both CEO pay opportunities and pay outcomes. While these increases for banks are likely linked to positive financial results over the last few years, those in the industrial sector are not as clearly tied to company performance and most likely reflect a prolonged period of static compensation following the COVID-19 pandemic. As mentioned in our previous bulletins, we have observed numerous proposals to increase compensation at the European level. These increases not only relate to scheduled adjustments, but many companies have also updated their benchmarking practices, and a significant number are increasingly looking to US peers because of pay and hiring competitiveness concerns.

Meeting Formats: Italy and Germany

Shareholder meeting participation in Italy has been quite peculiar in the last years. During the COVID pandemic, Italian companies were temporarily allowed to forego physical shareholder participation at the general meeting by designating an exclusive proxyholder. Subsequently, the introduction of the Capital Markets Law in 2024 allowed issuers to amend their bylaws to allow the permanent restriction of shareholder participation only and exclusively through a company-designated proxy. The new law on the meeting format has led two-thirds of Italian issuers opting for closed-door general meetings during the 2025 proxy season.

Meanwhile in Germany, as anticipated in pre-season predictions, many companies opted to request shareholder approval to convene virtual-only general meetings. Nearly 150 companies proposed re-authorizations for virtual-only AGMs. Most companies limited their authorizations to two years, after which they will have to come back for further shareholder approval, while very few (11) limited their authorizations to extraordinary circumstances only. Nevertheless, multiple German companies – particularly those who have remained with virtual-only meetings since 2020 – have promised to host at least one of their next two AGMs in-person, quelling some shareholder backlash that they had remained virtual-only since prior to the pandemic for no good reason.

European Banking Consolidation

With all Italian AGMs concluded this proxy season, we appear to be returning to the potential stalemate situation that existed in Italy earlier in the year. First, a brief overview of the situation as it stood last year. It all started in September 2024 when **UniCredit**, one of the main Italian financial institutions, announced the acquisition of a significant stake in the German bank **Commerzbank**. Few months later, Unicredit made another significant move by launching a voluntary public exchange offer for all shares of the smaller Italian financial institution **Banco BPM**. Just before that announcement, Banco BPM had announced the launch of a tender offer for the Italian asset manager **Anima Holding**.

The momentum kept building with **MPS**, **Banca Monte dei Paschi di Siena** – the oldest Italian active bank – launching an unexpected public exchange offer for the larger entity, **Mediobanca**, aiming to create the third largest banking group in Italy alongside **Intesa Sanpaolo** and **UniCredit**. Amid this consolidation wave, **BPER Banca** decided to launch an exchange offer for its rival **Banca Popolare di Sondrio** and **Banca IFIS** launched a tender and exchange offer for **illimity Bank**.

The latest move in this banking consolidation saga came from Mediobanca, which in April, launched an exchange offer for **Banca Generali**.

This brings us to the most recent developments. Although almost 100% of Unicredit shareholders attending the AGM held in March expressed their support in favor of the capital increase to serve the takeover bid for BPM, the company's CEO Andrea Orcel warned that there's a high chance they would not proceed with the operation at the current stage, due to conditions set by the Italian Government.

Regarding MPS, the results of the general meeting held on April 17 showed a less significant support for the exchange offer. Although the resolution on the capital increase to serve the operations of the planned consolidated bank reached sufficient level of support, a large group of international institutional shareholders expressed their dissent.

Lastly, at Mediobanca, the board has decided to postpone its general meeting for the approval of the voluntary public exchange offer for Banca Generali. The justification for the postponement is linked to the ongoing evaluation process of the operation of Banca Generali initiated by Assicurazioni Generali, which is its major controlling shareholder.

In the meantime, Spain's competition watchdog CNMC approved the proposed acquisition of **Banco Sabadell** by its larger competitor **BBVA**. However, the much-anticipated merger is now also subject to political decision-making in Spain, with the most recent news from June 24 that the Spanish government put restrictive conditions to any potential merger, undermining the industrial logic. Further complicating the issue is that Sabadell announced that is it considering selling its UK subsidiary **TSB**.

Overall, while various intra- and cross-border M&A attempts are being made in Europe to consolidate banking groups, in practice alignment of interests in the European landscape has proven challenging.

French Executive Remuneration

In the latter part of the French season, we observed a slight increase in dissent from minority shareholders regarding various elements of executive remuneration, both in votes on remuneration reports and remuneration policies.

For this analysis, we reviewed the disclosed vote results of all widely-held French companies that held their general meetings between the end of April and mid-June, a total of 85 companies. And we considered shareholder dissent to be significant when at least 20% of shareholders voted against or abstained from a remuneration-related vote.

Out of the 85 companies reviewed, 39% had significant shareholder dissent of at least 20%–an increase of 4% over a similar analysis for 2024.

Therefore, we conclude that the level of concern regarding poor remuneration practices remains material, although relatively stable. Significant dissent can be observed, for example, in connection with CEO salary increases lacking compelling rationale, or with unbalanced and poorly explained peer groups selected for benchmarking. Indeed, some companies include in their pay benchmarking peer groups companies that are not readily comparable and provide no explanation for their selection.

L'Oréal is a good example of this practice. With a 15% pay raise as part of its CEO's 2025 remuneration, the company justified the increase on the grounds that its remuneration is lower overall than that of its peers. However, L'Oréal's peer panel is in part made up of US companies, which have different remuneration practices to those in France. At its 2025 AGM, the CEO's remuneration policy was adopted but received dissent of around 12%, even though only 43% of the company's shares are considered free float. The dissent of the minority or outside shareholders is therefore likely to have been even more significant.

Other companies such as **Schneider Electric SE** had to deal with significant dissent as well. In Schneider Electric's case, the company sought to approve the former CEO's termination payment which raised concerns as to its quantum and triggering event. As a result, the approval of the former CEO's termination package received 31% dissenting votes.

Of the 85 companies reviewed, 30 had already faced significant shareholder dissent on at least one remuneration resolution in the previous year, and only 5 of these appeared to have been responsive. This lack of responsiveness on the part of some companies may have, therefore, contributed to the higher rates of dissent. It is noteworthy that 22 of the 85 companies reviewed had received significant dissenting votes regarding their remuneration for at least two consecutive prior years.

The French global remuneration report on executive and non-executive corporate officers reinforces the French say-on-pay framework by allowing shareholders an overall vote on the company's remuneration practices. The vote on this item is, therefore, a relevant measure of whether shareholders are dissatisfied with the company's practices overall. In light of this, while an examination of this year's votes on global remuneration report proposals indicates that 37% saw an increase in dissent, the average increase in dissenting votes was only 2.5%. Investor opposition appears to be largely limited to specific remuneration elements and has not yet impacted the global remuneration report votes.

U.K. Executive Remuneration

We have been reviewing voting outcomes on remuneration matters, as this is an area of recent regulatory updates and emerging market trends this year. Through June this year, there has been dissent with 'against' votes on remuneration reports, which breaks the trend of declining dissent on remuneration reports overall in recent years. In contrast, on remuneration policy votes, there have been fewer cases of significant dissent recorded this year (material dissent being defined as dissent exceeding 20 percent).

Interestingly, no discernible pattern is evident upon initial assessment. For example, dissent in the three companies where remuneration reports failed to pass – at **Melrose Industries**, **XP Power**, and **Plus 500** – appear to be for different possible reasons.

But there were a few with common threads – like at **Centrica** and **Balfour Beatty**, which received 40% and almost 30% votes against, respectively – with remuneration reports that proposed significant salary increases for executive directors. But there were also two companies that sought exceptional LTIPs and one-off awards (**Inchcape** and **Direct Line**) that recorded 35.5% and 36.5% of votes against their respective remuneration reports.

On forward-looking remuneration policy approvals, there were a handful of companies proposing new remuneration policies ahead of the normal triennial approval cycle, to propose material changes to their pay frameworks.

Furthermore, proposals for hybrid LTIP plans (which combine performance-based shares with time-based or restricted share elements) have increased this year. This type of award scheme remains unusual in the UK market for board-level participants, but UK companies with significant exposure to the US (where, of course, restricted shares are more commonly used to incentivise management) have been increasingly putting forward hybrid LTIPs.

Most of these plans have been quite contentious; through June, seven companies which featured hybrid plans received significant levels of dissent of over 20% on their remuneration policies. Those companies are **Convatec Group**, **Intercontinental Hotels Group**, **Harworth Group**, **Computacenter**, **TP ICAP**, **Harbour Energy**, and **Diversified Energy**. The dissent levels recorded were between 21 and 33 percent, although no such proposal has been voted down, to date.

There has been an ongoing debate since last year on the UK competitiveness of executive pay relative to US peers. In 2025, we witnessed some UK companies make the case for pay competitiveness. Specifically, pay compression and talent recruitment or retention in a wider scale are some arguments that we increasingly encounter, even in the context of companies making no changes in pay structure at present, but proposing material changes in the future headroom available.

This is the case for **GSK** and **BAE Systems**, just to name two, where their US markets alone contribute up to half of their total sales. The US arguments made by both companies are also supported by strategic rationales and good performance, therefore, dissent recorded on the remuneration policy votes were less than 10 percent, indicating many investors understood and agreed with their arguments.

Also relevant are four UK banks – **HSBC**, **NatWest**, **Barclays**, and **Standard Chartered** – which have all cited competitiveness for the global talent pool in their remuneration policy submissions this year. However, this was also in the context of rebalancing pay components in light of the removal of the previous bankers' bonus cap. **Lloyds** is the only major UK bank to defer structural changes to pay structure until its 2026 AGM.

Regulatory Updates in the UK

In June 2025, the Financial Reporting Council (FRC) published its UK Stewardship Code 2026, which represents a significant overhaul from the previous iteration released in October 2019. The new code will come into force from January 1st, 2026.

The other updates are those we already covered in past bulletins: the Irish Corporate Governance Code by Euronext Dublin, which took effect from January this year; and the updated QCA Code, for smaller companies, which came into effect for financial years commencing on or after 1 April 2024, expanding the requirements for smaller UK companies to put forward remuneration reports and remuneration policies similar to main market UK companies

On the latter, through June of this year around half of AIM companies covered by ISS have indicated their intention to comply with the QCA Code for the ensuing year, and we have seen a few companies putting forward their remuneration report and/or policies for the first time, ahead of the effective date. We expect more to come in the second half of the year.

Regulatory Updates in France

The French Parliament discussed corporate financing regulation and Paris's attractiveness as a financial market during the first half of 2024. This resulted in the adoption of a new law on June 5, 2024. In 2025, we continued to monitor the application of the new provisions within the so-called "Attractiveness law" by companies.

Particularly interesting was the introduction or extension in Company Bylaws of the ability to act through written consultation of the members of the Board which fast becoming a widespread practice. Since 2024, French law no longer restricts the scope of matters subject to decisions made through written consultation of the board. Consequently, virtually any subject may now be the topic of such a consultation on an opt-out basis, entirely at the discretion of board members.

Examining the same 85 companies previously reviewed for voting trends on remuneration, 74% of those proposing a bylaw amendment also proposed to introduce or extend the possibilities of written consultations. ISS will monitor future changes in disclosure practices in this area in light of the bylaw changes adopted this year.

European Environmental and Social Proposals

While proxy season data remains under review, two initial findings regarding environmental and social issues can be drawn from the main proxy seasons to date: First, management support for climate proposals is not becoming more widespread; and second, shareholders have submitted fewer climate-related shareholder proposals overall this year, not only in the US.

There were twenty-one management say-on-climate (MSoC) proposals across Europe since January, including four first-time submitters: **Italian telecom infrastructure**, **Inwit**, and three French companies: small caps **LNA Santé**, **Société Foncière Lyonnaise**, and **OVH Group**. France remains the market with the most MSoC proposals (eight in 2025), followed by the UK, with three. Four more MSoC proposals are expected in the UK through mid-July. This number is similar to the 23 management say-on-climate proposals recorded in each of the last couple of years.

All but one company this year (save for **Santos**) received more than 80 percent support. However, when considering free float votes, six other companies are considered to have not passed the 80 percent threshold: these were namely: **Altarea; Amundi**; **Carmila**; **Equinor**; **Gestamp**; and **Inwit**.

French real estate company **Icade** remains the sole company to have offered a separate "say on biodiversity" vote.

Since 2021, a total of 21 French companies have submitted management say-on-climate voting items. In the 2025 season, 8 French companies have done so.

Different French companies exhibit varying practices in this area. Some present a plan every year; for example, **Amundi**; while others offer a vote on developments and progress every three years, for example, **Engie**.

In 2025, the following new companies presented their first say-on-climate voting item to shareholders: **OVH**, **LNA Santé** and **Société Foncière Lyonnaise**, bringing the pool of French issuers that have ever offered a management say-on-climate proposal to 24. Of the 3 new companies this year, two (LNA Santé and Société Foncière Lyonnaise) are smaller companies, which contrasts with the rest of the pool.

As of 2025, **TotalEnergies** has decided to discontinue its annual consultative say-on-climate vote, announcing it will seek shareholder approval only in the event of a significant change in its strategy. Instead, pursuant to the Afep-Medef recommendation to present the climate strategy to shareholders, TotalEnergies has chosen to present a non-voting item relating to its 2025 sustainability and climate progress report. Nine other French companies have also chosen to present a non-voting say-on-climate item in 2025. This practice has developed since 2023 and appears to be gaining traction. Its evolution in future years will be of interest.

In the UK, **Shell** and **Glencore in the UK**, both announced last year they would no longer present an annual progress vote and move instead to a three-year vote on their climate strategy; or, an earlier vote for Glencore if there are material changes to its business.

This year, despite a significant change in its climate strategy, although it was alluded to in 2022, **BP** has not offered a MSoC vote to its shareholders, claiming it was not in their best interest. Dutch NGO Follow This launched a campaign calling on shareholders to oppose the reelection of board chair Helge Lund for this reason. Shareholders representing over 24 percent did so, despite Mr. Lund's earlier announcement of his departure following pressure from the New York hedge fund Elliott Management to focus BP on traditional energy assets.

Equinor did submit its MSoC vote after three years. Its strategic update to increase near-term oil and gas production to meet global demand was backed by 71.5 percent of minority shareholders.

Outside the oil & gas sector, metal and mining **Anglo American** postponed its MSoC vote to 2026 as it is working on simplifying its portfolio, which will significantly change its emissions profile.

In the UK, two utility companies also halted giving annual say-on-climate votes: **SSE** opted for a three-year cycle instead and **Severn Trent** is reconsidering its approach based on market practice and stakeholder feedback.

Climate-related Shareholder Proposals in Europe

The number of climate-related shareholder proposals outside the US dropped slightly to 47, filed with 32 companies through June this year, versus 54 proposals at the same period last year. As in the last couple of years, the majority were tabled in Canada (21) and Japan (18).

The financial sector remains the most targeted. In Canada, minority shareholder association, Médac, continues pushing for management say-on-climate votes at the major Banks and two insurance companies. And like their US peers, **BMO**, **CIBC**, and **TD bank** in Canada were requested to disclose a Clean Energy Supply Financing Ratio for the second consecutive year. The latter obtained more than 30 percent support, a record high in Canada market since 2020. Meanwhile, Japanese and Nordic banks received proposals on their fossil fuel financing and climate risk oversight.

Notably, 2025 was the first year in nearly a decade that activist NGO Follow This did not table any resolutions at oil & gas general meetings, citing investor reluctance to use their voting power for this category of proposals. Follow This called it a strategic pause to get more investors on board and discuss how to better uphold shareholder rights.

Still, some shareholders challenged **Equinor** and **Shell**'s respective strategies. At Equinor, several institutional investors filed a shareholder proposal asking the company to assess if its strategic shift was consistent with the Norwegian state and Equinor majority shareholder's expectations on climate change. This proposal was supported by 16.6 percent of minority shareholders. At Shell, several shareholders put forward a proposal challenging the consistency between Shell's LNG growth strategy and its climate commitments, garnering support from 20 percent of voting shares.

Outside climate-related matters, in the UK, NGO ShareAction resumed its "living wage" campaign originally launched at retailer **Sainsbury's** in 2022 to target three other big retailers this year: **Next**; **JD Sports**, and **Marks & Spencer**. At Next, the resolution was supported by 26 percent of voting shareholders.

In Canada, five major banks were targeted by Médac to report on measures to prevent forced labor and child labor in their lending portfolios. The resolutions received between 20% and 30% support.

Asia-Pacific

Asia Ex-Japan Overview

Across many markets in Asia ex-Japan, we are observing a deepening of structural governance reform that reflects both regulatory maturation and rising shareholder expectations. A clear regional trend toward increasing board accountability is evident, with greater pressure on companies to enhance board independence, formalize CEO succession planning, and improve disclosure transparency.

Shareholder activity is becoming more targeted—especially in markets such as South Korea and India—where there is concern regarding misalignment between ownership and control. Institutional investors are increasingly using tools like cumulative voting or influencing director nominations in other ways.

Meanwhile, regulators from Vietnam to Indonesia are taking a more proactive stance, especially on related party transactions, ESG reporting, and minority shareholder protections. The overall trend in the region is clear: governance is becoming more investor-responsive and globally aligned.

South Korea

The 2025 proxy season in South Korea was shaped by increasing regulatory attention to structural governance challenges and growing engagement from many minority shareholders. A continued concentration of AGMs, progress on hybrid meetings, and evolving discussions around fiduciary duty and board independence reflected the shifting landscape. Shareholder activism increased in both scope and sophistication, especially around article amendments and cumulative voting for director elections.

Shareholders continued to propose amendments to articles of incorporation to address perceived imbalances in influence between controlling and minority shareholders. These efforts were reflected in increased regulatory discourse around structural governance issues.

Board Independence in South Korea

Without a clear separation of ownership and management, concerns persist regarding the true independence of many boards and the proper performance of directors' fiduciary duties. Over 90 percent of board chairs are inside directors, with 77 percent concurrently serving as CEO. Only approximately one percent of companies within the ISS Korea universe have appointed a lead independent director, and these are primarily in the financial sector. On the positive side, around 54 percent of major companies disclosed a CEO succession plan, and 81 percent appointed an independent director as chair of the nominating committee.

Approximately 55 percent of companies that had directors previously associated with material governance concerns renominated those directors. Among the 65 companies involved, oversight issues were more prevalent among financial firms; other cases involved misconduct within chaebols.

Cumulative Voting in South Korea

Discussions around vote allocation, including cumulative voting, became more prominent in 2025. However, regulatory mechanisms to mitigate potential proxy voting abuse remain limited. Cumulative voting continues to generate debate among legislators, market participants, and governance advocates.

Vietnam

Vietnam introduced bilingual disclosure requirements this year. The availability of English disclosures represents a welcome development in expanding accessibility for non-Vietnamese investors. Previously, companies were required to provide disclosures solely in Vietnamese. However, the new regulations require listed companies and public companies, among others, to disclose information in both Vietnamese and English.

Thailand

Thailand experienced an earthquake in March. While the earthquake did not itself lead to significant disruptions with the scheduling of the AGMs, **Italian-Thai Development (ITD)** came under scrutiny. Its joint venture with China Railway No. 10 (Thailand) was the contractor for the government building that collapsed during the earthquake. Allegations arose regarding the use of substandard materials in the construction. Personnel involved in the project, including ITD's managing director, were arrested. The case remains ongoing.

Indonesia

Indonesia launched its second sovereign wealth fund, Danantara, in February. The government transferred its holdings in state-owned enterprises to Danantara; however, it will retain control over these companies. To date, there have been no notable proposals regarding listed state-owned enterprises related to Danantara.

In March, the Financial Services Authority permitted share buybacks without shareholder approval for a period of six months, primarily in response to the decline of the Jakarta Composite Index. Of the companies covered by ISS this year, 25 are expected to exercise this authority. Of those, three companies have sought approval for additional buyback mandates, which should not overlap with the existing buyback authorities granted without shareholder approval.

India: Season Preview

Over the past two years, there has been an increase in the number of special or extraordinary general meetings in India, and we anticipate an increase in the volume of agenda items submitted for shareholder vote this season. This trend can be attributed to several amendments to the Listing Regulations.

Firstly, director appointment-related agenda items were recurrent during the 2024 season as regulation requires shareholder approval within three months from when a nominee is first appointed or re-appointed by the board. Appointments are, therefore, no longer restricted to the AGM and are proposed throughout the year.

Secondly, appointments to the position of Secretarial Auditor, previously requiring only board approval, are now subject to shareholder approval at AGMs following amendments to the Listing Regulations, effective from Fiscal Year 2025-26. The regulations have also capped the tenure of the appointment at two terms of five years each. Agenda items for these appointments are anticipated this season. Since no transition period was provided for the appointment of tenured Secretarial Auditors and the law does not take into account prior tenure, such proposals will be a common theme. The appointments are expected to be supported to provide a transition period, allowing for new Secretarial Auditors to be appointed following this term.

Thirdly, shareholder approval requests for related-party transactions exceeding INR 10 billion also increased in 2024. This rise was primarily attributable to acquisitions, changes of control, and evolving business structures necessitating renewed approval for transactions with related entities. A continuation of this trend is anticipated in the current proxy season.

Related-party Transaction in India

In February 2025, India’s regulator the Securities and Exchange Board of India (SEBI) announced a new set of disclosure standards which have been formulated by the Industry Standard Forum in consultation with the regulators. The standards set minimum information that companies would be required to provide to their audit committees and to shareholders when seeking approval for related-party transactions (RPTs). These requirements came into effect from 1 April 2025. The changes were largely welcomed, as significantly more information is required regarding related-party transactions, as well as the pricing offered to shareholders. However, the added information also increases the complexity of analyzing such transactions for investors. Companies, for their part, were concerned about an increase in compliance burdens, which could also slow down decision-making. Consequently, the SEBI extended the deadline from 1 April 2025 to 1 July 2025, to provide additional time and allow the industry association to simplify its standards based on feedback received from various stakeholders and release revised guidelines.

High-Profile Indian Meeting

With respect to high-profile meetings, **Indusind Bank** is noteworthy. It reported a USD 175 million accounting discrepancy concerning derivatives, which led to executive resignations and regulatory actions. The SEBI's interim order alleges insider trading and governance lapses, and further investigation is underway prior to the company's AGM

Japan

Japan Season Overview

ISS published Benchmark Research reports on nearly 1,900 Japanese meetings this month. This figure represents a slight decrease from the previous year, reflecting the Tokyo Stock Exchange's recent efforts to shrink the size of the benchmark TOPIX index, which is widely tracked by investors. Many of the trends observed in recent years have continued into 2025, including increases in board independence and gender diversity. 97.5 percent of companies have at least one director assessed as an independent outsider, and 13 percent have a majority of such directors. 82.4 percent of Japanese boards now include at least one female director, and 41.3 percent have two or more women directors. In 2012, these figures were 9.4 percent and 1.2 percent, respectively. Among large-cap companies in the TOPIX 100, nearly 89 percent have two or more women on the board, and close to 40 percent have a majority of directors who meet the ISS criteria for independence.

Another trend that continued this year was the increase in the number of shareholder proposals. There were a total of 514 shareholder proposals at 125 Japanese companies in the first half of 2025, both figures representing new records. Proposal topics ranged from director nominations to dividend increases, and from share buybacks to environmental proposals. The latter category encompassed the typical anti-nuclear proposals directed at electric power companies, but also included climate-related proposals at the three megabanks, as well as three trading companies and one electric utility.

High-Profile Meetings in Japan

There were several scandals this year that were prominent concerns for investors in Japan. One of those was a case of insider trading by a former employee of the Tokyo Stock Exchange, whose parent company trades as **Japan Exchange Group Inc**. The employee had advance information about upcoming mergers, and tipped off his father, who used the information to trade. Both father and son were convicted, and the incident suggested a lack of sufficient compliance training and monitoring on the part of the exchange. In another incident, a former senior employee in the stock transfer agency business unit at **Sumitomo Mitsui Trust** was indicted for improper trading over a period of many years, and although he was found to have acted alone, the incident was a black eye for the bank, particularly in light of its important role in Japan's investment and stewardship infrastructure. But things have been particularly bad at **Nomura Holdings** over the past year and a half. The company's main operating unit, **Nomura Securities**, was fined by regulators last fall for manipulating prices in the Japanese Government Bond market. Meanwhile, in separate incidents one former salesperson was arrested for fraud, and a second for robbery, arson and attempted murder, after he allegedly drugged an 80-year-old client, stole cash from her and then set her building on fire.

Another company that received significant attention this year is **Mitsubishi UFJ Financial Group (MUFG)**, the holding company for Japan's largest bank, and whose meeting is on June 27. The Financial Services Agency penalized the bank and two other Mitsubishi UFG operating units last year for, among other things, improperly sharing client information within the group against those clients' instructions. MUFG also has seven shareholder proposals on its agenda this year, requesting everything from additional climate reporting to a share buyback program to the removal of the punctuation between the words "Financial" and "Group" in the company's Japanese name. An unidentified shareholder has also nominated three directors to the board, one of whom will be familiar to long-time Japanese scandal watchers: Takafumi Horie, the former CEO of livedoor.

It is fitting that the next company we discuss is **Fuji Media Holdings**, whose meeting was held on June 25th. Livedoor's attempt to acquire an affiliate of Fuji Television in 2005 resulted in securities and accounting fraud charges against Horie, effectively ending his rapid ascent at that time. This time, a prominent personality at Fuji Television was accused of sexual misconduct, prompting advertisers to flee the network, leading to a net loss for the last fiscal year. This was compounded by the findings of an investigative committee that instances of sexual harassment were widespread at the company and were, to some extent, condoned by the corporate culture. Dalton Investments, a US fund, had nominated a full slate of 12 directors. However, they were not exactly running against incumbents, as the top executives resigned and all but one of the company's own director nominees are new to the board. It's worth noting that Fuji Media, like all Japanese broadcast companies, limits the aggregate voting power of foreign investors to 20%. The dissident nominees were not elected to the board.

Dalton Investments has also been active in other areas this year, submitting three shareholder proposals at **Toyota Industries**, an affiliate of Toyota Motor. Dalton proposed to amend the company's articles to include language promoting mindfulness of the share price and cost of capital; to require a majority of outside directors on the board; and, to introduce a performance-based stock plan for directors to promote greater share ownership and alignment of interests. **Toyota Motor**, and its chairman Akio Toyoda, just recently announced a $33 billion bid to take Toyota Industries private. This has attracted a lot of criticism over the valuation and conflicts of interest; however, no items related to that bid were on the ballot at Toyota Industries' June 10 AGM.

Finally, **Keisei Electric Railway**, whose meeting was on June 27 is facing a vote-no campaign from UK multi-strategy fund Palliser Capital, targeting six of the 15 director nominees: the current president, the three outside directors who serve on the nomination and compensation committee, and two new executive director nominees. Palliser criticized the company for poor capital management, exemplified by its large ownership stake in Tokyo Disneyland operator **Oriental Land Company** and a newly-entered cross-shareholding arrangement with retail giant **AEON Co**. Palliser also highlighted the negative market reaction to the company's new mid-term management plan, and noted that there are no performance-based elements in Keisei's executive compensation plan. Finally, Palliser took issue with the board's rejection of its own proposed director candidates. Palliser's proposals failed to receive the requisite shareholder support to pass.

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