

Proposals fall as shareholders adjust to market sea-change

This year's voting season saw a notable fall in the number of shareholder proposals in the US market, as investors adjusted to a regulatory sea-change. Over in Europe, shareholders remained focused on climate risk and executive pay. By Richard Adeniyi-Jones and Dana Barnes.

Setting the scene

Shareholders and companies grappled with heightened geopolitical tensions and policy uncertainty in the 2025 voting season. In the North American market, we saw a marked reduction in the number of shareholder proposals filed, accompanied by a decline in their quality, as new guidance from regulators, and resource constraints for co-filers, limited the number of proposals making it on to the ballot. In Europe and Australia, environmental topics remained high on the agenda, while governance topics were in focus across all regions.

With voting season still underway in some Asian markets, this article focuses on the key themes of the 2025 AGM season in North America, Europe and Australia. We will spotlight some of the key trends from developed Asia and the emerging markets in our Q3 Public Engagement Report.

In the first half of 2025, we made voting recommendations at over 9,680 meetings, versus 10,810 in H1 2024. We made at least one voting recommendation against management at 67% of meetings, versus 72% in H1 2024.

Overall, we recommended votes on 2,441 shareholder resolutions in the first half of 2025, versus 2,476 over the same period in 2024. Some 473 of these were in the US, where we recommended voting against management on 245 proposals or 52%.

In North America, we saw several shareholder proposals relating to AI, with increasingly sophisticated requests and scrutiny of company practices.

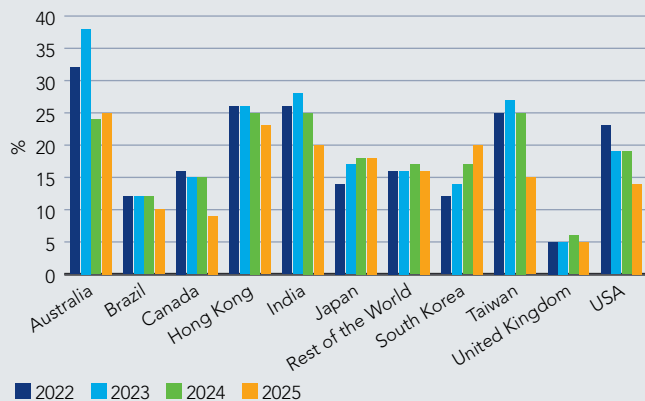


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Theme co-lead: Executive
Remuneration, Human Capital



Dana Barnes
Themes: Climate Change,
Wider Societal Impacts

Percentage of proposals voted against management per key market



Source: EOS data; all statistics for H1.

Environmental topics

We consider recommending votes against the re-election of relevant directors at companies where insufficient management of climate-related opportunities and risks is indicated, using region and sector-specific guidelines and various relevant climate risk indicators. We may also recommend support for appropriate shareholder proposals, or a proposal to support a company's climate transition plan (a say-on-climate resolution), where the effect of the proposal would be in the long-term financial interests of the company, in our view.

In the first half of 2025, we recommended voting against the re-election of directors or relevant proposals at 411 companies, up from 250 in H1 2024, due to concerns about insufficient management of climate-related risks and opportunities.

In Europe, we recommended voting against Equinor's advisory management proposal to approve its updated energy transition plan. Our recommendation was based on our view that Equinor's recent relaxation of its climate ambitions would not sufficiently prepare the company to capitalise on the opportunities and mitigate the risks in lower carbon scenarios. In our view, this is not in the long-term financial interests of the company.

Following several years of intensive engagement, we recommended voting for Centrica's revised energy transition plan. In our view, the company's in-depth transition planning, assessment of external dependencies, and advocacy strategy sufficiently reassured us of the readiness of the business to capitalise on climate opportunities and manage commercial risks related to the energy transition.

At Shell, we recommended support for a shareholder resolution requesting more disclosure on the consistency of the company's LNG strategy with its climate goals and long-term resilience. In our view, this could help Shell and its investors gain more insight into the potential risks to the

company's LNG expansion strategy. The proposal was supported by just over 20% of shareholders.¹ We also recommended voting against the remuneration report due to concerns about the implementation of the energy transition criteria under the long-term incentive plan.

In Australia, we recommended voting against Santos's climate transition action plan. We have observed a positive direction of travel in Santos's development of its climate transition strategy over the last three years. However, in our view, Santos has yet to meet sector best practices in the management of climate-related financial opportunities and risks, particularly in scenarios aligned with the goals of the Paris Agreement. This includes those practices we have seen at peers that we believe would be in the long-term financial interests of the company.

We recommended support for Rio Tinto's advisory management proposal to approve its climate action plan. Overall, Rio Tinto has maintained the approach that it set out in its 2022 plan, while providing more detail in some important areas. For Scopes 1 and 2 emissions, we assess Rio Tinto's 2030 target as aligned with 1.5°C.

In North America, we supported a shareholder proposal at Amazon requesting additional reporting on the company's value chain emissions, which would cover all product sales. We believed such disclosure would be in the company's long-term financial interests, as it would help to ensure board and management oversight of long-term opportunities and risks related to supply chain emissions, and provide investors with information that could be useful in their decision-making.

Human rights proposals

In North America, we saw several shareholder proposals relating to artificial intelligence (AI), with increasingly sophisticated requests and scrutiny of company practices. Many of these proposals explored the intersections of AI and other topics such as climate change, data privacy, and human capital. Our recently-published EOS Digital Governance Principles² expands on these perspectives and helps guide our approach to voting recommendations.

While such proposals were often filed with technology companies on the frontline of AI development, companies in other sectors received them as well. Many Canadian companies received shareholder proposals requesting a commitment to the Canadian government's Voluntary Code of Conduct on the Responsible Development and Management of Advanced Generative AI Systems.

At Shell, we recommended support for a shareholder resolution requesting more disclosure on the consistency of the company's LNG strategy with its climate goals.

¹ First LNG-focused resolution at oil major backed by fifth of shareholders.



VOTING CASE STUDY

Shareholder proposals at utility companies



For years, North American regulated utilities have grappled with the difficulty of getting their climate-related goals validated by an independent third party. In the context of large, hard-to-predict energy demand increases from data centres and onshoring, different stakeholders would benefit from clarity about how energy needs can be met affordably, quickly and in a way that manages long-term environmental risks to business growth.

Several North American utility companies are engaging with the Electric Power Research Institute (EPRI) to contribute to a regional specific framework to establish and validate emissions reductions targets. A proposal was filed at PPL, Alliant and Ameren asking for an independent evaluation of the science-based alignment of the companies' current short and medium-term targets.

We considered the challenges in finding a suitable independent assessor for these targets, given the available Science-Based Targets initiative's reliance on the global

sectoral pathways. These pathways do not currently account for specific North American regional regulatory regimes, and may be commercially unfeasible to adopt, based on a lack of regulatory support for a faster transition.

With growing uncertainty around regulatory support for low-emissions technologies, there is a need for better consideration of these companies' local regulatory context, as their long-term capital allocation plans are fully dependent on regulatory approval.

On balance we found that there was sufficient evidence that these companies were working on developing credible short-to-medium term goals, as well as a need for more time, as the EPRI framework is being developed to qualify as a suitable science-based target evaluation methodology. Therefore, we did not recommend support for these resolutions, but will continue to engage with each company on how it is addressing climate-related opportunities and risks.



Velika Talyarkhan
Themes: Climate Change, Human Capital



Michael Yamoah
Themes: Climate Change, Wider Societal Impacts

We encourage companies to adopt responsible AI principles and adhere to an evolving set of legal and voluntary best practices, while also giving them discretion to decide which best practices are most relevant to their business. Although we generally support the Code, in our view the proposal's request for each company to adhere to the Code rather than have the board undertake a feasibility assessment or due diligence, was considered to be overly prescriptive and not necessarily in the long-term interests of the company.

Several proposals regarding human rights, with an emphasis on product access and affordability, were filed at pharmaceutical companies Gilead Sciences, Johnson & Johnson, and Merck & Co. We note that access and affordability are among the highest financially material sustainability topics for these companies and continue to be contentious issues in the US.

In our view, each company has room to improve on broader human rights practices and their access and affordability strategies, especially in relation to their European counterparts. Adoption of these requests, and impact assessments tailored to these topics, could mitigate legal risks and a societal backlash against companies perceived to be obstructing patients' right to healthcare.

Tax transparency

EOS continues to advocate for increased tax transparency including country-by-country reporting, in line with our Responsible Tax Principles³ and engagement approach. We believe this is in the interests of companies and investors. In response to the growing demand for greater tax-related transparency, reporting standards and regulatory requirements are emerging.

² EOS Digital Governance Principles.

³ EOS Responsible Tax Principles Doc July 24.

The EU and Australia now require certain multinational companies to file country-by-country report publicly.⁴

However, increased tax transparency regulatory requirements have not fully eliminated the relevance of shareholder proposals seeking greater tax transparency. We believe public disclosure often encourages further board and management scrutiny and provides investors with information that may be useful in their decision making.

This year, we saw tax-related shareholder proposals filed at several North American companies. We recommended support for a shareholder proposal at Merck & Co requesting that it publish a tax transparency report in line with the Global Reporting Initiative's Tax Standard. Further alignment with this standard would support investors' understanding of how the company balances financial efficiency in tax practices with protecting against the risks of reputational damage, and the legal penalties associated with tax avoidance.

Similar to last year, le Mouvement d'éducation et de défense des actionnaires (MÉDAC), a frequent filer of shareholder proposals in the Canadian market, put forward tax-related shareholder proposals at various Canadian banks. As the proposal resolve clause had not fundamentally changed year-on-year, we supported management in recommending a vote against these resolutions. In our view, the country-by-country tax reporting requested would not result in robust outcomes or increased shareholder value. We shared our own expectations on responsible tax reporting with the banks.

Executive pay

We continued to see significant levels of CEO pay and complex structures in various sectors and markets. As part of our engagement and voting recommendations, we emphasised the need for a clear link between pay and performance, as well as a consideration of the broader stakeholder environment when determining executive pay policies.

In Europe, we engaged with Centrica around its proposed remuneration policy, which sought to increase the CEO's salary and restricted share grant. While we acknowledged the material outperformance of the company over the four years since the CEO's appointment, we were not convinced by the rationale or the size of the proposed changes, and ultimately recommended a vote against the proposed policy.

We also engaged with pharmaceutical company GSK ahead of the submission of its proposed remuneration policy. This sought to increase the CEO's salary and maximum long-term incentive award grant, following a new benchmarking approach. After feedback from EOS and investors as part of an extensive consultation process, the company made revisions to its proposed policy, including an ultimate cap on the CEO's salary, which enabled us to recommend support.

Child safety proposals at tech companies



We have seen an increase in the number of child-related shareholder proposals at the largest technology companies over the last three years. This year, Apple and Meta received shareholder proposals asking for a transparency report on their decisions regarding child sex abuse material (CSAM).

Such contextual information could help shareholders evaluate company efforts to reduce the risk of harmful content on their platforms, and the related financial risks. It could also increase management's focus on the issue, to the benefit of long-term shareholder value. We remain concerned that both companies seem to prioritise adult privacy rights over child safety without sufficiently mitigating the harms resulting from this trade-off. We emphasise the need for companies to properly consider the rights of children and the potential impact of their content as part of our Digital Governance Principles.

We recommended support for the shareholder proposals asking for a report on child safety impacts at Alphabet and Meta. In our view, each company has an opportunity to provide the additional metrics needed to assess the effectiveness of their efforts, such as the number of underaged users detected over a given timeframe, or performance targets to help improve management focus.

We also encourage these companies to expand their child safety practices and metrics beyond protection from exploitation, to include a broader array of mental health harms, device addiction, and other emerging issues that more holistically address child safety, health and wellness, as all these could pose risks to the company's performance. Both companies have taken steps in the right direction but investors would benefit from metrics that help assess the effectiveness of those steps.

⁴ [EU Public country-by-country reporting requirements.](#)

At Siemens Energy, we were concerned about the unusual remuneration policy proposed at the AGM. The company was prevented from paying variable incentives to its executives whilst a federal contract was in place to provide financial support. This support enabled the company to service its substantial backlog of orders, and resulted in a proposed one-off remuneration package. Following engagement with the supervisory board chair, and with a further opportunity for shareholders to vote on the outcome once the related remuneration report is published, we were able to recommend support.

In Australia, we recommended voting against Woodside Energy's remuneration-related items. This was due to concerns about the low CEO shareholding requirement, the complete reliance on total shareholder return (TSR) as a long-term incentive criterion, and the material increase in the CEO's base salary.

Board composition and effectiveness

We seek to ensure that boards are equipped with the right mix of skills and experience to navigate companies through whatever challenges they might face. To this end, in Europe we recommended voting against the discharge of supervisory board members at BMW, in relation to conduct and compliance failings. In Germany the vote to approve the discharge of the supervisory board does not have any legal impact and is more a symbolic vote of confidence.



Earlier this year, the German automaker was found guilty by EU and UK⁵ regulators of colluding with several other major car companies to restrict competition over vehicle recycling.⁶ All 15 companies admitted their involvement in the cartel and agreed to settle, resulting in fines. While these fines were relatively modest, this was the second time in five years that BMW had been fined over collusion, and it is still under investigation as part of the diesel emissions scandal.

To emphasise our concerns about the supervisory board's oversight of conduct and compliance, we attended the BMW annual shareholder meeting in person and made a statement. We asked the board to publish a full account of its investigation, findings and any actions taken to improve governance and prevent a reoccurrence.



VOTING CASE STUDY

Shareholding requirements at US banks



Well-structured remuneration can be an important ingredient in delivering long-term business success and aligning the interests of management and other stakeholders. One of EOS's remuneration principles is that executive management should make a material long-term investment in the company's share.

Pay packages should enable executives to accrue wealth as ongoing owners and in support of the company's longer-term success, and pay schemes should acknowledge that executive tenures are generally shorter than the timeframes of accountability for their decisions. Bearing this in mind, we take note of a company's CEO shareholding requirements and holding period in retirement.

Over 50% of S&P 500 companies have a minimum shareholding policy whereby CEO shareholdings must be six times base salary, to align the interests of executives with those of shareholders. Over the last four years this has been our minimum expectation for S&P 500 companies, but we have encouraged companies to consider a CEO shareholding requirement of between eight and 10 times base salary.

During the 2024 and 2025 voting seasons, US banks made significant progress on this. Citigroup requires executive officers to hold at least 75% of the net after-tax shares acquired through incentive compensation programmes, which is well in excess of between eight and 10 times base salary. At Goldman Sachs, the CEO shareholding requirement is 10 times. JP Morgan Chase & Co requires a fixed dollar value of shares to be held by the CEO, set at US\$75m. In 2024, this represented a CEO shareholding requirement of 50 times base salary.



Navishka Pandit
Theme: Human and Labour Rights

⁵ <https://www.gov.uk/government/news/car-industry-settles-competition-law-case>.

⁶ [Commission fines car manufacturers and association.](#)

Volkswagen was also found guilty of collusion in the end-of-life recycling cartel,⁷ and is embroiled in the diesel emissions scandal, which has cost the company over €30bn in fines and compensation.⁸ We recommended voting against the discharge of the supervisory board members who had served the company during the period of cartel-related misconduct. We continue to have concerns about the lack of independence on the supervisory board, which has only one independent member.

We also had concerns about Mercedes-Benz's involvement in the end-of-life vehicle recycling cartel, but this was mitigated by the fact that it had blown the whistle on the scheme, bringing it to the European Commission's attention. As a result, we were able to recommend support for the discharge of its supervisory board members.

Where board composition best practice or listing rule obligations exist in a country, we generally expect companies to adhere to these, or provide an explanation as to why they do not. For example, European refractory supplier RHI Magnesita, a FTSE 250 company, fails to comply with the Financial Conduct Authority's listing rules on board composition. We recommended a vote against the nomination committee chair.

Our UK vote guidelines indicate a vote against the board chair or nomination committee chair if the company is listed on the FTSE 100 and women comprise less than 25% of the executive committee and direct reports. This is the case at Howden Joinery, which is in the bottom 10% of FTSE 100 companies for female representation. We recommended a vote against the board chair.

Similarly, at home improvement company Kingfisher, we recommended voting against the election of the nomination committee chair, who is also the board chair, due to concerns related to female representation within the executive team. The executive team is made up of 11 members, two of which are women (around 19%). This is considered low for a FTSE 100 company.

Proxy contests

At BP, chair Helge Lund was under pressure following a significant reset of the company's strategy in February 2025, when it rowed back on its planned investment in low carbon energy and its climate targets. Lund attracted ire from investors who wanted the company to take a stronger position on climate, and from investors who thought BP should have pivoted back to oil and gas sooner. BP's share price has underperformed its peers since 2020.⁹

We recommended support for the chair, despite this significant investor unrest. While we acknowledged the various concerns, shortly before the AGM, Lund had

announced his decision to step down once a successor was found. Given this, we decided that recommending support would offer the best chance of an orderly transition. Almost a quarter of shareholders voted against the chair, an unusually high level of dissent.¹⁰

There were a handful of proxy contests in North America, where activist shareholders sought to appoint directors to boards in an attempt to influence the direction of travel at target companies. For example, at industrial gas supplier Air Products, we recommended support for three out of the four dissident nominees. We considered them to have credible backgrounds and experience in relevant industries, which would help to add long-term value to the company. These directors were subsequently elected to the board at the AGM.

We also saw a proxy contest at Phillips 66, an integrated refining, midstream, and chemicals company. Elliott Investment Management owned a near 6% stake in Phillips 66, and had called for major changes such as spin offs or asset sales, citing underperformance.¹¹

Elliott nominated four directors and proposed annual director resignations, to address a perceived lack of industry expertise on the board. We recommended support for the Elliott nominees based on the proposal to drive more aggressive operational improvements, whereas the management nominees appeared more aligned with the company's current integrated business model strategy. Ultimately the vote was split, and each claimed two seats on the 14-person board.¹²

Auditor tenure

In North America, excessive auditor tenures persisted at certain companies, with no plans to rotate the auditor. In Europe, it is common to rotate the audit firm before its tenure reaches 20 years, and tenures running longer than that can raise questions about independence and conflicts of interest. However, many North American companies maintain that their long-tenured auditors have acquired the necessary experience to audit their complex businesses, and therefore are an asset rather than a risk.

We continued to recommend votes against the audit committee chair and the ratification of the external auditor where the audit firm had been in place consecutively for an excessive period, for example over 100 years, with no review or consideration of auditor rotation. This year we recommended opposing the auditor and audit committee chairs for 57 US companies, including Archer-Daniels-Midland, the Goodyear Tire and Rubber Company, ExxonMobil, and Chevron, all of which have audit firms with tenures over 90 years. We also recommended voting against at Sherwin-Williams, Dow, Deere & Co, and Caterpillar, where auditor tenure is in excess of 100 years. We continue to monitor the risks around such long-tenured auditors.

⁷ [Commission fines car manufacturers and association & Car industry settles competition law case – GOV.UK](#).

⁸ [Trial of ex-VW boss begins over 'dieselgate' emissions scandal – BBC News](#).

⁹ <https://www.reuters.com/business/energy/bp-leadership-faces-shareholder-vote-amid-elliott-campaign-climate-ire-2025-04-17/>.

¹⁰ <https://www.theguardian.com/business/2025/apr/17/bp-braces-for-investor-rebellion-at-first-agm-since-climate-strategy-u-turn>.

¹¹ <https://fortune.com/article/phillips-66-elliott-proxy-battle-split-vote/>.

¹² Ibid.



VOTING CASE STUDY

Shareholder proposals in North America



Given changing regulatory expectations, and the lawsuits brought against shareholders in the 2024 proxy season, there has been a reduction in the number of shareholder resolutions making it on to US ballots in 2025, with a fall of about 14% in total shareholder proposals across the Russell 3000.¹³

Climate-related proposals seeking 1.5°C alignment or Paris Agreement-aligned targets have become less frequent, given US executive orders relating to increases in coal and oil production, and changing tariffs affecting the supply chains contributing to such goals.

Some companies successfully petitioned the US Securities and Exchange Commission to 'no action' certain shareholder resolutions.¹⁴ For example, Amazon was permitted to 'no action' a freedom of association resolution that had also been filed in 2024,¹⁵ and PepsiCo was successful in blocking a proposal seeking a report on its human rights efforts in its sugar supply chain in India.¹⁶ But some climate change or diversity-related proposals were allowed to go ahead.¹⁷

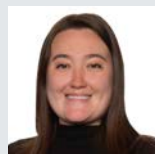
Regular filers continued to bring governance-related proposals, focusing on topics such as voting majority requirements and bylaw amendments. Yet a growing number of proposals submitted to the ballot compete with management proposals, and are duplicative in their requests.

For example, US electricity provider Southern Company has submitted a management proposal at seven annual shareholder meetings in the last 12 years, asking to reduce its supermajority vote requirement. This

consistently receives a significant level of support from the votes cast at the meeting. However, the utility company has a large retail investor base and these shareholders do not necessarily exercise their right to vote. This has prevented the company from achieving the two-thirds majority vote required to enact the change.

Each year, the company has also received a shareholder proposal requesting the same outcome, which does not receive sufficient support. At the 2025 meeting, the company finally received sufficient investor support for its management proposal, and will be aligning its vote requirements with the shareholder proposal. We had recommended support for the shareholder proposal to adopt a simple majority vote, and for the management proposal to reduce the supermajority vote requirement, as this will enhance shareholder rights.

In 2024, WEC Energy received a shareholder proposal to eliminate its supermajority vote requirements, which received majority support. As a result, in 2025 the company began the process to amend its bylaws to eliminate these requirements. However, the company still received a shareholder proposal on the same topic. We took the view that it was unnecessary to recommend support for this as WEC Energy was already addressing the request.



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Theme: Executive Remuneration

¹³ 2025 U.S. Proxy Season: Midseason Review.

¹⁴ <https://www.responsible-investor.com/sec-no-action-rulings-confused-and-contradictory-or-business-as-usual/>.

¹⁵ ESG round-up: Trump issues executive order on state-level climate and energy laws.

¹⁶ Resolution round-up: PepsiCo blocks India supply chain filing.

¹⁷ Ibid.

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