Twin-tracks persist in 2026 vote season

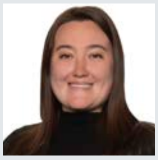
US regulatory changes led to proposals being withdrawn, negotiated, or excluded rather than going to a vote, sustaining the low volumes seen in 2025. But in Europe, investor focus remained on climate and board composition. By Dana Barnes and Elissa El Moufti.

Setting the scene

This year's proxy season saw fewer proposals reaching US ballots, amidst a greater emphasis on negotiation, regulation, and strategic engagement. Governance was reasserted as the central focus in North American and European markets, while support for environmental and social proposals continued to soften, especially in the US. Voting outcomes have become less predictable as investors in both regions are moving towards company-specific decisions, elevating the importance of disclosure quality and company responsiveness.

With voting season still underway in some Asian markets, this article focuses on the key themes of the 2026 AGM season in North America, Europe and Australia. We will spotlight some of the key trends from developed Asia and the emerging markets in the upcoming Q3 Public Engagement Report.

For further information, please contact:



Dana Barnes
Themes: Investor Protection & Rights, Wider Societal Impacts

Elissa El Moufti
Theme: Climate Change

In the first half of 2026, we implemented our clients' vote policies at over 9,500 meetings, versus 9,700 in H1 2025. Our clients' policies resulted in votes against management at 68% of meetings, versus 67% in H1 2025.

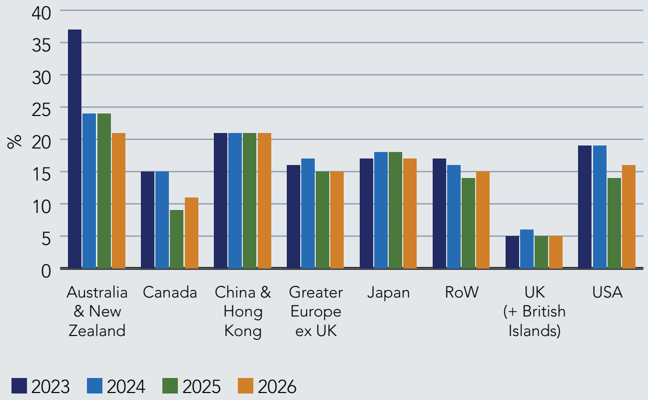
Overall, votes were implemented on 1,983 shareholder resolutions in the first half of 2026, versus 2,480 over the same period in 2025. Some 404 of these resolutions were in the US, where our clients' vote policies supported 226 proposals or 56%.

Environmental topics

Votes against the re-election of relevant directors may be considered at companies where there is evidence of insufficient management of environmental opportunities and risks. We apply region and sector-specific guidelines and various relevant climate risk indicators based on each client's policy. Support for shareholder proposals is considered where appropriate, including proposals to support a company's climate transition plan, where the expected outcome of the proposal would align with the long-term financial interests of the company, such as at Schneider Electric.

In the first half of 2026, our clients' policies indicated votes against the re-election of directors or relevant proposals at 1,734 meetings, down from 1,937 in H1 2025, due to concerns about insufficient management of financially material climate-related risks and opportunities. For example, in Europe, our clients' policies indicated voting against the discharge of a supervisory board member at German utility company RWE.

Percentage of proposals voted against management per key market



Source: EOS data; all statistics for H1.

This reflected concern over RWE's limited progress in incorporating climate-related considerations into its financial accounts and audit. This impacts investors' ability to appraise the company's long-term commercial opportunities and risks.

But at Norwegian energy company Equinor, our clients' policies prompted opposition to all shareholder proposals seeking disclosures in areas where Equinor already provides sufficient, useful information. Many of the shareholder proposals were overly prescriptive and sought to make decisions that may not have been in the best interests of the company and shareholders over the long term.

At Nordea and Danske Bank, we saw several climate-related shareholder proposals relating to the banks' exposures and policies on fossil fuels. Whilst our clients' policies generally support credible transition planning across the sector, the proposals were considered overly prescriptive and may have gone beyond Paris Agreement-aligned scenarios.

In Australia, we applied voting against the remuneration items at Woodside Energy in line with our clients' policies, due to concerns related to the company's transition planning and associated capital discipline. Woodside had introduced a return on average capital employed metric to the long-term incentives, but this appeared to be insufficiently stretching, furthering capital discipline concerns, and possibly leading to long-term financial under-performance.

We applied our clients' policies in support of the Australasian Centre for Corporate Responsibility's shareholder proposal at BP, which sought a report on how BP applies a disciplined approach to capital allocation for new oil and gas projects. We considered the request proportionate and useful for investors, as it would improve transparency on cost competitiveness, execution risks and value creation. This would support effective shareholder feedback to the company during a time of increased upstream investment and significant capital reallocation.

At BP, our clients' policies indicated a vote against the revocation of two previous shareholder-approved climate resolutions. This was due to concerns that their revocation would reduce transparency of BP's long-term financial resilience, transition strategy, and capital allocation, to the detriment of long-term value creation. At the AGM, over 50% of shareholders voted against BP's plans to scrap its existing climate reporting, and its resolution to replace in-person annual shareholder meetings with virtual-only events.[1]

Our clients' vote policies prompted support for a shareholder proposal at US company Tyson Foods seeking improved disclosure on the steps it is taking to address the environmental and human health harms from the waste lagoons in its owned facilities and pork supply chain. Waste lagoons are large storage facilities for manure. The analysis could help Tyson Foods to avoid potential litigation, reputational and financial risks, thereby reducing costs.

Our clients' policies also led to support for a shareholder proposal at Archer-Daniels-Midland (ADM), which asked ADM to incorporate pesticide use data reporting into its regenerative agriculture programme disclosures. As ADM scales this programme, further analysis could provide useful insights for the company and its investors, enabling identification of commercial opportunities and avoidance of risks. A holistic approach to the agricultural transition could also strengthen supply chain resilience.

Support was also indicated for a shareholder proposal at Home Depot, encouraging the retailer to conduct and disclose a biodiversity impact assessment. This assessment could provide Home Depot and its investors with useful information and contribute to improved governance and accountability for environmental opportunities and risks. Over the longer term, this might drive new revenue lines and reduce costs.

[1] https://www.theguardian.com/uk-news/2026/apr/23/bp-board-suffers-triple-climate-rebellion-from-shareholders.

We continued to apply votes against directors or other relevant items in line with our clients' vote policies at companies considered to be exposed to financially material deforestation risks, and lagging their peers in terms of the associated management and disclosure. For example, votes against were indicated at Kewpie and Minerva due to concerns about the management of deforestation-related risks in the supply chain. Insufficient management of such risks could lead to fines, loss of revenues and reputational harm.

Human rights in high-risk regions

Our clients believe that a company's human rights strategy is of critical importance for its licence to operate, its impact on people's lives, and its ability to create and preserve long-term holistic value. Regulatory expectations concerning human rights are increasing, with the introduction of the EU's Corporate Sustainability Due Diligence Directive and the US Uyghur Forced Labor Prevention Act. Operational and reputational risks stemming from poor management of this issue persist, which may cause business disruption, litigation or other financial impacts.

Taking all this into consideration, our clients' human rights voting policy indicates votes against directors if there is sufficient evidence that a company has caused or contributed to egregious, adverse human rights impacts or controversies and has failed to provide the appropriate remedy. We applied the human rights voting policy at a total of 15 companies in the first half of 2026. This included at Starbucks, Amazon, Expedia, Johnson & Johnson and Meta Platforms.

A wide range of US companies received shareholder proposals related to human rights in high-risk regions, but the technology sector was in focus, including names such as Microsoft, Meta Platforms, Intel, PayPal, Palantir, Booking and Alphabet. Support for such proposals was determined on a case-by-case basis, as some were overly prescriptive or lacked clear financial relevance. However, we continue to engage with companies on effectively managing human rights issues that are material to their business, including those in high-risk geographies.

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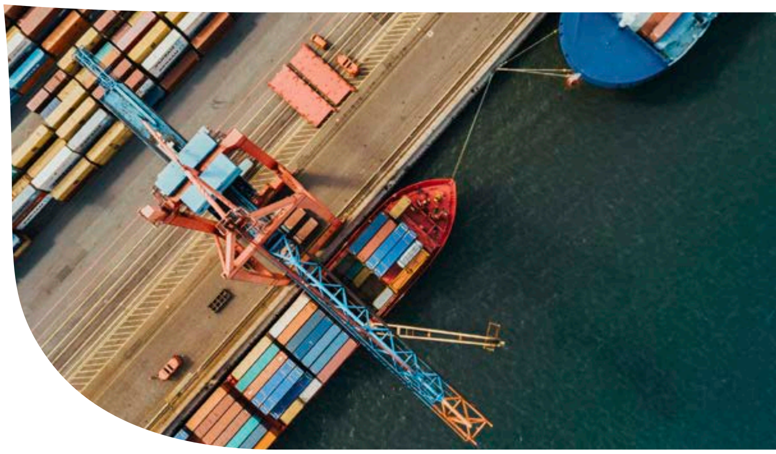
In Europe, our clients' policies prompted support for a shareholder resolution related to heightened human rights due diligence in high-risk logistics and military-related cargo at Danish shipping line AP Møller-Mærsk. While the company has established relevant policies around enhanced due diligence, its disclosures remain high-level and lack sufficient detail on how these policies are implemented, or how their effectiveness is assessed.

This limits investor insight into how due diligence is operationalised, including when business is escalated or declined, and how controls evolve in response to heightened risks. As a result, it is difficult to fully assess the company's exposure to legal, regulatory, operational, and reputational risks that could have material financial implications for the company and investors. Greater transparency on the application and



review of due diligence processes – in line with the proposals' requests – would therefore support a clearer understanding of how these risks are being managed over the long term.

We also saw a rise in proposals relating to US immigration policies. Tyson Foods, Walmart, and Alphabet received proposals about the potential impacts on their workforce and operations, while Home Depot and Lowe's received data privacy proposals. Palantir and Thomson Reuters received proposals about how their products are used by US Immigration and Customs Enforcement (ICE). Again, we applied a case-by-case approach and will continue to monitor this emerging area.

In the case of Walmart, effective human capital management is critical given the high turnover costs in the retail sector. As Walmart is the largest private sector employer in the US, we noted that it may be uniquely exposed to the workforce impacts and costs anticipated from immigration policy changes. These challenges may also extend to the company's supply chain and lead to operational disruption, especially considering its exposure to other high-risk sectors such as agriculture and transportation. In line with our clients' vote policies, we applied support for the proposal, as investors may benefit from more robust disclosure on Walmart's risk management strategy for ongoing and long-term changes in immigration policies.

Datacentre energy demand

Datacentre growth and the related surge in energy demand have increased scrutiny around how companies are engaging with communities on water and land-use impacts, as well as protecting rate payers from increased energy costs. Additionally, investors want to see clear disclosure that energy companies will not be exposed to stranded asset risk if demand is not realised. Large US utilities, including the Southern Company, received shareholder proposals asking them to provide additional clarity on how they are ensuring they are protected against such risks.

Tech companies Alphabet, Amazon, and Meta received shareholder proposals seeking reports on how they will meet their environmental goals and commitments given the rapidly growing energy demand from AI and datacentres. Following review, and in line with our clients' vote policies and shareholder interests, we concluded that these proposals merited support as there is room for improvement in their disclosures to help investors assess that their actions are aligned with long-term shareholder value creation.

VOTING CASE STUDY

Digital rights shareholder proposals

Artificial intelligence (AI) and digital governance-related proposals continued to feature at shareholder meetings across a swathe of sectors, against a backdrop of growing unease about AI's potential social harms. The EOS Digital Governance Principles were used as the basis for evaluating such proposals, in line with our clients' voting policies.

This prompted support for a proposal asking Meta to provide shareholders with a better basis for assessing the potential risks to the company from its use of external data in the development and training of its AI technology. Our clients' vote policies also indicated support for a shareholder proposal asking Walmart to prepare a report on the principles governing how the retailer is seeking to address and measure the social implications of the growing adoption of advanced technologies, including AI and automation, for its workforce. Conversely, in line with clients' policies, a vote against a shareholder proposal asking IBM to report on its methods to eliminate bias from its AI models was warranted, following a review of IBM's practices and insights gained from our past dialogues.

Shareholder proposals on AI deployment were also filed at some financial services companies. The largest Canadian banks received shareholder proposals seeking reports on their use of "human first" AI in high-level decision-making, as well as in risk assessment and the granting of loans. Our clients' policies indicated voting in favour of these proposals, given their broad nature and the banks' actions to date in improving disclosure. The proposals were also consistent with the EOS Digital Governance Principles, in which we encourage companies to adopt responsible AI principles and adhere to an evolving set of legal and voluntary best practices, while also giving them the discretion to decide which best practices are most relevant to their business.

Our engagement on AI and digital governance is not limited to companies that receive shareholder proposals. We also assess board competence on AI as part of a broader board effectiveness evaluation that includes a review of committee charters and director expertise.

Nick Pelosi
Theme: Human and Labour Rights

Executive pay

In Germany, we continued to see several structural pay concerns. In this market, many companies rely on relative total shareholder return as a primary long-term incentive metric, with designs that allow vesting below median performance or full vesting at the median. This effectively rewards underperformance granting full payouts for merely matching peers rather than outperforming them. We also continued to observe comparatively low shareholding requirements for executives, particularly when compared with the UK and other European markets, limiting alignment between management and long-term shareholder interests.

In addition, executives' pension contributions are often significantly higher than those available to the wider workforce. This raises concerns around the company not paying only what is necessary, and the potential impact of such differentials on employee motivation and productivity. These issues – individually or in combination – prompted votes against the remuneration report or policy at several German companies, including Allianz, Lufthansa, Heidelberg Materials, Adidas and BASF.

In the UK, companies continue to shift towards time-restricted share plans or hybrid structures that combine performance and time-based elements. This approach may be justified for companies with significant exposure to global markets, particularly the US, where talent attraction and retention are key considerations. But for others, the rationale is less persuasive.

We noted an increase in variable pay packages at several banks, including Barclays, NatWest, and Standard Chartered. The variable pay threshold in our clients' vote policies is generally higher than in previous years, and we continue to encourage clear, measurable targets and a high level of transparency within remuneration policies. For pay at these banks, support was warranted, given the specific circumstances and the rationales provided.

In contrast, our clients' vote policies indicated voting against the remuneration arrangements of Reckitt Benckiser and Unilever. In Unilever's case, consideration of its recent portfolio simplification, and peer comparisons delivering stronger financial performance, meant it could not demonstrate a clear alignment between pay and performance.

In the US, we noted a higher prevalence of special awards this year. These awards can sometimes signal weaknesses in the pay structure, while in certain circumstances can help to incentivise alignment with long-term value creation and support the retention of key talent. These were considerations in our engagements with, and application of our clients' vote policies for, companies such as UnitedHealth, Thermo Fisher Scientific, Warner Bros. Discovery, Adobe, American Electric Power, and Quanta Services.

The evolving regulatory landscape in the US prompted compensation committees to re-evaluate the inclusion of non-financial metrics in compensation plans, and this was also a focus for anti-ESG proponents. Shareholder proposals regarding the inclusion of sustainability performance metrics in remuneration were filed at Docusign, Gilead Sciences, the Allstate Company, Dominion Energy, Verizon, and Best Buy. Some companies have recently removed non-financial performance metrics from their pay structures, including Coca-Cola and Apple.

Board effectiveness and composition

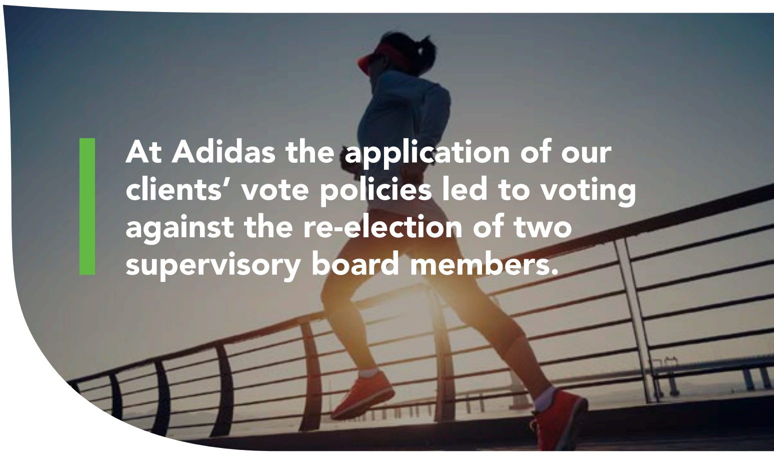
We increased our focus on board skills and overall board effectiveness during the 2026 proxy season, wanting to ensure that boards are equipped to oversee emerging cybersecurity and AI risks.

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. In line with the UK Financial Conduct Authority's listing rules on gender diversity, the UK vote guidelines adopted by our clients indicate voting against the board chair or nomination committee chair if women comprise less than 40% of the board. In 2026, this was the case at Avon Technologies, RHI Magnesita and Rentokil Initial.

One of the biggest votes of the UK AGM season was at BP, where our clients' policies indicated voting against the chair Albert Manifold, due to broad governance concerns. In January 2026, Dutch non-profit Follow This, together with several institutional investors, had filed a shareholder resolution asking BP to disclose how it would create shareholder value under scenarios of declining oil and gas demand. Although BP initially said that the resolution met filing thresholds, it was later excluded from the AGM agenda.[2,3]

One of the biggest votes of the UK AGM season was at BP, where our clients' policies indicated voting against the chair.

This unprecedented move by a FTSE 100 company raised concerns about the potential erosion of shareholder rights. While the board stated that the decision was collective, the chair was seen as ultimately responsible. Manifold also declined multiple requests for engagement on climate, strategy, and governance, via Climate Action 100+, the Investor Forum, and directly, reinforcing our governance concerns. About 18% of investors opposed Manifold at the



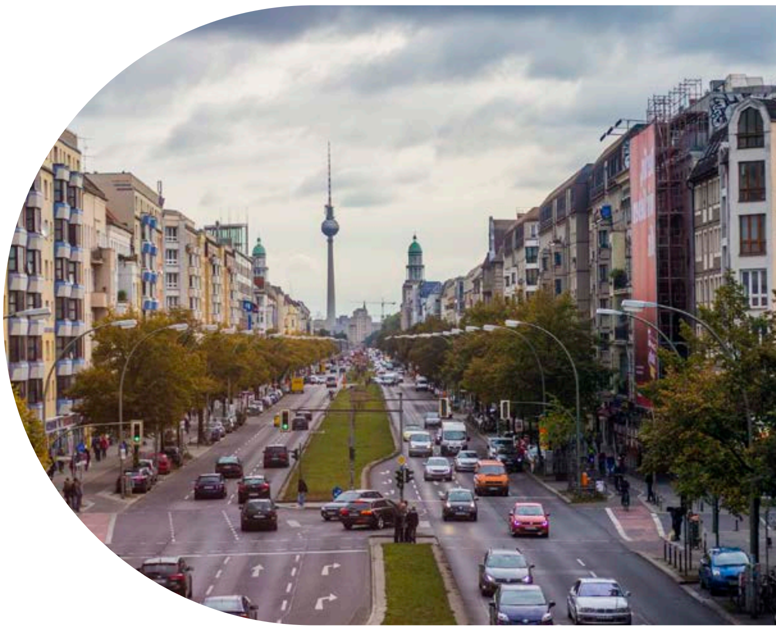
At Adidas the application of our clients' vote policies led to voting against the re-election of two supervisory board members.

AGM,[4] reflecting widespread disenchantment with BP's approach to the meeting, and Manifold was subsequently removed from his role.[5]

In the EU, our clients' policies indicate votes against supervisory board members if gender representation falls below market expectations. For example, at Adidas the application of our clients' vote policies led to voting against the re-election of two supervisory board members. This reflected concerns regarding board composition and effectiveness, including insufficient gender representation at board level, and a director's time commitments.

In the EU, our clients' policies indicate votes against supervisory board members if gender representation falls below market expectations.

Our clients' policies also indicated voting against the discharge of the chair at Volkswagen. This reflected concerns over extended tenure, limited independence, insufficient board refreshment, lack of diversity and weak succession planning. These factors were viewed as constraining the board's ability to provide effective oversight.



2 Follow This threatens BP with legal action over shareholder proposal exclusion.
3 https://www.ft.com/content/12203331-b4ff-4e58-a23d-65f2e136a54e?syn-25a6b1a6=1.
4 Investors reject BP's plans to retire climate proposals and shift to virtual AGMs.
5 https://www.theguardian.com/business/2026/may/26/bp-chair-albert-manifold-ian-tyler.

Independence concerns at the committee level led to votes against the supervisory board chairs at Heidelberg Materials and BMW, as non-independent supervisory board chairs head key committees where independence is considered essential for robust oversight and governance.

We attended BMW's AGM and made a statement, noting that the management board continues to be comprised of just one woman and six men. While recognising the progress BMW has made in increasing the proportion of women in leadership roles over recent years, we challenged the ambition of the new management diversity target. We asked how the board intends to demonstrate leadership on gender diversity and ensure that the company attracts and retains diverse talent.

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The chair responded that, while appointments are driven primarily by qualifications, it expects the female talent pipeline to continue to strengthen. We also raised concerns about corporate culture, compliance and accountability in light of past misconduct cases. We encouraged clearer communication from the supervisory board on lessons learned, accountability and measures taken to prevent recurrence, including greater transparency on investigations and improved presentation of whistleblowing data.

At BASF, our clients' policies prompted a vote against the election of Mark Garrett to the supervisory board. BASF had not adequately explained how the board's composition and expertise was sufficiently diverse to oversee its global strategy, including its continued expansion into China, following the early retirement of a director with expertise in this area.

Auditor tenure

In the US market, it is common for large companies to retain the same audit firm for multiple decades, whereas in European markets, auditor rotation every 20 years is mandated. Investor concerns around US audit independence and quality remain, as extended auditor tenure may lead to over-familiarity and reduced professional scepticism, even with the US's mandatory five-year lead audit partner rotation.

> **We also raised concerns about corporate culture, compliance and accountability in light of past misconduct cases.**

In the first half of 2026, our clients' vote policies prompted 52 votes against auditor ratification at Coca-Cola, Wells Fargo and the Goodyear Tire & Rubber Company for excessive auditor tenure. Support was granted for long-tenured auditors by exception to our clients' policies in cases where we noted material improvements in companies' related disclosures and practices, such as at Johnson & Johnson and Pfizer.

VOTING CASE STUDY

Redomiciling to Texas

ExxonMobil's 2026 proposal to redomicile from New Jersey to Texas came amid increased investor scrutiny of US reincorporations, particularly following high-profile moves such as Tesla's switch from Delaware to Texas.[6] Dana Barnes and Diana Glassman explore the reasons behind this trend.

The Delaware exit, or "DExit", has raised concerns among investors about the potential erosion of shareholder protections, as Delaware has traditionally been viewed as the gold standard for corporate governance due to its extensive case law, specialised courts, and predictable legal outcomes.

Texas, by contrast, has positioned itself as a more business-friendly jurisdiction, with recent legal reforms designed to reduce litigation risk, increase board protections, and provide a more statute-driven framework for resolving disputes. While some have argued that this may weaken shareholder rights, supporters point to the development of a dedicated Texas Business Court and modernised corporate statues as evidence of an increasingly robust governance framework.

In ExxonMobil's case, the proposal differs somewhat from recent DExits, as the company is not leaving Delaware, but New Jersey. The company stated that shareholder rights under Texas law are comparable to those in New Jersey. It added that aligning its legal domicile with its operational headquarters in Texas will provide efficiencies and a more supportive regulatory environment, as Texas is very familiar with oil and gas operations. The proposal highlighted the need for a careful evaluation of state-level governance regimes, particularly in an evolving landscape where jurisdictional competition may influence the balance between shareholder rights and management flexibility.

Our clients' vote policies prompted voting against the resolution based on uncertainty around how shareholder protections would be maintained in practice. However, the proposal passed with over 70% support.[7] Time will tell whether the move will deliver a clear commercial benefit, and if this drives more companies to switch domicile.

[6] https://www.bloomberg.com/news/newsletters/2024-06-14/bloomberg-evening-briefing-elon-musk-moves-tesla-incorporation-to-texas.
[7] https://www.reuters.com/business/energy/exxon-wins-shareholder-backing-texas-move-defeats-retail-voting-proposal-2026-05-27/.

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