AQTION
powered by SquareWell Partners

Stewardship in AQTION

How The World's Largest 65 Investors Steward Their Portfolio Companies

2ND EDITION

MAY 2025

Introduction

AQTION, leveraging its proprietary database powered by SquareWell Partners, publishes its second review on how the world's largest 65 investors (hereafter referred to as the "Top 65") are evaluating environmental, social, and governance ("ESG") issues and stewarding their portfolios. Together these investors (including some of the largest Assets Managers, Sovereign Wealth Funds, and Pension Funds) have nearly USD 91 trillion in Assets Under Management (AUM)[1].

In this year's analysis of the Top 65, the composition of the universe remains largely consistent with the previous year, with only one change: Voya Investment Management (Asset Manager, US) replacing Baillie Gifford (Asset Manager, UK). To maintain comparability, the study retained the same factors used in the previous year's assessment, while also incorporating new factors designed to capture investor sentiment on emerging topics of interest, such as artificial intelligence.

Notably, this year's analysis leverages AQTION's proprietary voting behavior data to provide insights into how these influential investors voted on high-profile situations. This includes, for example, the 2024 board contest at Walt Disney and the controversial approval of Elon Musk's multi-billion dollar pay package at Tesla. These real-world examples offer valuable context to understand how the Top 65 investors are exercising their influence on critical corporate governance matters.

AQTION

Accessing your investors has never been this simple, or impactful.

About AQTION

AQTION provides intuitive insights on 680+ institutional investors to allow users to better understand investors' expectations in a broad range of topics ranging from Capital Allocation to Climate Action. Leveraging investors' numerous public disclosures, AQTION offers users real-time, factual, and actionable intelligence on investors' expectations to support internal decision-making processes. AQTION also provides direct access to relevant decision-makers at investors on "ESG" and proxy voting matters allowing users to streamline their engagement efforts.

AQTION now also offers a comprehensive vote database, providing users direct access to how investors voted at all the general meetings they participated in over the past 4 years, and allowing a better understanding on how investors apply their voting guidelines. Users can browse the full voting records database since 2021, analyse investor voting behavior, and notably assess average support on AGM proposals using various filters (including Vote Rationale search, Proposal Category, Proxy Advisors' synthetic recommendations, etc.).

AQTION is curated and powered by SquareWell Partners, a boutique shareholder advisory firm to many of the largest companies globally.

Key Takeaways

AQTION's review of the world's Top 65 investors' stewardship activities highlight the below key takeaways:

- Implementation of structures necessary for stewardship activities – such as the introduction of a stewardship team, or publication of a voting policy - are mature in their development.
- Only 18 investors have published one or several regional policies, indicating that stewardship is generally configured to apply global principles. Notably, State Street Global Advisors consolidated several policies into one global position in 2024.
- Proxy Advisors continue to be influential on investor vote decision making, but are not commonly relied on heavily. ISS continues to be the clear leader in supplying research, however, Schroders swapped to Glass Lewis as their primary proxy advisor in the year.
- As Pass-Through Voting proliferates among index investors, such as BlackRock and Vanguard, active managers remain reluctant to adopt, indicating that voting is more strongly regarded as necessary for active fund management.
- Investors are increasingly expecting higher standards of board responsiveness to shareholder concerns; this includes on unequal voting rights, and exceptional remuneration, both of which were identified as trend topics for investors.
- Lobbying disclosures have become a common feature in investor policies, as risks and opportunities associated with "taking a side" are recognised. This includes on political and climate-related lobbying, however, not equally; 41 investor policies reference political lobbying, as opposed to 26 for climate.
- Investors' voting guidelines published in 2025 have also generally become less prescriptive and more principles-based compared to previous iterations. Notably, several investors have scaled back their focus on Diversity, Equity & inclusion (DEI) issues in response to recent political backlash, particularly in the U.S. However, no similar shift has been observed regarding climate-related expectations, which remain an important issue for investors.
- Regulatory turbulence, especially SEC's revised guidance for a more stringent approach to monitoring investor activities that could influence corporate control, may lead investors to carefully evaluate their engagement strategies with portfolio companies and be less transparent in engagements, leaving companies to rely more heavily on their public positions and voting behavior to understand their position.

Key Takeaways

- As the reversal on elements of the “ESG” ecosystem continued in 2024, including notable investors withdrawing from Climate Action 100+ and the Net Zero Asset Managers Initiative that ultimately suspended operations in January 2025, after large asset managers left the initiative, other areas of sustainable investment continued to develop. Position papers were published on topics like: plastics, supply chain risk, artificial intelligence, and geopolitical risk.

- Tactics considered as “activist” continue to be tested by long-only asset managers. Nearly half of investors reviewed publish case studies on specific company engagements, and nearly a quarter have resorted to submitting a shareholder proposal, commonly targeting “ESG” improvements.

- Voting on high-profile cases chosen by AQTION indicates that European asset managers appear more willing to support change while a lower AUM indicates a higher propensity to vote for change. In other words, American asset managers—and those managing larger amounts of assets—tend to be more aligned with company management and are less likely to use their influence to hold boards and executives accountable.

- While the impact of the change in investors’ policies and political and regulatory upheaval on well-crafted E&S shareholder proposals remains to be seen, “Anti-ESG” proposals submitted to a vote in 2025 still have continued to receive low support. For example, a proposal at Apple’s February 2025 AGM to abolish DEI policies garnered only 2.3% support.

- Most recent 2025 Proxy Contests, such at Matthews International Corporation and Air Products and Chemicals in the U.S., demonstrate that investors do not hesitate to cast votes in favour of dissident nominees, irrespective of recommendations from Proxy Advisory firms.

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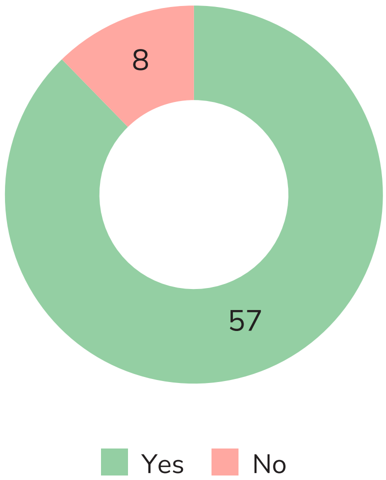
1. Focus on Stewardship

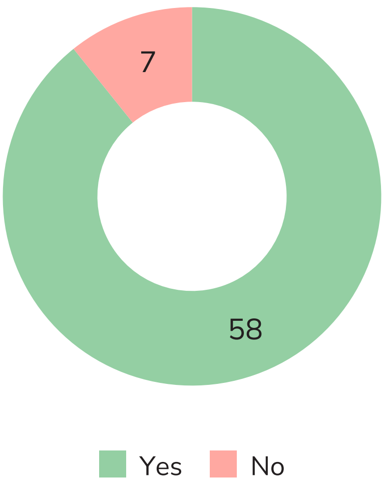
1.1 The UN PRI, The Starting Point

Launched in 2006, the UN Principles for Responsible Investment (the "UN PRI") serves as a global network encouraging investors to integrate "ESG" factors into the decision-making process. As of June 30, 2024, over 5,300 signatories, representing $128 trillion in assets[2], have committed to the PRI's six principles for responsible investment, contributing to the development of a more sustainable global financial system.

While all but one of the world's largest asset managers and pension funds considered by AQTION for this study are signatories of the UN PRI, none of the eight Sovereign Wealth Fund analysed have endorsed the UN PRI, except for **Norges Bank Investment Management** (hereafter referred to as "**NBIM**")—mirroring the same statistics from 2023.



1.2 Dedicated Stewardship Teams



In recent years, many of the world's largest investors have established dedicated teams to engage with portfolio companies on "ESG" issues. These teams are often responsible for making voting decisions at companies' general meetings. Among the Top 65 investors, AQTION reports that 58 investors have a dedicated stewardship team responsible for implementing their voting guidelines.

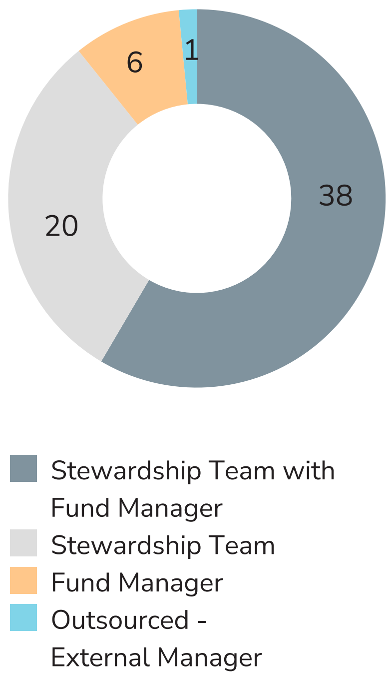
AQTION does distinguish between Stewardship Teams and Responsible Investment Teams. While Stewardship Teams focus on overseeing engagements and voting, Responsible Investment Teams prioritise the integration of environmental and social factors into investment decision-making. They also conduct in-depth research on sustainability topics to assess the impacts of global trends such as climate transition and digitalisation on portfolio construction.

It is worth noting that some investors have recently undergone internal reorganisations. For example, **BlackRock** has established a separate, dedicated stewardship team for its active business, known as BlackRock Active Investment Stewardship (BAIS). While both the active and passive stewardship teams will engage with companies and vote independently under their respective stewardship policies, BlackRock affirms that the core philosophy guiding all stewardship activities—across both active and passive strategies—remains unchanged. Similarly, other investors, such as **Amundi Asset Management**, have reorganised by sector, bringing stewardship analysts closer to investment teams to enhance collaboration.

On a related note, the impact of the SEC's recent guidance on beneficial ownership reporting requirements under Sections 13D and 13G on the dynamics of engagement between stewardship teams and portfolio company representatives is also yet to be fully understood. Previously, investors engaging with management on "ESG", without seeking control, could file the simpler Schedule 13G. Under the new guidance, such engagements may now require filing the more comprehensive Schedule 13D if they are deemed to influence control. Consequently, some investors, such as **BlackRock** and **The Vanguard Group**[3], resumed engagements after having temporarily paused to assess the implications of the new guidance and evaluate its impact on their stewardship activities. **State Street Global Advisors'** 2025 voting policy now includes a preamble specifying that it does not seek to change or influence control of any of its portfolio companies.

1.3 Decision-Makers at General Meetings

Dedicated Stewardship Teams often play a crucial role in decision-making at general meetings and AQTION notes that 58 of the Top 65 investors have Stewardship Teams as either the standalone decision-maker or together with a Portfolio/Fund Manager. It is worth noting that **Manulife Investment Management** and **Charles Schwab Asset Management** that used to outsource proxy voting to their primary Proxy Advisor have now strengthened the role of their in-house Stewardship Team. Both **Amundi Asset Management** and **Dimensional Fund Advisors** are also increasingly incorporating fund manager perspectives into their proxy voting decisions. Only one (1) of the Top 65 investors fully outsourced its Stewardship Activities to its designated External Managers.



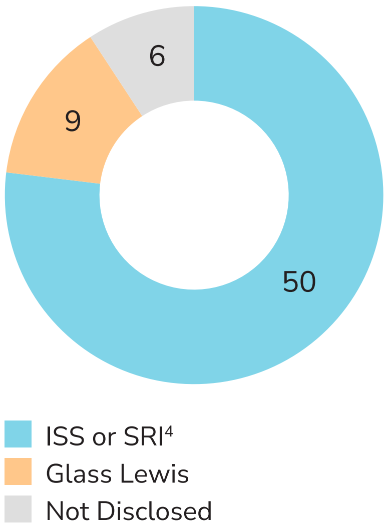
1. Focus on Stewardship

1.4 Proxy Advisors

Proxy Advisors provide guidance to investors on how to vote at general meetings. Investors rely on these advisors to fill gaps in resources or expertise, enabling them to cast informed votes across their portfolio companies. Despite their recognised value, Proxy Advisors have faced criticism for limited competition, excessive influence, and minimal regulatory oversight.

AQTION's findings underscore the overwhelming dominance of Institutional Shareholder Services ("ISS") and Glass, Lewis & Co. ("Glass Lewis") in the proxy advisory industry, effectively establishing a duopoly that controls the vast majority of the market.

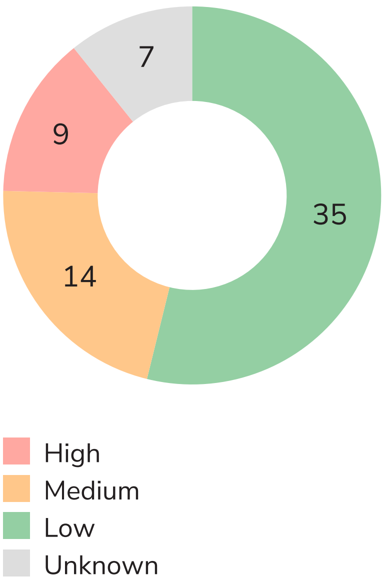
While many investors subscribe to both ISS and Glass Lewis, AQTION finds that ISS (or SRI[4]) is the primary Proxy Advisor for 50 of the Top 65 investors, while Glass Lewis serves as the primary advisor for 9. This distribution almost mirrors the 2023 data, with only **Schroders** switching from ISS to Glass Lewis during the period under review. AQTION also notes that some investors also consult local Proxy Advisors (such as in France, Switzerland, India, South Korea, etc.) to guide their final voting decisions.



1.5 Reliance on the Recommendations of Proxy Advisors

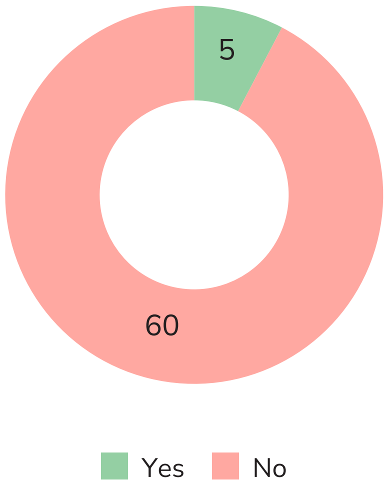
While many investors seek recommendations from Proxy Advisors, most of the Top 65 investors have developed their own internal voting guidelines. To this end, AQTION notes that only 9 of these investors exhibit a "High" reliance on their chosen Proxy Advisor's recommendations, whereas 35 investors show a "Low" reliance.

As highlighted by ISS's latest Best Practices Principle Statement, approximately 91% of the total voted shares processed by ISS on behalf of their clients are linked to clients' custom voting policies. This means that rather than relying on ISS's standard research recommendations, investors have ISS apply their own voting guidelines when determining how to vote at general meetings.



1.6 Pass-Through Voting

Traditionally, asset managers have exercised voting rights for the shares they hold in trust. Pass-through voting, also known as "Voting Choice" in BlackRock's implementation[5], represents a shift in this paradigm, allowing investors to express their individual preferences on corporate matters. Through "Voting Choice", clients can generally choose from a set of voting policies from third-party Proxy Advisors the policy that best aligns with their views and preferences or continue to rely on investor's stewardship teams.



Among the Top 65 investors, AQTION currently tracks only five (5) that currently offer pass-through voting[6] to their clients: **BlackRock, The Vanguard Group, State Street Global Advisors, Legal & General Investment Management** and **Northern Trust Asset Management**.

Despite initial enthusiasm, actual results from Voting Choice appear to be limited. For example, despite ¼ of Vanguard investors active in the pilot program opting for the Third-Party ESG Policy, Vanguard did not support any of the 400 shareholder proposals on Environmental and Social matters[7] during the 2024 Proxy Season.

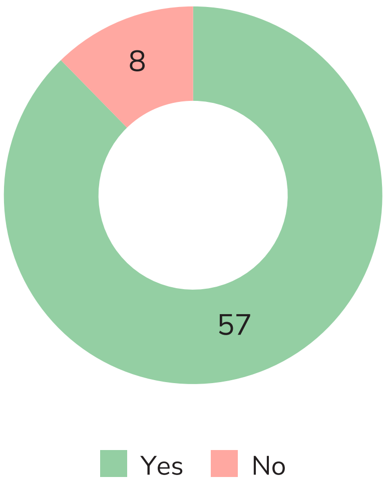
The Vanguard Group also recently announced[8] they added two policy and engagement preferences to the pilot program for the 2025 Proxy Season:

- "Mirror Voting Policy" (replacing the "Not Voting" Policy), which votes an investor's proportionate shares in approximately the same proportions as the votes cast by other shareholders.
- "Third Party Wealth-Focused Policy", which votes in accordance with the recommendations from a Third-Party (Egan-Jones) that focuses on maximising shareholder value without being influenced by political or social agendas.

2. How Investors Assess Portfolio Companies

AQTION offers detailed, easily accessible information on investors' sensitivities and expectations across a wide range of "ESG" topics by analysing and storing investor publications, such as Voting Guidelines, Stewardship Reports, Position Papers, etc., in real time.

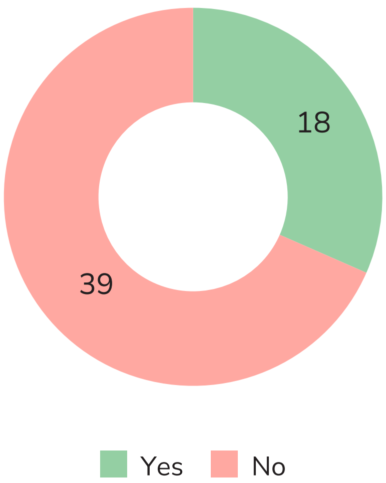
As of 15 March 2025, only 27 of the Top 65 have published their 2025 voting guidelines, with new policies being generally less prescriptive or detailed, such as the one from State Street Global Advisors that is now 20 pages compared to 32 pages in 2024.



2.1 Investors Have Their Own Policies

AQTION finds that 57 of the Top 65 investors publicly disclose a Voting Policy, detailing their positions on various topics that a come to vote. However, except for **NBIM**, AQTION notes that none of the largest Sovereign Wealth Funds discloses a Voting Policy explaining their approach to evaluating agenda items coming to a vote.

While the **Government Pension Investment Fund ("GPIF")** in Japan and the **National Pension Service ("NPS")** in Korea offer some guidance on their asset stewardship practices, their approaches to proxy voting differ significantly. GPIF has delegated all voting responsibilities to its external asset managers, while NPS retains full control over its voting decisions. This centralised approach has made NPS the focal point of various controversies surrounding its voting choices in recent years, including at the controversial battle between Samsung Electronics and Elliott Management.



<u>Regional Voting Guidelines</u>

It's worth highlighting that 18 of the 57 investors have implemented region-specific voting guidelines, recognising the diverse regulatory environments and variations in governance, sustainability practices, and disclosure requirements across different jurisdictions.

AQTION notes that **HSBC Global Asset Management,** for example, recently introduced a European Voting Policy. On the other hand, **State Street Global Advisors** moved from having several regional policies to a single Global Proxy Voting and Engagement Policy from 2024 onwards, indicating notably "When voting and engaging with companies, we may consider market-specific nuances that may be relevant to that company. [...] Except where specified, this Policy applies globally."

2.2 Voting Policy Highlights

Corporate governance practices have evolved significantly, with investors placing increased emphasis on transparency, accountability, and responsiveness at the board level.

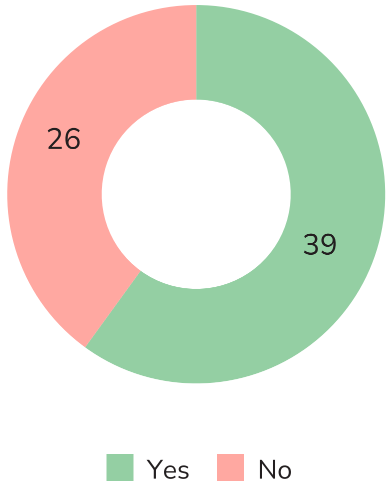
AQTION enables users to deep-dive and compare investor expectations on 200+ factors ranging from Capital Allocation to Climate Action.

For the purposes of this study, AQTION highlights Top 65 investors' views[9] on relevant governance topics for the upcoming general meeting season.

2.2.1 Board Responsiveness

Investors are increasingly expecting boards to seek and address their feedback on key governance and sustainability factors and provide transparent and timely updates on the actions taken to resolve their concerns.

According to the AQTION platform, 39 out of the Top 65 investors have publicly communicated that they expect boards to be responsive to shareholder's concerns and may escalate and hold board members accountable if they feel issues raised – through engagement or dissent at general meetings – were not properly addressed.



Policies on Board Responsiveness

Invesco states that "Boards should respond to investor concerns in a timely fashion, including reasonable requests to engage with company representatives regarding such concerns, and address matters that receive significant voting dissent at general meetings of shareholders.

- We will generally vote against the incumbent chair of the governance committee, or nearest equivalent, in cases where the board has not adequately responded to items receiving significant voting opposition from shareholders at an annual or extraordinary general meeting. [...]
- We will generally vote against the incumbent chair of the compensation committee, or nearest equivalent, if there are significant ongoing concerns with a company's compensation practices that have not been addressed by the committee or egregious concerns with the company's remuneration practices for two consecutive years. [...]
- Where a company has not adequately responded to engagement requests from Invesco or satisfactorily addressed issues of concern, we may oppose director nominations, including, but not limited to, nominations for the lead independent director and/or committee chairs."

(Source: 2025 Policy Statement on Global Corporate Governance and Proxy Voting, p15-16)

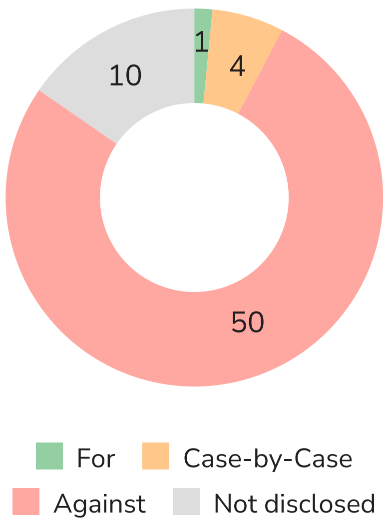
CPP Investments states "Where a management resolution receives low (typically less than 70%) or failing levels of shareholder support, the board should report back within a reasonable time, not later than the next shareholders' meeting, on its engagement efforts to understand shareholder concerns and on the actions taken to address those concerns, or explain why no action was taken. If the board has not shown sufficient responsiveness ahead of the next shareholders' meeting, we will consider voting against relevant committee members."

(Source: November 2024 Proxy Voting Principles and Guidelines, p5)

2.2.2 Introduction of Unequal Voting Rights

Unequal voting rights have become a growing concern for investors focusing on equitable and fair governance. These structures often give certain shareholders, usually company founders or insiders, disproportionate voting power compared to others. The imbalance can undermine shareholder democracy and limit the influence of broader investor interests.

Investors' Position on the introduction of Unequal Voting Rights



AQTION recorded that 55 out of the Top 65 investors address unequal voting rights in their voting guidelines.

Unsurprisingly, most investors addressing the topic in their policies (50 out of 55) are against unequal voting rights and strong advocates of the one-share one-vote principle, except **Natixis Investment Managers**. Nevertheless, some investors such as **Amundi Asset Management** and **Caisse de Dépôt et Placement du Québec ("CDPQ")** state that they may approach this on a more of case-by-case basis, recognising that in certain circumstances a capital structure with unequal voting shares may be justified.

Policies on Unequal Voting Rights

BlackRock.

BlackRock states "In principle, we disagree with the creation of a share class with equivalent economic exposure and preferential, differentiated voting rights. In our view, this structure violates the fundamental corporate governance principle of proportionality and results in a concentration of power in the hands of a few shareholders, thus disenfranchising other shareholders and amplifying any potential conflicts of interest.

However, we recognize that in certain markets, at least for a period of time, companies may have a valid argument for listing dual classes of shares with differentiated voting rights. In our view, such companies should review these share class structures on a regular basis or as company circumstances change.

Additionally, they should seek shareholder approval of their capital structure on a periodic basis via a management proposal at the company's shareholder meeting. The proposal should give unaffiliated shareholders the opportunity to affirm the current structure or establish mechanisms to end or phase out controlling structures at the appropriate time, while minimizing costs to shareholders."

(Source: [2025 Investment Stewardship Global Principles](), p9-10)

NATIXIS INVESTMENT MANAGERS

Natixis Investment Managers states they "support the schemes designed to promote long term share ownership within the company and will vote against any scheme designed to incorporate the principle of '1 share 1 vote' in the articles of association, unless the company has put in place equivalent schemes, i.e., increased dividends."

(Source: [2024 Voting and Engagement Policy](), p8)

CDPQ

Caisse de Dépôt et Placement du Québec ("CDPQ") states "CDPQ generally favours the issuance of single voting shares. However, in certain circumstances, a capital structure with unequal voting shares may be justified. It is sometimes in the interests of a majority of the shareholders that the holder of a large block of shares retain effective control of the company. An adequate framework to protect against the impacts of such a structure should be implemented."

(Source: [2024 Policy – Exercise of Voting Rights of Public Companies](), p12)

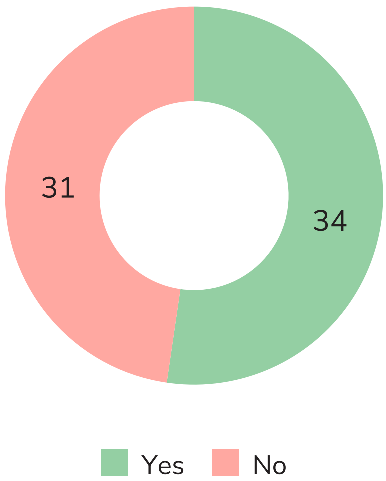
2.2.3 Exceptional Pay

Investors generally have reservations about awards granted outside of the standard pay package, considering these awards often reward executives for actions widely considered to be within the scope of their responsibilities.

Exceptional Pay, which may lead to outsized pay packages, is increasingly drawing scrutiny from investors, especially when it is perceived as misaligned with company performance.

AQTION noted that 34 out of the Top 65 investors provide insight into their position regarding Exceptional Remuneration.

While 8 investors, such as **J.P. Morgan Asset Management ("JPMAM")** and **Aberdeen Investments** are against one-off awards as a matter of principle, most investors (26) may support special awards outside of Remuneration Policy where the company can demonstrate truly exceptional circumstances and significant additional value creation.



Policies on Exceptional Remuneration

J.P.Morgan ASSET MANAGEMENT

J.P. Morgan Asset Management ("JPMAM") states "Transaction bonuses, one-off retention awards or other retrospective ex-gratia payments should not be made" as well as "Compensation policies should provide clear visibility and confidence for shareholders in the long-term planning of the company as well limiting the use of exceptional remuneration. [...] We disfavor one-off awards predicated upon performing duties that would be considered a normal part of an executive's job."

(Source: 2024 Global Proxy Voting Guidelines, p30)

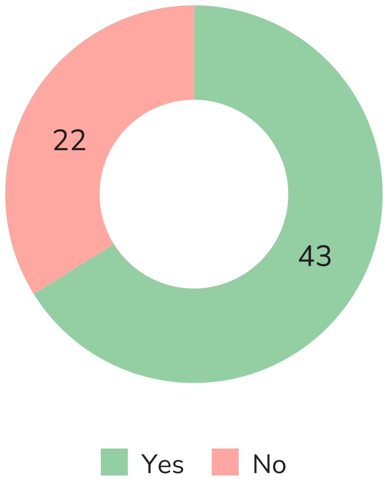
Manulife Investment Management

Manulife Investment Management states "A company's one-time grant to an executive, outside of the normal salary, bonus, and long-term award structure, may be indicative of an overall failure of the board to design an effective remuneration plan. A company should have a robust justification for making grants outside of the normal remuneration framework."

(Source: 2025 Global Proxy Voting Guidelines, p7)

2.2.4 Scope 3 Emissions Reporting

Scope 3 emissions, which cover indirect emissions across a company's entire value chain, is increasingly becoming a critical component of corporate sustainability disclosures. Unlike Scope 1 and Scope 2 emissions, which include emissions from company-owned sources and from purchased energy, Scope 3 encompasses emissions from a wide array of sources such as suppliers, product usage, and waste disposal, often requiring data from other value chain partners. This makes Scope 3 emissions the most challenging to track and measure.



AQTION has observed that 43 out of the Top 65 investors have been addressing Scope 3 reporting in their proxy voting guidelines, highlighting its critical role in comprehensively understanding a company's environmental impact and alignment with global climate goals, including those set by the Paris Agreement. However, investors acknowledge the challenge around Scope 3 emissions which mainly lie out of investee companies' control, and therefore investors generally expect companies to report the Scope 3 emissions categories that are the most material to their business.

Policies on Scope 3 Reporting

STATE STREET GLOBAL ADVISORS

State Street Global Advisors ("SSGA") states that they "do not expect any company to set Scope 3 targets. We encourage companies to identify and disclose the most relevant categories of Scope 3 emissions. However, we recognize that Scope 3 emissions estimates have a high degree of uncertainty. Therefore, if a company determines that categories of Scope 3 emissions are impracticable to estimate, we encourage the company to explain the relevant limitations. We also encourage companies to explain any efforts to address Scope 3 emissions, such as engagement with suppliers, customers, or other stakeholders across the value chain, where relevant."

(Source: 2025 Global Proxy Voting and Engagement Policy, p10)

T.RowePrice®

T. Rowe Price states "We strongly encourage all issuers to report their scope 1–3 emissions. We recognize that reporting scope 3 emissions adds much more complication than simply reporting scope 1–2 emissions and that for some industries estimating methodologies are still evolving. Given these issues, we do not think it is appropriate for us to unilaterally expect all issuers to report a full suite of scope 3 emissions; however, we do expect that the landscape and our expectations will evolve over the next 12–36 months. In the interim, we strongly encourage issuers to report the scope 3 emissions categories most material to their business. For high-emitting companies, our minimum expectation is they disclose absolute scope 1–2 greenhouse gas emissions on an annual basis."

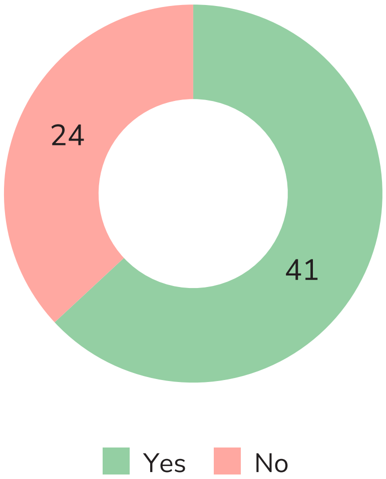
(Source: 2023 Investment Policy on Climate Change, p9)

2.2.5 Lobbying

Lobbying is a tool for companies to influence policy and regulatory frameworks that affect their operations. However, there has been increasing investor scrutiny on how companies use their lobbying power, particularly when their actions conflict with their publicly communicated objectives. Transparency in lobbying has become a critical issue, especially around both political contributions and efforts to influence climate policy.

Political Lobbying

AQTION notes that 41 out of the Top 65 have addressed Political Contributions in their proxy voting guidelines, generally advocating for enhanced disclosure while also highlighting potential reputational risk when companies' political contributions are misaligned with their public positions. For example, Disney was criticised for supporting politicians opposed to LGBTQ+ rights, despite its public advocacy for inclusion and diversity, which highlights the risks of inconsistent lobbying strategies[10].



Policies on Political Lobbying

The Vanguard Group states that "When evaluating a proposal that requests greater disclosure of a company's political spending and/or lobbying activities, policies, or practices, the funds consider:

- The materiality of the issue related to the company's business practices and any regulatory and/or reputational risks that might be implicated, as informed by applicable laws and regulations regarding political spending and/or lobbying and the prevalence of corporate political activity (CPA) within a company's industry.
- The company's current disclosure and level of board oversight of CPA.
- Disclosure regarding trade associations or other groups that a company supports, or is a member of, that engage in lobbying activities.
- Recent controversies, litigation, fines, or other manifested risks associated with the company's CPA."

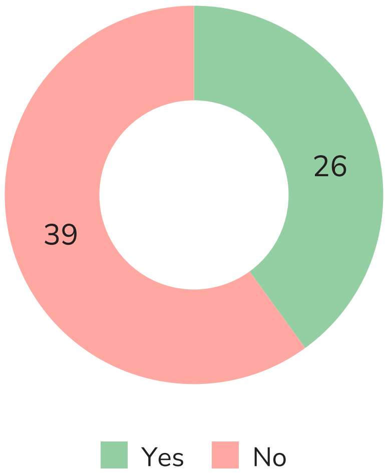
(Source: 2024 Vanguard Investment Stewardship Insights - Charter Communications, Inc., p2)

Fidelity International states "We support robust disclosures on corporate political lobbying activities. We will consider voting against management, typically on shareholder proposals, where there is a misalignment between involvement with political donations and lobbying activities and a company's own stated strategy or commitments or such lobbying activity is in conflict with the interests of stakeholders."

(Source: 2024 Sustainable Investing Voting Principles and Guidelines, p43)

Climate-related Lobbying

Climate lobbying has gained prominence as companies face increasing pressure to align their advocacy with the Paris Agreement and other climate initiatives. Investors are now scrutinising whether companies' lobbying efforts support meaningful climate action and are demanding detailed disclosures.



AQTION finds that 26 of the Top 65 investors stressed the importance of enhanced disclosure on climate-related lobbying activities. Hence, investors may support shareholder proposals requesting transparency on climate lobbying to ensure that a company's lobbying efforts are in line with their stated decarbonisation targets, as well as factor climate-related lobbying activities when assessing their portfolio companies' transition plan.

Policies on Climate Lobbying

T. Rowe Price

T. Rowe Price states: "Issuers should be aware of the potential for conflict between their stated positions on climate risk and their lobbying activities, such as those conducted via trade associations. While organizations may join trade groups for a variety of valid business reasons, and they may not align with every position the association takes, the Board of Directors should be actively engaged on any areas where the company's core values conflict with its direct or indirect lobbying activities. In addition to engaged Board oversight, from our perspective, the best practices to employ for mitigation of such conflicts are public transparency of lobbying, political spending, and trade association memberships; strong communication within organizations to align their sustainability and public affairs practices; and advocacy within the trade association when a gap exists between the company's values and the organization's. In particular, when a company identifies climate change as a significant risk to its business but also chooses to remain a member of a trade association known to be resisting legislative solutions to the problem, the company has a duty to explain how it prioritizes these competing objectives and how it will escalate and resolve the conflict within the trade organization. T. Rowe Price utilizes this best practice framework and our research findings on climate-related lobbying to inform our proxy voting decisions and engagement priorities."

(Source: 2023 Investment Policy on Climate Change, p11)

aberdeen Investments

Aberdeen Investments states: "We do not evaluate climate-related lobbying shareholder resolutions in isolation. Our approach recognises the links between corporate governance, strategy and climate approach. Where a company's operational response to climate change is inadequate, the effectiveness of board oversight and corporate governance may also be called into question. We expect and encourage companies to [...] carefully manage climate-related lobbying by ensuring appropriate oversight, transparent disclosure of activities, and alignment of activities with the company's strategy and publicly stated positions."

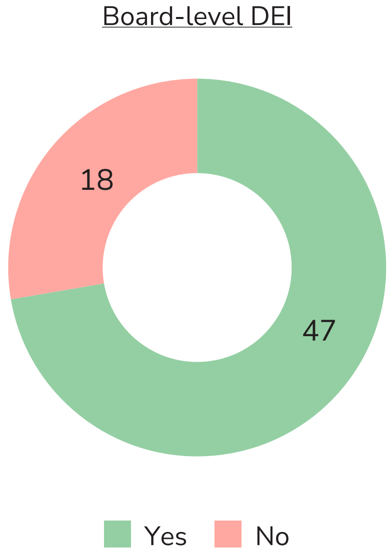
(Source: 2024 Listed Company ESG Principles & Voting Policies, p23)

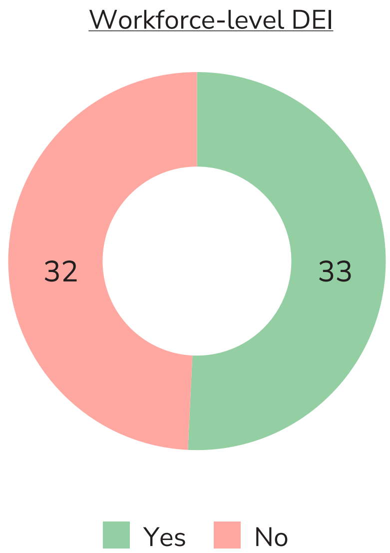
2. How Investors Assess Portfolio Companies

2.2.6 Diversity, Equity & Inclusion (DEI)

Over the past two years, companies faced an elevated number of Diversity, Equity, and Inclusion ("DEI") – related shareholder proposals, which was partly attributed to the SEC relaxed standards for shareholder proposals. This trend has prompted investors to enhance transparency regarding their assessment of DEI proposals.

AQTION finds that 47 of the Top 65 investors include **board diversity expectations** within their voting policies[11]; 42 of the Top 65 have a specific threshold/limit (% or number) for women representation on the board while 36 are also encouraging racial/ethnic representatives. Moreover, investors may escalate and hold the Chair of the Nomination Committee accountable if there isn't adequate diversity at the board level, and vote against their re-election at shareholder meetings.





Some investors also extend expectations towards their portfolio companies' workforce and AQTION notes that 33 of the Top 65 have a policy on **gender/racial diversity within the workforce**, 26 of the Top 65 expects proactive steps to reduce workplace discrimination/sexual harassment, and 21 of the Top 65 expect gender or ethnic pay-gap reporting.

However, given the recent political backlash, particularly in the U.S, AQTION noted that, since 2025, investors have been stripping back policies on DEI issues.

2025 Updates

Several investors have now removed references to some or all DEI expectations from their 2025 voting guidelines[12], including **Goldman Sachs Asset Management**, **The Vanguard Group**, **Capital Group**, **AllianceBernstein**, and **Charles Schwab Asset Management**.

It is worth noting that **Goldman Sachs Asset Management** and **UBS Asset Management**[13] have removed reference to DEI from their 2025 guidelines, aligning with their corporate entities' decisions to eliminate DEI targets and reporting for 2025.[14][15]

State Street Global Advisors[16] has similarly removed all gender, racial or ethnic diversity expectations and associated voting sanctions against the chair of the nomination committee, emphasising "nomination committees are best positioned to determine the most appropriate board composition based on company-specific factors."

BlackRock[17], on the other hand, has taken a more 'middle-ground' approach, retaining some reference to DEI at both the board and workforce levels, but with less guidance and a more neutral tone – generally emphasising 'diversity of thought'.

As more investors release their updated 2025 policies, AQTION anticipates that additional removals may follow.

Policies on Board-level DEI

Allianz Global Investors

Allianz Global Investors states that "Boards should aim for a diversity of perspectives and experience, including professional experience, gender, ethnicity, as well as national, cultural and social background that would add value to board and management deliberations and decision-making. [...] We strongly encourage disclosure of specific diversity targets set by the board and reporting on performance against these targets."

(Source: 2025 Global Corporate Governance Guidelines, p6&8)

Morgan Stanley INVESTMENT MANAGEMENT

Morgan Stanley Investment Management states that they "will also consider not supporting the re-election of the nomination committee and / or chair (or other resolutions when the nomination chair is not up for re-election) where we perceive limited progress in gender diversity, with the expectation where feasible and with consideration of any idiosyncrasies of individual markets, that female directors represent not less than a third of the board, unless there is evidence that the company has made significant progress in this area."

(Source: 2024 Equity Proxy Voting Policy and Procedure, p3)

Policies on Workforce-level DEI

Fidelity INTERNATIONAL

Fidelity International states that "We believe that welcoming and inclusive organisations that hire, foster, promote, and remunerate employees on the basis of merit and without regard for gender, age, race, ethnicity, religion, sexual orientation, economic background, disability or other factors make better use of their human capital. [...] Investee companies are therefore encouraged to establish comprehensive and effective nondiscrimination policies and actively ensure that these policies are upheld. They are also encouraged to regularly review their hiring and promotion practices to ensure against bias, and to set ambitious diversity targets appropriate to the business. When requesting investee companies to provide data to report on their progress, we advise individual's diversity data to have been provided on a voluntary self-identification basis in line with best practice and data protection laws. We expect companies to demonstrate alignment with our belief that diversity helps deliver long-term shareholder value."

(Source: 2024 Sustainable Investing Voting Principles and Guidelines, p10)

Legal & General INVESTMENT MANAGEMENT

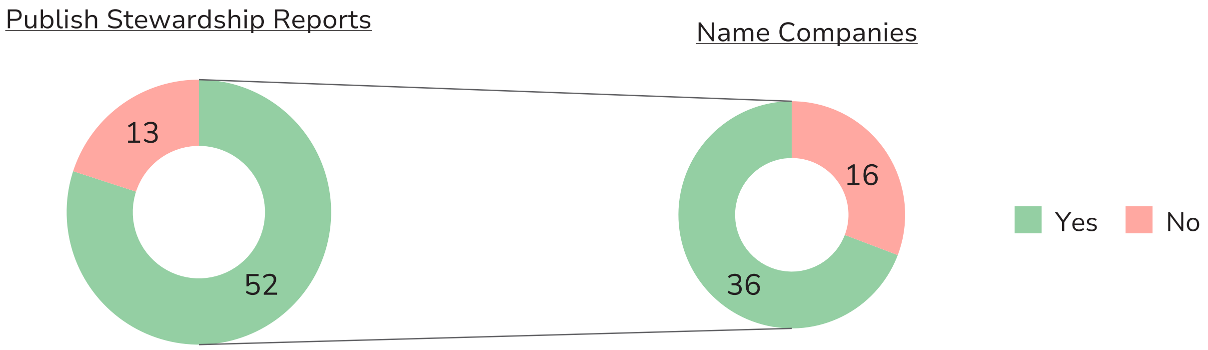
Legal & General Investment Managers states that "Just as we believe a diverse mix of skills, experience and perspectives is essential for a board to function and perform optimally. We expect the companies they oversee to embrace different forms of diversity: e.g. gender, ethnicity and neurodiversity. Our expectations on diversity and inclusion extends beyond the executive level to throughout the company."

(Source: 2024 North America Corporate Governance and Responsible Investment Policy, p32-33)

2.3 Investors Disclose Their Stewardship Efforts

Institutional investors are becoming increasingly transparent in their stewardship and engagement efforts, particularly through the publication of dedicated stewardship reports. These reports often include detailed engagement case studies, offering deeper insights into how they assess key "ESG" topics and their expectations for portfolio companies.

AQTION reported that 52 out of the Top 65 publish their stewardship reports.



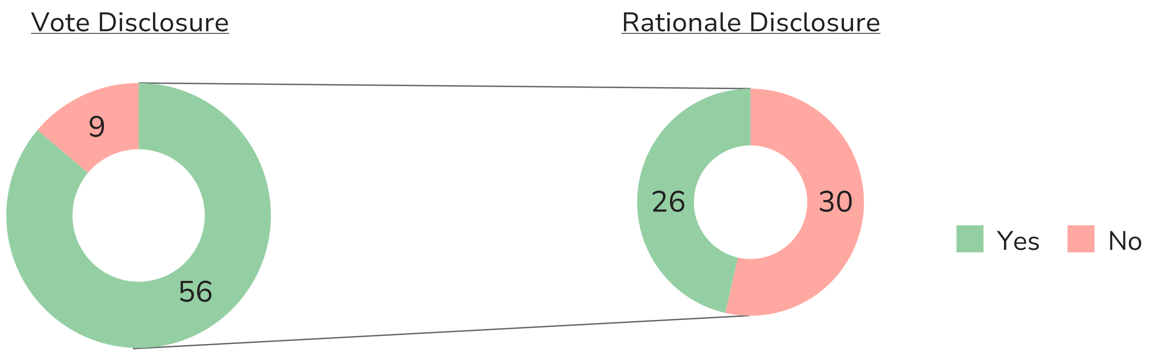
AQTION notes that among these, 36 also name the companies they engaged with, as well as the engagement outcomes and future expectations. AQTION considers that the naming practices are beneficial for fostering accountability and helps set clear expectations for companies while allowing investors to track progress on key initiatives.

2.4 Investors Disclose Their Votes and Justify Their Decisions

2.4.1 Voting Records

Vote records are an essential tool for stakeholders to understand investors' position and influence on companies' governance and strategic decisions. Detailed vote disclosures also help portfolio companies to understand better how investors apply their voting guidelines.

Among the Top 65 investors, AQTION notes that 56 publicly disclose their voting records, reflecting a growing trend towards greater transparency in the industry. It is worth noting that none of the eight Sovereign Wealth Fund analysed disclose how they vote at general meetings, except for **NBIM**.



2.4.2 Vote Rationale

Vote rationales disclosed by investors offer greater transparency into investors' reasoning behind specific voting decisions and help stakeholders understand the context and motivations driving each vote. While 56 investors disclose how they vote, only 26 also disclose the rationales for their votes.

Some investors, such as **CalPERS** and **NBIM** even go one step further, by declaring their vote intentions and/or rationale ahead of general meetings, to clarify their views to the market. Other investors, such as **Legal & General Investment Management** ("LGIM") and **Neuberger Berman**, would only pre-disclose their votes on high-profile cases where they deem the vote to be particularly contentious, or as part of an escalation strategy or an engagement program.

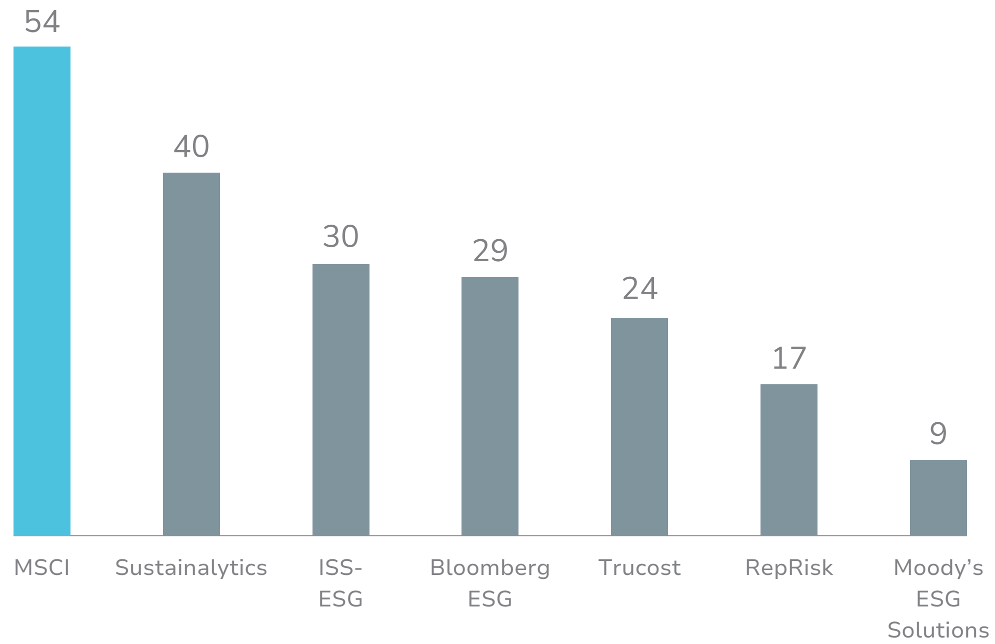
AQTION
powered by SquareWell Partners

As part of 2025 enhancements, AQTION platform now includes 40 million voting records and rationales (where available) from 260+ global investors across 20K+ companies and 1 million proposals since 2021.

2.5 Role of ESG Ratings and Data Providers

Investors rely heavily on these ratings for various purposes, including general investment decisions, impact investing, exclusion or negative screening, and engagement activities. However, as the momentum behind "ESG" slows down, AQTION notes increasing consolidation in the space. A notable example of this trend is the recent partnership between MSCI and Moody's[18] whereby Moody's will start offering MSCI ratings and data to its clients (closing its ESG Solutions business as well as discontinuing its standalone ESG scoring products) while MSCI will be provided access to Moody's Orbis database.

This move takes place as the EU is becoming the first major market to actively regulate the ESG rating space, requiring risk assessment providers to tighten the quality of their offerings and open their methodologies to public scrutiny.[19]



AQTION notes that MSCI, Sustainalytics, ISS-ESG, and Bloomberg ESG are the leading providers among the Top 65 investors. Only 9 investors did not use or disclose which ESG Ratings and Research providers they use.

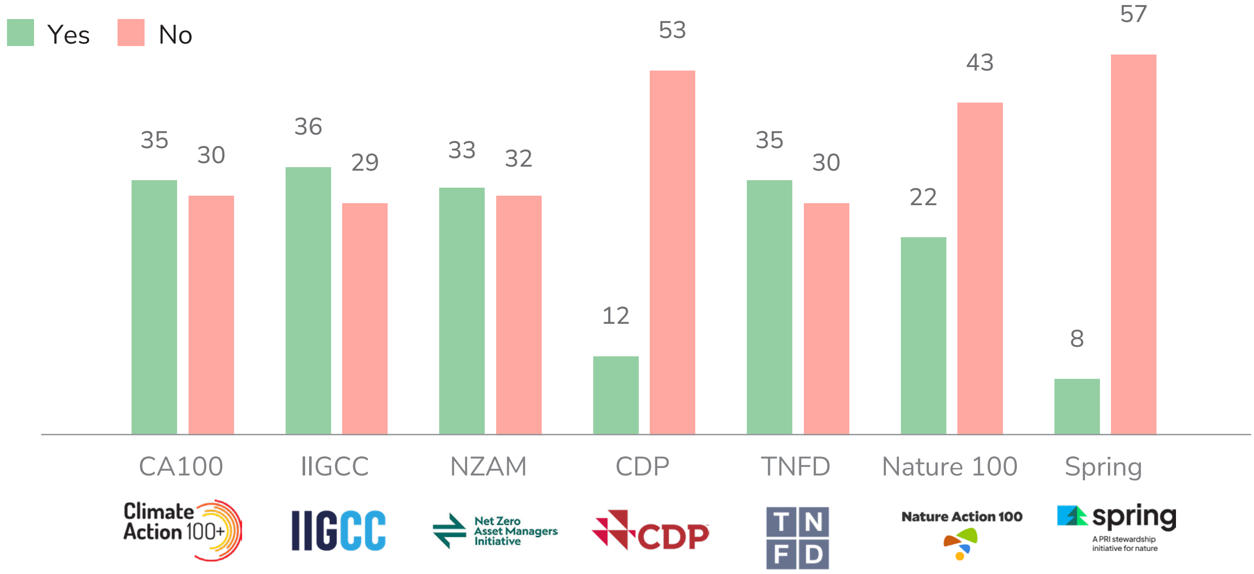
It is also worth noting that there is a growing trend among investors to reduce reliance on third-party service providers for "ESG" analyses, recognising the potential risk of creating an analytical monoculture. This concern has led an increasing number of investors to develop their own proprietary ESG rating systems, allowing for more customized assessment for portfolio companies.

- **AllianceBernstein** ("AB") – ESIGHT tool[20]: AB has developed a proprietary system to track and document their dialogue with issuers; AB ESIGHT tool integrates their "ESG" assessment, proxy-voting history, engagement, and third-party research from MSCI and Sustainalytics.
- **Legal & General Investment Management** ("LGIM") – ESG Score[21]: LGIM has developed an internal ESG Score that is comprised of 34 ESG data points measuring companies against what LGIM believes are global minimum standards. ESG scores help drive the engagement process with investee companies to improve their "ESG" performance.

3. Disclosure Frameworks and Topical Guidance

3.1 Initiatives Driving the Environmental Debate

AQTION highlights the rise of several collaborative efforts in recent years that focus on standardising "ESG" information. These initiatives also push portfolio companies to make progress on principal issues needed to address global challenges.



Climate Initiatives

The Institutional Investors Group on Climate Change ("IIGCC") and **Climate Action 100+** remain key investor coalitions, driving companies in crucial sectors to take tangible actions on climate change. As of March 2025, 35 of the Top 65 investors support Climate Action 100+. This represents a decrease of 12 investors compared to 2023. Indeed, major asset managers have recently withdrawn their participation, including **Goldman Sachs Asset Management** last August and **Northern Trust Asset Management** most recently.[22]

J.P. Morgan Asset Management notably attributed its departure to the development of its own climate risk engagement framework, while **State Street Global Advisors** said the coalition's enhanced priorities for members were not in line with its independent decision-making. It is also worth noting that **BlackRock** has transferred its participation in Climate Action 100+ to BlackRock International, its international business arm that comprises most of BlackRock's clients who have set net zero targets for their organizations, thus limiting its involvement.

We also saw the **Net Zero Asset Managers Initiative** ("NZAM") suspend operations in January 2025, after large asset managers such as **BlackRock** and **Northern Trust** left the initiative.[23] NZAM stated that "Recent developments in the U.S. and different regulatory and client expectations in investors' respective jurisdictions have led to NZAM **launching a review of the initiative to ensure NZAM remains fit for purpose in the new global context.** Signatories will be consulted throughout the review process and informed of any updates in a timely and transparent fashion."[24]

3. Disclosure Frameworks and Topical Guidance

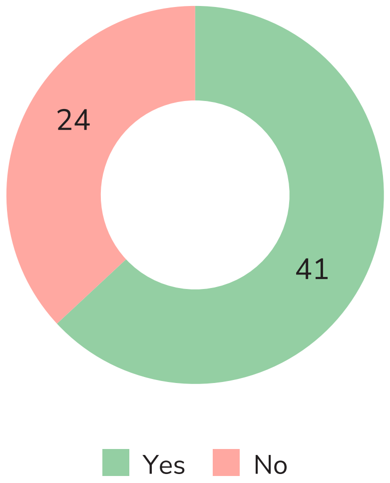
Furthermore, participation in CDP - Science-Based Targets Initiative campaign (annual campaign pushing for the adoption of science-based climate targets) has dropped from 19 investors in 2023 to 12 in 2024.

Biodiversity Initiatives

Nature Action 100 has gained momentum recently, with 22 of the Top 65 investors supporting greater corporate ambition and action on reversing nature and biodiversity loss. The investor-led engagement initiative recently revealed at the 2024 United Nations Biodiversity Conference the results of its first benchmark assessments of corporate action on nature[25], showcasing that most companies are still early in their nature journeys and that more urgent and ambitious action is needed to mitigate growing material financial risks.

The Spring initiative, launched by the Principles for Responsible Investment (PRI) last year, is a relatively new stewardship program focused on nature too. It aims to mobilize investors to use their influence on halt and reverse global biodiversity loss by 2030. The initiative has already gained traction among the Top 65 investors, with 8 investors actively supporting it, including **MFS Investment Management, UBS Asset Management** and **Generali Asset Management**.

The Spring initiative most recently released its first Company Assessment Framework (CAF)[26] that leverages established benchmarks and frameworks: World Benchmarking Alliance Nature Benchmark, the Global Standard on Responsible Climate Lobbying (RCLS), and the InfluenceMap Biodiversity Assessment. This framework will allow participating investors, companies, and stakeholders to track progress for all of Spring's focus companies.



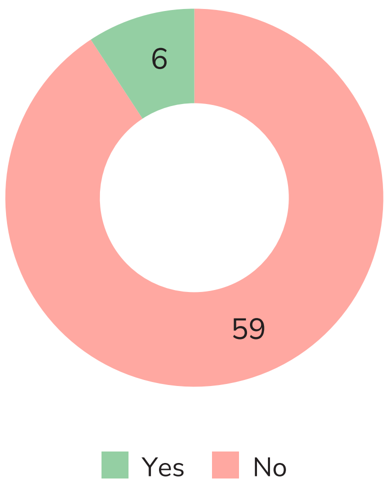
3.2 Investors Provide Guidance on E&S Topics

Investors are increasingly transparent about their expectations on key environmental and social issues. AQTION reports that 41 of the Top 65 investors have publicly shared their views on significant E&S topics as of 2024, a slight increase from 2023, when 40 of the Top 65 investors had provided similar guidance.

To help companies prepare for the upcoming year, AQTION has highlighted recent topics investors have addressed. This provides companies with valuable insights into the guidance they can expect from investors on key environmental and social issues.

3.2.1 Oil & Gas Sector

While fossil fuels are projected to see potential declining demand in coming decades, they will still be part of the energy mix. The Oil and Gas industry has a dual role: to help ensure that the existing system can power people's lives and livelihoods and to do so with the lowest emissions possible. Investors are thus increasingly pressing companies in this sector to clarify their strategies and commitments. To reflect these growing expectations, 6 of the Top 65 investors have published dedicated position papers outlining their stance on the Oil & Gas sector's role in addressing climate change and transitioning to cleaner energy sources. These papers provide companies in this sector with clearer guidance on what investors expect regarding the future of energy production and sustainability efforts within the sector.



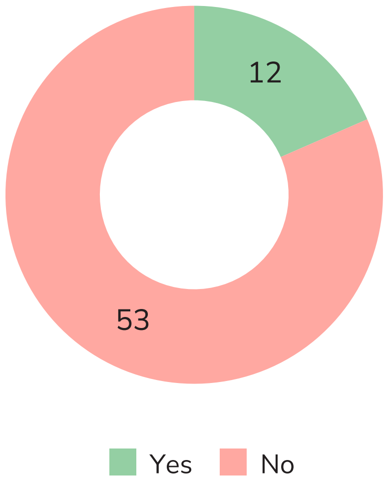
Position on Oil & Gas Sector

Legal & General Investment Management indicates that its stewardship approach to Oil & Gas companies aims at mitigating systemic risks which will require reliable, consistent and verifiable disclosure of climate-related data, demonstration that companies are considering climate risks in their strategies and or business diversification. "What matters is that action is taken, and in time". (Source)

3.2.2 Plastic

The issue of plastic pollution has gained increasing attention from investors, mirroring the growing concern around biodiversity and climate change. AQTION notes that 12 of the Top 65 investors have published dedicated position papers outlining their expectations regarding plastic use and waste management.

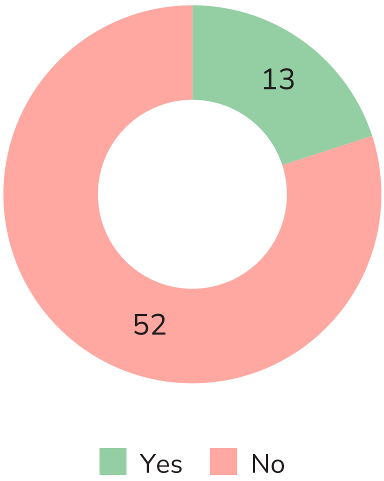
These papers offer guidance to companies on how to address plastic-related risks, with some investors highlighting their participation in initiatives to reduce plastic pollution, while others focus on the economic risks and opportunities associated with transitioning to more sustainable plastic alternatives.



Position on Plastic

Federated Hermes

Federated Hermes focuses on plastics pollution in the context of companies' wider strategies and business models, and assessing the unintended negative consequences of alternatives, stating "While we welcome the increasing awareness that single-use plastic packaging is a problem, in our engagement dialogue with companies we also emphasise that the life cycle of alternatives must be assessed as part of a comprehensive packaging and product design strategy." (Source)



3.2.3 Supply Chain Risks

With increasing global disruptions and heightened focus on environmental and social issues, supply chain risks have become a critical area of concern for investors. To address these risks, 13 of the Top 65 investors have published dedicated position papers outlining their expectations for how companies should manage and mitigate supply chain vulnerabilities. These papers emphasise the importance of transparency, resilience, and sustainability in supply chains, urging companies to address risks such as labour practices, environmental impact, and geopolitical instability. By providing this guidance, investors aim to ensure companies are better prepared to manage disruptions and align their supply chains with evolving "ESG" standards.

Position on Supply Chain Risks

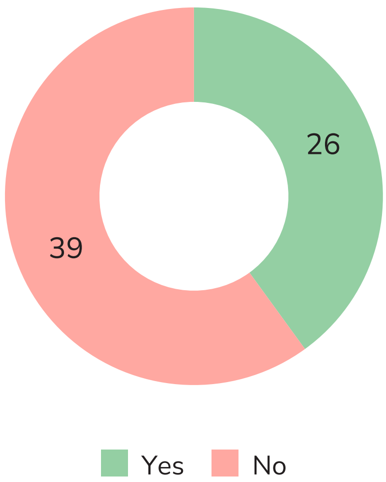
WELLINGTON MANAGEMENT®

Wellington Management considers that supply chains are a source of both macro and microeconomic risks and highlights the lack of sufficient understanding of cross-company linkages and, as a result, which may not allow to pinpoint supply chains' weakest points. Wellington believes greater transparency on these interconnections would enable investors to more clearly identify risks and opportunities and also help companies anticipate costly supply chain disruptions and mitigate the impact on suppliers. (Source)

3. Disclosure Frameworks and Topical Guidance

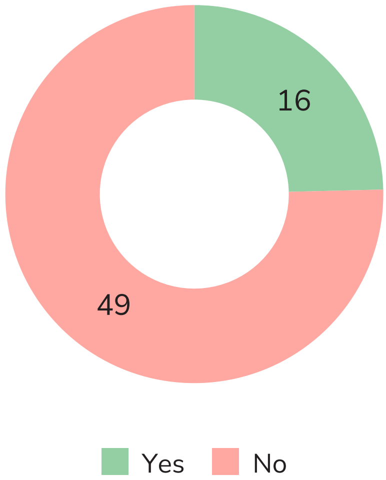
3.2.4 Artificial Intelligence (AI)

As artificial intelligence (AI) rapidly transforms industries and business models, investor scrutiny on its ethical use, governance, and long-term impact has intensified. AQTION reports that 26 of the Top 65 investors have published dedicated position papers on AI, outlining their expectations for how companies should responsibly integrate AI into their operations. These papers emphasis the need for clear governance frameworks, transparency in AI development and deployment, and an understanding of the societal and ethical risks involved. Investors are urging companies to demonstrate accountability, ensure fairness, and safeguard against potential negative consequences as AI becomes a more integral part of business strategies.



3.2.5 Geopolitics

As geopolitical events such as conflicts, trade disputes, and political instability can lead to significant market volatility, investors expect companies to adequately monitor such risk. AQTION noted that 16 out of the Top 65 investors have published position papers on geopolitical risks. These papers emphasise the importance of risk assessment, strategic planning, and market predictions. They provide valuable insights into how geopolitical and economic events might influence financial markets and investment opportunities, helping investors navigate and respond to market uncertainties effectively.



Position on Artificial Intelligence (AI) and Geopolitics

Norges Bank Investment Management

Norges Bank Investment Management stresses the importance of responsible AI for well-functioning markets and the validity of products and services. They advocate for comprehensive regulations that foster safe AI innovation while mitigating risks and notably board accountability and transparency as key elements for Responsible AI. (Source)

Goldman Sachs Asset Management

Goldman Sachs Asset Management ("GSAM") has highlighted the intricate relationships among artificial intelligence (AI), the clean-energy transition, and geopolitics, emphasizing their collective impact on the global economy and investment strategies. GSAM considers that investors who can adeptly navigate these intersecting domains will be better positioned to capitalize on emerging opportunities and address associated challenges, stating that "Investors who stay in their silos and focus on a single theme will miss out on opportunities and underestimate the risks". (Source)

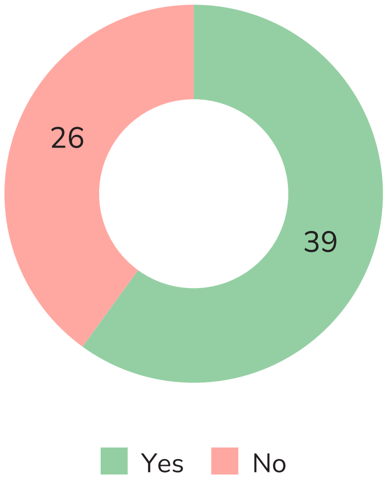
4. Shareholder Activism

4.1 Activism within Investors' Voting Policy

Shareholder activism is a key tool for investors to influence corporate governance and drive meaningful change. Investors are using activism not only to push for more improved financial performance but also to advocate for stronger policies relating to non-financial goals.

AQTION notes that 39 out of the Top 65 investors incorporate activism into their voting policies[27], including factors considered on contested board elections and proposals for alternative candidates.

By detailing how they evaluate activist situations, investors ensure that their voting aligns with long term goals, including improvement to corporate governance and director accountability.



Policy on Contested situations

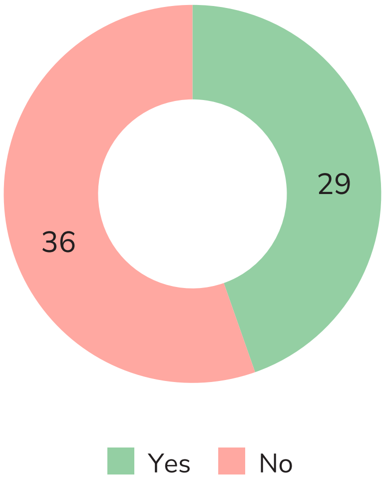
The Vanguard Group analysis of proxy contests focuses on three key areas:

- The case for change at the target company
  - How has the company performed relative to its peers?
  - Has the current board's oversight of company strategy or execution been deficient?
  - Is the dissident focused on strengthening the target company's long-term strategy and shareholder returns?
- The quality of company governance
  - Did the board engage in productive dialogue with the dissident?
  - Is there evidence of effective, shareholder-friendly governance practices at the company?
  - Has the board actively engaged with shareholders in the past?
- The quality of the company's and dissident's board nominees
  - Is there a reason to question the independence, engagement, or effectiveness of the incumbent board?
  - Has the board delivered strong oversight processes with long-term shareholders' interests in focus?
  - Are the directors proposed by the dissident (whether the full slate or a subset) well-suited to address the company's needs, and is this a stronger alternative to the current board?

(Source: 2025 Proxy Voting Policy, p9)

4.2 Traditional Investors Leveraging Activist Tactics

The practice of traditional investors publicly expressing their dissatisfaction—often through press releases or media statements—has gained significant traction as a method of holding companies accountable. Historically, these engagement efforts were conducted privately, but AQTION observes a notable shift towards more public displays of discontent.



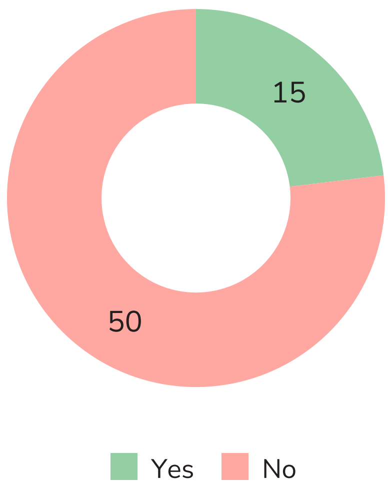
Among the Top 65 investors, 29 have recently detailed their concerns about the performance or governance of their portfolio companies through dedicated case studies, or within their annual stewardship reports.

For example, **Neuberger Berman** publishes extended rationales for voting decisions through their online voting disclosure page[28]. During 2024, this was used several times in situations relating to live activism cases – Walt Disney (US), Keisei Electric Railway (JP), and most recently in 2025 for UGI Corporation (US), and Rio Tinto (UK) – as well as in uncontested votes.

4.3 "ESG" Shareholder Proposals Filed

Traditional long-term investors are increasingly adopting activist strategies to address sustainability, and fundamental governance topics. These investors are filing or co-filing shareholder proposals at general meetings, signaling a strong commitment to holding companies accountable for broader performance concerns. AQTION reports that 15 of the Top 65 investors have either filed or co-filed shareholder proposals over the past 3 years.

These proposals typically focus on key issues such as climate risk, human rights, Diversity, Equity & Inclusion (DEI), and corporate governance reforms. For example, large institutional investors have supported resolutions calling for companies to set more ambitious carbon reduction targets and improve workforce diversity disclosure.



"ESG" Shareholder Proposals Filed

Schroders: In December 2023, Schroders co-filed a shareholder resolution at **Bunge**, a soy producer largely operating out of Brazil after collaborative engagement with the company did not address their concerns over the company policies allowing sourcing from the Cerrado, one of the world's most biodiverse savannahs and home to around 5% of the world's animals. The resolution was asking the company to prepare a report detailing whether its existing policies incentivise an increase in deforestation and land conversion prior to its December 2025 cut-off date, and if so, to identify and take immediate corrective measures at the board's discretion.

Legal & General Investment Management ("LGIM"): In 2024, LGIM teamed up with Amundi Asset Management and Australian Super Fund HESTA to file a shareholder proposal at **McDonald's** on the systemic risks posed to investors by anti-microbial resistance. The resolution, a collaboration with US non-profit The Shareholder Commons (TSC), asked the US fast food chain to align its business, including supply chains, with the World Health Organization's guidance on antibiotic use. LGIM's involvement in the new request at McDonald's was the first time the UK-based manager had filed on the issue of anti-microbial resistance.

APG Asset Management: APG, along with 15 other investors from France, The Netherlands and Belgium have co-filed a shareholder proposal at Engie's 2023 Annual General Meeting, calling on the French Utility to offer a Say-on-Climate vote and improve its disclosure so investors can fully assess its strategy against 1.5°C scenario.

5. Voting Scorecard – Where Did Investors Land?

For the purpose of this study, AQTION examined high-profile cases to analyse how investors are actually practicing stewardship on various board, remuneration, environmental and social topics as well as contested situations. Using AQTION voting data, we aim to provide insights into how investors exercise their voting power and trends in investor behaviour, offering a clear view of Stewardship in AQTION.

While highlights of Top 65 voting behaviour are provided hereafter, you will find detailed votes in APPENDIX.

5.1 Board – Boeing

After years of mechanical issues with Boeing's 737 MAX passenger aircraft, the 2024 Annual General Meeting (hereafter referred as "AGM") proved a flashpoint for shareholders to express concern with Boeing's management and governance.

The Company's share price hasn't recovered since the pandemic, experiencing a 48% decline since the beginning of 2020. Moreover, safety concerns in 2024 led to heightened scrutiny from the Federal Aviation Authority and the US Justice Department, In the lead up to the AGM, the CEO, David Calhoun – once Boeing's Lead Independent Director until being appointed CEO in 2020 - announced that he would step down at the end of 2024, and the board Chair, Larry Kellner, would not seek re-election.

At the 2024 AGM, the average dissent on director elections (**15.9%**) was uniquely high given the widely held ownership structure. Non-Executive Director David L. Joyce received the most dissent (**33.4%**) and, despite the announced departure, the CEO received **22.3%** votes against. Joyce's re-election proved controversial given his role as Chair of the Aerospace Safety Committee, which was permanently established in 2019 following recommendations from an independent review relating to the first fatal crashes of the 737 MAX aircraft.

The proposal to elect David L. Joyce split Proxy Advisors, with ISS recommending FOR his re-election, and Glass Lewis recommending AGAINST. The proposal was opposed by many large institutions like **BlackRock, CalPERS, J.P. Morgan Asset Management**, as well as **Neuberger Berman** who reasoned that "at this time, due to governance concerns, we do not believe the election of this director is in the best interest of shareholders".

AQTION Interpretation: Joyce served as a lightning rod for shareholder discontent that stretched well beyond his own role, however, such high opposition for a sitting director is greatly significant given there was no apparent "Vote-No" campaign, ISS was in favour, and Boeing's leadership had committed to resignations. Boeing shareholders will demand accountability from the whole board, but it will continue to be those in key roles who will face the wrath come the next AGMs.

5.2 Executive Pay – Tesla

In January 2024, the Delaware Court of Chancery voided a pay package, approved by shareholders at the 2018 AGM, to Elon Musk. The 2018 vote on the package – which is composed of roughly 300 million Tesla shares, valued at USD 2.6 billion at the time of grant and USD 55.8 billion by the Delaware Court - was ruled to have been tainted as investors were unaware of board conflicts. To appeal this decision, Tesla put the package up for another shareholder vote at the 2024 AGM (alongside a proposal to re-incorporate the Company away from Delaware, in Texas).

In the weeks preceding the AGM, Tesla and Musk lobbied institutional shareholders as well as Tesla's large following of retail holders to support the package once more. Their case hinged on the value created by Musk for shareholders in the period, and leveraged the risk posed to Tesla of Musk leaving his role.

The pay package was opposed by ISS and Glass Lewis, as well as a large portion of institutional holders but support was given by **Vanguard, BlackRock** and buoyed by a high turnout by retail investors where support was perceived to be strongly in favour and the resolution passed with **72%** support.

Tesla took this result to the Delaware Court to petition the reinstatement of the pay package, but the pay package was rejected by the Court once again in December 2024.

AQTION Interpretation: Tesla's effort to mobilise its retail shareholder base was impressive, however, it highlights a broader debate around delegated voting: (1) are asset managers aligned with the ultimate owners of their holdings they manage, and (2) are retail investors qualified to vote on more obscure items like remuneration. At Tesla, shareholders voted on principles of quantum and pay-for-performance but landed in two different places; most institutions agreed to oppose, while retail investors and a much smaller number of institutions (including Vanguard and BlackRock) decided to support. While there is no right or wrong vote, some of those Tesla retail holders in support will also hold stock through a 401(k) where the manager decided to oppose.

5.3 Environment – Exxon

As with all major Oil & Gas companies, ExxonMobil is subject to continual challenge from campaigners on its policies related to climate. Annually this comes in the form of shareholder proposals, which it has faced as far back as 2000 where Exxon were called on to "Adopt Policy to Promote Renewable Energy Sources" (which received 6.2% of votes in favour). At the 2023 AGM, Exxon shareholders voted on 12 shareholder proposals, nearly all related to climate and energy transition.

In December 2023, Exxon drew a line in the sand and sued two campaigner groups - Arjuna Capital and Follow This – arguing that their hand was forced to litigate as the SEC was allowing too many frivolous proposals. The cases against both campaigners have since been dismissed.

This litigation drew fierce opposition from the Norwegian Sovereign Wealth Fund, **NBIM**, and the **California Public Employees' Retirement System** ("CalPERS") who accused Exxon of undermining shareholder rights. This led to protest votes against several board directors, primarily against the Lead Independent Director, Jay Hooley, whose re-election was opposed by 12.9% of votes as well as the recommendation of Glass Lewis. Large institutions in opposition included **Amundi Asset Management, Schroders**, and **HSBC Global Asset Management**.

Despite this opposition, Exxon CEO, Darren Woods, committed to continuing to use litigation against those who are believed to "abuse the process"[29].

AQTION Interpretation: In the US, support has fallen for "ESG" shareholder proposals, seemingly, opening the door to companies to attack the proponents more openly. Despite willingness to support "ESG" proposals decreasing, the issue of shareholder rights is different and should be treated as such. While many investors don't submit shareholder proposals, they do need to decide whether Exxon's approach sets a standard for companies going forward to narrow or infringe on shareholder rights.

5.4 Social – Apple AI

One of the five shareholder proposals submitted to Apple's AGM in 2024 related to Artificial Intelligence (AI), calling on the company to disclose a transparency report on the company's use of AI in its operations and disclose any ethical guidelines adopted regarding the use of AI.

The proposal, submitted by the American Federation of Labor and Congress of Industrial Organizations ("AFL-CIO", a national trade union federation and serial proponent of shareholder proposals in the US), was reasoned by the significant social policy issues that emerge from the use of AI and the ethical guidelines set out by the US Government. For the proponent, this included the potential for discrimination in Apple's human resources, layoffs caused by automation, and the management of AI-generated media content. AFL-CIO also referenced the recent writers' and performers' strike in Hollywood which in part caused by concern over the use of AI in media creation.

The proposal was recommended FOR by ISS and Glass Lewis and subsequently received **37.5%** support. This included favourable votes from large institutions such as **Aberdeen Investments, AEGON AM, DWS, LGIM, Federated Hermes**, and **NBIM**. BlackRock, however, opposed, claiming that Apple "already has policies in place to address the request being made by the proposal, or is already enhancing its relevant policies".

In 2025, Apple received a similar AI-related proposal at their AGM – submitted by the National Legal and Policy Center. The proposal requested that Apple prepare a report which assesses the risks related to Apple's usage of data in the development and training of its AI projects. This proposal, while under the 'AI umbrella,' was not a like-for-like substitute for the previous resolution – taking aim at Apple AI's privacy and data training, especially in regard to its partnership with OpenAI.

ISS recommended AGAINST the proposal in 2025, and it received **11.4%** support. **Aberdeen Investments, AEGON AM**, and **DWS** supported the resolution, while other large investors that supported the 2024 AI proposal voted AGAINST this time around (**Federated Hermes, LGIM** and **NBIM**).

AQTION Interpretation: As the risks and opportunities of Artificial Intelligence continue to develop and become more substantiated, its materiality to investors will increase. Even though the resolution in 2024 was requisitioned by a trade union, the support of active managers for the proposal illustrates the importance of governance and transparency around AI being seen as critical for future investment decision making. AQTION notes that while there was a significant drop in the support for the 2025 resolution, they are not like-for-like, and investors continue to assess shareholder proposals on a case-by-case basis.

5.5 Activism – Disney (Nelson Peltz)

In 2024, Nelson Peltz's Trian Partners escalated their public discontent with Disney to a full-blown proxy contest. Trian nominated Peltz and former Disney CFO, Jay Rasulo, to the Board of Directors, and – in a form required by the new Universal Proxy Card Rules ("UPC") – called on the replacement of two incumbent directors. As documented in numerous public communications and deep media coverage, the foundation of the campaign – which referenced frustration with the slowing down of Disney's creative flywheel, stumbling performance, and strategic missteps – was built on what Trian saw to be a failure of the Board in the succession planning of legendary CEO, Bob Iger, who made a return to the position in late-2022 after his initial retirement in 2020.

Disney shareholders – including a considerable retail investor base – were encouraged by both sides to vote for their respective candidates, with the Company employing the support of Mickey Mouse and Jamie Dimon (amongst others) to endorse the Iger-led Board. Despite a split decision by ISS (who supported Peltz but opposed Rasulo), Trian gained **30%** of the vote from Disney shareholders, and were reported to have sold the majority of their position in the months following.

<u>AQTION Interpretation</u>: Despite Peltz's loss at the ballot box, the campaign raised significant questions about the longevity of value created at Disney. Peltz's claims about a stalling creative flywheel and lagging operational performance will not have gone unnoticed. Despite goodwill being built during the campaign – thanks to a rallying share price - with 30% of investors already sceptical and willing to give an activist a seat, frustrations may boil over again if the new faces overseeing succession don't come up with a convincing plan for Disney after Iger.

Looking ahead

Environmental & Social (E&S) Proposals

While the impact of the change in investors' policies and political and regulatory upheaval on well-crafted E&S shareholder proposals remains to be seen, AQTION notes that 'Anti-ESG' proposals submitted to a vote in 2025, still received low support. Indeed, proposals such as asking Deere & Company to report on its charitable contributions or encouraging Apple to abolish DEI policies, only gained 1.2% and 2.3% support, respectively.

On the other hand, AQTION notes solid support for governance-related proposals: for example, there have already been 8 shareholder proposals in the S&P asking companies to introduce 'Director Resignation Guidance,' with support as high as 38.8%.

Proxy Contests

Most recent 2025 Proxy Contests demonstrate that investors do not hesitate to cast votes in favour of activist nominees, irrespective of how Proxy Advisory firms may have recommended.

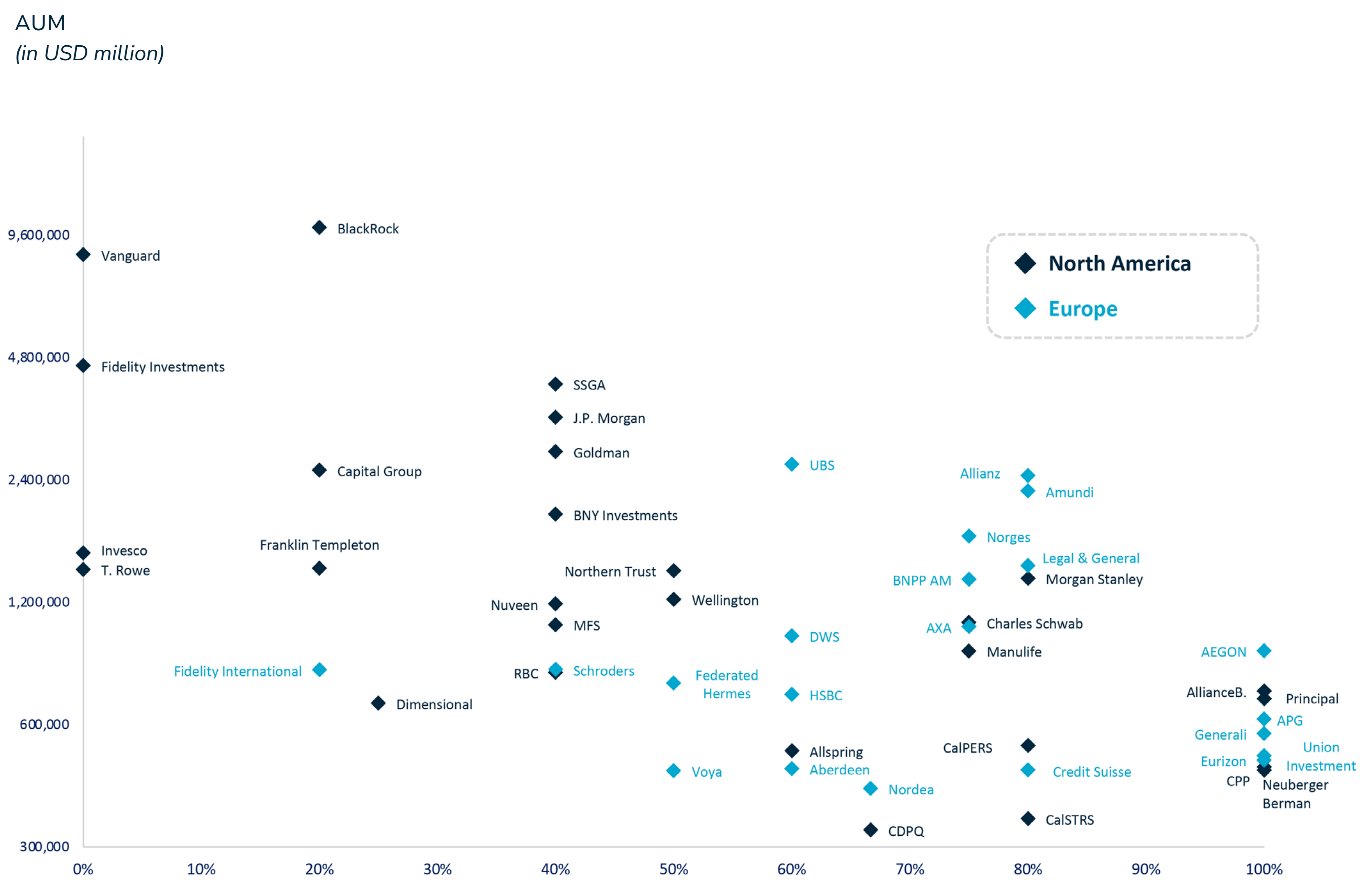
At Air Products and Chemicals January 2025 AGM, several activist nominees were ultimately elected to the board with up to 70% support while activist nominees at Matthews International Corporation's February 2025 AGM received ~40% support in average.

5.6 Investors' Voting Scorecard

In the chart below, AQTION has plotted investors' voting behaviour on the five issues outlined above against their Assets Under Management (AUM). The x-axis represents the extent to which the investor voted against the Board recommendation at the five companies. Investors on the right hand side of the graph could be interpreted as being more willing to use their vote in a more diverse manner to promote change (i.e. on director elections, remuneration, and shareholder proposals).

From the chart AQTION makes the following observations:

- European asset managers appear more willing to vote for change.
- None of the largest six investors by AUM (BlackRock, Vanguard, State Street, Fidelity, JPMAM, or GSAM) went against the board recommendations a majority of the time.
- A lower AUM indicates a higher propensity to hold management/board to account.



% Votes Not Aligned with Management (%)

6. Appendix

6.1 Detailed Top 65 Votes[30] on High-Profile AGM Cases

Investors	AUM[31] (in USD million)	Exxon Mobil	The Boeing Company	Tesla, Inc.	Apple Inc.	The Walt Disney Company
		ExxonMobil	BOEING	TESLA		The Walt Disney Company
		29-May-24	17-May-24	13-Jun-24	28-Feb-24	3-Apr-24
		#1.6	**#1.h**	**#4**	**#7**	**#1.1**
		Elect Director Joseph L. Hooley	Elect Director David L. Joyce	Ratify Performance Based Stock Options to Elon Musk	Report on Use of Artificial Intelligence	Elect Dissident Nominee Director Nelson Peltz
BlackRock	$10,008,995	For	Against	For	Against	Against
The Vanguard Group	$8,593,307	For	For	For	Against	Against
Fidelity Investments	$4,581,980	For	For	For	Against	Against
SSGA	$4,127,817	For	Against	Against	Against	Against
J.P. Morgan AM	$3,422,000	For	Against	For	Against	For
Goldman Sachs AM	$2,812,000	For	For	Against	Against	For
UBS AM	$2,620,000	Against	For	For	For	For
Capital Group	$2,532,813	For	Against	For	Against	Against
Allianz Global Investors	$2,454,495	Against	For	Against	For	For
Amundi AM	$2,250,226	Against	Against	Against	For	Against
BNY Investments	$1,974,322	For	Against	For	Against	For
Norges Bank IM	$1,743,000	Against	n/a	Against	For	Against
Invesco	$1,585,344	For	For	For	Against	Against
Legal & General IM	$1,475,000	For	Against	Against	For	For
Franklin Templeton	$1,455,000	For	For	Against	Against	Against
T. Rowe Price	$1,444,500	For	For	Abstain	Against	Against
Northern Trust AM	$1,434,500	Against	For	Against	Abstain	Against
Morgan Stanley IM	$1,373,456	Against	Against	For	For	For
BNP Paribas AM	$1,364,099	Against	n/a	Against	For	Against
Wellington Management	$1,219,910	For	For	Against	For	n/a
Nuveen (TIAA Company)	$1,187,693	For	For	For	For	For
Charles Schwab AM	$1,068,923	Against	Against	Against	Against	n/a
MFS IM	$1,055,778	For	For	Against	For	Against
AXA IM	$1,043,497	Against	n/a	Against	For	Against
DWS Investment GmbH	$990,366	Against	For	Against	For	Against

		Exxon Mobil	The Boeing Company	Tesla, Inc.	Apple Inc.	The Walt Disney Company
		29-May-24	17-May-24	13-Jun-24	28-Feb-24	3-Apr-24
		#1.6	**#1.h**	**#4**	**#7**	**#1.1**
Investors	AUM[31] *(in USD million)*	Elect Director Joseph L. Hooley	Elect Director David L. Joyce	Ratify Performance Based Stock Options to Elon Musk	Report on Use of Artificial Intelligence	Elect Dissident Nominee Director Nelson Peltz
AEGON AM	$911,338	n/a	n/a	Against	For	For
Manulife IM	$910,273	Against	Against	Against	n/a	Against
Schroders	$818,875	For	For	Against	For	Against
Fidelity International	$816,900	For	For	For	For	Against
RBC Global AM	$805,258	For	For	For	For	For
MUFG AM	$788,261	For	For	Against	For	n/a
Federated Hermes	$757,622	n/a	n/a	n/a	For	Against
AllianceBernstein	$725,200	Against	Against	Against	For	For
HSBC Global AM	$711,091	Against	For	Against	For	Against
Principal AM	$694,500	n/a	n/a	n/a	For	n/a
Dimensional	$677,141	For	n/a	Against	Against	Against
APG AM	$618,000	n/a	n/a	Against	For	For
Generali AM	$569,478	Against	n/a	Against	For	n/a
CalPERS	$532,000	Against	Against	Against	For	Against
Allspring	$516,909	For	For	Against	For	For
Union Investment	$502,324	Against	n/a	Against	For	n/a
Eurizon AM	$490,050	Against	n/a	Against	For	For
CPP Investments	$472,000	Against	Against	Against	For	For
Aberdeen Investments	$467,479	For	For	Against	For	For
Credit Suisse AM	$463,665	Against	For	Against	For	For
Neuberger Berman	$463,418	Against	Against	n/a	For	For
Voya IM	$462,079	For	n/a	For	For	For
Nordea AM	$417,728	For	n/a	Against	For	n/a
CalSTRS	$352,000	Against	Against	Against	For	Against
CDPQ	$330,000	n/a	For	Against	For	n/a

6.2 List of Investors Considered for the Study

AM – Asset Manager / **PPF** – Public Pension Fund / **SWF** – Sovereign Wealth Fund

Investor name	Type	Country
Aberdeen Investments	AM	United Kingdom
ADIA - Abu Dhabi Investment Authority	SWF	United Arab Emirates
AEGON Asset Management	AM	Netherlands
AllianceBernstein	AM	United States
Allianz Global Investors	AM	Germany
Allspring Global Investments	AM	United States
Amundi Asset Management	AM	France
APG Asset Management	PPF	Netherlands
Asset Management One	AM	Japan
AXA Investment Managers	AM	France
BlackRock	AM	United States
BNP Paribas Asset Management	AM	France
BNY Investments	AM	United States
CalPERS - California Public Employees' Retirement System	PPF	United States
CalSTRS - California State Teachers' Retirement System	PPF	United States
Capital Group	AM	United States
CDPQ - Caisse de Dépôt et Placement du Québec	PPF	Canada
Charles Schwab Asset Management	AM	United States
CPP Investments	PPF	Canada
Credit Suisse Asset Management	AM	Switzerland
Dimensional Fund Advisors	AM	United States
DWS Investment GmbH	AM	Germany
Eurizon Asset Management	AM	Italy
Federated Hermes (incl. EOS)	AM	United States
Fidelity International	AM	United Kingdom
Fidelity Investments	AM	United States
Franklin Templeton Investments	AM	United States
Generali Asset Management[32]	AM	Italy
GIC - Government of Singapore Investment Corporation	SWF	Singapore
Goldman Sachs Asset Management	AM	United States
GPIF - Government Pension Investment Fund	PPF	Japan
HSBC Global Asset Management	AM	United Kingdom

Investor name	Type	Country
Invesco	AM	United States
J.P. Morgan Asset Management	AM	United States
KIA - Kuwait Investment Authority	SWF	Kuwait
LBBW Asset Management	AM	Germany
Legal & General Investment Management	AM	United Kingdom
Manulife Investment Management	AM	Canada
MFS Investment Management	AM	United States
Morgan Stanley Investment Management	AM	United States
MUFG Asset Management	AM	Japan
Natixis Investment Managers	AM	France
Neuberger Berman	AM	United States
Nissay Asset Management	AM	Japan
Nomura Asset Management	AM	Japan
Nordea Asset Management	AM	Denmark
Norges Bank Investment Management	SWF	Norway
Northern Trust Asset Management	AM	United States
NPS - National Pension Service Investment Management	PPF	South Korea
Nuveen (TIAA Company)	AM	United States
PIF - Public Investment Fund	SWF	Saudi Arabia
Principal Asset Management	AM	United States
QIA - Qatar Investment Authority	SWF	Qatar
RBC Global Asset Management	AM	Canada
SAFE Investment Company	SWF	China
Schroders	AM	United Kingdom
State Street Global Advisors	AM	United States
Sumitomo Mitsui Trust Asset Management	AM	Japan
T. Rowe Price	AM	United States
Temasek	SWF	Singapore
The Vanguard Group	AM	United States
UBS Asset Management	AM	Switzerland
Union Investment	AM	Germany
Voya Investment Management	AM	United States
Wellington Management	AM	United States

Note: Baillie Gifford was included in 2023 and replaced with Voya Investment Management in the 2025 study.

6. Appendix

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In case of split votes, majority vote (#shares) was considered.
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7. References

Contact

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