SWIPRA
CORPORATE GOVERNANCE
SERVICES & DIALOGUE

Newsletter 6/2025

2025 AGM Season Review

Annual General Meetings 2025: The impact of escalation strategies and continued sustainability effort

Zurich, 24th April 2025 - The 2025 Swiss AGM season was overshadowed by geopolitical events which also impacted institutional shareholders' voting policies and behaviors. AGM votes showed a push for fundamental governance improvements through escalation strategies. Average voting outcomes remained stable, but shareholders increased scrutiny on persistent governance issues, such as board accountability and compensation practices. Companies are advised to adopt dynamic governance practices, improve transparency on their actions —particularly around pay and board refreshment—and engage meaningfully with shareholders and proxy advisors. Especially mid-and small sized companies face increased opposition concerning their boards as shareholders are holding directors accountable for their individual roles and responsibilities. This leads to higher reputational risks for boards and their individual key members. Despite the publicly perceived headwinds for ESG issues, shareholders mostly continue to follow their agendas: Sustainability reports were viewed more critically and a lack of diversity on the board has become the second most important reason for shareholders to vote AGAINST a director election. Companies on the other hand, continue their efforts to advance their sustainability initiatives.

The SWIPRA AGM Analysis 2025 reviewed AGMs and annual reports of the 100 largest companies of the SPI® index (SPI100) that held their AGMs between July 1, 2024, and May 31, 2025. Unless otherwise indicated, the shareholder voting analyses exclude holdings of anchor shareholders such as families, strategic investors or the government with holdings larger than 10%.

Next events

EIZ Verwaltungsratsforum 2025
Event for board members and by invitation only
organized by Europa Institute, UZH
September 22, 2025

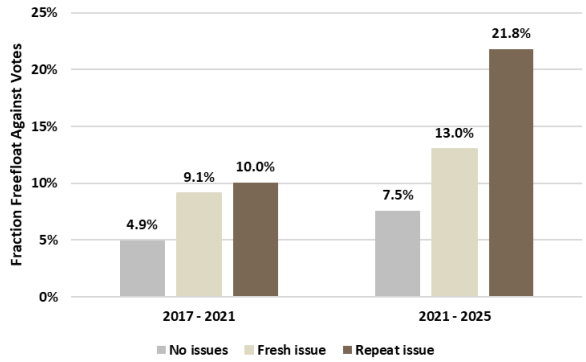
2025 SWIPRA Corporate Governance Survey Event
Presentation of the results
December 9, 2025

Board elections – Higher exposure

- Median AGAINST vote remained low (2.7%) but increased again in the most contentious 10% of votes (40.7%). 14 directors and 25 compensation committee candidates would have failed election without anchor shareholder backing.
- Accountability increased for committee chairs, particularly in compensation and nomination roles. Board members seen responsible for unresolved governance issues were increasingly penalized and are faced with rising reputational risks.
- Escalation strategies are becoming more important: when a compensation issue was raised initially, the median AGAINST votes for compensation committee elections reached 13% on average (8% for no issue), whereas if the issue continued for another year, median AGAINST votes increased to 22%.

The 2025 AGM season saw median approval rates for board as well as chair elections increasing. In elections where shareholders identified an issue, which were mostly related to board composition (independence, diversity and availability) or responsibilities for a specific topic (committees), approval rates declined and were highest in companies with repeat issues. Shareholders use escalation strategies in their voting behavior to make themselves heard. A clear signal to boards that corporate governance issues cannot be sit out but need regular review, self-reflection and adaption.

Shareholders making use of escalation strategies in their voting
SPI 100 Companies – Compensation committee elections (median levels)



This is most obvious for committee or board chairs. Compensation committee chairs confronted with a pay issue (high disapproval of compensation report), receive AGAINST votes of 27% (median), more than five times as much as their peers with no or minor issues only. Similarly, nomination committee chairs of boards with less than 30% female representation got 19% AGAINST votes (median), peers in more gender balanced boards only 6%.

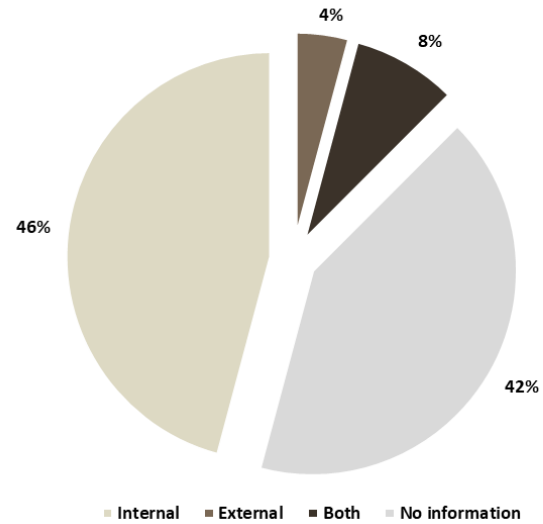
Escalation strategies can also lead to higher disapproval for all committee members if issues raised in the past had not been addressed. AGAINST votes for compensation committee members were still low with 7.5% (median), but three times higher than for all board members. Shareholders expect boards to take responsibility, not only the chairperson, but also at committee level, exposing committee chairs more to their shareholders.

Board composition – In focus

- Gender diversity rose slightly to 35.3% across the SPI100 with non-SMI companies catching up to SMI companies, while shareholders continue to hold nomination committee members of non-gender-diverse boards accountable.
- Directors serving over 12 years received 26.2% AGAINST votes, compared to 3.6% for shorter tenures.
- Roughly half of the SPI100 boards conduct assessments (54%), mainly internally, and only 20% of companies disclose information on refreshment processes.

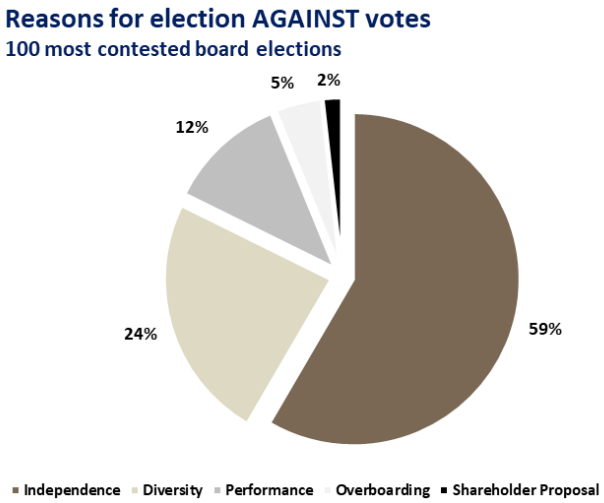
Addressing the challenges in today's fast-moving markets and geopolitical uncertainties requires a well-balanced composition of skills and experiences on the board as well as actively contributing members. Board elections are thus the key agenda items for all institutional shareholders and regularly discussed in engagement meetings. A continuous assessment and refreshment process is expected by shareholders and explicit in board elections as long-tenured directors (> 12 years) incurred six-times as many "Against" votes as shorter-tenured members.

Disclosure of Board Assessments



Yet, assessment and refreshment processes remain unclear to shareholders in many companies. Often, they are perceived as a tick-the-box exercise, in particular when comparing to the real strategic challenges as described by the companies themselves. Skills-matrix disclosure gained traction (50 % of boards), yet the link between these matrices and the actual refreshment process remains opaque. In volatile markets and amid geopolitical uncertainty, transparent, skills-based board composition and renewal processes are essential to maintain investor confidence.

Gender diversity on SPI100 boards increased further to 35.3% (up from 34%), this year mostly driven by non-SMI companies which increased the fraction to 35.3%, just shy of the 35.6% of SMI companies. The almost full disappearance of male-only boards indicates that the value of board diversity has been recognized and that sufficient female board members are able and willing to serve on Swiss boards. And shareholders continue to push towards a more balanced female representation on boards: amongst the 100 most contested board elections, diversity has been the second most important reason (24%, up from 10% a year ago) for them to vote against a director.



Sustainability – Understanding strategic relevance

- AGAINST votes on sustainability reports increased to 6.4%, up from 4.7% (median) and increased to 18.4% for the highest quarter (from 12.2%).
- Binding instead of advisory votes on the sustainability reports rose to 68% (from 56%), and 63% of companies now assure the report externally.
- Most SPI100 companies continued their DEI disclosures in the 2024 reports and prepare for CSRD adoption.

Following the toning down of shareholder policies at the start of the 2025 AGM season, especially on sustainability topics, the expected higher level of AGAINST votes on the sustainability reports was suddenly not so clear anymore, but the voting outcomes showed that this topic remains of high relevance. This year, 68% of companies submitted the report in a binding vote, up from 56% a year ago (the legal consequences of a binding vs advisory approach remain unclear), and 63% with a limited external assurance on their report (up from 52% in 2024). With the experiences gained during the last two years, companies and their stakeholders are well advised to use the current regulatory implementation pause by the EU to mutually work on refining data definition and quality, streamline disclosures to material, strategically relevant topics, and deepen their engagement on sustainability strategy.

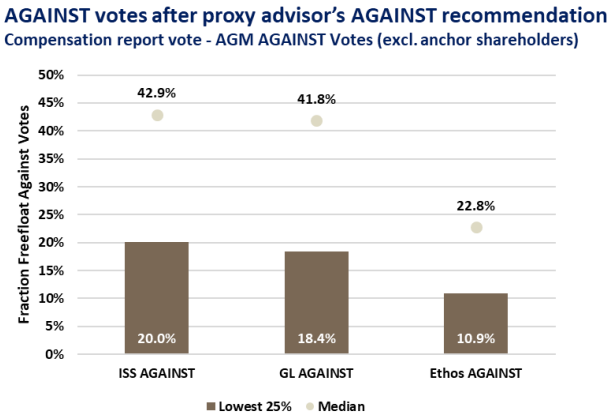
Despite the for now decreased regulatory pressure, companies continue to work on further developing their sustainability strategies and related disclosures. Two thirds of the SPI100 companies indicated that they are working towards a CSRD report and almost half committed to an SBTi target (up from 43%). This continued work and commitment indicates awareness by companies for the value of their sustainability efforts.

Proxy Advisors – Continued influence

- ISS (12.8%) and GlassLewis (5.6%) issued less, while Ethos (19.5%) and Inrate (18.1%) issued more AGAINST recommendations.
- Influence on minority shareholders by aligning all proxy advisors rose to 68%, with ISS alone influencing 21% on average, Ethos and GlassLewis about 10% each.
- Credible and direct shareholder engagements can lead to deviations between proxy advisor recommendations and shareholder voting—especially in compensation votes.

Despite the pressure international proxy advisors are facing in the US, they largely kept up their policies in Switzerland, though with a somewhat softened

interpretation. The fewer AGAINST recommendations are reflected in higher AGM approval rates, and while proxy guidance remains highly influential, institutional investors are increasingly overlaying their own assessments when credible corporate rationale for policy divergence is provided. For example, in compensation votes: Despite an ISS AGAINST recommendation, a quarter of companies received on average only 20% AGAINST votes from their shareholders, much less than 42% (median) for all companies with an AGAINST recommendation. An indication that shareholder engagement can be highly impactful.



All proxy advisors issued more AGAINST recommendations for controlled than for widely held companies with the highest differences observed at ISS (16% in 2025 vs 5% in 2024) and GlassLewis (7% in 2025 vs 2% in 2024). This explains the higher level of AGAINST recommendations at non-SMI companies, which are more likely controlled by a large shareholder. These companies often deviate from best practice governance and as proxy advisors need to follow rigid rules to provide consistent voting recommendations across a wide range of companies, more AGAINST recommendations result.

For companies and their boards, important implications arise from this. While proxy advisors are not able to deviate from their guidelines, institutional shareholders can. But only if boards provide credible evidence that their deviation from best practice in corporate governance is aligned with their long-term value creation and shareholder interests.

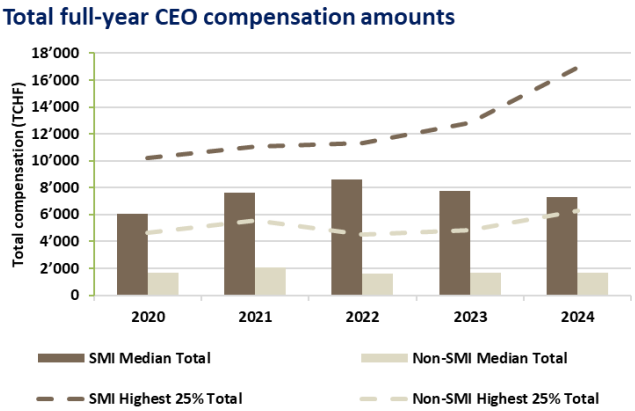
Compensation – a reputational risk factor

- In 2024, median CEO pay rose 6.4% to CHF 1.97m compared to 2023, with 61% of the Top100 CEOs receiving a higher compensation than in the previous year; highest quartile of non-SMI and SMI CEOs saw increases of 29% and 33%, respectively.
- AGAINST votes on compensation reports dropped to 17.7% (from 21.8%), attributed partly to improved disclosure, but shareholders would still have rejected 12 remunerations reports in 2025 without anchor shareholder backing.
- Only 30% of those companies receiving the highest level of AGAINST votes on their remuneration report paid top-quartile salaries—suggesting that transparency, not pay level, drives support.

Despite the higher approval rates for compensation reports, shareholders' compensation votes in Switzerland remain at elevated levels compared to peer markets. Pay for performance disclosure remains a key issue amongst shareholders, especially in medium-sized or majority-held companies. And in the public perception, compensation committees are increasingly challenged as executive compensation levels increase faster than average pay. Going forward, compensation committees cannot mainly rely on peer comparisons to set compensation quantum and systems, as it currently is often the case, and need to take public perception and reputational concerns into consideration. Going beyond benchmarking will not only benefit corporate culture, but also the credibility of the compensation committee members and the board.

The rather small changes around the median compensation levels conceal the changes observed within the top quartile of CEO pay where an increase of 29% for non-SMI companies and of 33% for SMI companies was observed. For those CEOs who received

more than previously, the median increase was 10% whereas those earning less, the decrease was 5.5%. Especially the larger decreases were often due to CEO changes, while increases were mostly driven by higher bonus payments or share allocations. At non-SMI companies, share-based compensation increased again to a median level of 24.4% of total compensation (up from 22.6%) of total compensation and at SMI companies it increased from 42.0% to 44.6%.



The SWIPRA Survey 2024 indicated that shareholders see high pay quantum or missing explanation of the pay for performance link as main reason for high AGM opposition. As quantum has generally increased, the observed drop in AGAINST votes is likely driven by improved disclosure or a softer compensation assessment by shareholders. Looking at the 20 companies with the highest level of AGAINST votes on their compensation report (median of 57.9%), only 30% belong to the highest paying quarter of companies. This implies that most high-paying companies convinced shareholders of their pay for performance and rationalized their pay decisions sufficiently transparent. On the other hand, 40% of these 20 companies are paying their CEOs below median compensation. For these companies, it is less the quantum, but missing transparency leading to the high level of AGAINST votes.

About SWIPRA Services

SWIPRA Services supports boards of directors with independent, customized assessments and coaching. We provide our clients with practical advice taking into account relevant stakeholder opinions. Our aim is to make leadership teams more effective and efficient, strengthen reputation and increase company value in the long term.

To further develop corporate governance in Switzerland, SWIPRA Services works with a high-level think tank consisting of companies and institutional investors and conducts independent, representative studies. SWIPRA Services is also active in education and management training as well as public relations work on corporate governance and stakeholder management issues.

Together with our partners at TBA Trusted Board Advisors, we advise companies on corporate governance, strategic communication, reputation and stakeholder management.

Contact

Barbara A. Heller, Managing Partner, T: +41 (0) 55 242 60 00, E: barbara.heller@swipra.ch, www.swipra.ch