

### Governance at Center Stage: Boards, Pay, and Sustainability in the 2026 AGM Season

Zurich, 13th February 2026 – As Swiss companies approach the 2026 AGM season, the spotlight is shifting back to governance. After years of environmental and social considerations dominating corporate agendas and shareholder engagements, institutional investors are refocusing on fundamental governance topics: compensation, board composition and board effectiveness. This renewed emphasis on boards, combined with persistent concerns over compensation practices, will shape the key debates at this year's annual general meetings.

Trust in Swiss boards of directors remains high, but fragile, as transparency around board composition, skills and renewal processes continues to be limited. Voting policies of major institutional shareholders and proxy advisors are broadly unchanged from the previous year, but language on responsibility and accountability of boards has sharpened, signaling that companies which do not proactively address these expectations risk facing higher opposition votes and reputational damage.

At the same time, AGM voting policies and actual voting behavior may become more diverse as more asset owners vote according to policies that deviate from their asset managers' or proxy advisors' house policies. Even if overall uptake is still modest, this growing variety of views will make it harder for boards to anticipate voting outcomes and reinforces the need for a deeper understanding of their shareholder base.

#### Next events

##### EIZ Verwaltungsratsforum 2026

Event for board members, supported by SWIPRA  
June 9, 2026

##### **SWIPRA AGM season analysis**

Presentation of the results  
June 2025

##### Corporate Governance Excellence 2026

Event for board members organized by FuW with  
SWIPRA as a Network Partner  
July 7, 2026

### Board of Directors: Trust Without Transparency

Action points for the 2026 AGM season

- **For boards:** Explain your strategic challenges and how they map into your board's skills and experiences in your governance disclosure.
- **For boards:** Enhance disclosure on board assessment processes and their relevance for your board's development.
- **For shareholders:** Request clarity on succession planning, board refreshment logic, and how board assessment outcomes are translated into changes.

### The Governance Paradox

Shareholder confidence in boards of directors has increased in recent years, yet this trust is critically fragile, as it rests more on reputation than on substantive disclosure. This is reflected in shareholders' concerns about whether board compositions are aligned with strategic challenges and ambitions, and in the limited understanding of the individual contribution of each board member to the company's strategic development (c.f. [SWIPRA Survey 2025](#)). This creates a credibility gap: shareholders want to trust Swiss boards, but they lack the information to justify that trust.



With governance returning to the center stage of shareholders' priorities, this gap becomes difficult to sustain. Voting policies of major asset managers increasingly stress that boards are key long-term value drivers. Shareholders therefore expect boards to have the right qualifications and experience, sound judgement, and a credible refreshment process. It is no longer sufficient to list director CVs in a skills matrix; boards are expected to derive required skills from strategic challenges and then explain how individual directors meet those needs.

Similarly, investors struggle to understand how board succession is planned and executed, and how internal assessment processes help improve the board's efficiency and effectiveness. To strengthen credibility, boards need to be more transparent about what assessments reveal and how findings translate into composition and working methods. As the UK Governance Code's emphasis on the "so what" of governance spreads, Swiss boards should expect similar demands from their shareholders.

**Proxy advisor updates**

Ethos

Glass Lewis (Switzerland)

Glass Lewis (Continental Europe)

Inrate

ISS Continental Europe

### Compensation: Escalation and Scrutiny

Action points for the 2026 AGM season

- **For boards:** Be aware of shareholders' escalation process towards committee elections and compensation amount votes in case of high compensation report AGAINST votes, and clearly explain how shareholder feedback has been addressed.

- **For boards:** Increase understanding of pay for performance by disclosing KPI target levels and how actual outcomes drive variable payouts.
- **For boards and shareholders:** Re-evaluate the balance between PSUs and RSUs, considering not only incentive strength but also pay-gap effects and the social acceptance of resulting payout levels.

### Switzerland's Persistent Compensation Challenge

Swiss companies face some of the highest remuneration report opposition in major markets (c.f. [SWIPRA AGM Analysis 2025](#)). When compensation issues persist and boards fail to act, opposition typically escalates, from the remuneration report to those responsible for oversight, particularly members of the compensation committee.

These systematic escalation strategies have profound implications. Companies with repeatedly high opposition can expect AGAINST votes to increase further. Shareholders particularly view committee memberships as a clear accountability mechanism: if a committee repeatedly produces outcomes they oppose, voting against its members becomes the logical next step. Boards should therefore treat high or relatively high AGAINST votes as an urgent call to action, rather than short-term irritation that will disappear eventually.

### The Disclosure Gap

Quantum of compensation packages, often influenced by benchmarking, remains the most critical issue, alongside pay-for-performance transparency. Disclosure of performance targets is seen as particularly weak in Switzerland, as other markets have moved towards explicit disclosure of short- and long-term incentive targets, enabling shareholders to judge whether hurdles are genuinely demanding or easily achievable. The updated pay for performance assessment Glass Lewis has introduced for the upcoming AGM season will put an additional spotlight on this topic.



To reduce opposition, boards need to be more transparent about KPI targets and make the pay-for-performance discussion more tangible. They must be ready to explain why peer groups are appropriate, how they reflect competition for executive talent, and—crucially—which factors beyond peer positioning justify any increases in compensation levels.

### The RSU Revival

Performance share units (PSUs), long favored for their explicit performance conditions and upside potential, are increasingly criticized for driving large pay gaps between executives and employees and for allowing executives to benefit disproportionately from strong performance through high vesting multiples. There are signs that some investors are reverting and are accepting restricted share units (RSUs), especially when combined with sufficiently long vesting periods and robust malus and clawback mechanisms, so that they provide a more balanced and calibrated pay opportunity. Boards should proactively discuss PSU/RSU design with key shareholders, considering incentive effectiveness and decreasing societal acceptance of high payouts, and be prepared at the 2026 AGM to justify how PSU vesting aligns with developments in average employee pay.

### Sustainability: Less focus, but still burning

Action points for the 2026 AGM season

- **For boards:** Link material sustainability topics to strategy and capital allocation in the annual report, distinguishing what is truly material from what is merely reportable.
- **For boards:** Distinguish “performance vs. ambition,” showing achievements in the past year and time-bound transition targets for the future.
- **For shareholders:** Use the sustainability report vote to engagement and understand how material sustainability issues influence board discussions,

investment decisions, and stakeholder collaboration.

### The Resilience of Sustainability

Despite the widely seen climate policy recession and shifting political winds, sustainability has not disappeared from agendas. Environmental and social issues continue to dominate long-term risk assessments (c.f. [WEF Global Risk Report 2026](#)), and survey evidence confirms that shareholders remain focused on these dimensions. Yet the nature of that focus shifts, from compliance to strategic relevance and financial impact, leading to questions concerning how material sustainability risks and opportunities influence capital allocation and ultimately value creation, and how effectively sustainability is integrated in day-to-day operations.

#### Investor updates 2026

[Blackrock](#)

[Norges Bank Investment Management](#)

[Vanguard](#)

[Swisscanto / ZKB](#)

### Navigating the Sustainability Report Vote

The sustainability report vote at Swiss AGMs remains controversial. High approval rates over the past two years should not be misinterpreted by boards as an endorsement of their company’s climate ambitions or progress. High approval rates are often the result of limited clarity on the shareholder side about how the vote should be interpreted and what exactly shareholders are being asked to express an opinion on. A shift in shareholder focus from “complying with disclosure rules” to “progress and ambition” when assessing this agenda item, which is already observable amongst some Swiss shareholders, could quickly lead to fundamentally different voting outcomes.



## Structural Changes in Proxy Voting

Another development boards should be aware of is the growing relevance of split- and pass-through voting at the largest index providers such as Vanguard, State Street or BlackRock. The latter has extended its voting choice program to a substantial portion of its index equity assets, allowing asset owners to select amongst different third-party voting policies instead of relying solely on BlackRock's house policy. Vanguard and State Street have launched and expanded similar programs, adding to the expansion of asset owners' active voting policy choice that will eventually increase the diversity on how different governance features will be viewed

For Swiss issuers, this implies a dual reality for the AGM season 2026 and beyond: on the one hand, more shareholders will follow a wider range of governance and sustainability policies, making outcomes on contentious items more diverse and less predictable. On the other hand, a significant share of assets is still voted under house policies, so the overall influence of these programs remains limited for now. Boards should nevertheless prepare for this development by conducting more nuanced engagements that address both, the largest asset managers and, where possible, key underlying asset owners, to improve visibility and mutual understanding.

### 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.

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