2025

Voting Activity Report

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I.2024 Retrospective

In 2024, significant changes in corporate governance and shareholder activism shaped global business practices. In the US, the Securities and Exchange Commission (SEC) finalised new rules for climate-related disclosures, focusing on Scope 1 and 2 emissions, with Scope 3 excluded; which caused controversy among both pro-ESG and anti-ESG groups. Shareholder proposals, particularly those related to governance and climate action, remained a key focus, with a growing number of anti-ESG proposals submitted, although they garnered minimal support.

In Europe, there was continued pressure for companies to align with sustainability goals, especially regarding climate strategies, while gender diversity on boards saw incremental progress. However, executive compensation remained a contentious issue, with more companies incorporating ESG metrics into their pay structures. The trend for 'Say on Climate' votes, which had gained momentum in previous years, began to decline as shareholder priorities shifted.

In Asia, shareholder activism increased, particularly in South Korea and Japan, with a focus on governance reforms and board diversity. China also witnessed changes in the governance of state-owned enterprises, signaling a shift towards improving corporate transparency and accountability. These developments reflect a broader trend of increasing shareholder engagement with both environmental and governance issues across the globe.

1. Focus on the United States

In March 2024, the **SEC** finalised rules to standardise **climate-related disclosures for public companies** but significantly scaled back the proposal by excluding the contentious Scope 3 GHG emissions reporting. Instead, the rules require phased disclosure of Scope 1 and Scope 2 emissions for large and accelerated filers only when material. This reduction in the SEC's climate disclosure rule disappointed both pro-ESG and anti-ESG advocates. Pro-ESG supporters expressed concern over the lack of a requirement for Scope 3 emissions, while anti-ESG proponents criticised the very existence of a climate-related rule.

After the rules were adopted in 2024, several lawsuits from anti-ESG petitioners were filed prompting the SEC to delay enforcement pending judicial review. The petitioners claim the SEC exceeded its authority, arguing that the rules impose a new regulatory regime focused solely on climate change, violating the First Amendment and bypassing Congressional approval. They argue that the SEC's mandate focuses excessively on non-financial climate disclosures, which they view as unrelated to investor protection.

The SEC counters that it acted within the remit of its statutory authority, designed to protect investors by requiring the disclosure of material risks, including climate risks. The agency highlights that its historical authority allows it to mandate disclosures beyond financial data when relevant to investors. The SEC maintains that climate-related risks can impact financial performance, making the rules vital for transparency and consistent reporting.

1.1 Shareholder proposals

The **number of shareholder proposals** and overall support remained broadly consistent with the previous year, signalling a shift from prior years when there were spikes in proposal volumes and drops in support, following changes at the SEC in late 2021 that effectively allowed companies to exclude fewer proposals.

Despite average support for shareholder proposals remaining consistent between 2023 and 2024, there was a significant 57% increase in the number of majority-supported shareholder proposals between 2023 and 2024. Over 90% of these majority-backed proposals focused on governance issues, particularly the elimination of supermajority vote standards.

The average support for shareholder proposals in 2023 and 2024 was notably lower than in previous years, with averages around 25-27%, down from over 30% in earlier years. The increase in anti-ESG proposals may partially explain this decline, but even excluding these proposals, overall support remains low. This trend can be attributed to the growing sophistication of shareholders, who are becoming more discerning about the environmental and social issues they choose to support. Shareholders are less likely to back proposals that seem overly prescriptive or poorly crafted, despite agreeing with the broader topic.

On the other hand, anti-ESG shareholder proposals continued to rise, although they received minimal shareholder support. In 2024, 94 anti-ESG proposals were submitted, but only three received more than 10% support, and over 80% of them garnered under 3% support.

Furthermore, companies are increasingly using anti-activist tactics to deter shareholder proposals, particularly related to ESG issues. For example, many companies amended their bylaws to make it harder for shareholders to nominate directors or propose changes - such as requiring more information and increasing the notice window - anticipating more activism, especially related to climate issues.

Exxon Mobil, for example, escalated its anti-activist stance by pursuing litigation against shareholder proponents to block a climate-focused proposal regarding Scope 3 emission-reduction targets. This legal action highlighted the company's concerns about activists using shareholder proposals to promote their agendas. Although the lawsuit was dismissed, it resulted in the withdrawal of the proposal and an agreement from the proponent not to submit similar proposals in the future. This development raises concerns that such anti-activist measures could deter shareholders from submitting proposals, effectively limiting shareholder democracy and preventing votes on important issues.

The SEC's 2021 reinterpretation of the 'ordinary business' exception, which now excludes proposals only if they lack broad societal impact, has made it more difficult for companies to exclude ESG-related proposals. As a result, proposals that once would have been excluded are now increasingly put up for a vote, leading to tension between issuers and proponents. The reinterpretation has given shareholders greater opportunities to address material issues, but companies are responding by adopting defensive measures to shield themselves from such proposals. Exxon's actions, including its legal manoeuvring, could discourage investors from submitting proposals in the future, potentially depriving shareholders of the opportunity to vote on matters they deem materially relevant.

In terms of environmental and social (E&S) proposals, over 500 are typically submitted annually, with climate change and civil and human rights remaining the most prominent topics. In 2024, proposals on climate change, transition planning, emissions targets, and reporting continue to dominate, while human rights, diversity, working conditions, and to a lesser extent biodiversity-related issues, also see significant attention. However, support for these proposals remains modest, averaging 20-30%.

1.2 Management proposals

In recent years, public companies have increasingly become targets of **cyberattacks**, with a range of incidents occurring, varying in severity based on the sensitivity of the data handled and the industries involved. The corporate responses to these threats vary widely, which makes it essential to evaluate each situation on a case-by-case basis. In light of the increasing frequency of cyberattacks, boards of directors are under growing pressure to manage and oversee cybersecurity risks, often delegating responsibility to audit committees. This delegation raises concerns, however, as audit committees may lack the expertise needed to navigate such complex risks. To address this, boards must ensure that these committees are regularly refreshed and trained to handle the evolving cybersecurity landscape.

In terms of board composition, the disclosure of **board skills** has become a critical factor for shareholders when voting on directors. The trend is evident in S&P 100 companies, where core skills such as senior executive experience, industry expertise, and financial/audit and risk skills are common among directors. In addition, newly appointed directors are increasingly expected to possess non-traditional skills, such as cybersecurity expertise, reflecting the expanding scope of skills companies now prioritise. This shift indicates a broader understanding of the **evolving challenges companies face and the importance of diverse skill sets at the board level.**

Gender diversity on boards also continues to be a key focus. In 2024, boards of Russell 3000 companies reached an average of 30% female representation for the first time, marking a significant milestone. However, the pace of change has slowed, as women represented just 35% of first-year director appointments, a drop from 42.1% two years ago. This slowdown likely reflects the intense push for gender diversity in 2022 and 2023, as companies sought to meet investor expectations and comply with new regulations such as the Nasdaq diversity requirements and California's diversity law. Although progress in increasing gender diversity on boards is still notable, the deceleration suggests a regression after a period of rapid change.

Consequently, gender diversity continued to be a primary driver of opposition to directors, with board diversity concerns consistently influencing shareholder votes.

Turning to **director elections**, the 2024 proxy season saw a notable decline in the number of directors failing to receive majority shareholder support, showing that smaller companies, in particular, are improving their governance practices.

In the broader context of governance, **anti-activist practices** have remained a prominent trend, with companies expanding traditional **takeover defences** to deter various types of shareholder activism, including the submission of director nominations and shareholder proposals. While some provisions, such as advanced notice requirements, have decreased, other more negative measures, including officer exculpation clauses[1] have gained prevalence. In 2024, there was an increase in proposals seeking approval for **officer exculpation provisions**, which rose by nearly 42% compared to the previous year. These proposals have gained traction, as companies attempt to stay competitive with their peers and mitigate liability risks. Shareholder support for these proposals has also increased, reaching 71%, and the approval rate for such proposals has risen to 92%, despite requiring super-majority approval in some cases. This surge in officer exculpation proposals may reflect a cautious, 'wait and see' approach as companies adapt to evolving governance standards.

Amid this investor focus, almost all Russell 1000 companies are now addressing **environmental and social** matters in their proxy statements or other filings. However, a significant number of these companies have yet to formalise **E&S oversight into their committee** charters and governing documents.

In terms of **compensation proposals**, clawback policies became nearly universal and mandated for all US-listed companies in late 2023, demonstrating a shift toward greater accountability in executive compensation. While equity compensation failures were slightly down from previous years, shareholder opposition to these proposals remained relatively high. One area of increased attention has been golden parachute proposals, with nearly a fifth of these failing in 2024—the highest rate since 2018. This heightened scrutiny reflects growing concerns over the fairness and transparency of executive compensation, especially in the context of mergers and acquisitions.

A relevant example is **Tesla's 2024 Annual General Meeting**, where the company faced significant governance challenges as two major proposals took centre stage: the re-domestication of Tesla's incorporation from Delaware to Texas and the re-ratification of Elon Musk's 2018 compensation package, which had been rescinded by a Delaware court. The proposals highlighted Musk's influence over the company and underscored the growing power of retail shareholders. Tesla's 2018 compensation package, which had granted Musk a $2.6 billion stock option award, was tied to ambitious performance goals. However, a court ruled in January 2024 that the board had breached its fiduciary duties in approving the award, citing concerns over insufficient independence in the decision-making process. As a result, the package was rescinded, raising broader governance issues at Tesla.

In response to the court ruling, Musk proposed moving Tesla's incorporation from Delaware to Texas, arguing that the legal framework in Texas would offer more favourable conditions for the company. Critics, however, were concerned that the move could weaken shareholder protections, as Delaware's legal precedent provides stronger safeguards. A special committee of independent directors was tasked with evaluating the move, but conflicts of interest among board members raised questions about the independence of the decision-making process. Despite these concerns, shareholders supported the proposal, signalling Musk's continued dominance in shaping Tesla's governance.

On the other hand, Tesla's engagement with its retail shareholders played a significant role in the outcome of the AGM. Musk leveraged social media to rally support for the proposals, even offering incentives like a tour of Tesla's Texas Gigafactory. This effort proved successful, as retail shareholder participation surged, with 63% supporting the re-domestication proposal and 72% approving the re-ratification of Musk's compensation package. Institutional investors, while expressing concerns about the legal costs and governance risks, ultimately saw their influence diminish in the face of retail shareholder enthusiasm. The AGM not only emphasised Musk's significant control over the company but also demonstrated the growing power of retail shareholders in shaping corporate decisions.

[1] Under officer exculpation provisions, corporate officers would be protected from personal monetary liability from lawsuits by shareholders that claim those officers breached their fiduciary duty of care by acting negligently or recklessly while performing their duties.

2. Focus on Europe

The introduction of sustainability auditors and their approval by shareholders has emerged as a new focus area in European corporate governance. Under the European Union's **Corporate Sustainability Reporting Directive (CSRD)**, large publicly listed companies are now required to seek external assurance for their sustainability reporting. While best practices for implementation are still evolving, several companies across Europe have submitted the appointment of sustainability auditors to shareholder votes, with many opting to use their statutory financial auditors for this purpose. However, only seven companies appointed a separate auditor for sustainability reporting, underscoring the early stages of this transition.

2.1 Shareholder proposals

In 2022, responsible investors, including DPAM, co-filed a resolution urging **TotalEnergies** to adopt Paris-aligned climate targets. The company rejected the resolution outright. In 2023, DPAM again co-filed a similar resolution, which was tabled at the Annual General Meeting. TotalEnergies actively urged shareholders to vote against it, but the resolution still received 30% support. That same year, TotalEnergies' climate plan gained only 85.76% shareholder approval, significantly lower than comparable companies, signalling growing dissatisfaction with its climate strategy. In 2024, DPAM co-filed another resolution, this time calling for a separation of the CEO and Chair roles to improve governance. TotalEnergies rejected this resolution as well. Despite increasing shareholder pressure and notable dissent, TotalEnergies continues to show resistance to addressing its climate and governance shortcomings.

Furthermore, DPAM, together with Follow This and 27 other investors managing approximately $4 trillion in assets, co-filed another resolution in 2024, urging **Shell** to align its medium-term carbon emissions reduction targets with the Paris Agreement, including Scope 3 emissions. Shareholders, through an advisory vote, supported the call for Shell to align its medium-term emissions reduction targets—covering the greenhouse gas (GHG) emissions from the use of its energy products (Scope 3)—with the Paris Agreement's goal of limiting global warming to well below 2°C, aiming for 1.5°C. At Shell's 2023 annual meeting, a similar proposal requesting alignment of the company's 2030 reduction target for Scope 3 emissions with the Paris Agreement received 19.3% shareholder support, excluding abstentions and broker non-votes.

2.2 Management proposals

In 2024, shareholder support for **director elections** at large European companies remained robust, with directors receiving an average of 95% approval. Among large and mid-cap European companies holding uncontested elections, all director nominees secured sufficient support. These figures reflect a strong alignment between boards and shareholders on director appointments across the region.

Board-level gender diversity in Europe, already the highest globally, saw only marginal increases in 2024, with women now holding 42% of board seats at large and medium-sized European companies. However, gender diversity in leadership and executive roles remains limited, with women occupying just 25% of such positions on average.

In terms of **remuneration**, executive pay increases were seen across Europe, often linked to inflation or workforce-wide adjustments. However, shareholders expressed significant concerns about poor transparency and inadequate responses to prior feedback on remuneration practices. While the majority of pay proposals were approved, dissent remained substantial, with many proposals receiving low levels of support. In some cases, proposals failed outright, underscoring persistent dissatisfaction with how executive pay is structured and justified.
Sustainability metrics are becoming a key component of executive remuneration across Europe, with an increasing number of companies incorporating environmental, social, and governance (ESG) targets into incentive plans. This reflects a broader trend toward tying executive pay to sustainability performance. While some countries have achieved near-universal adoption of ESG-linked incentives, others are lagging, highlighting differing levels of commitment to integrating sustainability into compensation frameworks.

On the other hand, the momentum behind **Say on Climate proposals**, which gained traction in 2021, has been steadily declining. The number of such resolutions in Europe dropped by 25% compared to 2023 and 33% from 2022. Only three of the twelve Say on Climate votes in 2024 were first-time proposals. This trend is particularly evident in France, where only six companies held a Say on Climate vote during the 2024 proxy season, despite earlier momentum toward making these votes mandatory. While overall support for Say on Climate resolutions averaged a strong 93.2%, notable exceptions included **TotalEnergies** SE, which received significantly lower support at 79.7%, including abstentions. TotalEnergies has committed to achieving net-zero greenhouse gas (GHG) emissions by 2050, but its targets are not aligned with the global goal of limiting warming to 1.5°C. The company’s decarbonisation strategy has been criticised as weak and unambitious, leaving it off track to meet its net-zero goals. Despite presenting itself as a key player in the energy transition, TotalEnergies continues to prioritise significant fossil fuel expansion, undermining its climate commitments.

3. Focus on Asia

Here, we focus on the countries where our voting activity was significant and where noticeable changes have occurred or are expected to occur in the coming months.

3.1 Shareholder proposals

In **South Korea**, while the number of companies receiving shareholder proposals decreased in 2024, the overall number of proposals rose by 23%. Notably, governance-related proposals, such as the election of shareholder-nominated directors, increased. Shareholder activists nominated 19 candidates, with 10 successfully appointed, including at major companies. The shift from focusing on dividends to advocating for board representation suggests a strategic move towards promoting long-term corporate value.

In **Japan**, even though the number of shareholder proposals decreased versus 2023, 2024 continued to be a strong year for shareholder initiatives and activism.

On the other hand, the number of shareholder proposals has been increasing in **Hong Kong**. While board composition changes were historically the primary focus, recent proposals have covered a broader array of issues, including capital authority changes at companies, as well as dividend allocation proposals.

3.2 Management proposals

South Korea

Support for **director election** proposals increased in 2024, but concerns over board independence remained significant and grew compared to the previous year.

On the other hand, despite regulations requiring large companies to appoint at least **one female director**, the number of companies without female representation on their boards slightly increased. Weak enforcement of the regulation may contribute to this trend.

Finally, **disclosure practices** in Korean companies continue to lag behind global standards. Foreign investors face challenges accessing timely and comprehensive information on shareholder meetings, with limited availability of materials in advance or in English.

Japan

In 2024, companies with **governance issues** saw lower support for their director election proposals, while most others received strong backing. The proportion of Prime Market-listed companies meeting the 10% **board gender diversity** target rose significantly. All companies in the TOPIX100 now have at least one gender-diverse director, though most new female directors are appointed as outside directors. Many women directors serve on multiple boards, a higher percentage than men.

DPAM believes that Board of Directors' members should have diverse professional profiles, an appropriate range of skills, complementary experience and knowledge, and a good degree of diversity, for example, gender diversity and ethnic diversity to effectively monitor and govern the company and contribute to decision-making that is in its best interest. DPAM expects companies to have **at least 1/3 of the underrepresented gender in its board of directors**, unless local regulations require a **higher** percentage.

China

In China, the 2024 proxy season saw amendments to the articles of state-owned enterprises that **reduced the emphasis on the power of the Communist Party Committee** (CPC). Notable changes included removing the requirement for the party secretary to also be the board chairman and softening the CPC's role in major corporate decisions. These amendments may indicate a shift in policy direction in mainland China.

China has also been working to improve capital markets and increase foreign investor confidence. In July, the People's Bank of China and the State Administration of Foreign Exchange released new rules to streamline investments by qualified foreign investors. These revisions included expanding currency options for fund transfers, simplifying business registration and account management, and unifying foreign exchange risk management models. The Chairman of the China Securities Regulatory Commission has also pledged to provide more stable and predictable policies to support foreign investor confidence.

Regarding director and supervisor **remuneration plans**, there was a notable increase in shareholder resistance in 2024. Six proposals from five different listed companies failed to receive the necessary two-thirds approval, up from just one failure in 2023. Among these, three companies reported net losses in the past fiscal year, and one received a qualified opinion from its independent auditor. This suggests that shareholders are becoming increasingly vocal about company performance and are more willing to vote against director and supervisor compensation plans when financial results are unsatisfactory.

II. 2025: What to expect?

The United States

Looking ahead, boards are expected to actively manage the risks associated with **artificial intelligence** (AI). As companies rapidly adopt AI technologies across various operations, these technologies offer the potential to enhance efficiency and productivity. However, with increased use comes the growing potential for risks tied to AI development and deployment. The boards should be aware of and take measures to mitigate any material risks arising from AI to avoid harm for shareholders.

In a broader context, a significant shift has emerged in the US regarding Environmental, Social, and Governance (ESG) investing. In recent years, there has been growing criticism and opposition, fuelled by a combination of public misunderstanding, economic concerns, and political tensions. A key driver behind this backlash is the lack of public understanding of ESG principles, with only 22% of Americans reporting a solid grasp of ESG concepts. This knowledge gap helps fuel anti-ESG campaigns, allowing misinformation to shape public opinion and influence policy.

From an economic standpoint, critics argue that prioritising ESG factors diverts attention from a company's primary goal: maximising shareholder value. They contend that ESG-driven initiatives impose additional costs, particularly in energy-intensive industries, where divestment may lead to increased costs and reduced investments. This economic perspective is intertwined with broader political ideologies. Democrats tend to support ESG, viewing long-term sustainability as essential for economic stability, while Republicans oppose it, often criticising ESG as "woke capitalism" that imposes liberal values and interferes with free markets.

The backlash is further compounded by political leaders' tendency to delay climate action, often pushing the responsibility onto future administrations or other countries. While some argue that future technological advancements will resolve climate issues, this delay in action only prolongs the debate.

However, many of these arguments against ESG investing fail to account for the material risks tied to ESG factors. ESG risks are directly tied to a company's relationship with stakeholders and can significantly affect a company's risk profile. Poor ESG practices can lead to tangible financial consequences, with studies showing that ESG-related controversies cost S&P 500 companies over half a trillion USD between 2014 and 2019. Ignoring these risks can lead to diminished long-term returns, as funds spent on managing externalities or legal costs cannot be reinvested to create value for shareholders.

Interestingly, the companies most exposed to ESG risks are often those with strong cash flows, such as those in the oil and gas, pharmaceuticals, and consumer discretionary sectors. These industries are at the centre of the ESG debate, yet they are often well-positioned to take advantage of ESG opportunities. Mature, cash-generating companies can quickly invest in sustainable initiatives, capitalising on growth opportunities within ESG. For example, Graphic Packaging, a leader in paper-based packaging, has made significant investments in recycled packaging solutions, shifting away from plastic while maintaining steady returns for shareholders.

At **DPAM**, we believe that despite the political volatility surrounding ESG, with shifting policies between Democratic and Republican administrations, **the economic opportunities tied to ESG are unlikely to fade**. Companies stand to benefit from incentives like green bonds, favourable financing terms, and government subsidies. Additionally, increasing consumer and international investor demand for sustainable products will push companies to enhance their ESG practices. As a global economic powerhouse, the US will play a crucial role in the transition to a more sustainable future. Though political changes may slow this transition, they will not halt it entirely, and businesses will continue to engage in ESG efforts driven by market demands and the opportunity for growth.

Europe

Looking ahead, boards are expected to be proactive in mitigating risks related to artificial intelligence (AI). Companies utilising or developing AI technologies should adopt strong internal frameworks that include ethical considerations and ensure effective oversight. Clear disclosures on how boards are managing and overseeing AI will be valuable to shareholders, highlighting the board's collective expertise in this area.

DPAM is convinced that data is an economic driver and resource for innovation. Personal data is becoming increasingly valuable for companies. It allows companies to get more feedback and broaden their scope to improve products and services. It is a key element of the fourth industrial revolution and requires full integration in companies' strategies. To ensure the responsible use of data, regulation is increasing worldwide, not only with the GDPR Directive but also the EU's Digital Services Act (DSA) and the Digital Markets Act (DMA), which have been a pioneering gamechanger in this regard. Businesses must take this issue seriously due to its impact on corporate reputation, finance and innovation potential as well as for regulatory reasons.

Assessing company practice on digital rights is still difficult due to a lack of standardisation. The emergence of new applications and the development of new technologies, such as facial recognition technology or the expansion of other AI applications, makes respecting these rights even more complex. Digital rights mean all human rights in a digital environment. This definition is quite broad, which is why these rights tend to focus on distinct issues. These include - among others - the rights to privacy, freedom of expression and internet access.

In terms of shareholder meetings, closed-door meetings should be avoided unless absolutely necessary. Companies should engage with shareholders on their choice of meeting format and justify it when in-person attendance is not allowed, while also considering local legal requirements.

Some companies, especially in the UK, have moved away from traditional performance-based share plans and adopted restricted share plans instead. These plans typically give executives a set number of shares that they receive at a future date, if they stay with the company. Unlike performance-based plans, restricted shares don't rely on meeting specific performance targets, making them simpler and more predictable for payouts.

However, each plan should be carefully evaluated based on key factors, and the company should clearly explain why they've chosen this approach. It's important to ensure the plan supports the company's long-term goals and encourages strong performance.

Additionally, in the context of sustainability reporting, when companies propose a shareholder vote on the appointment of an auditor, they should disclose adequate information regarding the auditor's identity, fees, and independence. This ensures transparency and accountability in sustainability reporting.

On a related note, the disclosure of audit fees remains a critical issue, as companies should disclose sufficient information regarding audit fees and should allow for a shareholder vote on them.

Asia

China

China's corporate governance is primarily governed by the Company Law, Securities Law, Corporate Governance Code, and Listing Rules for the Shanghai and Shenzhen exchanges. The China Securities Regulatory Commission (CSRC) oversees regulations, with recent updates including the 2023 repeal of certain outdated regulations and the introduction of new rules for overseas listings. A **key change is that shareholders of domestically and overseas-listed shares will now be treated the same**, simplifying the approval process for class rights changes.

Hong Kong

The Hong Kong Stock Exchange (HKEX) has progressively enhanced its Corporate Governance (CG) framework over the years. Key milestones include a focus on risk management and internal controls (2014), promoting investor stewardship (2016), clarifying board responsibilities (2018), and addressing board tenure, gender diversity, and ESG reporting (2021). Additionally, HKEX simplified listing requirements for overseas issuers in 2021, mandating compliance with 14 Core Standards under the revised Listing Rules.

In August 2023, regulatory changes in the PRC resulted in unified treatment of PRC issuers' domestically listed A shares and Hong Kong-listed H shares as a single class of shareholders.

In 2024, HKEX continued to propose further changes to corporate governance and listing regulations. A consultation paper released in June 2024 proposed several enhancements to board governance, including a nine-year tenure limit for independent directors, the mandatory appointment of a lead independent director when the board chair is not independent, a limit of six simultaneous public company board positions for directors, and mandatory gender diversity in nomination committees. These amendments are set to apply to corporate governance reports for financial years beginning on or after January 1, 2025, with a three-year transition period for the over boarding and tenure-related rules.

While promising, these new corporate governance developments remain less stringent than the best market practices that **DPAM** considers when voting at general assemblies. The roles of CEO and Chairman should be held by separate individuals. Committees should consist of at least two-thirds independent members, and directors' mandates should not exceed six years. Additionally, a candidate should not hold more than five directorships in listed companies, or three in the case of executive positions.

Japan

Japan’s corporate governance framework is based on key legislation and guidelines, including the Companies Act, TSE Listing Rules, and Corporate Governance Code (CG Code), which promotes a comply-or-explain approach. The revised 2021 CG Code, effective from April 2022, introduced stricter requirements for Prime Market companies, such as higher market capitalisation, increased board independence, and stronger governance standards. It also emphasises climate-related risk assessment, improved disclosures, diversity policies, and accessibility through bilingual reporting. These updates aim to enhance corporate governance, sustainability, and transparency in Japan’s financial markets.

Looking ahead to the 2025 proxy voting season, several key trends are expected to shape shareholder engagement and corporate governance practices in Japan. Shareholder **activism is on the rise**, with investors increasingly challenging management decisions. In the 2024 proxy season, the proportion of contested resolutions among Nikkei 225 companies grew to 13.1%, reflecting a shift toward more active participation by shareholders. This trend is expected to continue in 2025, with shareholders focusing on issues like capital efficiency, board independence, and long-term value creation.

Proxy advisory firms are also adopting stricter voting guidelines, aligning more closely with international standards. This has led to a growing number of ‘against’ recommendations in Japan, which is likely to influence the proxy voting outcomes in 2025. Shareholder proposals are expected to **continue emphasising capital allocation and governance**, as seen in the 2024 proxy season where there was a notable increase in proposals on these topics. Institutional investors are likely to push for improved governance structures and more efficient capital allocation plans in the coming years.

Regulatory reforms are another significant trend. The Tokyo Stock Exchange has encouraged companies to disclose capital allocation plans and limit cross-shareholdings. By mid-2024, a significant portion of companies listed on the Prime Market had already disclosed their capital allocation strategies, signalling a trend toward greater transparency and accountability. These regulatory initiatives are expected to further shape the corporate governance landscape in Japan, **driving more responsible and transparent business practices**.

III. Voting activity 2024

DPAM exercised the voting rights attached to the shares held in the 67 institutional portfolios (SICAVs, FCPs, mandates) including their sub-funds managed by the company's management.

IVOX Glass Lewis GmbH (Ivox GL) assists DPAM in executing proxy instructions and in analysing the proposals of the shareholder meetings' agendas, as referred to in the Voting Policy of DPAM.

Similarly referred to in the Voting Policy of DPAM, the materiality threshold to activate the voting instruction is such that the number of shares held in a specific company represents 0.5% of the AUM in one sub-fund and at least € 1 million. A quality check is carried out to ensure that DPAM votes in the companies in which it could be relevant shareholder in terms of cumulative positions but for which all individual shareholdings are systematically below the threshold.

Our voting activity was historically concentrated primarily on the European and North American markets (United States and Canada). Since 2022, we decided to extend to the Asian continent, starting with China and Japan first, to reflect the increasing internationalisation of our investments. As from 2024, we extended our voting coverage to encompass South Korea, Singapore, the Philippines, and India. In 2024, agenda items in these countries were quite traditional, with no major emerging trends.

To reconcile the long-term interests of shareholders and the inherent cost of voting, DPAM participated in general meetings when the minimum shareholding requirement, as defined in its voting policy, was reached. The Voting Policy defines the materiality threshold and target markets for DPAM's voting activity (see Voting Policy).

We took part in a total of 601 general and extraordinary meetings for a total of 9.151 resolutions. We made our voice heard in 530 companies mainly in Europe, followed by North America, and to a lesser extent in Japan.

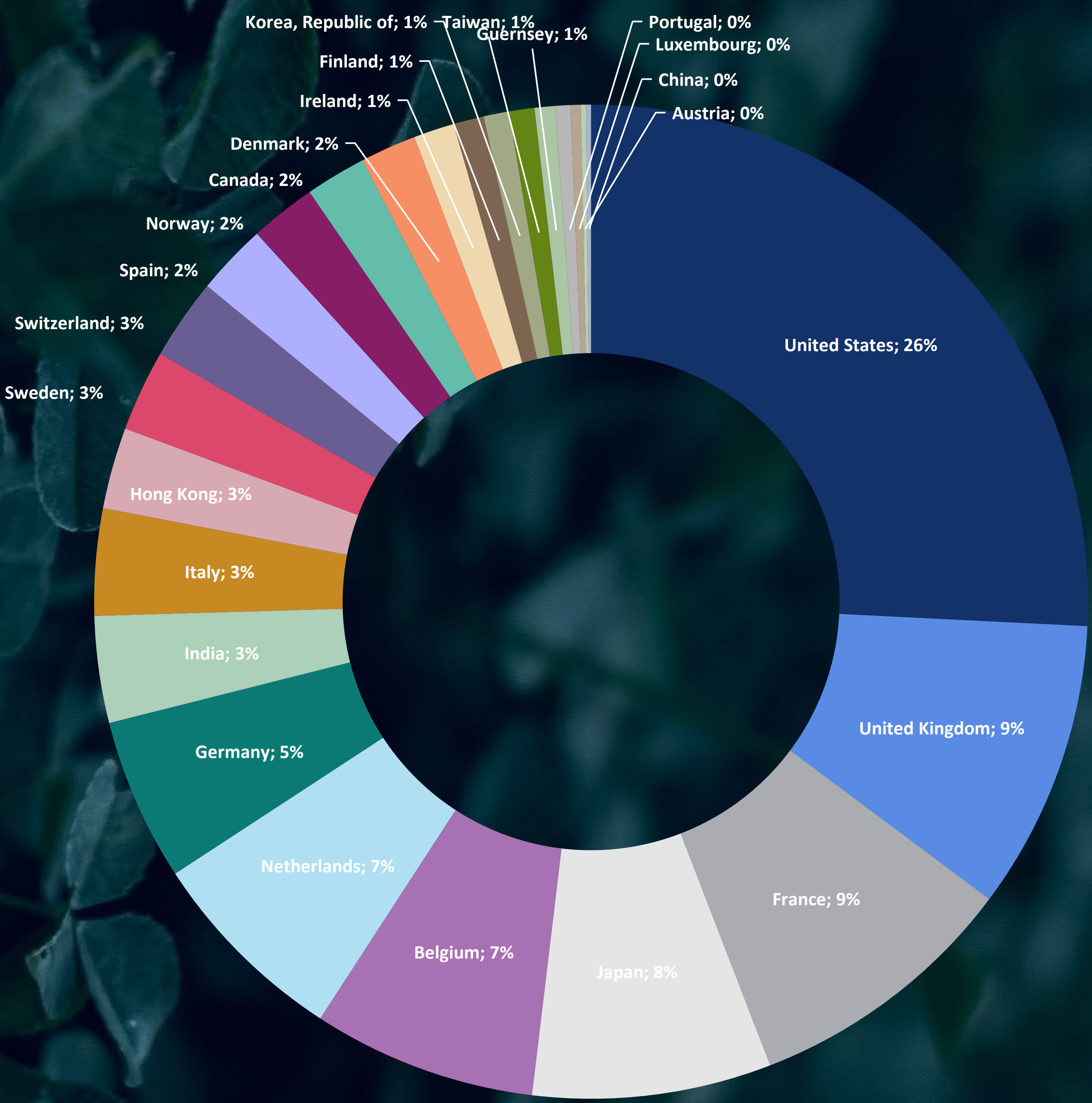
Most of the resolutions naturally came from the management. The proposals submitted by shareholders remain in the minority (**2.99%** of the total number of resolutions on which we have expressed an opinion).

Of the resolutions voted on, DPAM abstained in 2.39% of cases, illustrating our determination to express ourselves whilst giving some time to companies to adapt[2]. We voted against in 11.2% of cases, higher than last year, due to anti-ESG shareholder proposals, as well as new rules that we included in our voting policy, such as the minimum percentage of gender diversity required at a board level.

DPAM expects companies to have at least 1/3 of the underrepresented gender in its board of directors, unless local regulations require a higher percentage. Additionally, this was due to the case-by-case voting rule introduced in 2024, on climate risk management; based on DPAM's climate risk approach to implementing the TCFD Recommendations and its escalation tactics as set out in its Engagement Policy, we defined a more targeted approach within our voting activities. Following internal assessments and dashboarding tools to assess the performance of our investees on the principles of proper climate risk management, integrated accounting, aligned remuneration and executive oversight and accountability, case-by-case voting escalation actions were taken such as voting against the chairman, directors, accounts and remuneration.

2 We typically vote 'abstain' on some elections of board directors in the first year when the independence of the Board could be improved. This is part of our engagement dialogue with companies.

Shareholder meeting participation – geographic breakdown



Source: Glass Lewis, DPAM – 31.12.2024

Shareholder meeting participation – geographic breakdown

Source: Glass Lewis, DPAM – 31.12.2024

Thematics of unfavorable votes

Voting instructions are given in accordance with DPAM's active voting policy, adopted in February 2019, which is annually revised by the Voting Advisory Board (notably during 2024 to incorporate best practice and the latest regulatory developments) to reflect the latest regulatory developments and governance best practices.

In line with our ‘Active, Sustainable, Research’ positioning, we have deliberately left certain agenda items to the discretion of our voting committee on a case-by-case basis to maintain our ability to critically analyse certain situations or to allow companies a certain amount of time to adapt to our commitments. Consequently, as explicitly permitted by our voting policy guidelines, DPAM applied a case-by-case approach **in 8.78% of the total resolutions on which we voted**. These were primarily resolutions on the appointment or re-election of directors, due to the lack of independence of the boards of directors, where we had entered into a dialogue and to which we allowed a certain amount of time to adapt. Capital increases through the issue of new shares or convertibles or in kind are also subject to an in-depth study on a case-by-case basis, considering the specificities of the economic sector in question (common practice of listed real estate companies, for example). Another topic is the advisory vote on executive compensation as we have opted for a dialogue process in the first year to promote best practice. Finally, the case-by-case voting rule, introduced in 2024, on climate risk management, where DPAM evaluates investees on climate risk management, integrated accounting, aligned remuneration, and executive accountability, and based on these evaluations, targeted voting actions, such as voting against chairpersons, directors, accounts, or remuneration policies, are taken to drive accountability.

Other proposals involve shareholder resolutions on ESG topics, which we did not support systematically, as some were initiated by anti-ESG shareholders.

Most of the agenda items remain very standard, and were, for example, mainly composed of items relating to the Board of Directors, audit and financial results, the remuneration of executive functions and capital management.

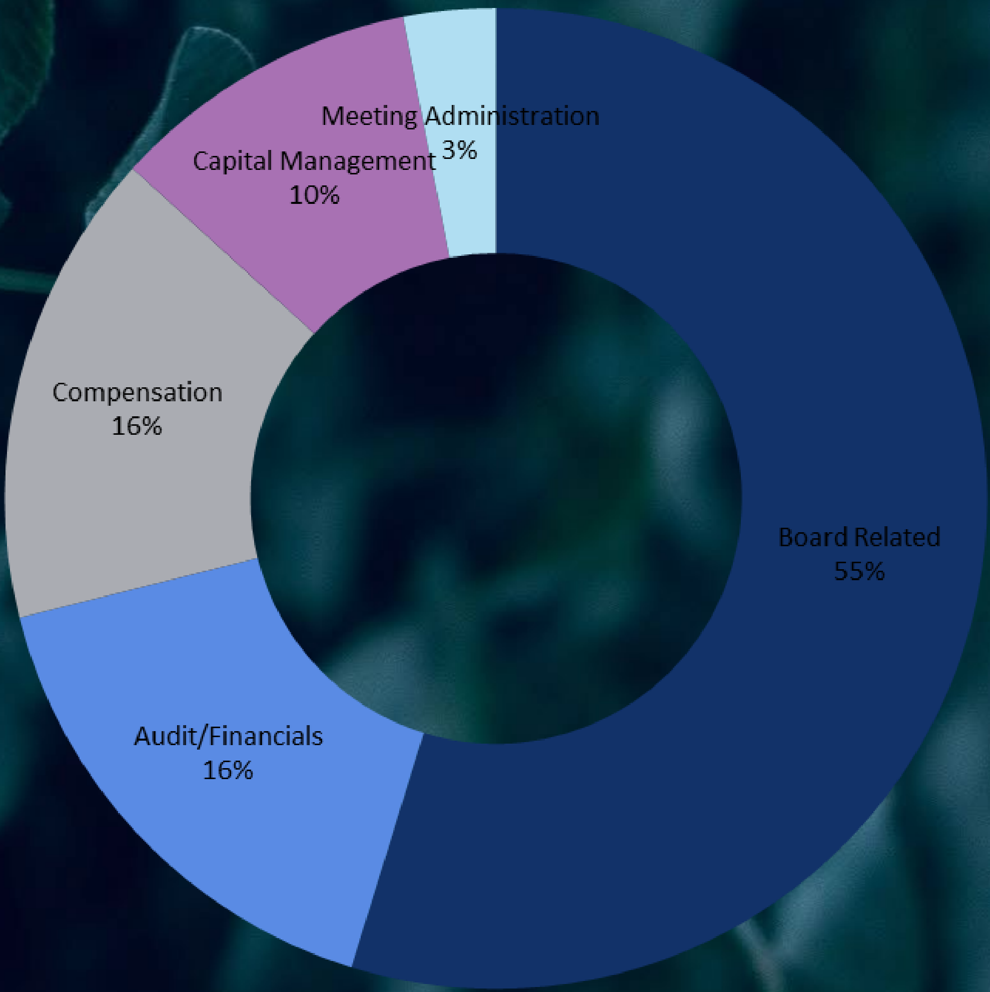
We **supported management in nearly 79.5%** of cases but **voted against** their recommendations **in 10.8%** of cases. At companies where we had raised concerns, in 2023, on either: the independence of the board, the remuneration report and policy, compliance with the one-share one-vote one-dividend standard, the Say-on-Climate plan and progress and CEO/Chairman separation, and where our apprehensions were not considered in their decision-making process, we voted against relevant agenda items in 2024.

We **support shareholders in nearly 67.5%** of cases but **voted against** their resolutions **in 25.4%** of cases. Most shareholder proposals we voted against were anti-ESG proposals. One notable example was an anti-ESG proposal introduced by the National Center for Public Policy Research at Costco’s 2024 general assembly.

The proposal called for Costco to abandon its greenhouse gas emissions reduction goals, claiming they were overly ambitious and unrealistic. The proponent argued that these targets were imposed by activist shareholders without sufficient consideration of the risks associated with politically driven decarbonisation timelines. They further claimed that Costco’s efforts would be ineffective unless other countries adopted similar measures and highlighted the lack of US government mandates or regulatory action requiring net-zero emissions. This, they argued, undermined assumptions about potential ‘stranded assets.’

Costco’s board countered by emphasising its comprehensive and balanced approach to carbon reduction, developed under the oversight of its nominating and governance committee. The board outlined its Climate Action Plan, first introduced in December 2020 and regularly updated, which aims to address global warming while safeguarding the interests of stakeholders, including suppliers, employees, members, and shareholders. The plan incorporates a Just Transition framework to ensure that the shift to a low-carbon business model benefits employees, suppliers, and communities. While acknowledging the associated costs, the board remains committed to managing them responsibly to align with its sustainability goals and the principles of a Just Transition.

Proposals - breakdown by topic



Source: Glass Lewis, DPAM – 31.12.2024

Shareholder resolutions focus

274 Proposals

We voted on 274 proposals coming from shareholders.

2.99% of the total

These 274 proposals represent 2.99% of the total proposals on which we voted.

The breakdown in terms of shareholder proposals' topics included:

Compensation SHPs, representing 11.3% of total SHPs. We voted in favour of 77.4% of these proposals. These proposals tend to request companies to include ESG metrics in the short-term or long-term incentive plan of directors and executives. They also request the company to consider employee salary when setting executive compensation and to report on the details of executive remuneration to examine the fairness of the remuneration plan and to ensure the absence of a gender or race based pay gap.

Environment SHP, representing 20.1% of total SHPs. We voted in favour of 75% of these proposals. These shareholder proposals include requests to the companies to align with the Paris Agreement and net zero by 2050 or sooner and to disclose and reduce their Scope 3 emissions.

Governance SHP, representing 24.8% of total SHPs. We voted in favour of 60% of these proposals. Proposals regarding an independent chair of the board of directors are very common.

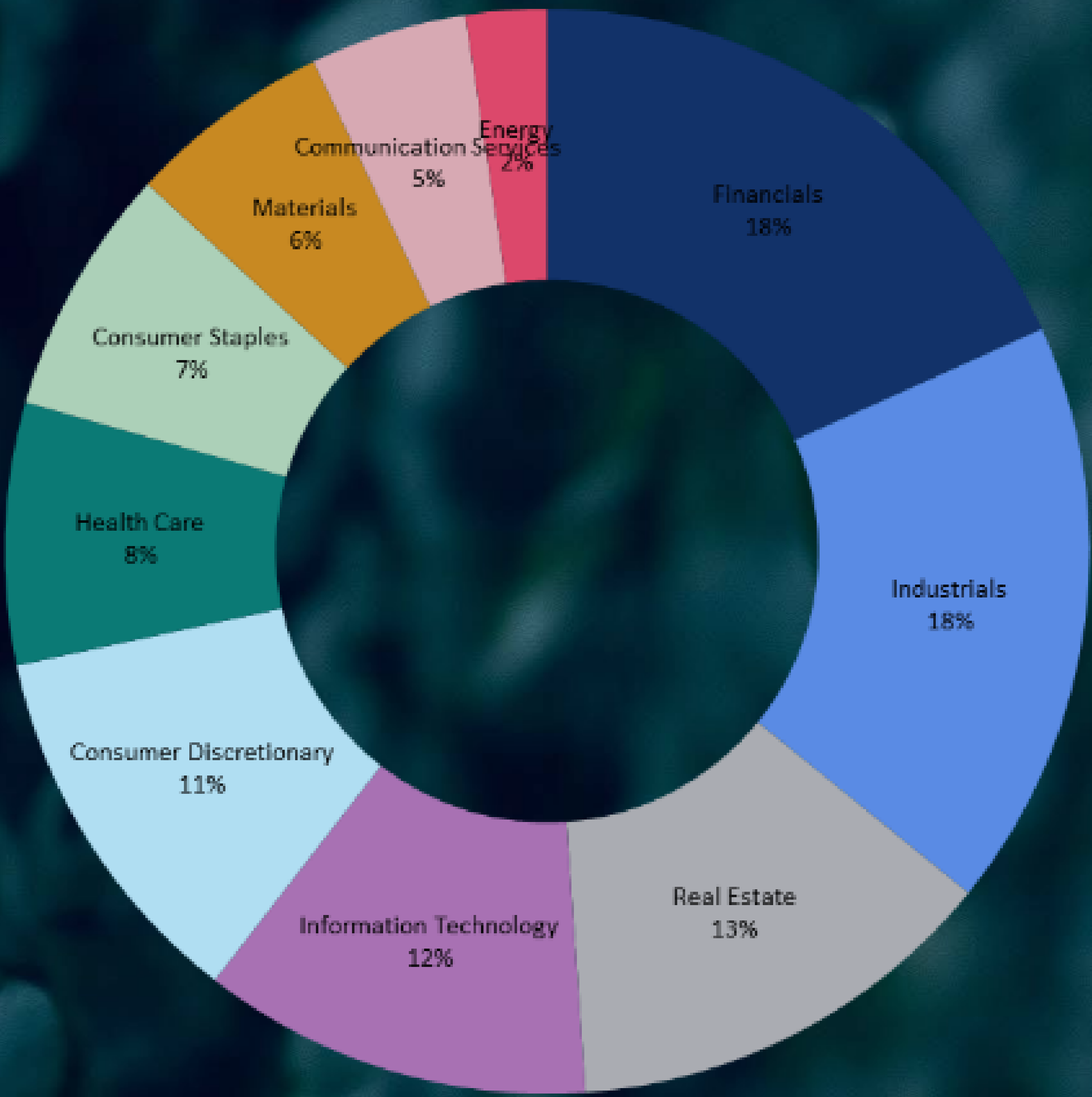
Social SHP, representing 41.2% of total SHPs. We voted in favour of 65.8% of these proposals. These proposals include requests to issue gender and racial equity audit reports and conduct independent verification of compliance with labour and human rights standards.

The remaining shareholder proposals that we voted against, were all anti-ESG shareholder proposals.

Breakdown of DPAM voting activity

DPAM's voting activities covered most business sectors. The five main sectors being Industrials, Financials, Real Estate, Consumer Discretionary and Health Care which together cover over 80% of the companies in which we voted.

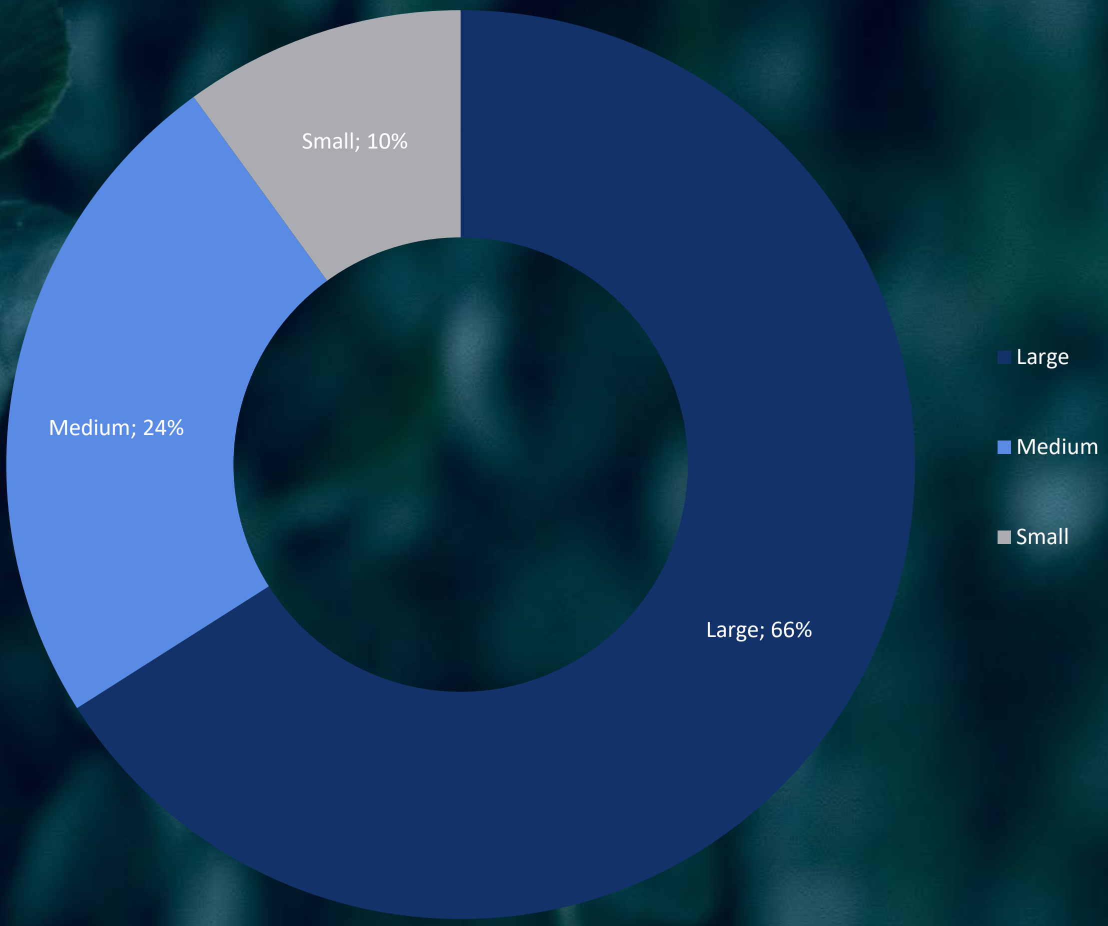
Shareholder meeting participation – sector breakdown



Source: Glass Lewis, DPAM – 31.12.2024

In terms of market capitalisation of the companies in which DPAM holds stakes, 66% of voted companies have a large market capitalisation versus 70% in 2024, followed by medium caps representing 24%, versus 23%, in 2023, of the voted companies, and small caps which represent 16%, versus 7%, in 2023.

Shareholder meeting participation - breakdown by market capitalisation



Small caps < EUR 2Bn
EUR 2Bn < Medium Caps < EUR 10Bn
Large caps > EUR 10Bn

Source: Glass Lewis, DPAM – 31.12.2024

Dialogue and engagement

Stewardship remained a high priority in 2024 for DPAM, whether it was collaborative, individual engagement or less formal dialogue with companies.

In 2024, DPAM has systematically engaged with all companies for which we voted ‘Abstain’ or ‘Against’ on the 6 topics listed below.

DPAM sent 312 letters to 227 companies. We received 83 answers representing around 36.6% of companies, acknowledging shared information and the willingness to engage on the topic, or requesting further details by e-mail or call.

The transparency of our voting intentions reflects our desire to be transparent at all levels of our sustainable offer. Our commitment topics have been defined within our Voting Advisory Board (VAB) to focus on key corporate governance issues. There are six of these:

The independence of the Board of Directors is not guaranteed due to a lack of balance between independent and non-independent members. DPAM may abstain from voting in favour and encourages the company to improve the degree of independence of its board of directors and its committees.

We systematically vote against **combining the roles of CEO and Chairman of the Board of Directors.**

Anti-takeover devices (poison pills). DPAM rejects every initiative that could hinder the rights of minority shareholders.

Multiple voting rights: as a strong supporter of the ‘one share, one vote, one dividend’ principle, we oppose any attempt to limit this principle.

Transparency of the remuneration report for executive functions, in line with best practices which require, inter alia, clear, and quantified parameters for the determination of variables (performance objectives, qualitative criteria, etc.) over a medium-term horizon, a clawback clause (clawback/malus system on bonuses awarded) and specific conditions for the remuneration of board members for their non-board activities/services. DPAM may abstain from voting in favour of any initiative that could go against the shareholders' interest, such as a re-pricing option in the event of a change of control that could discourage potential acquirers from making a bid for the company.

Climate change, to share what we consider as best practices regarding policy and reporting and to assist companies to adopt those progressively.

The remuneration of executives, the separation of CEO/Chairman roles and board independence were the dominant topics of engagement.

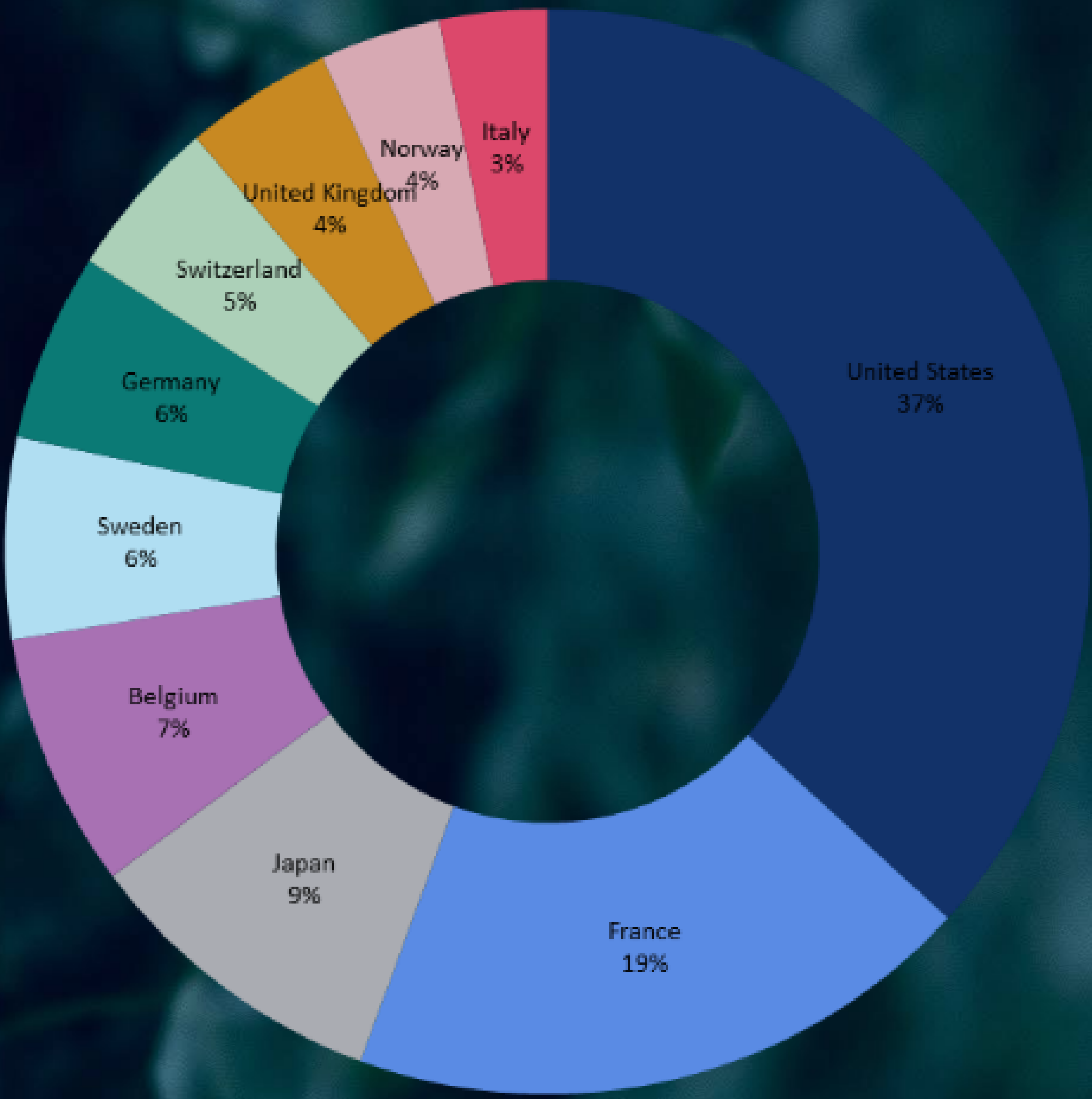
Out of the 299 companies we engaged with in 2023, 57 were voted again in 2024 but were not engaged with. **This means that they improved their practices to align with our voting guidelines**.

Breakdown of engaged dialogues with companies by topic

Source: Glass Lewis, DPAM – 31.12.2024

Geographically, the dialogues we engaged on remain focused on the United States and to a lesser extent France.

Geographic breakdown of the top 10 engaged dialogues with companies



Source: Glass Lewis, DPAM – 31.12.2024

IV. DPAM as a responsible player

DPAM provides active, sustainable asset management services, driven by in-house research. DPAM's conviction-based investment decision processes integrate fundamental financial and ESG analysis. DPAM advances to thrive, aiming for long-term outperformance and growth that benefits investors and society.

DPAM, created out of the merger between Degroof Fund Management Company and Petercam Institutional Asset Management, is committed to the United Nations Principles for Responsible Investment (UN PRI), which it became a signatory to in 2011. The UN PRI aim to foster the integration of ESG in investment management decision processes. By signing this initiative, the company committed to adopt and implement the six key principles of the UN PRI, demonstrating its dedication to the integration of ESG criteria by fulfilling its social role and by contributing to the development of a longer term, sustainable investment approach.

Taking part in shareholder meetings is a tenet of our social responsibility.

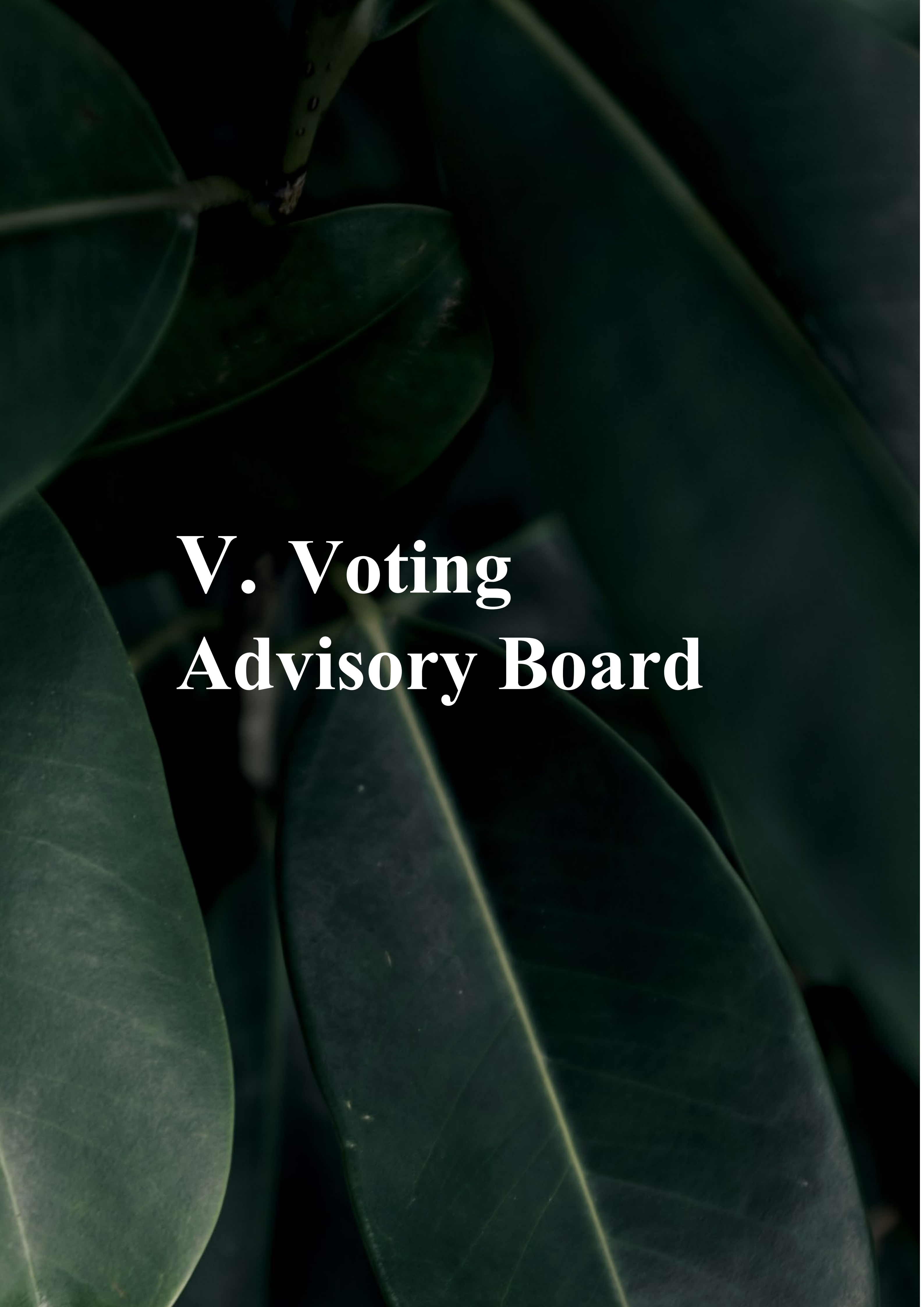
It is an efficient way of showing our commitment to a more sustainable financial industry, to advocate for sustainable growth and a long-term risk management approach. General meetings are a good venue for the exchange of ideas between shareholders and company executives and allow well-informed investors to address specific issues in a more detailed way, or to raise pertinent questions.

By adopting this approach, DPAM advocates a vision that shows greater respect for society and the environment in the long term. As investment horizons constantly become shorter, it is important to put the shareholder at the heart of the company as a co-owner, allowing the shareholder to place longevity above short-term profit.

Shareholder involvement, taking the form of engagement, voting at shareholder meetings and/or entering into engaged dialogue with a company are management tools that investors should fully embrace in order to better assess global risks, uphold values and best practices, and, in doing so, contribute to more sustainable companies. It is a long-term process, which, due to the snowball effect - provided it is well-structured - creates added value for companies and enhances their performance as well as the long-term viability of investments.

Therefore, we believe it to be essential that our voting policy covers our full investment fund range, to bring together our voting rights and to make our voice heard in a manner that is in line with our investment and participation levels.

V. Voting Advisory Board



The votes have been cast in accordance with the 2024 voting policy adopted by DPAM and DPAS, steered by its Voting Advisory Board (VAB) in February 2024.

IVOX Glass Lewis GmbH (Ivox GL) assists DPAM in executing proxy instructions and in analysing the proposals of the shareholder meetings' agendas, as referred to in the Voting Policy of DPAM.

The VAB consists of seven internal members and three external members.

The internal members were for the year 2024

Marie Petit	Main legal advisor, DPAM
Ophélie Mortier	Chief Sustainable Investments Officer, DPAM
Fréderic Adams	Member of the DPAS Management Board, Head of Sustainable Investment Office & IMS
Philippe Denef	CIO Quantitative Equity & Asymmetric Management
Peter De Coensel	Chairman of the DPAM Management Board, CEO DPAM
Tom Demaecker	Senior Fundamental Equity Portfolio Manager
Johan Van Geeteruyen	Member of the DPAM Management Board, CIO Equities

In 2024, three external members were in the board, to share their experience and expertise in terms of corporate governance.

Katrien Vorlat	Lawyer specialising in mergers and acquisitions
Geert Maelfait	Independent expert in corporate governance with a long-standing experience in banking and insurance
Dominique Liénart	Former secretary general of BNPP AM

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Disclaimer

This document takes into account the requirements of the Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, for asset managers to publicly disclose how their voting policy has been implemented, including a general description of voting behaviour, an explanation of the most significant votes and the use of the services of proxy advisors. It is not intended to be exhaustive and does not address all potential voting issues.

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