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# Top Five Takeaways From the 2025 Proxy Season

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**The 2025 proxy season unfolded amid political pressure and regulatory change. A new administration brought a significant shift in the regulatory environment, with revised SEC guidance on Regulation 13D/13G beneficial ownership rules dampening some investor engagement activity. In addition, changes to the SEC's 14a-8 "no-action" process led to a 30% decline[1] in the number of shareholder proposals voted on related to environmental, social and governance issues.**

Given this regulatory and political backdrop, here are our top five early takeaways from the 2025 Proxy Season.

1. **Support for environmental proposals from both proxy advisors and investors sharply declines.** ISS opposed every environmental proposal in both the S&P 500 and the Russell 3000 this proxy season – a dramatic reversal from 2024. Last year, the proxy advisor backed more

[1] Unless otherwise noted, statistical data related to proposals is based on S&P 500 companies' annual general meetings held from 1/1/2025 to 5/30/2025. All voting data is from ISS Voting Analytics.

than half of the environmental proposals voted on at S&P 500 companies. Most environmental proposals sought additional disclosure on GHG emissions targets and climate-related risk disclosures, with some newer ones addressing biodiversity and nature loss. The shift comes in the wake of a broad executive order aimed at expanding domestic energy production, alongside increased scrutiny of institutional investors' climate-related initiatives. ISS also cited[2] improved overall corporate climate disclosures as a contributing factor. Investor support continued to decline, dropping from 18% last year to just 11% in 2025. As was the case in 2024, not a single proposal passed this season. While part of the drop may reflect overly prescriptive demands from some proposal sponsors, along with more robust existing disclosures, political and legal attacks on climate-focused investors likely further chilled their support.

2. **Social proposals see diminishing support in a politicized environment.** Investor support for social proposals is also slipping, down from 18% to 14% year-over-year. Proposals related to political contributions garnered the highest levels of support, particularly at companies that lag their peers in transparency and disclosure. Consistent with prior years, a notable number of proposals focused on conducting independent third-party audits to assess human rights risks across supply chains and working conditions. However, as such practices have become increasingly embedded among S&P 500 companies, and institutional investors adopt a more discerning approach, the decrease in support is both expected and indicative of a broader recalibration that is likely to continue.

3. **Governance proposals remain popular, but support is on the decline.** ISS backed 56% of governance proposals in 2025, a modest increase from 54% last year. However, despite the uptick in recommendations, average investor support declined slightly, from 35% to 33%, and a lower percentage of proposals passed (15% compared to 18% last year). Proposals focused on stronger shareholder rights, with those calling on issuers to adopt simple majority vote standards drawing the highest support, averaging 72%. Efforts to lower the ownership threshold for calling special meetings (to 10–15%) also gained momentum. Support for proposals requiring shareholder approval of executive severance agreements has grown as well, despite fairly strong support for say-on-pay proposals.

4. **Anti-ESG and anti-DE&I shareholder proposals continue to receive single-digit support.** Average support dropped from 1.9% to 1.4%, and only one proposal received more than 3% support. Frequent proponents targeted companies' existing DE&I programs and goals, in many cases citing the June 2023 U.S. Supreme Court decision in Students for Fair Admissions v. Harvard College. Companies' evolving approach to DE&I appears to be driven more by legal considerations than shareholder activism.

5. **Regulatory caution significantly impacts engagement.** Lower investor support for shareholder proposals was accompanied (and perhaps driven) by a drastically changed engagement environment. In response to the new 13G/13D guidance, and to avoid any perception of "seeking control," many large institutional investors temporarily paused engagement meetings. These meetings shortly resumed under a tightly controlled, "listen-only" format, deliberately excluding any discussion of voting implications or other elements that may be construed as activist.

[2] ISS Corporate: 2025 U.S. Proxy Season: Midseason Review, May 22, 2025

In tandem with declining support for shareholder proposals, management proposals continued to receive strong backing. Uncontested director elections averaged 96.7% support, up from 96.4% the prior year. Say-on-pay votes remained flat year-over-year at 90.2%, even as CEO pay rose 9.7%[3] in line with generally solid 2024 performance. However, recent volatility could drive opposition, and there are early indicators of weakening support. Four companies failed their say-on-pay votes in 2025 (up from three last year), and the percentage of companies receiving low support (<70%) rose from 4.6% to 6.5%.

While strong markets typically bolster support for directors and compensation, recent tariff-driven volatility[4] may prompt one-off pay decisions that affect future voting outcomes. Companies tasked with demonstrating responsiveness to investor concerns during the next proxy season may face challenges, given the difficulty of obtaining candid feedback from investors in the new engagement landscape.

Off-season outreach is becoming more important than ever. With the annual meeting cycle complete and no live ballot items on the table, conversations may allow for more candid dialogue around investor expectations, governance priorities and evolving ESG views. As both sides adjust to the new normal for engagement, shaped by regulatory shifts, political scrutiny and changing stewardship approaches, early outreach will be essential. Investor calendars will fill quickly, and demand for fall meetings is expected to be high.

[3] AP News: CEO pay rose nearly 10% in 2024 and outpaced workers' wage gains | AP News, May 29, 2025
[4] Teneo: Tariffs and Transparency: Navigating Investor Expectations on Executive Pay Changes | Teneo, May 2025

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