



2025 YEAR IN REVIEW: AUSTRALIA

The latest in corporate governance, sustainability and AGM voting trends including remuneration, director elections, diversity, ESG activism, and more

MARCH 2026



EXECUTIVE SUMMARY



03

EXECUTIVE REMUNERATION

Fewer remuneration 'strikes' in 2025 compared to the prior year, although with higher levels of opposition.



10

DIRECTOR ELECTIONS

Greater instances of high protest votes against directors in 2025.



18

SUSTAINABILITY AND E&S ACTIVISM

Higher number of non-board endorsed shareholder resolutions, including a wider range of ESG-related issues raised by a more diverse group of proponents.



26

INVESTORS, ESG ASSOCIATIONS AND REGULATORY BODIES IN 2025

A month-by-month review of actions by investors, ESG associations and service providers, and regulatory bodies throughout 2025.

FOREWORD

Australian companies continued to adapt to an increasingly unpredictable operating environment, influenced by regulatory, political and technological shifts.

In 2025, the Australian economy experienced moderate growth and easing inflation (although with a slight jump at year's end), following aggressive monetary policy tightening since the post-pandemic inflation highs. This paved the way for multiple interest rate cuts by the Reserve Bank of Australia (RBA), providing reprieve for Australian homeowners and helping to catalyse respectable sharemarket returns. Labour market conditions softened slightly but remained historically strong in 2025.

While the Australian economy appears to have had a relatively 'soft landing' in 2025, this came against a backdrop of turbulent global conflicts, political upheaval from Donald Trump's administration, and the ongoing technological and economic disruption from the artificial intelligence (AI) revolution. As Australian businesses continued to adapt to a world where disruption and unpredictability have become the new norm, this has raised the stakes for boards in providing adequate oversight of emerging risks and opportunities.

Within this operating environment, shareholder and proxy advisor revolt on ASX300 remuneration resolutions remained heightened in 2025.

Although the number of remuneration 'strikes' dipped slightly to 34 (from 40 in 2024), the severity of dissent increased, with 30 companies receiving more than 30% opposition and 10 exceeding 50% votes against. Multiple companies incurred consecutive strikes in 2025, with the number of proxy advisor recommendations against remuneration reports also remaining elevated.

Director re/elections were a critical avenue for shareholders to voice their discontent at 2025 Annual General Meetings (AGMs), with 44 ASX300 directors receiving protest votes above 20% – up sharply from 32 in 2024. In 2025, investors and proxy advisors were emboldened to hold directors accountable for a broad range of perceived governance failures, strategic missteps, risk management shortcomings, and persistent remuneration concerns. For some companies, more severe cases of director opposition often saw the intersection of many of these issues.

ESG-related shareholder activism broadened significantly across the ASX300 in 2025, both in volume and scope. We observed a substantial jump in the number of ESG-related shareholder

resolutions to 27 lodged across 9 companies (16 resolutions lodged across 7 companies in 2024), with nature-related issues as a defining focus since emerging during the 2024 season.

Our 2025 Year in Review – Australia, provides a snapshot of the voting outcomes, sentiments, and key reasons for proxy advisor recommendations and shareholder voting patterns, with a focus on S&P/ASX300 companies. It also provides an overview of important industry and regulatory trends in Australia and globally, across various remuneration, governance and sustainability themes.

ASX300 boards have entered 2026 with increasingly demanding agendas, shaped by heightened investor and regulatory expectations, reduced tolerance for weak governance, and evolving ESG considerations that influence long-term corporate value and reputation. We hope this 2025 analysis provides a useful reference as you plan your Board's 2026 priorities and calendar of activities, and we would welcome any feedback or the opportunity to discuss the findings further.

44

Directors in the ASX300 who attracted more than 20% votes against their re/election at AGMs (compared to 32 in 2024)

34

Number of ASX300 remuneration strikes in 2025; a slight decrease from 2024 (40)

36

Number of non board-endorsed shareholder resolutions lodged in 2025; including 27 ESG-related resolutions lodged across 9 companies

EXECUTIVE REMUNERATION

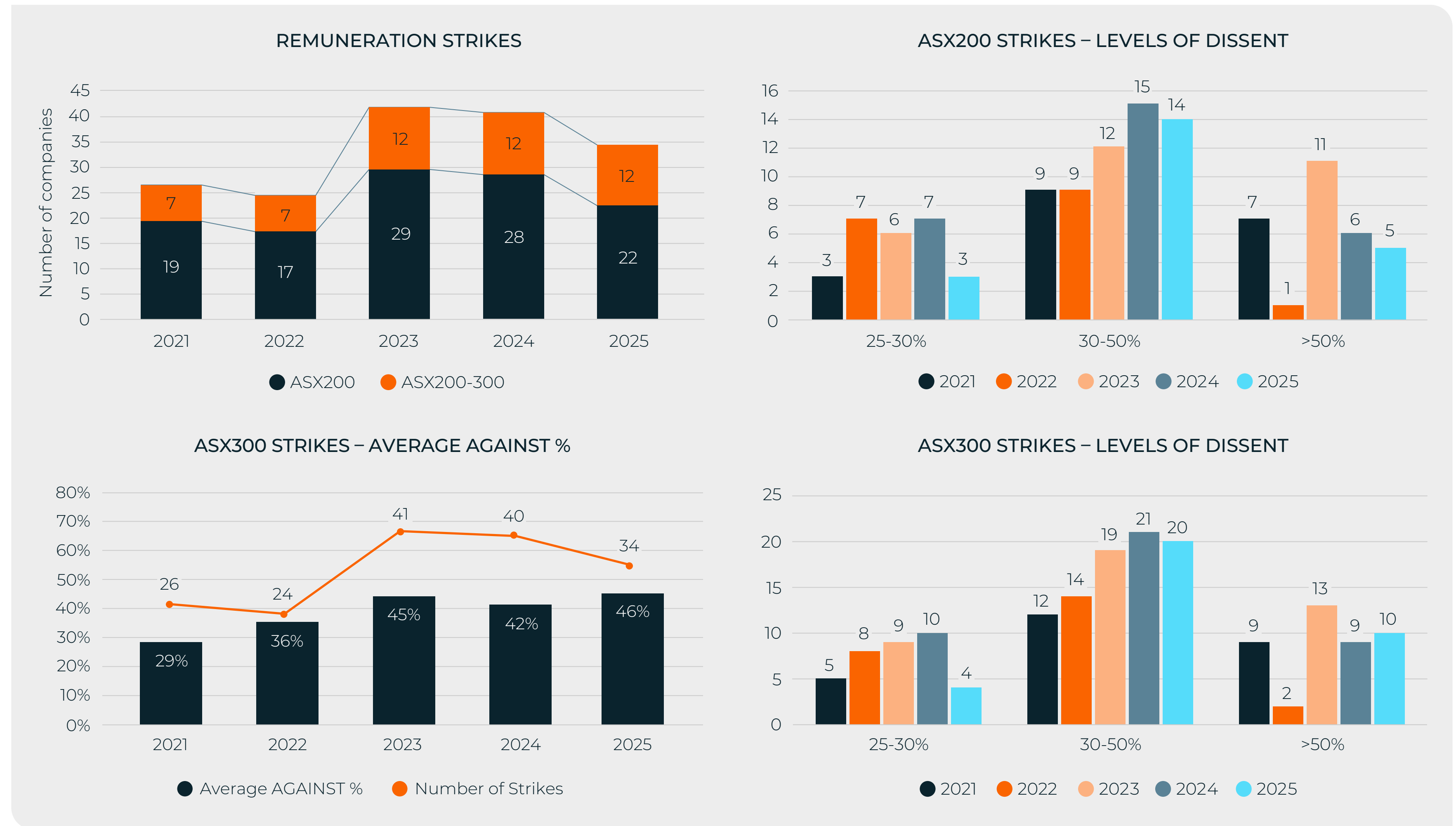
Overview

The ASX300 recorded 34 remuneration 'strikes' in 2025¹, representing a decline from the 40 strikes in 2024 and the record 41 strikes in 2023. While this reduction may suggest some stabilisation following the sharp increases in the previous two years, the underlying voting patterns reveal intensifying shareholder dissent.

Of the 34 strike companies in 2025:

- Strikes were incurred with greater intensity, averaging 46% of votes against – the highest in the last 5 years;
- 30 companies received more than 30% of votes against their remuneration reports (on par with 2024, despite recording fewer strikes) and 10 companies received more than 50% of votes against (up from 9 in 2024). This indicates that while fewer companies crossed the 25% threshold, opposition is becoming more concentrated and elevated among those that do attract dissent.
- 7 companies received their second strike;
- 3 companies received their third strike (Clinuvil Pharmaceuticals, Champion Iron, Brainchip Holdings);
- Two companies received their fifth strike (Dicker Data, Lovisa); and
- NRW Holdings received their eighth strike in a row.

1. The number of strikes is based on S&P/ASX300 companies that had their 2025 AGMs as of the September 2025 quarterly rebalance. Includes two ASX-listed companies that are domiciled/incorporated overseas (James Hardie, Xero) and are technically exempt from the legal requirements of the 'two strikes' rule under the Corporations Act.



Furthermore, 9 strike companies also received high votes (>25%) against the resolution to grant equity to the MD/CEO or executive director (Brainchip Holdings, Helia, IDP Education, Lovisa, NRW Holdings, OFX Group, Select Harvests, Strike Energy, Weebit Nano) – with two resolutions defeated after receiving less than 50% support (James Hardie², NRW Holdings). Additionally, two companies withdrew their equity grant resolutions prior to the 2025 AGM, following stakeholder feedback (Accent Group, National Storage).

The number of proxy advisor recommendations Against remuneration reports of ASX300 companies remained elevated in 2025; however, slightly reduced for two of the three disclosed proxy advisors, which reflects the reduced number of strikes recorded in 2025.

For 2025 AGMs, ISS reduced their number of Against recommendations slightly (63, from 68 in 2024), with a more substantial reduction for Glass Lewis (35, from 42 in 2024). Notably, Ownership Matters (OM) was the only proxy advisor of the three to increase the number of Against recommendations, with 49 issued in 2025 (up from 44 in 2024) indicating heightened sensitivity to key concerns.

For the 2025 strike companies, negative recommendations from proxy advisors were largely driven by concerns with excessive pay quantum, unchallenging performance targets, misalignment between pay and performance, the prevalence and structure of one-off awards, and the inappropriate application of board discretion in determining remuneration outcomes.

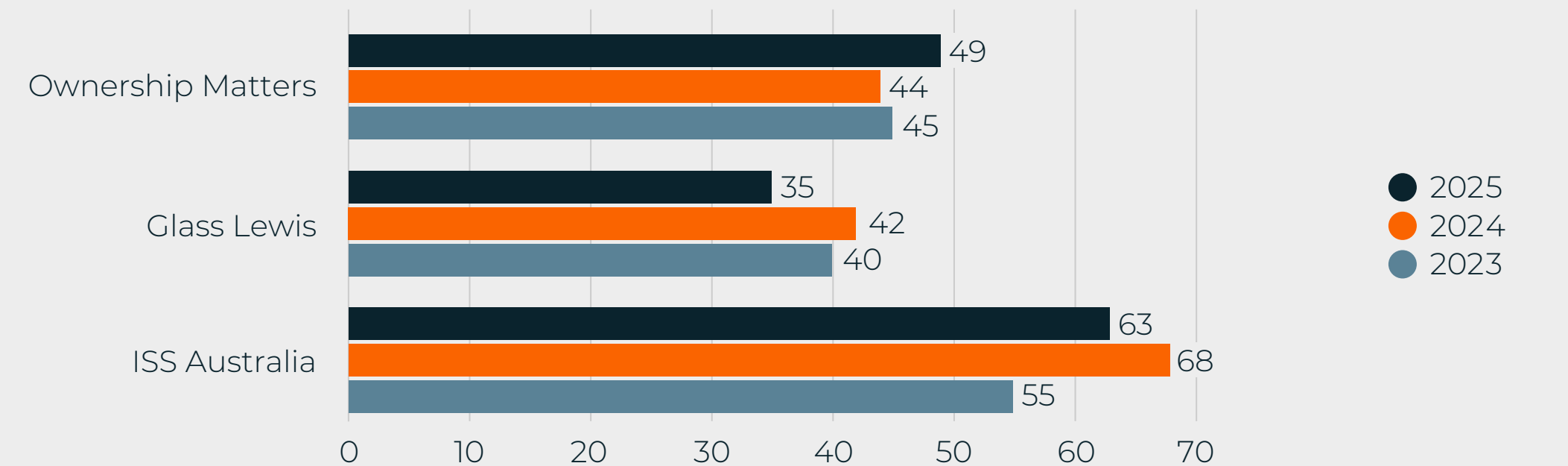
Key Themes

The top 5 issues referenced by proxy advisors that influenced recommendations Against remuneration-related resolutions in 2025 included the following:

1. High executive pay quantum
2. Lack of rigour of performance targets
3. Pay and performance misalignment
4. Retention/one off awards
5. Inappropriate board discretion



PROXY ADVISOR RECOMMENDATIONS AGAINST ASX300 REMUNERATION REPORTS



2. Not an official strike due to foreign domicile/incorporation.

Key trends observed from Sodali & Co's analysis of remuneration reports, voting outcomes and proxy advisor research in 2025:

EXCESSIVE PAY QUANTUM INCLUDING PAY PACKAGES FOR GLOBAL TALENT

Large fixed remuneration increases and overall pay quantum continued to be key drivers of negative proxy advisor recommendations and remuneration strikes across the ASX300 in 2025 (NRW Holdings, Reliance Worldwide Corp., SRG Global, South32, Mineral Resources). Concerns were typically raised when pay quantum was considered above the median of relevant peers, or when substantial increases were applied without a convincing rationale. Given that fixed pay is not 'at-risk', proxy advisors and investors expect strong justification for any increases including disclosure of benchmarking peers and parameters and clear alignment with company performance.

Another key area of concern was **setting executive pay relative to global norms** (particularly in North America), contributing to a number of strikes in 2025 (Champion Iron, James Hardie³, Worley, Clinuvet Pharmaceuticals, NextDC, Reliance Worldwide Corp.). This creates a fundamental tension: ASX-listed companies with a global footprint must set remuneration packages that appropriately attract and retain talent in those global markets, yet such pay practices differ substantially from Australian market norms and expectations, which largely form the basis of proxy advisors' analysis.

As a reference point, proxy advisors typically benchmark a company's remuneration against what they consider to be relevant ASX-listed peers across various parameters, such as market capitalisation, industry/sector, revenues or assets. In a country the size of Australia, it may be difficult for a company to find an appropriate peer group, particularly if the company's operations and executives are predominantly based offshore. While proxy advisors acknowledge that ASX-listed peers do not always accurately capture the complexity and demands of a global firm, they generally have some reservations towards ASX-listed companies that benchmark solely against global peers.

For instance, ISS generally considers Australian benchmarks uniformly when assessing ASX-listed companies, regardless of the MD/CEO's location. Glass Lewis takes a more flexible approach and are open to the realities of recruiting talent in global markets. In their 2025 AGM Season Preview, Glass Lewis outlined a general case-by-case approach to reviewing pay packages for global executives, considering various factors:

- Where the executive resides and benchmarking against the appropriate market – including the local Glass Lewis research team consulting with their North American counterparts to better understand market norms.

- A general preference for Australian companies to benchmark against the median or below of global peers to help balance Australian expectations and other markets.
- The board's rationale on why it makes sense to have executives based in those markets.
- While acknowledging the limitations of only benchmarking against Australian peers, Glass Lewis believe that only benchmarking against global peers will set the expectation for higher pay in Australia.

Ownership Matters and the Australian Council of Superannuation Investors (ACSI) generally take a case-by-case approach and have some sympathy for the fact that recruiting executives from a global talent pool can be challenging for ASX-listed companies, due to differences in pay quantum and structures. However, their general view is that executive pay should predominantly reflect the country of a company's primary listing, regardless of the executive's location or the company's country of domicile/incorporation.



3. Not an official strike due to foreign domicile/incorporation.

PAY AND PERFORMANCE MISALIGNMENT & UNCHALLENGING PERFORMANCE TARGETS

Pay and performance misalignment and unchallenging performance targets under incentive structures, continued to be a key driver of negative proxy advisor recommendations and remuneration strikes in 2025. When assessing alignment, proxy advisors compare incentive outcomes against absolute and relative shareholder returns, overall financial results, and the persistence in incentive outcomes. Concerns arise where executives are seen to be rewarded generously despite poor company or share price performance, particularly where there is a lack of variability in incentive outcomes year-on-year; indicating that performance targets may be weak. Furthermore, companies were scrutinised when performance targets were reduced from the prior year, especially where an adequate rationale was not provided.

The leading driver of strikes due to pay and performance concerns, was **high short-term incentive (STI) outcomes against a backdrop of negative total shareholder returns (TSR) or deteriorating financial results** (Champion Iron, South32, James Hardie⁴, Reece, Boss Energy, CSL, Australian Clinical Labs, Strike Energy, SRG Global, Lotus Resources, Paladin Energy). In some cases, proxy advisors considered the board's justification to be unconvincing and

questioned whether downward discretion should have been applied to reflect the shareholder experience.

This concern is often amplified when a substantial portion of the STI outcome is **determined by the achievement of non-financial measures** – often criticised as 'day job responsibilities' by ISS – reducing the link between company financial performance and outcomes.

Furthermore, where **specific performance targets are not disclosed**, proxy advisors and investors are unable to assess their rigour, causing them to make assumptions based on year-on-year directional changes in STI outcomes relative to company performance.

The **lack of variability in historical incentive outcomes** remained a common bugbear for proxy advisors in 2025, perceived as evidence of unchallenging targets, regardless of whether they were disclosed or not. This contributed to a number of strikes in 2025 (Champion Iron, James Hardie⁴, National Storage), with common concerns including:

- STI outcomes consistently achieved above target, despite the low vesting/lapsing of long-term incentive (LTI) allocations – suggesting that achieving STI measures is not driving positive shareholder outcomes.

- Consistently high achievement of internal measures in the LTI (financial or non-financial), while TSR measures were underachieved.

The **reduction of performance targets from the prior year** is also a consistently criticised practice, particularly where it enables executives to achieve high incentive outcomes for what investors and proxy advisors may view as inferior performance. While boards often point to the annual target-setting process that is designed to ensure targets remain appropriately challenging for current business conditions, proxy advisors generally expect that deteriorating financial performance should be reflected in lower incentive outcomes, not lower targets.

The **reduction of LTI targets to reflect major transactions or acquisitions** attracted heightened scrutiny in 2025, with proxy advisors questioning whether target reductions appropriately reflected the expected financial benefits of the transaction. For one ASX300 company, concerns were raised that reduced LTI targets would enable threshold vesting to be achieved before any acquisition synergies were realised – with targets decreased following an acquisition that had resulted in a significant adverse market reaction and negative shareholder returns. A related concern was the **use of underlying/adjusted**

financial measures in determining incentive outcomes, particularly following transactions or periods of operational change. The key concern is the potential for excessive board discretion to exclude one-off impacts or normalise results in ways that may misalign executive rewards with the actual financial performance experienced by shareholders.

PREVALENCE OF ONE-OFF AWARDS & TIME-BASED INCENTIVES

The provision of **substantial one-off awards (e.g., retention and sign-on awards)** to executives continued to attract strong scrutiny from investors and proxy advisors, influencing several ASX300 strikes in 2025 (NextDC, Xero⁴, National Storage, Alcoa, Clinuvel Pharmaceuticals, Orora, Lotus Resources, Strike Energy). In general, proxy advisors and investors continue to expect total remuneration packages for executives to be sufficiently attractive without the need to provide additional one-off awards. However, boards of ASX-listed companies with global operations or facing unprecedented competition for talent in their industries, are increasingly pressured to offer such awards in response to immediate executive retention challenges, while trying to balance Australian investor and proxy advisor expectations. This tension arises from the

4. Not an official strike due to foreign domicile/incorporation.

substantial gap between pay offered by global competitors or unlisted companies (e.g., private equity), with what can be reasonably offered by ASX-listed companies within the constraints of Australian market expectations.

Some investors have explicit policies that discourage the provision of one-off awards (or in some cases, may require them to automatically oppose resolutions), particularly where they lack challenging performance measures. For example, Vanguard's proxy voting policy states that one-off awards should be granted in exceptional circumstances only and supported by a compelling rationale, noting that such awards *"may indicate that the current remuneration structures may not be working as designed"*⁵. Consequently, boards should expect significant scrutiny and potential voting consequences when granting one-off awards, regardless of the stated rationale.

Concerns with one-off awards were amplified in some cases where the company granted **equity awards to the MD/CEO without seeking shareholder approval** – either because they were technically not required to as a dual-listed entity, or by structuring the award such that any shares allocated at vesting would be acquired on-market⁶. Where one-off awards (or other equity grants) to executives are not put to

shareholders for approval, dissent is typically directed toward the remuneration report vote or the re-election of remuneration committee members to signal shareholder concerns; with some investors also having automatic voting policies for this situation.

This competitive market for global talent has also driven changes to the overall structure of executive awards for some ASX-listed companies, including the **increased use of time-based incentives that vest subject to continued employment only**.

These are akin to US-style restricted share unit (RSU) awards that are typically offered in addition to performance-based LTI, given the significantly higher quantum of equity-based awards for U.S. executives. Time-based awards continued to attract scrutiny by Australian investors and proxy advisors and contributed to strikes in 2025 (Champion Iron, Alcoa, NextDC, Botanix Pharmaceuticals, Clinvuel Pharmaceuticals, Australian Clinical Labs, Weebit Nano). In their 2025 Stewardship Report, ACSI noted the increased adoption of "service-only" incentives⁷. They note that this approach *"commonly found in the US, diverges from the expectations of many Australian-based investors, and raises concerns about magnitude of remuneration and the risks of pay-for-failure."*

However, there is growing acceptance of the use of time-based incentives for banking and financial services companies, pioneered by the 'Big Four' major banks that previously introduced a RSU component into their LTI plans to align with the requirements under the Australian Prudential Regulation Authority's (APRA) Remuneration Standard (CPS511). Specifically, RSUs provided a mechanism to apply a 'material weight' to non-financial measures in determining incentive outcomes (i.e., a service condition plus discretionary board assessments of various non-financial indicators).

After observing the increasing use of time-based incentives beyond APRA-regulated entities, Glass Lewis introduced new commentary in their 2025 voting policy guidelines that *"where companies implement time-based vesting structures within their incentive frameworks, the benchmark policy expects transparent disclosure clearly articulating the rationale for this design, including any relevant market benchmarks or strategic considerations. Additionally, overall incentive opportunity should be appropriately discounted to reflect the lower risk associated with these awards"*⁸. Glass Lewis further noted that where a discount to incentive opportunity is not observed, it may effectively be viewed as an increase in value

on a risk-adjusted basis, requiring detailed justification from the board supported by relevant benchmarking.

Despite the growing acceptance of time-based incentives by some proxy advisors, they have also increased scrutiny on the **credibility and rigour to which boards exercise discretion to determine RSU vesting outcomes, considering non-financial factors** (e.g., prudential soundness, risk management, reputational impacts, material adverse events). This issue is discussed in further detail in the following section.



5. Source: [Proxy voting policy for Australian and New Zealand portfolio companies](#), Vanguard, January 2026

6. Applying an exception under ASX Listing Rule 10.14

7. Source: [2025 Stewardship Report](#), Australian Council of Superannuation Investors, July 2025

8. Source: [2025 Benchmark Policy Guidelines](#), Glass Lewis, 2025

BOARD DISCRETION IN DETERMINING REMUNERATION OUTCOMES

The application of board discretion in determining remuneration outcomes remained a highly contentious issue for investors and proxy advisors in 2025. We observed some encouraging examples of ASX300 companies exercising downward discretion on incentive outcomes to reflect poor financial, operational performance and/or share price performance (Dexus, HMC Capital, Perpetual, Bellevue Gold, Fletcher Building), which were positively received by investors and proxy advisors as reflecting adequate accountability. However, several instances illustrated persistent concerns about the problematic application of upward discretion or insufficient downward discretion for significant ESG controversies or regulatory failures.

Some companies incurred strikes in 2025 due to **concerns with upward discretion** (Accent Group, Orora, NextDC, Vault Minerals, WiseTech Global), with examples including lowering/rebaselining performance targets within the performance period, permitting vesting despite hurdles not being met, re-testing incentive outcomes, and allowing partial payouts when financial measures were achieved below threshold. These cases demonstrate that investors and proxy advisors view any discretion that reduces performance requirements or allows payouts despite financial underperformance, as undermining pay-for-

performance principles; particularly when applied inconsistently or without a sufficient justification.

The **adequacy of downward discretion in response to significant incidents** also continued to be scrutinised, with ASX300 companies incurring strikes if remuneration consequences were considered inadequate to reflect accountability for major ESG controversies, risk management failures or regulatory action (Macquarie Group, ANZ, West African Resources, Cleanaway). Regarding the major banks, we saw contrasting investor and proxy advisor perspectives regarding the adequacy of remuneration consequences – with one bank receiving a strike, while another bank was commended for applying consequences for minor risk issues. The latter was perceived to give investors more confidence of ongoing board scrutiny of risk matters outside major controversies.

A similar theme was evident in the treatment of remuneration in response to major safety incidents and workplace fatalities. Even substantial STI reductions (up to 30% of the award) were considered insufficient in the context of repeated fatalities, whereas companies with more isolated incidents and a history of proactiveness in their response, avoided major backlash despite modest STI reductions (20%). This indicates that proxy advisors and investors continue to take a

case-by-case approach to assessing the adequacy of remuneration consequences, considering the company's track record and the board's proactivity in their response.

SKIN IN THE GAME

Executive and director 'skin in the game' is a growing area of focus for proxy advisors and investors, with **inadequate shareholdings increasingly viewed as signalling poor alignment with shareholders' interests, particularly when combined with governance concerns or chronic company underperformance**. Glass Lewis introduced clarifications to its 2025 voting policy guidelines, such that *"a minimum shareholding requirement of at least three times fixed remuneration is considered appropriate for CEOs, with a holding of at least two times fixed remuneration regarded as acceptable"*⁹. Glass Lewis also began monitoring changes in CEO shareholdings in 2025, including any significant purchases or sales. While not yet a formal policy position, such movements may be considered when assessing alignment with shareholders' interests, especially when the timing and magnitude of share sales occur during periods of regulatory scrutiny or governance challenges.

During the 2025 AGM season, numerous companies received criticism for either **lacking**

any minimum shareholding requirements (MSR) for executives or directors or maintaining inadequate policies that failed to ensure meaningful equity ownership. One ASX300 company was scrutinised due to executives and directors appearing to have low shareholdings, particularly following a period of company underperformance and perceived poor execution of capital allocation decisions. Another company received criticism where the MSR was expressed as a multiple of fixed remuneration; however, the CEO's remuneration was heavily weighted towards variable remuneration, so the minimum shareholding requirement was not deemed to be meaningful.

Proxy advisors also scrutinised the specific mechanisms of different MSRs that were considered inconsistent with market practice. For example:

- Counting unvested equity toward the MSR (even at discounted values), given it does not represent actual share ownership, may not ultimately vest and/or may inappropriately accelerate the achievement of the requirement.
- Achieving the MSR triggers changes to the remuneration structure, such as executives receiving an all-cash STI once the MSR is met, resulting in a remuneration package with a high cash weighting relative to peers.

9. Source: [2025 Benchmark Policy Guidelines](#), Glass Lewis, 2025

- STI equity deferral mechanisms that ceased once the MSR was achieved, given expectations that ongoing equity exposure should be maintained throughout an executive's tenure to preserve long-term alignment.
- STI equity deferral that is only triggered if the MSR is not met, viewed as lacking credibility where executives already have significant shareholdings.

In general, investors and proxy advisors expect boards to ensure that MSRs are:

- Formally implemented and disclosed;
- Structured as a meaningful percentage of total remuneration, particularly where remuneration packages are heavily weighted to variable remuneration;
- Calculated based only on vested equity, representing actual share ownership;
- Appropriate for the executive's role and tenure; and
- Maintained through continued equity exposure, rather than triggering shifts to cash-heavy remuneration upon achievement.

Notable questions from shareholders relating to remuneration at 2025 AGMs

1. How can shareholders approve the remuneration report and the CEO's LTI grant given where the share price is today?
2. Are there plans to change the remuneration framework in response to shareholders' and proxy advisors' concerns?
3. How do you justify increasing executives' bonuses, when share price performance hasn't been increasing at a comparable rate?
4. How do the salary increases for executives compare to increases for general employees?
5. Can the board explain why relative TSR has been removed from the LTI and replaced with an internal measure?
6. Are there plans to reduce the quantum of executive pay to align with the company's peers?
7. How does the company decide on which peer companies are selected for benchmarking purposes?
8. Why does the company use underlying EPS in the LTI, rather than statutory EPS? Aren't underlying measures inherently manipulatable?
9. Are there minimum shareholding requirements in place for executives and directors to align them with the shareholder experience?
10. If there have been legal proceedings against the company, how is this reflected in remuneration outcomes to reinforce accountability?

DIRECTOR ELECTIONS

Overview

During 2025, ASX300 directors remained under close watch for their stewardship, with concerns around board oversight of remuneration practices, company strategy and performance, risk management and culture, remaining central issues for investors and proxy advisors.

Amidst several major governance controversies and a challenging economic landscape, 44 ASX300 directors attracted a high 'protest' vote (>20%) against their re/elections in 2025. Having dipped to 32 directors in 2024 from 46 in 2023, this marked increase (37.5%) suggests expectations on director accountability have heightened in 2025.

Notably, the highest director protest vote recorded in 2025 was 67.8% (Anne Lloyd, former Board Chair of James Hardie), far surpassed the highest dissenting vote of 49.2% in 2024 (Richard Patricio, Remuneration Committee Chair of NexGen Energy).

Many factors driving close scrutiny of director performance and oversight are unlikely to abate going forward. Rather, the question for directors, investors and regulators is increasingly becoming about how to build resilient directors and boards that can navigate the choppy waters ahead, filled with ongoing technological and economic disruptions, emerging risks and geopolitical tensions.



788

Number of ASX300 director re/elections in 2025

44

Directors in the ASX300 who attracted more than 20% votes against their re/election at AGMs (compared to 32 in 2024)

95%

Average support for directors at 2025 AGMs (compared to 95% in 2023)

Key trends observed from Sodali & Co's analysis of voting outcomes and market research in 2025:

DIRECTOR ACCOUNTABILITY FOR PERFORMANCE AND PROBLEMATIC PAY PRACTICES

During 2025, we continued to observe directors being held accountable for **longstanding concerns with remuneration practices**, or remuneration outcomes that were considered inappropriate in the context of shareholder value deterioration.

In line with an elevated number of remuneration strikes in 2025, high protest votes against directors for remuneration issues have increased¹⁰. Of the 44 directors with high protest votes against their re/elections in 2025, 20 directors (45%) received high dissenting votes across 11 companies that also received a strike in 2025 (32% of total strikes) (Boss Energy, Botanix Pharmaceuticals, Brainchip Holdings, Clinuvel Pharmaceuticals, Dicker Data, Helia Group, James Hardie¹¹, Lotus Resources, NRW Holdings, OFX Group, Vault Minerals). This is over double the 2024 figure, with only 12.5% of 2024 strike companies (5 out of 40) having directors who received high dissenting votes due to remuneration issues (Brainchip Holdings, Clinuvel Pharmaceuticals, Karoon Energy, Kogan, NRW Holdings).

Similarly, we have seen this trend of **higher director protest votes across companies with multiple strikes**, such as:

- NRW Holdings (eighth consecutive strike) – ‘near misses’ for both the Board Chair and Remuneration Committee member, Michael Arnett (48.6%), and Remuneration Committee member, Jefferey Dowling (41.6%);
- Dicker Data (fifth consecutive strike) – 34.5% against Remuneration Committee Chair, Leanne Ralph;
- Clinuvel Pharmaceuticals (third consecutive strike) – 32% against Board Chair and Remuneration Committee member, Jeffrey Rosenfeld; and
- Brainchip Holdings (third consecutive strike) – strong dissent against Remuneration Committee members, Geoffrey Carrick (31.4%) and Duy-Loan Le (25.3%).

In each case, the severity of dissenting votes has significantly increased compared to director re/elections for these companies in the prior year. This is likely indicative of investors' and proxy advisors' concerns that remuneration issues at these companies remain unresolved despite repeated strikes.

In some instances, director protest votes may have been more attributable to, or compounded by, concerns with **business underperformance, strategic execution (including M&A and capital allocation decisions), major governance controversies and/or other governance concerns (e.g., director overcommitment and independence)**. This highlights the interrelatedness between these various issues on voting outcomes across AGM resolutions, the combination of which drove a number of high protest votes against ASX300 board chairs in 2025, including: James Hardie (Anne Lloyd: 67.4%), NRW Holdings (Michael Arnett: 48.6%), Boss Energy (Wyatt Buck: 39.9%) and Graincorp (Peter Richards: 45.6%).

In their 2025 voting policy guidelines, Glass Lewis introduced **increased expectations on boards to collectively demonstrate core industry experience**, as lack thereof may call into question a board's effectiveness – especially for companies experiencing sustained underperformance¹². Glass Lewis now expects at least one non-executive director to have prior experience in a significant executive position within the company's core industry. Glass Lewis also **increased expectations on board skills disclosures**, expecting clear attribution of each

disclosed skill to individual directors, as well as transparent criteria outlining what constitutes relevant experience for each skill area.

MANAGING RISKS TO INDEPENDENCE

Underlying the major governance controversies across the ASX300 are questions around the true independence of directors and the board as a whole. As such, **director tenure as an indicator of potential independence issues** has become an increasing focus for proxy advisors, investors and regulators.

ISS updated its 2025 voting policy guidelines to introduce new guidelines to generally recommend against directors if they reach a 16-year tenure or more in their next three-year term¹³. Additionally, a director will be classified as non-independent where they have served concurrently with the CEO for nine or more years.

As part of its consultation on its proposed suite of new governance standards, APRA proposed to introduce a ten-year tenure limit for directors¹⁴. Following industry consultation, this was amended to 12 years, with short extensions in limited circumstances. Perhaps unsurprisingly, tenure was one of the reforms that received the most feedback from consultation¹⁵.

10. Typically, the remuneration committee chair/member or the board chair were held accountable.

11. Not an official strike due to foreign domicile/incorporation.

12. Source: [2025 Benchmark Policy Guidelines](#), Glass Lewis, 2025

13. Source: [2025 Proxy Voting Guidelines](#), ISS, 2025

14. Source: [Governance Review - Discussion Paper | APRA](#), APRA, 2025

15. Source: [Governance review update | APRA](#), APRA, 2025

Across 2025 voting outcomes, we observed instances where director tenure (amongst other factors) was seen as potentially promoting a “business-as-usual” culture, rather than encouraging the change in culture and personnel, which may be required in the wake of material governance shortcomings. In contrast, **some research indicates that the relationship between tenure and independence is a positive one**, as directors can acquire more company-specific knowledge and skills and may require a closer case-by-case analysis as opposed to a blanket rule¹⁶. The varied tenure limits across the policies of proxy advisors (ISS: 16 years; Glass Lewis: 15 years; Ownership Matters: 20 years; ACSI: 10 years) and investors (e.g., BlackRock: 12 years; Vanguard: case-by-case) demonstrates that while tenure is a useful yardstick, it may provide an incomplete picture in isolation.

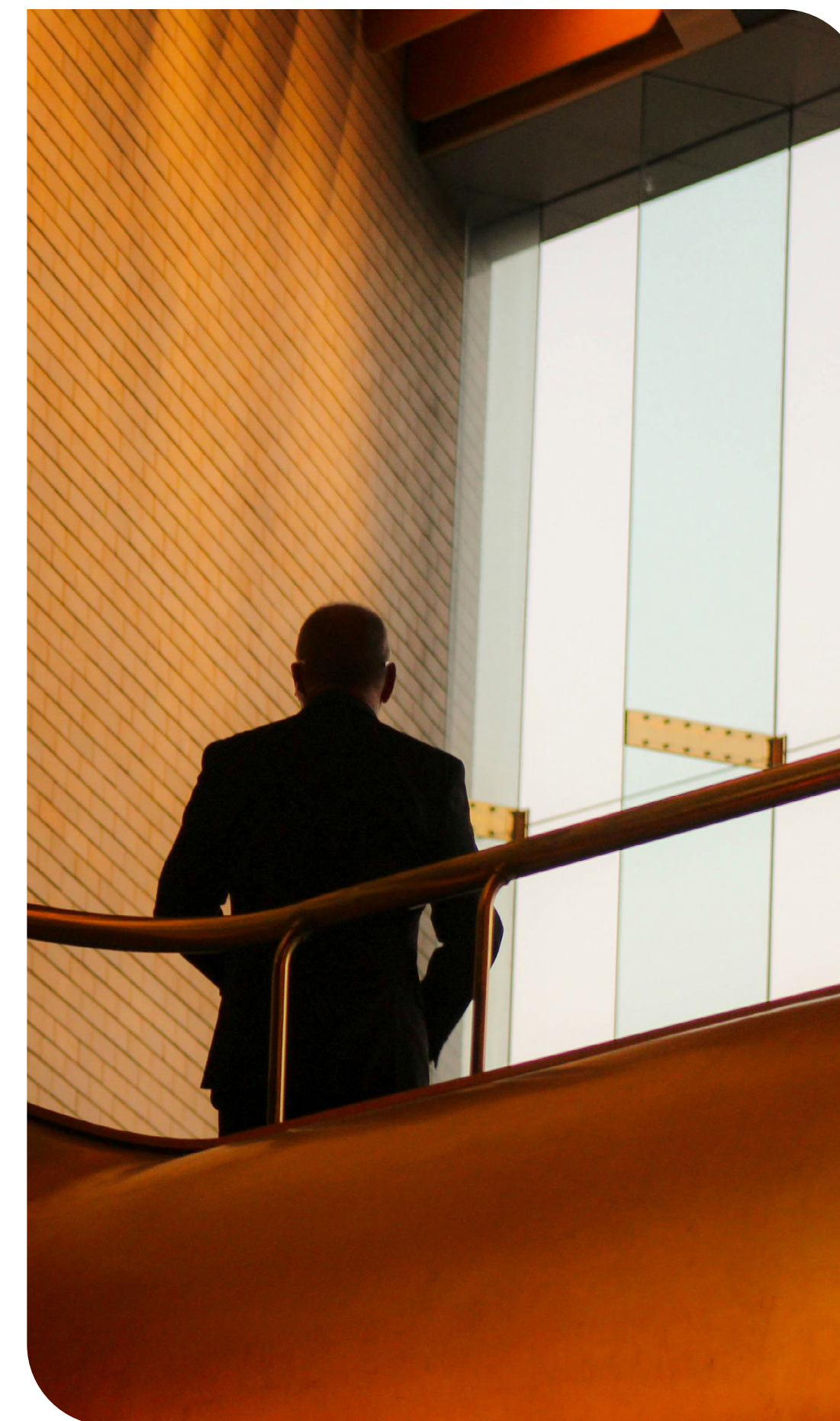
Several high-profile governance controversies over the past few years have shone a spotlight on the governance practices of **founder-led organisations**, as well as companies with **long tenured CEOs and/or board chairs**. The power dynamics of such companies, particularly where the founder often retains a significant shareholding and acts in the role of CEO or executive chairman, adds complexity

in maintaining genuine independence and providing robust oversight. In their 2025 voting policy guidelines, Glass Lewis strengthened expectations around founder-led companies, particularly with respect to director succession planning (e.g., slow turnover, “tokenistic” or unmeritocratic appointments or a pattern of abrupt and unexplained disclosures), cultural or conduct issues, or other evidence that points to insufficient challenge of the founder by the board¹⁷. In this context, **poor succession planning, such as through abrupt resignations or an unclear/disorganised process**, have also come under scrutiny given it forms a key board responsibility and may indicate larger cultural, governance and risk issues. While we have seen some examples of companies successfully strengthening their governance practices in this area, it remains to be seen how other similar companies grapple with these challenges in response to more vocal investor and proxy advisor scrutiny.

Finally, the importance of **independence from an audit perspective** has been highlighted by ISS. In their 2025 voting policy guidelines, ISS has strengthened their policy to recommend against the re-election of a director where they are a former partner of the company’s audit firm and other factors indicating a continuing

relationship with the firm, such as the receipt of retirement benefits¹⁸. We observed one protest vote that may have been driven by this new policy, with investors’ concerns potentially exacerbated by the director also serving as the audit committee chair. Though a blunt threshold, ISS’ policy appears to highlight potential conflicts (whether real or perceived) when it comes to this key function in maintaining the integrity of a company’s financial reports. In this regard, ISS may have been influenced by controversies at major accounting firms in recent years.

Ultimately, these external indicators represent a proxy for assessing a director’s knowledge of their business and level of challenge and oversight over management – the fundamental role of a director¹⁹. Recent governance controversies demonstrate their long incubation period, often difficult to see externally, where directors may become complacent or overly collegiate. In severe cases, we have seen some **major institutional investors publicly divesting from a company** following an unremedied governance concern, after extensive engagement and negative voting have failed to result in the desired level of change.



16. Source: [Board influence on a firm’s long-term success: Australian evidence - ScienceDirect](#), Journal of Behavioral and Experimental Finance, 2020

17. Source: [2025 Benchmark Policy Guidelines](#), Glass Lewis, 2025

18. Source: [2025 Proxy Voting Guidelines](#), ISS, 2025

19. Source: [The times they are a-changin’– but directors’ duties aren’t | ASIC](#), ASIC, 2025

BUILDING AND MAINTAINING RESILIENCE

While the notion of a changing and uncertain economic landscape is not a new phenomenon, the mindset around these conditions is that they are increasingly becoming the new norm, rather than temporary or cyclical.

Director sentiment research by the Australian Institute of Company Directors (AICD) has remained consistently negative since the second half of 2022 and continues to trend downwards. Four in ten directors see **weaker economic conditions ahead, grounded in deep structural challenges of productivity growth, global economic uncertainty and regulatory settings**²⁰. Similarly, two-thirds of APRA-regulated entities consider **geopolitical risk as a top concern**, and the regulator envisages a heightened geopolitical climate persisting for the foreseeable future²¹.

Cybersecurity remains front of mind, as malicious attacks and data breaches increase in their frequency and costs to businesses and the broader economy²². AICD's director sentiment research indicates cybercrime and data security concerns have again topped the list for issues keeping directors awake at night, particularly for those in the financial and insurance sectors.

Feeding into this, the **proliferation of artificial intelligence (AI)** to supercharge the speed and success of cyberattacks, make research and innovation more efficient, and create more opportunities and risks in general, makes the need for responsible regulation and governance more pressing. As the understanding of these issues continues to evolve, regulatory intervention and guidance has similarly matured, including the release of guidance on AI adoption under the Australian Government's National AI Plan to build an AI-enabled economy that is more competitive, productive and resilient²³. Relatedly, APRA's Prudential Standard 'CPS 230 Operational Risk Management' came into force in 2025, focusing on the resilience of regulated entities to operational risks and disruptions²⁴.

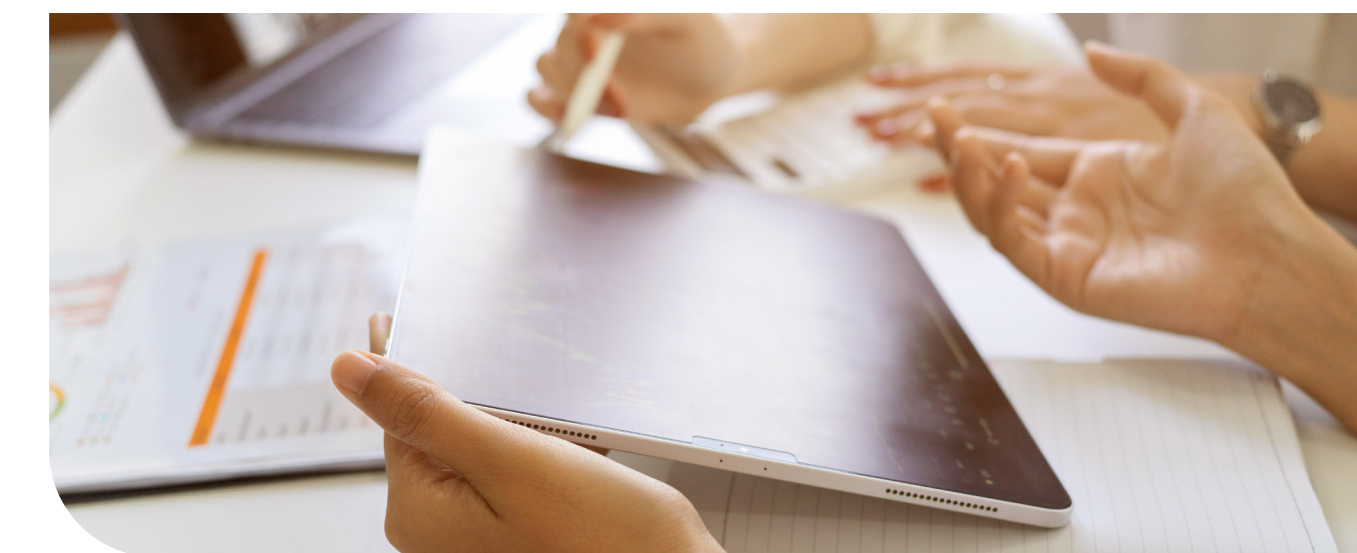
Considering its growing prominence, proxy advisors and investors have begun to voice their **expectations of directors to demonstrate their understanding of AI** in their businesses. In particular, Glass Lewis updated their 2025 voting policy guidelines to articulate an expectation for specific disclosure on the role of the board in overseeing AI-related issues, including how directors are maintaining their knowledge on the subject²⁵. Significantly, Glass Lewis may

hold directors (determined by the board as responsible for AI) accountable where AI use has resulted in material harm to shareholders. For large investors such as BlackRock, who consider AI a 'mega-force' (causing large, long-term structural shifts), expectations around AI feed into their expectations on the board's understanding and oversight of long-term strategy, including ensuring that board skills and experience are aligned with this strategy²⁶.

Gender diversity and broader diversity, equity and inclusion (DEI) issues have been under the spotlight in recent years, with the debate over their importance regaining prominence amidst a challenging economic landscape and the re-election of Donald Trump as U.S. President in 2024. However, progress continues to be made on gender diversity on ASX300 boards, with an **increase in the proportion of ASX300 boards comprised of more than 30% female directors** (73%, up from 69% in 2024) and a **decrease in the number of ASX300 boards having zero or one female director** (40, down 31% from 58 in 2024)²⁷. The number of female ASX300 board chairs has also risen to its highest level (46) – although, this represents only 15% of the total index, with no female board chairs in the ASX20²⁸. Some investors, such as ACSI-member AustralianSuper, actively

champion gender diversity in their stewardship activities; with issues relating to DEI discussed in 20% of AustraliaSuper's direct engagements in 2025. The fund also opposed five director elections based on their gender diversity voting policy²⁹.

Progress in other areas of diversity, including ethnic, cultural, disability and age, has remained flat. As progress begins to plateau on gender as parity targets are reached, these intersectional areas of diversity may become future frontiers of focus (although unlikely to receive significant regulatory attention, as our case study on page 16 explains). Importantly, the ongoing commitment to gender diversity demonstrates the Australian markets' understanding of the value of diversity in avoiding groupthink, building resilience and delivering improved returns over the longer-term.



20. Source: [Director Sentiment Index Survey](#), Australian Institute of Company Directors, 2025

21. Source: [System Risk Outlook - November 2025 | APRA](#), APRA, 2025

22. Source: [Annual Cyber Threat Report 2024 – 2025](#), Australian Signals Directorate, 2025

23. Source: [Guidance for AI Adoption | Department of Industry Science and Resources](#), Department of Industry, Science and Resources, 2025

24. Source: [CPS 230 Operational Risk Management | Prudential Handbook](#), APRA, 2025

25. Source: [2025 Benchmark Policy Guidelines](#), Glass Lewis, 2025

26. Source: [Our Approach to Engagement on Corporate Strategy, Purpose, and Financial Resilience](#), BlackRock, 2025

27. Source: [2025 Board Diversity Index](#), Watermark Search International, 2025

28. Source: [Gender Diversity Report](#), AICD, 2025

29. Source: 2025 Annual Report, [Governance and reporting | AustralianSuper](#), AustralianSuper, 2025

DIRECTORS' TRACK RECORDS

The impact of **directors' track records** continues to be felt on director re/elections, particularly where directors have experienced especially high-profile controversies in their current or prior roles. In 2025, some ASX300 directors received protest votes against their re/elections on this basis, including one director at two different companies.

Director tenure, the severity and depth of the controversy (including media profile), and the level of progress in remediation, may result in historical events from several years prior impacting future voting outcomes.

Assessing directors' track records reflects the voting policies of proxy advisors and investors, highlighting a holistic assessment of a director's performance beyond a single company. However, in an age of continued disruption, some have also argued the importance of *"battle scars on boards"*, which suggests that *"directors who have weathered reputational, operational or financial crises often possess deeper judgment and steadier hands"*³⁰. Importantly, this perspective is not intended to avoid scrutiny or reward for poor performance, particularly where there has been little to no improvement over time. Rather, **past crises can provide valuable insights to strengthen**

the capabilities and resilience of future boards, helping to identify similar risks earlier and mitigate their impact. For investors, they are not seeking perfection from directors, but rather *"accountability, humility and a willingness to engage"* – where voting against directors is often the last resort following a protracted period of governance shortcomings and unresponsiveness across multiple boards.

SELF-NOMINATED BOARD CANDIDATES

While representing a marginal proportion of director re/elections, non-board endorsed director candidates continue to be a feature of AGMs. Retail shareholder advocate, Stephen Mayne, self-nominated at 7 ASX300 companies in 2025; a material increase to the sole company he self-nominated for in 2024 (AUB Group). In total, there were 9 non-board endorsed director resolutions across the ASX300 in 2025, compared to 4 in 2024.

In line with prior years, such nominations continue to receive limited support, with proxy advisors and investors commonly viewing the **candidates as not providing skills and experience that would be additive/complementary to the current board**. In a rare case, the self-nomination of former Brainchip Holdings director, Steven Liebskind, received close to 18% support.



30. Source: [Battle Scars on Boards – Highlights from the Remuneration & Governance Forum](#), Glass Lewis, 2025

COMPANY	AGM DATE	RESOLUTION TYPE	PROPONENT	SUPPORT FOR – PROXY VOTES	SUPPORT FOR – POLL VOTES
Bank of Queensland	02/12/2025	Elect Self-Nominated Director (not Board-endorsed) – Stephen Mayne	Self	1.38%	1.58%
Brainchip Holdings	06/05/2025	Elect Self-Nominated Director (not Board-endorsed) – Steven Liebeskind	Self	14.95%	17.95%
Strike Energy	13/11/2025	Elect Self-Nominated Director (not Board-endorsed) – Darren Ferdinando	Self	10.97%	10.90%
HMC Capital	19/11/2025	Elect Self-Nominated Director (not Board-endorsed) – Stephen Mayne	Self	1.43%	1.55%
Harvey Norman Holdings	26/11/2025	Elect Self-Nominated Director (not Board-endorsed) – Stephen Mayne	Self	0.66%	0.66%
Insignia Financial	20/11/2025	Elect Self-Nominated Director (not Board-endorsed) – Stephen Mayne	Self	1.76%	1.80%
IperionX	28/11/2025	Elect Self-Nominated Director (not Board-endorsed) – Stephen Mayne	Self	4.70%	4.70%
Myer Holdings	11/12/2025	Elect Self-Nominated Director (not Board-endorsed) – Stephen Mayne	Self	0.76%	0.78%
Reece	21/11/2025	Elect Self-Nominated Director (not Board-endorsed) – Stephen Mayne	Self	0.62%	0.63%





CASE STUDY

'Tone from the Top' – ASX Corporate Governance Council Principles & Recommendations

The highly publicised failure to reach consensus on the proposed 5th Edition of the ASX Corporate Governance Council Principles and Recommendations (Principles and Recommendations), provides a clear example of the polarised market perceptions of corporate governance.

Dissenters found particular issue with the DEI-related proposals, including requests to disclose additional board diversity characteristics (such as sexuality, age, Indigenous heritage and disability) and increase board gender diversity targets to reflect a 40:40:20 gender balance (up from 30% females), with the latter vocally supported by ACSI. The ASX announced an independent review into roadblocks in the development and maintenance of the Principles and Recommendations, following the breakdown in the Council's discussions.

A key finding included that the size and representative approach used in the drafting and consultation process contributed to inefficiencies, and ultimately, the inability to reach broad consensus³¹. Of its subsequent proposals, most significantly, the independent review panel proposed the ASX assume primary responsibility for the Principles and Recommendations, supported by a small Advisory Group (comprising of between 6-10 individuals) – in stark comparison to the previous 19 member Council, comprised largely of industry group representatives – who would oversee drafting and a broad consultation process.

The review panel proposed the Advisory Group to be comprised of members in an individual capacity, representing those with deep practical experience in corporate governance or investment, and expected to further the collective interests of listed entities, shareholders, and the broader market. In early 2026, the ASX announced it had appointed 8 members to the Advisory Group, which would be chaired by former Reserve Bank of Australia (RBA) Governor, Dr Philip Lowe³².

Additional proposals also subsequently adopted by the ASX included:³³

- Three-year terms for Advisory Group members, with a limit of 9 years;
- Formal four-year review cycles for the Principles and Recommendations, rather than the current ad-hoc approach, to determine whether changes were warranted; and
- A six-month timeframe for consultations and finalisation of any changes, in contrast to the more extensive and open-ended process undertaken for the 5th edition.

Notably, the review did not opine on the proposed Principles and Recommendations themselves. However, the independent panel provided observations on their purpose and nature. Significantly, this included reducing their prescriptive nature by separating commentary into a stand-alone document, reiterating the "if not, why not" approach to mitigate a perception in the market of mandatory compliance against each Principle, and the reduction of regulatory burden by ensuring a clear case for any material updates – particularly where this burden potentially unduly deters companies from listing on the ASX.

In early 2026, Dr Lowe publicly set the direction of the new Advisory Group, with a focus on simplifying the current Principles and Recommendations. A revised draft is intended to be released for consultation by August or September 2026. On diversity, Dr Lowe expressed re-focusing on diversity of experience, thought and cognition, rather than specific disclosure of characteristics, while acknowledging disclosure of gender diversity was likely to remain.

The refreshed draft will undoubtedly receive heightened scrutiny from all market proponents. It remains to be seen whether it will satisfy previous critics in successfully balancing what has been depicted as competing financial and non-financial interests.

31. Source: [ASX Corporate Governance Council Review Panel: Panel Report](#), ASX Limited, 2025

32. Source: [ASX Media Release](#), ASX Limited, 2026

33. Source: [ASX Media Release](#), ASX Limited, 2025

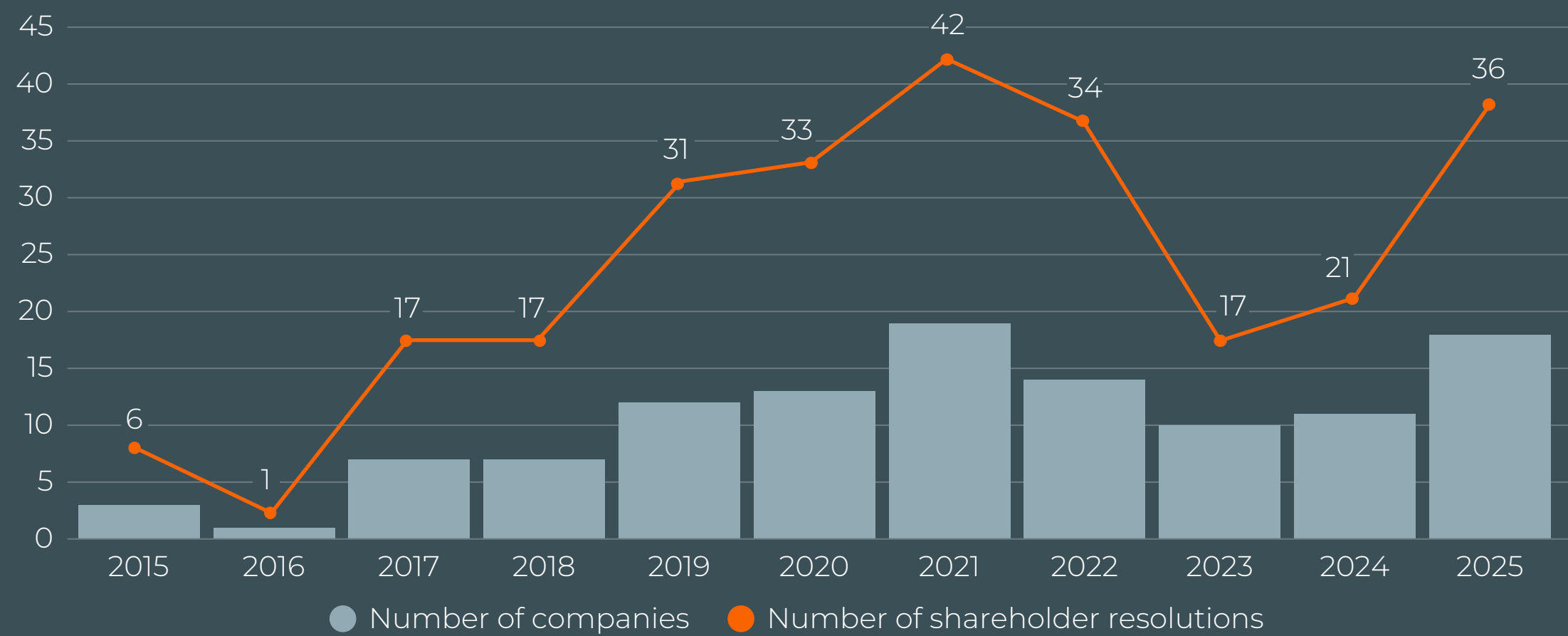
Notable questions from shareholders relating to directors and board governance at 2025 AGMs

1. How does the Board hold executives accountable, especially where there is legal action?
2. How are skills being balanced on the Board, particularly in terms of emerging risks, such as cybersecurity, AI and quantum computing? How is the Board addressing risks related to these areas?
3. When can we expect greater age diversity on boards, to encourage new ideas and prevent stagnation?
4. Why is the Board focused on hiring for diversity over performance?
5. How are new directors recruited, and what is the process for their appointment?
6. Is the company considering annual director elections?
7. Why is the Board Chair not up for election more frequently?
8. How do overboarded directors balance their workloads to ensure they perform well on each Board?
9. Do you intend to introduce minimum shareholding requirements for directors? If not, why not?
10. As a departing director, what are your greatest achievements and best decisions during your time on the Board?

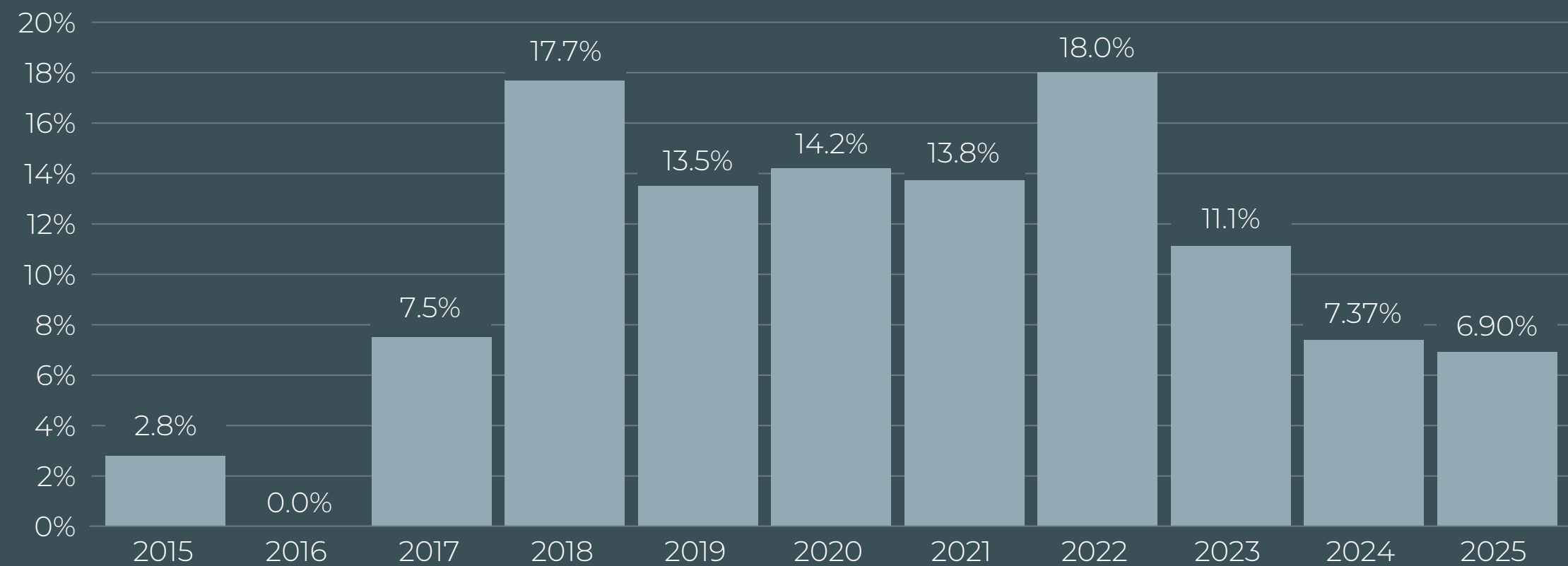


SUSTAINABILITY AND E&S ACTIVISM

SHAREHOLDER RESOLUTIONS IN THE ASX300 (NON BOARD-ENDORSED)



AVERAGE SUPPORT OF SHAREHOLDER RESOLUTIONS (NON BOARD-ENDORSED)



36

Non board-endorsed shareholder resolutions lodged across 18 different companies in the ASX300³⁴. Lack of progress on climate continued to be a driver, along with nature-related concerns.

8

Companies put forward a revised Say on Climate plan to an advisory vote, with shareholder support ranging from 69.2% to 93.3%.



34. This includes nine resolutions submitted by externally nominated, non-board-endorsed directors.

ESG RELATED SHAREHOLDER RESOLUTIONS

The 2025 season reflected a gradual but notable evolution in ESG-related shareholder activism in Australia. While the overall number of shareholder resolutions increased relative to the 2024 season, 2025 was also marked by a **wider spread of issues raised and a more diverse group of proponents filing resolutions.**

Of the 36 non board-endorsed shareholder resolutions lodged in 2025, there were 27 ESG-related shareholder resolutions lodged across 9 companies (versus 16 ESG-related shareholder resolutions across 7 companies in 2024). This was led primarily by the Sustainable Investment Exchange (SIX) following their emergence as a new ESG advocacy group in 2024, who lodged 18 resolutions in 2025 targeting ANZ Group (ANZ), Coles Group (Coles), CSL, G8 Education (G8), National Australia Bank (NAB), and Woolworths Group (Woolworths). In a first for the Australian market, SIX overtook Market Forces as the most active filer of shareholder resolutions in 2025. The average support of non board-endorsed shareholders resolutions has decreased from 7.4% in 2024 to 6.9% in 2025.

Nature-related themes were a defining feature of the 2025 season, driven largely by SIX's expanded campaign activity. Building on the strong support for nature-related resolutions lodged in 2024, SIX again targeted Woolworths and Coles in 2025.

At Woolworths, shareholders considered four separate nature-related resolutions, covering biodiversity impacts of farmed seafood, alignment with global best-practice seafood sourcing standards, classification of beef as a high-risk deforestation-linked commodity, and revisions to pulp, paper and timber procurement policies. Support ranged from 5.9% to over 34.2%, with the seafood-related disclosure resolution receiving one of the highest levels of support for a nature-related proposal globally.

At Coles, SIX and co-filers, including Neighbours of Fish Farming and Environment Tasmania, lodged two resolutions seeking enhanced biodiversity reporting and alignment with global best-practice seafood sourcing standards. The nature-related disclosure proposal was ultimately withdrawn following engagement by Coles, while the remaining proposal requesting alignment of seafood sourcing policies with global standards received 13.0% support, reflecting continued investor concern about the ecological impacts of salmon farming in Tasmania's Macquarie Harbour.

A significant development in 2025 was the introduction of **Australia's first shareholder resolutions on nature-related risk targeting a major bank.** At NAB, SIX and the Australian Conservation Foundation co-filed two resolutions requesting disclosure of financed deforestation exposure and the development

of a strategy to eliminate such financing. Support for both resolutions was 14.0% and 10.4% respectively, signalling growing investor expectations for reporting aligned with the Taskforce on Nature-related Financial Disclosures (TNFD) within the financial sector.

Similar resolutions were filed at ANZ, where support was notably higher. A proposal requesting disclosure of deforestation-linked lending received 22.7% support, indicating increasing investor scrutiny of nature-related risks in bank lending portfolios.

Market Forces maintained its longstanding focus on the financing of fossil fuel expansion by Australia's major banks. The group filed climate-transition-related resolutions at ANZ, NAB, and Westpac, seeking clarity on whether fossil fuel clients would be required to maintain credible transition plans to retain access to financing. Support levels were 18.6% at ANZ and 14.0% at Westpac, underscoring **persistent investor concern about banks' exposure to climate transition risks.** The resolution at NAB was ultimately withdrawn ahead of the 2025 AGM after Market Forces assessed that the bank's 2025 Climate Report demonstrated meaningful progress toward the resolution's objectives.

Market Forces also targeted Macquarie Group in a new campaign, where a resolution seeking enhanced disclosure of fossil fuel exposures and alignment with net zero commitments received

35.2% support – the strongest climate-related votes in Australia in 2025.

At APA Group (APA), Market Forces filed two resolutions addressing climate-risk alignment of capital expenditure and due diligence on partners involved in the Beetaloo Basin. Support for these resolutions was 15.7% and 9.8% respectively, reflecting continued **investor scrutiny of gas infrastructure expansion and associated environmental and social risks.**

As in 2024, **members' statements remained a key mechanism for civil society groups to raise concerns without filing formal resolutions.** Woodside Energy Group (Woodside) again faced multiple members' statements from Market Forces challenging the re-election of three directors on governance and climate-risk grounds. Votes against the directors ranged from 0.4% to 19.4%, and while outcomes varied, the campaign underscored ongoing investor dissatisfaction with aspects of Woodside's climate strategy.

One notable observation from the 2025 season was a **broadening of thematic focus with the filing of a social-issue resolution** at G8 Education (G8), where SIX led a proposal requesting the implementation of employer-funded paid parental leave across G8's controlled entities. The resolution received nearly 28.8% support, an unusually strong outcome for a social-policy proposal in the Australian market.

Another notable development was a resolution filed by SIX at pharmaceutical company CSL, calling for disclosure of risks linked to the company's reliance on gas amidst tightening supply and rising prices. Although the resolution was later withdrawn after engagement prompted CSL to issue a statement addressing these concerns³⁵, the filing highlighted **emerging investor focus on energy-supply risks extending beyond the traditional fossil fuel sector**.

Overall, the 2025 season suggests that ESG-related shareholder activism in Australia is broadening in scope and becoming more sophisticated. Nature-related issues are now firmly established alongside climate as central areas of investor focus, while social issues, such as paid parental leave, are gaining traction. The **increasing use of multi-year campaigns, cross-organisational coalitions and members' statements** indicates a maturing advocacy landscape that is likely to continue evolving as TNFD-aligned reporting becomes more widespread.



35. The CSL resolution is not included in our 2025 season statistics, as it was withdrawn before the company released its 2025 Notice of Meeting on 17 September 2025.

COMPANY	AGM DATE	RESOLUTION TYPE	PROPONENT	SUPPORT FOR – PROXY VOTES	SUPPORT FOR – POLL VOTES
Rio Tinto	03/04/2025	Unify RIO into a single Australian-domiciled holding company	Palliser Capital	N/A	19.35%
G8 Education	29/04/2025	Amendment to Constitution	SIX	5.41%	5.41%
		Paid parental leave	SIX	28.34%	Not put to meeting
Macquarie Group	24/07/2025	Amendment to Constitution	Market Forces	8.90%	8.96%
		Climate risk exposure and management disclosures	Market Forces	35.17%	Not put to meeting
APA Group	22/10/2025	Amendment to APA Infrastructure Trust Constitution	Market Forces	10.55%	10.54%
		Amendment to APA Investment Trust Constitution	Market Forces	10.55%	10.54%
		Climate risk safeguarding	Market Forces	15.69%	Not put to meeting
		Key partner due diligence	Market Forces	9.76%	Not put to meeting
Woolworths Group	30/10/2025	Amendment to Constitution	SIX	6.51%	8.33%
		Farmed seafood reporting	SIX	34.17%	Not put to meeting
		Seafood sourcing policy	SIX	14.34%	Not put to meeting
		Classification of beef	SIX	12.91%	Not put to meeting
		Update Pulp, Paper and Timber Policy	SIX	5.94%	Not put to meeting
Coles Group	11/11/2025	Amendment to Constitution	SIX	3.34%	6.07%
		Nature-related disclosure	SIX	Withdrawn	Withdrawn
		Seafood sourcing policy	SIX	12.87%	Not put to meeting
Westpac Banking Corporation	11/12/2025	Amendment to Constitution	Market Forces	6.25%	6.25%
		Customer Transition Plan Approach and Climate commitments	Market Forces	14.01%	Not put to meeting
National Australia Bank	12/12/2025	Amendment to Constitution	SIX	5.93%	6.03%
		Disclosure of financed deforestation	SIX	13.98%	Not put to meeting
		Strategy to eliminate financed deforestation	SIX	10.39%	Not put to meeting
		Customer Transition Plan Approach and Climate commitments	Market Forces	Withdrawn	Withdrawn
ANZ Group Holdings	19/12/2025	Amendment to Constitution	SIX	8.72%	8.75%
		Disclosure of financed deforestation	SIX	22.70%	Not put to meeting
		Strategy to eliminate financed deforestation	SIX	11.30%	Not put to meeting
		Climate Transition Plan Approach and Climate Commitments	Market Forces	18.58%	Not put to meeting

SAY ON CLIMATE

Since 2020, several companies worldwide have held non-binding advisory votes inviting shareholders to endorse their climate transition strategies, commonly referred to as Say on Climate (SoC) proposals. After a subdued 2024 season in Australia, during which BHP and Woodside were the only companies to table a SoC resolution, the 2025 season marked a renewed period of activity, with **eight major ASX-listed companies presenting updated climate plans to investors**³⁶.

Woodside's 2024 vote remained a pivotal moment heading into 2025. In a global first, shareholders rejected the company's climate transition plan, with 58.36% voting against their proposal. This followed an already high level of dissent in 2022, when 48.97% of shareholders opposed its plan. The 2024 result highlighted two persistent concerns: Woodside's reliance on carbon offsets and emerging technologies to meet its targets, and its continued expansion of fossil fuel production – an approach many investors viewed as inconsistent with the goals of the Paris Agreement.

Against this backdrop, companies presenting revised SoC plans in 2025 faced elevated expectations. **Investors sought clearer pathways to decarbonisation, stronger alignment with global climate science, and more credible assumptions underpinning long-term transition strategies.**

The companies that presented their updated SoC plans for shareholder approval in 2025 received generally strong support, but there was a notable variation in investor confidence:

- **Origin Energy** (94.67%) and **Rio Tinto** (93.28%) recorded the highest support, signalling broad investor confidence in the ambition and credibility of their updated climate action plans. **Sims** (90.60%) and **South32** (90.05%) also secured strong approval.
- **APA Group** achieved 89.79% support, a lift from 79.40% in 2022, as investors recognised a genuine reduction in emissions achieved by the pipeline operator since its last SoC proposal.
- **Dyno Nobel** (formally Incitec Pivot) also received 88.75% support, largely consistent with its 2023 result (89.93%), following the introduction of more ambitious Scope 1 and 2 targets, along with new Scope 3 targets.
- **Santos** recorded 85.85% support, a significant improvement from 2022 (62.89%), with investors acknowledging enhancements in disclosure and scenario analysis, even as scrutiny of its gas expansion activities continued.
- **AGL Energy** received the lowest level of support at 69.20%, reflecting ongoing concerns about the pace and credibility of its transition strategy. Notably, the SoC vote was opposed by AGL's top shareholder (10% of issued capital), Grok Ventures, the private investment group controlled by Mike Cannon-Brookes.

Looking back at five years of SoC voting in Australia, several key themes have emerged:

- **Investor expectations have intensified.** Early votes tended to reward transparency; more recent votes require credible, science-aligned transition pathways.
- **Support levels are becoming increasingly polarised.** Companies with well-developed plans consistently achieve above 90% support, while those viewed as misaligned with climate science face significant dissent.

- **High-emitting sectors continue to attract the greatest scrutiny.** Woodside, Santos and AGL have repeatedly recorded the lowest support levels, reflecting investor concern centred on fossil fuel production.
- **Revised SoC plans are emerging as a measure of progress.** Companies returning with updated plans, such as Sims, South32, Rio Tinto, Santos, APA and AGL, are now assessed not only on ambition but on demonstrated delivery against prior commitments.



36. The majority following their commitment to put their climate plan up for approval every three years.

Looking ahead, no Australian companies have publicly committed to putting a revised SoC plan to shareholders for 2026.

YEAR	COMPANY	RESOLUTION	SOC RESOLUTION RESULT – SUPPORT FOR (POLL VOTES)
2025	AGL Energy	Climate Transition Action Plan	69.20%
2025	APA Group	Adoption of APA Group's Climate Transition Plan	89.79%
2025	Dyno Nobel	Progress on Climate Change Transition	88.75%
2025	Origin Energy	Adoption of the 2025 Climate Transition Action Plan	94.67%
2025	Santos	Advisory Vote on Climate Transition Approach	85.85%
2025	Sims	Advisory Vote on Climate Strategy	90.60%
2025	South32	Climate Change Action Plan 2025	90.05%
2025	Rio Tinto	2025 Climate Action Plan	93.28%
2024	BHP	Approval of the 2024 Climate Transition Action Plan	92.19%
2024	Woodside Energy	Advisory Vote to support Climate Transition Action Plan and 2023 Progress Report	41.64%
2023	Westpac Banking Corporation	To support the Climate Change Position Statement and Action Plan	92.31%
2023	Orica Limited	Advisory Vote on Climate Action Report	91.92%
2023	Incitec Pivot	Progress on Climate Change Transition	89.93%
2022	Origin Energy	Approve Climate Transition Action Plan	93.55%
2022	Sims Limited	Approval of Climate Transition Plan	89.66%
2022	South32	Approve Advisory Vote on Climate Change Action Plan	89.57%
2022	Rio Tinto	Approve Climate Action Plan	84.30%
2022	APA Group	Approval of Climate Transition Plan	79.40%
2022	AGL Energy	Approve Climate Transition Action Plan	69.31%
2022	Santos	Advisory Vote On Climate Change	62.89%
2022	Woodside Energy	Approve Climate Report	51.03%
2021	BHP	Approve Climate Transition Action Plan	84.90%



Sustainable Investment Exchange

A defining development of the 2025 season has been the rise of SIX as a major ESG advocacy group. In just a year, SIX has tripled its activity – lodging 18 resolutions across six companies, up from six resolutions at two companies in the 2024 season.

Co-founded by long-time director of the Australasian Centre for Corporate Responsibility (ACCR) and Future Super co-founder Adam Verwey, SIX has positioned itself as Australia's first share-trading platform purpose-built for ethically-conscious retail investors. The platform enables users to buy ASX-listed shares and participate directly in shareholder campaigns, with a mission to amplify the voice of retail investors and make advocacy on issues like climate change, inequality, and workers' rights far more accessible.

Unlike established advocacy groups such as Market Forces and ACCR, which operate as not-for-profit organisations that conduct research and coordinate shareholder resolutions, SIX integrates activism into the investment process itself and provides a mechanism for both institutional and retail investors to highlight environmental or social risks they believe warrant broader investor attention; effectively signalling issues of concern to the wider shareholder base. This hybrid model – part broker, part activist platform, positions SIX as a complementary yet distinctly innovative force within Australia's E&S activism landscape.

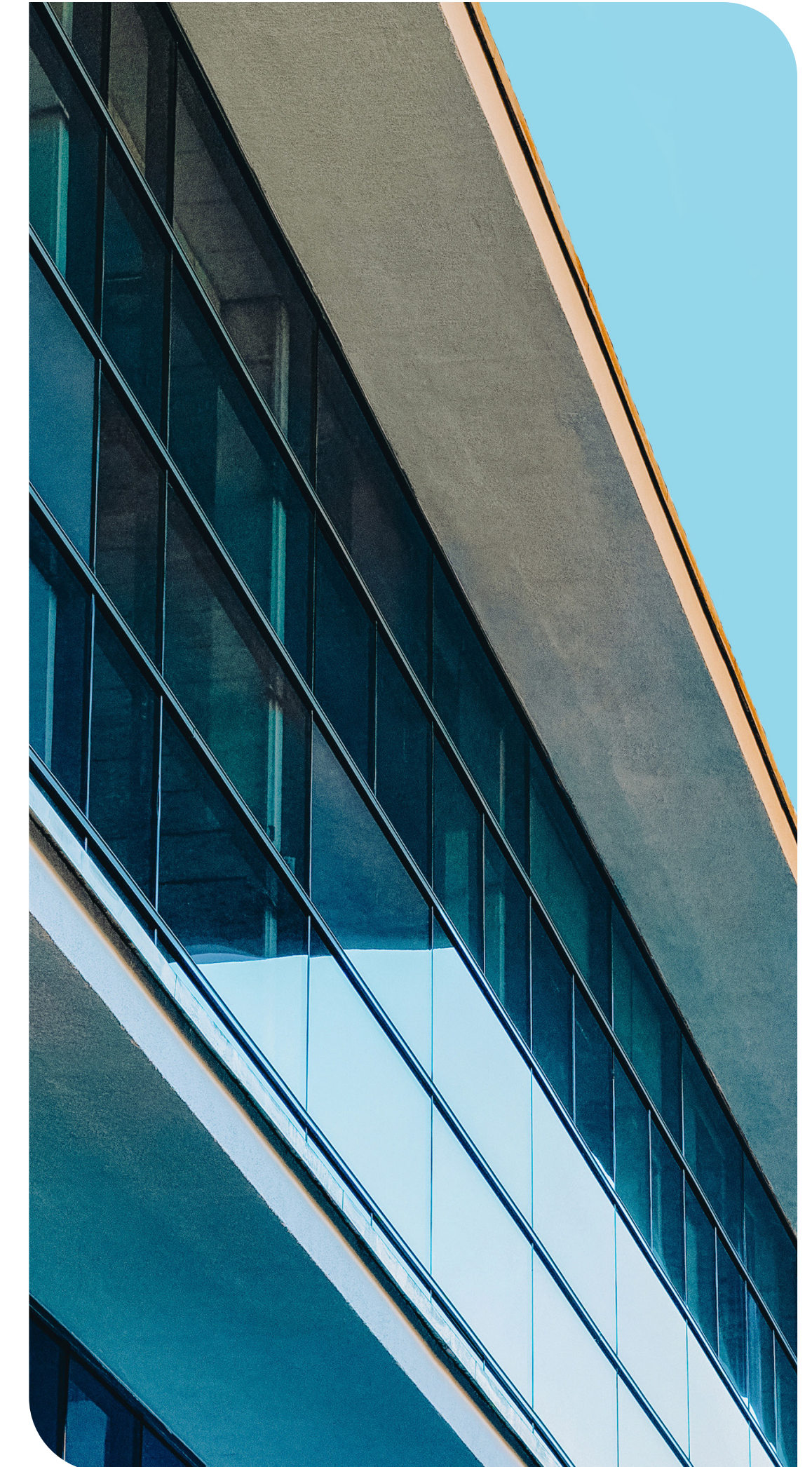
The 2025 season has already showcased the platform's potential influence, with two SIX-supported proposals³⁷ ranking among the three most-backed shareholder resolutions of 2025. With this momentum building, we expect SIX to become an increasingly prominent player in shareholder activism in 2026 and beyond.



³⁷. Paid parental leave resolution lodged with G8 Education, and farmed seafood reporting resolution lodged with Woolworths Group.

Notable questions from shareholders relating to sustainability at 2025 AGMs

1. What are you doing to mitigate climate change?
2. How is the company increasing diversity, including gender, in more senior roles?
3. Does the Board have sufficient skills in sustainability, climate change and the energy transition?
4. Can you confirm that DEI efforts are important for the business from a financial standpoint, and it is not a soft program to appease proxy advisors or shareholders?
5. How is the company preventing active harm to and supporting Indigenous communities?
6. Are there efforts being undertaken for water conservation?
7. Will the company commit to Net Zero targets?
8. How is the company protecting the native wildlife present in the areas you operate?
9. Considering the decline of popularity of DEI in the U.S., has this had a spillover effect to the company here at home?
10. Can you assure shareholders that commitments to the environment and sustainability will not be lowered?
11. How have the accusations of greenwashing impacted the company and how is the company protecting itself against accusations of greenwashing?



INVESTORS, ESG ASSOCIATIONS AND REGULATORY BODIES IN 2025

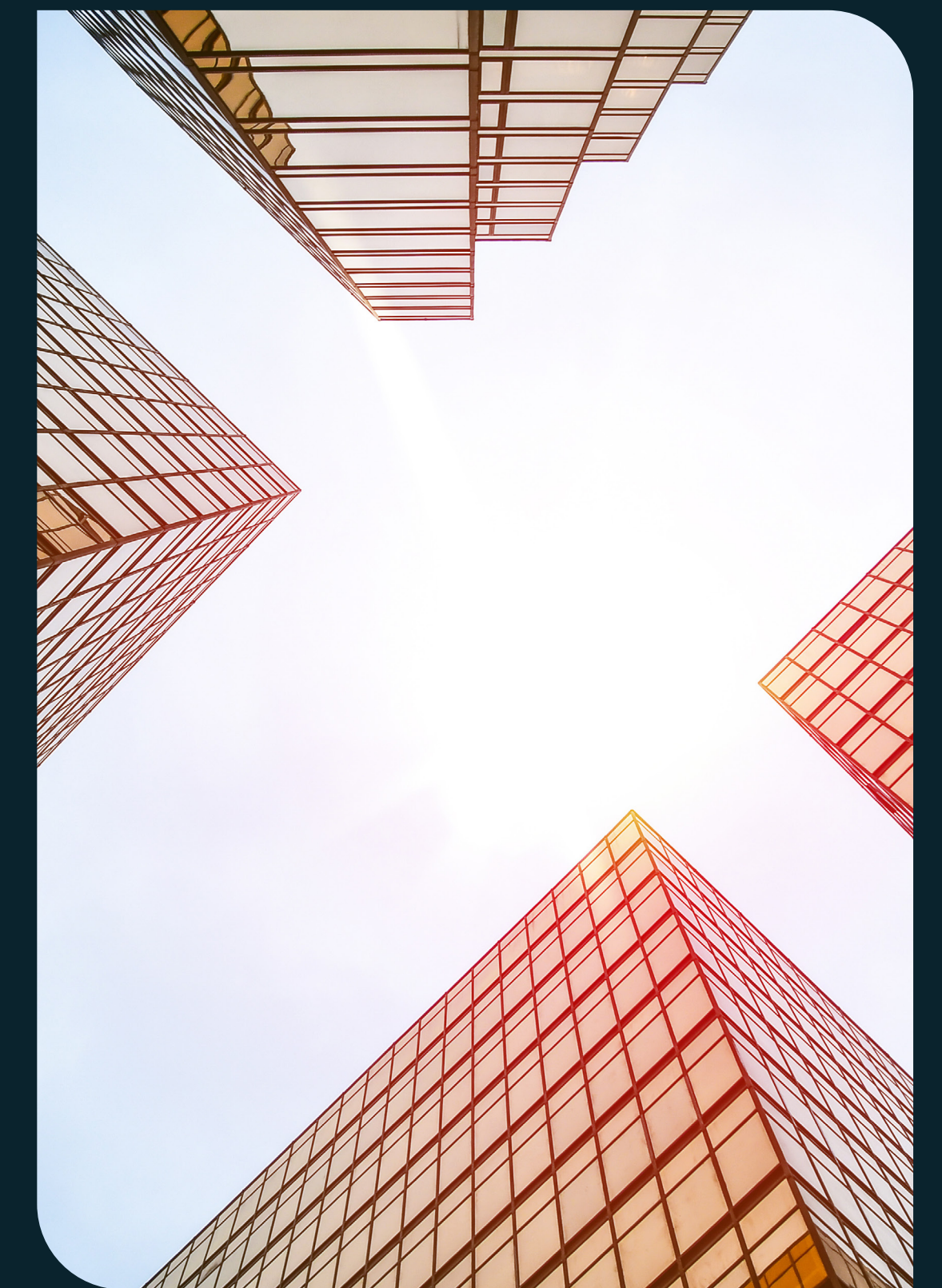
JANUARY

- **Australia's mandatory climate-related financial disclosure (CRFD)** regime commenced on 1 January 2025, under which some entities (Group 1) begin reporting for financial years beginning on or after 1 January 2025. The CRFD requirements align with the Australian Sustainability Reporting Standard AASB S2 Climate-related Disclosure Standard, with specific tailoring for the Commonwealth public sector.
- **JPMorgan Chase** withdrew from the **Net-Zero Banking Alliance (NZBA)** and **Blackrock** exited the **Net Zero Asset Managers Initiative (NZAM)**. **Northern Trust** also withdrew from both **Climate Action 100+** and **NZAM**.
- **Schroders** was awarded a £5.2 billion sustainable investment mandate by UK fund manager and life insurance business St. James's Place.

- **NZAM** suspended activities as it launched a 'fit for purpose' review, following a series of members departing.
- **Fidelity International** issued a report calling for the introduction of a stewardship code in China to encourage investors to exercise their voting rights.

FEBRUARY

- The **U.S. Securities and Exchange Commission (SEC)** published updated Compliance & Disclosure Interpretations (C&DIs) on Schedule 13G eligibility, a meaningful tightening of interpretation around when an investor can claim they are a "passive" holder under Schedule 13G instead of Schedule 13D as "activists" and "investors seeking influence". **BlackRock** explicitly referenced this in its 2026 proxy voting guidelines for U.S. benchmark policies.
- The **SEC** issued Staff Legal Bulletin No.14M (SLB 14M), allowing companies to exclude shareholder proposals under Rule 14a-8 on ordinary business / economic relevance by emphasising board-level oversight. This has materially shaped the U.S. ESG shareholder resolution landscape.
- **Institutional Shareholder Services (ISS)** announced it will indefinitely halt consideration of certain DEI factors when making voting recommendations for director elections at U.S. companies for the 2025 proxy season. Underpinning ISS' decision was the increased attention on DEI practices in the U.S., including the issuance of Presidential Executive Orders on DEI.
- A **group of 26 financial institutions** and pension funds from Australia to the US, including Scottish Widows, the People's Partnership and Brunel Pension Partnership, have asked their asset managers to more actively engage with the companies they are invested in about their climate risk.





- The **Australian Government** announced that it had tabled in Parliament its response to the independent review of legislative amendments made in 2021 and 2022 to provide for virtual company meetings and the electronic distribution, signing and execution of company documents. The Government accepted or accepted in principle all recommendations made by an independent panel, including the rule that listed companies must obtain shareholder approval to hold virtual only AGMs and also proposes creating standards for how those virtual only meetings should run.
- The **ASX Corporate Governance Council** closed its consultation process on the draft 5th edition of its Principles and Recommendations, stating that a broad consensus had not been reached in support of the proposed changes. The current 4th edition of the Principles and Recommendations would remain in effect without change.
- The **European Commission** proposed an “Omnibus” simplification package to address overlapping, unnecessary or disproportionate rules that create barriers for EU companies by reducing/streamlining sustainability reporting and related requirements and would exempt smaller European businesses from EU sustainability reporting rules.
- The **Hong Kong Monetary Authority (HKMA)** and the **Securities and Futures Commission (SFC)** jointly set out its 2025 priorities to support the growth of sustainable finance in Hong Kong. These include building a comprehensive sustainability disclosure ecosystem aligned with the **International Sustainability Standards Board (ISSB)** standards, reinforcing Hong Kong’s role as a sustainable and transition finance hub (including expanding the local sustainable finance taxonomy and promoting carbon markets), and leveraging data and technology such as green fintech tools to enhance reporting and mobilise capital.
- The **Royal Bank of Canada (RBC)** announced its withdrawal from the Climate Financial Risk Forum, a climate-focused organisation. This decision came as a broader movement among Canadian banks and mirrors similar sentiments taking shape amongst major Wall Street financial institutions.
- The **Australian Prudential Regulation Authority (APRA)** accepts a Court Enforceable Undertaking from United Super, trustee for the **Construction and Building Unions Superannuation Fund (Cbus)**, following the identification of underlying behavioural, cultural and governance failures and significant and persistent weaknesses in Cbus’ operational risk management framework.

MARCH

- In the wake of multiple Presidential Executive Orders targeting DEI programs in the U.S., **Glass Lewis** announced that it would be modifying its approach to providing proxy voting guidance related to diversity factors at U.S. companies. Glass Lewis noted that *“the current environment in the U.S. is leading companies to assess the risks of maintaining their diversity programs, including their efforts to diversify their boards.”*
- **APRA** released a discussion paper proposing changes to governance standards for banks, insurers and superannuation trustees, targeting board capability, director tenure, fitness and propriety requirements, including a proposed limit on non-executive director tenure.
- **Australia’s Federal Court** imposed a penalty of A\$10.5 million (US\$6.6 million) against superannuation fund Active Super for greenwashing, in a case brought by the **Australian Securities and Investments Commission (ASIC)**.
- **Allianz Global Investors (AllianzGI)** introduced a set of guidelines that focus on ESG-linked executive remuneration, dual-class shares and companies’ net zero strategies. The newly updated rules will place emphasis on minority shareholder rights and sustainability when it comes to proxy voting.
- **Wells Fargo** dropped its goal of pursuing net zero financed emissions across its portfolio by 2050, becoming the latest bank to revise its sustainability strategy as the ESG sector faces increased scrutiny. The bank said it would continue to uphold operational sustainability targets it had set for the end of the decade, including a goal to cut Scope 1 and Scope 2 emissions by 70% and to reduce energy, waste stream and water usage by 50%, 50% and 45%, respectively.
- **ASIC** finalises Regulatory Guide 280 on Sustainability Reporting, providing administration guidance for entities complying with Australia’s mandatory climate-related financial disclosure regime.
- **Blackrock’s** Larry Fink used his annual letter to focus on energy production and energy pragmatism: the need to expand overall energy supply, accelerate permitting, modernise infrastructure, and support the growth of nuclear power. Notably, references to ESG, sustainability, climate change and DEI were omitted – terms that had been central to his messaging for much of the past decade.
- The **Financial Accountability Regime (FAR)**, the responsibility and accountability framework jointly administered by APRA and ASIC, comes into force for superannuation trustees.

- **FIIG Securities Limited (FIIG)** is sued by **ASIC**, alleging inadequate cybersecurity measures resulting in the theft of highly sensitive data impacting some 18,000 FIIG clients.

- **ING Group** announced that its net zero targets have been validated by the Science Based Targets Initiative (SBTi), becoming the first global bank to have such a verification.



APRIL

- The **ASX** announced that it would review the ASX Listing Rules concerning shareholder approval requirements for listed company takeovers and mergers. This announcement followed backlash from major institutional investors regarding the dilutive impact of share issues for takeovers and mergers, in the context of the acquisition by James Hardie of The Azek Company Inc. James Hardie shareholders were precluded from voting to approve the deal, after the company sought and was granted a waiver from the ASX.
- The **European Parliament** voted to delay by two years the existing reporting rules for most companies under the Corporate Sustainability Reporting Directive (CSRD). This means firms with fewer than 500 employees and larger firms that are not deemed "public interest entities", will not be required to report on their sustainability impact until 2027, with reports due in 2028. This would buy time for the EU to negotiate reforms tied to the Omnibus package.
- The **Council of Institutional Investors (CII)** analysis in the U.S. finds that members who are asset owners largely kept the disclosure of the proxy voting and stewardship resources the same over the past year, but many asset managers made significant changes in the wake of SEC guidance on shareholder proposal rules.
- The **Finance Minister of Japan** has asked that listed companies publish their annual securities report (Yuho) before the AGM, noting that the report contains a wealth of useful information for investors when making decisions.
- **Triodos Bank** announced its decision to leave the **NZBA**. Triodos Bank stated that the new framework requires banks to align their lending and investment activities with a weakened ambition of adopting a more flexible "well-below 2°C / strive for 1.5°C" aim, which had "lowered the climate ambition of the alliance" and voiced "deep concern over a shift away from binding agreements."
- The **Investor Group on Climate Change (IGCC)** released its State of Net Zero Investment 2025 report, providing a comprehensive view of investors' progress on climate action. Despite external pressure and rising anti-ESG sentiment overseas, the report shows continued growth in the number of Australian institutional investors advancing their climate commitments.
- **APRA** accepts a Court Enforceable Undertaking from **ANZ Group (ANZ)** to address ongoing weaknesses in ANZ's non-financial risk management practices and risk culture. APRA also increases ANZ's

operational risk capital add-on to \$1 billion (originally \$500 million in 2019).

MAY

- **Vanguard** expanded its client-directed proxy voting substantially, allowing nearly 10 million eligible investors to direct proxy votes in their funds, reflecting the continued trend of dispersing voting power away from centralised voting.
- The **International Corporate Governance Network (ICGN)** urged the **U.S. House Committee on Financial Services** not to mischaracterise the role of proxy advisory firms, emphasising that institutional investors remain the ultimate decision-makers in shareholder voting and that proxy advisors simply provide research and execution support. In a letter submitted by ICGN, it argued that policymakers should recognise the value these services bring to stewardship and fiduciary duties and cautioned against framing proxy advisors as a "cartel" or overly influential actors, without acknowledging that their guidance reflects investor mandates and is one of many inputs into voting decisions.
- On 20 May 2025, the Republican leadership of the **U.S. Senate Banking Committee** wrote to the CEOs of **ISS** and **Glass Lewis**, expressing strong concerns that the two firms' near-duopoly over proxy advisory services gives them expansive, opaque and ideologically driven influence over corporate governance, shareholder voting and public policy without adequate transparency, accountability or regulatory oversight. The letter questioned whether their voting recommendations rely on sound economic analysis, cited potential conflicts of interest and urged detailed responses on their methodologies, conflict safeguards and how they weigh environmental, social or political factors.
- A bill was proposed in the **U.S. House of Representatives**, which would require asset managers to disclose to what extent their votes are consistent with proxy advisor recommendations and to certify that their voting decisions are based solely on the best economic interests of their clients.
- **RBC** stated that it is abandoning its CAD\$500 billion sustainable finance target as an indicator or progress towards its net zero goal and instead focusing on more specific climate-related metrics, such as low-carbon energy and climate solutions financing.
- **ASIC** imposed additional license conditions on **Macquarie Bank Limited's Australian** financial services licence, following multiple compliance failings relating to its futures dealing business and over-the-counter derivatives trade reporting.

- **ASIC** initiated legal proceedings against **Macquarie Securities (Australia) Limited (MSAL)** alleging it had engaged in misleading conduct by misreporting millions of short sales to ASIC over 14 years.

JUNE

- **Former Chairwoman of the Commonwealth Bank of Australia, Catherine Livingstone**, was appointed to a four-person panel tasked to review and make recommendations on the next steps for the ASX Corporate Governance Council, after its controversial failure to reach consensus on the proposed 5th edition of the Principles and Recommendations.
- The **Australian Sustainable Finance Institute (ASFI)** released Australia's first Sustainable Finance Taxonomy, marking an historic step towards aligning investments with the Australia's net zero ambitions. The taxonomy provides a clear, Paris-aligned classification system for green and transition finance, tailored to Australia's unique economic and environmental context.
- The **U.S. State of Texas** removed **BlackRock** from a blacklist that barred it from receiving the states investment funds, after a three-year boycott. The Texas Comptroller noted that the

decision reflected BlackRock's withdrawal from industry climate groups and lowered support for ESG-focused shareholder resolutions.

- **ASIC** announced an inquiry into the **ASX**, focusing on governance, capability and risk management frameworks and practices, following increasing operational risk concerns over ongoing issues with the ASX's Clearing House Electronic Sub register System (CHES).

JULY

- **ACSI** published its 2025 Stewardship Report, reinforcing priority governance themes and its positioning on voting/engagement practices.
- **Vanguard** announced it will split its US\$10.4 trillion in funds under management between two distinct management teams with separate trading desks, investment management teams, and investment stewardship teams, Vanguard Capital Management and Vanguard Portfolio Management. The restructure is anticipated to extend through to the end of 2026.
- The **South Korean Government** passed a revision to the Commercial Act, holding corporate directors legally accountable to all shareholders, not just their companies. This prevents director actions favouring particular groups such as founding families of chaebol

groups. Another contentious provision for the business community is the so called "3 percent rule", in which top shareholders and related parties will have their voting rights capped at 3% when electing audit committee members.

- **Glass Lewis** and **ISS** filed a federal lawsuit against the **U.S. State of Texas**, seeking to block enforcement of a law intended to restrict their voting recommendations on DEI and ESG issues, arguing that the statute violates their free-speech rights and exceeds the state's authority.
- The **CII** published a brief to refute many of the claims that U.S. lawmakers are relying on to garner support for their efforts to increase regulation of proxy advisors. The brief explains various aspects including how and why investors use proxy advisors, the level of proxy advisors' influence on voting decisions, how they manage potential conflicts of interest, and how more regulation would impact the market for proxy advisory services.
- **Allianz** unveiled a platform that seeks to help businesses evaluate and mitigate the climate risk exposures they face. The company said its data-driven Climate Adaptation & Resilience Services (CAREs) platform will give companies access to consulting expertise and a self-service tool, which will help them convert physical climate risks into portfolio-level financial and physical loss metrics.

- **APRA's** centrepiece operational risk management standard, '*Prudential Standard CPS230 Operational Risk Management*', comes into force for APRA-regulated entities.



AUGUST

- **Barclays** announced its withdrawal from the **NZBA**, given that the departure of most of NZBA’s members meant that the organisation no longer had the membership to support Barclays’ transition.
- **UBS** announced its withdrawal from the **NZBA**. UBS acknowledged the NZBA’s valuable role in helping establish initial target-setting frameworks; however, decided to withdraw given UBS had advanced its target-setting frameworks and strengthened its in-house capabilities.
- According to a report released by the **SBTi**, the number of companies worldwide with both validated near-term and net zero science-based climate targets has more than tripled since the end of 2023, from 583 to 1,904. The number of companies with near-term targets only almost doubled, from 3,622 to 6,378. By region, Asia saw the greatest increase in the number of companies setting climate targets, with China leading in relative growth, from 137 to 450 companies. Japan has the most companies with targets (1,731).
- A **U.S. federal court** blocked the enforcement of a bill passed by the State of Texas on compelled-speech grounds. The bill was set to restrict how proxy advisors could issue

voting recommendations involving DEI and ESG factors.

- **Glass Lewis** released their 2025 Australian voting policy guidelines ahead of the 2025 main AGM season. Notably, Glass Lewis strengthened expectations and/or clarified their assessment approach around the board’s core industry experience and board skills disclosure, board oversight of AI, founder-led companies, time-based incentives, minimum shareholding requirements, and director accountability for capital allocation decisions.
- **ISS** released their 2025 Australian voting policy guidelines ahead of the 2025 main AGM season. ISS refined its stance on dividend-equivalent payments in LTI plans and introduced stricter independence criteria for boards and directors, particularly regarding tenure limits and audit firm relationships.
- **ASIC** issued its 2025-2026 Corporate Plan, outlining its strategic priorities over the following 12 months, with a focus on regulatory reform, market infrastructure, AI governance and cybersecurity, and superannuation member outcomes.
- **APRA** published its 2025-2026 Corporate Plan, outlining its strategic priorities over the following 12-18 months, including supervisory activities related to cyber and operational risk and finalising its updates to its governance standards.

SEPTEMBER

- **Vanguard** reported that it supported no environmental or social shareholder proposals at U.S. portfolio companies during the most recent proxy season. Vanguard attributed the decrease in environmental and social submissions to factors including the **SEC** altering its approach to the no-action process and what shareholder proposals qualify for exclusion.
- On 10 September 2025, the **European Court of Justice** held that the **European Commission** was entitled to take the view that nuclear and gas-fired power can be classified as sustainable investments under the EU’s Taxonomy Regulation.
- The **Taskforce on Nature-related Financial Disclosures (TNFD)** released its 2025 Status

Report, highlighting rapid global uptake of nature-related reporting, with 620 organisations committing to TNFD-aligned disclosures, over 500 reports published, and most companies viewing nature risks as significant as climate risks.

- The **Australian Government** released its National Climate Risk Assessment Report, providing a comprehensive overview of future nationally significant climate risks and impacts in Australia. The report identified 63 nationally significant climate risks across eight key systems, including infrastructure, the economy, and natural environments.
- The **High Seas Treaty** was ratified to establish the first legally binding global framework to conserve and sustainably manage marine biodiversity in areas beyond national jurisdictions – with 142 countries (including Australia) signing the treaty (which came into force in January 2026).



OCTOBER

- Following the release of the Review Panel Report from the independent review panel – which was appointed by the **ASX** to consider how it should continue to develop and maintain appropriate corporate governance principles and practice – the **ASX** adopted the recommendations in full. This includes assuming ultimate responsibility for developing, approving and issuing the Principles and Recommendations, supported by a newly formed **Advisory Group on Corporate Governance (AGCG)** that replaces the previous ASX Corporate Governance Council.
- **Glass Lewis** announced plans to retire its practice of issuing a single default benchmark voting recommendation, based on a fixed house policy. The firm instead intends to offer clients a choice of perspectives aligned to management, governance, activism, or sustainability. Beginning in 2027, Glass Lewis will provide a range of voting policies tailored to varied client perspectives instead of a single benchmark approach.
- **Glass Lewis** published the results of its 2025 Global Policy Survey. The survey captures perspectives from investors, companies and other stakeholders across key governance areas and shows a shifting stewardship landscape and diverging investor views across regions.

- The **ICGN** opposed the introduction of automatic voting mechanisms, arguing that they *"impair the ability of shareholders to exercise their rights fully, may distort governance incentives, and erode accountability."*
- The **NZBA** announced that it will cease operations, ending the activities dedicated to advancing global net zero goals through their financing activities. The decision was made following a series of high-profile departures, leading to a vote by its member banks to significantly restructure the initiative from a membership-based alliance to a framework providing guidance for banks on setting decarbonisation targets, and to support their climate transitions plans.
- The **NZAM** announced that it will resume operations after pausing in early 2025 to adapt to a rapidly changing political and regulatory environment which had caused some of its largest signatories to exit the coalition. While the climate-focused investor group announced its return, it also revealed a series of changes to its commitment requirements for signatories, including removing references to investing in line with the goal of reaching net zero by 2050.
- **National Australia Bank (NAB)** and **ANZ** became the first Australian banks to receive shareholder resolutions addressing nature-related risks, specifically deforestation. The resolutions at each respective organisation were co-filed by the **Sustainable Investment**

Exchange (SIX) and the Australian Conservation Foundation.

- **APRA** provided an update on its ongoing governance review, confirming it is modernising its prudential governance standards to set clearer, contemporary minimum expectations for boards and senior leadership of regulated entities. APRA also signalled a comprehensive response to stakeholder feedback on the proposals in the March 2025 discussion paper, with the release of draft standards and guidance in Q2 of 2026.
- Following its announcement in April 2025, **ASX** announced a public consultation regarding a range of options for potential changes to the ASX Listing Rules, which would expand shareholder approval requirements in connection with equity dilutive acquisitions by a listed company and changes in a dual-listed company's admission status on the ASX.

NOVEMBER

- **ISS** announced updates to its 2026 Global Benchmark Proxy Voting Guidelines following its annual public comment period, inviting institutional investors, corporate issuers, and other interested parties to provide views and feedback on 19 significant proposed benchmark policy changes for 2026.



- **State Street** announced the withdrawal of its U.S. business as a signatory to the **NZAM**, with only the UK and European businesses to remain.
- **Zurich Insurance Group** confirmed that it will no longer seek validation of its climate goals under the SBTi for financial institutions, even as it reaffirmed its long-term commitment to achieving net zero emissions across its business, investments and operations by 2050.
- The **Workplace Gender Equality Agency (WGEA)** released the key results of its Gender Equality Scorecard, indicating a 1% decrease in the gap between total remuneration for men and women to 21.1%.
- The **ASX** announced the appointment of the former RBA Governor, Dr Philip Lowe, as Chair of the AGCG.

DECEMBER

- The **ISSB** proposed amendments to its sector-specific disclosure norms. Amongst the proposed changes is the creation of a new, separate Scope 1 methane reporting requirement for oil and gas companies.
- **U.S. President Trump** signed a new Executive Order, directing federal agencies to heighten oversight of the proxy advisory industry – specifically focused on ISS and Glass Lewis, noting that the firms are foreign-owned (German and Canadian, respectively) and control 90% of the proxy advisory market. The administration asserts the firms exert excessive influence in guiding institutional investors while often promoting politically charged priorities such as DEI or ESG initiatives – arguing this detracts from investors’ financial returns.
- **ISS** issued their official statement to the Executive Order, indicating that they “*remain committed to engaging constructively with the three federal agencies named in the order to ensure each has an accurate understanding of ISS’ work, including that our research, voting policies, and vote recommendations are based on apolitical, thorough, independent, and objective analysis*”. They also highlighted that their clients are “*sophisticated institutional*

investors who determine how they wish to vote in accordance with their own differentiated investment objectives by selecting from a range of voting policies that guide our work on their behalf, or by creating customized policies for advice tailored to their own particular needs.”

- The **Australian Accounting Standards Board (AASB)** issued Greenhouse Gas (GHG) disclosure amendments (AASB S2025-1) that clarifies Scope 3 Category 15 reporting, permitted alternative industry-classification systems, and provided jurisdictional relief for

GHG measurement to reduce duplication and streamline compliance for entities operating across multiple reporting frameworks.

- Following legal action from **ASIC, MASL** admitted to misleading conduct in relation to the misreporting of millions of short sales over several years and accepts a A\$35 million penalty.
- Following an independent review into suspected money laundering at a branch of the **Bendigo and Adelaide Bank (Bendigo Bank)**, **APRA** and the **Australian Transaction**

Reports and Analysis Centre (AUSTRAC) took regulatory action against Bendigo Bank, including an operational risk capital add-on of A\$50 million and an enforcement action into Bendigo Bank’s compliance with its anti-money laundering and counter-terrorism financing obligations.

- The **Australian Government** released its National AI Plan to support the development of an AI-enabled economy. The plan includes the Australian Government’s strategy to capture and implement opportunities presented by AI while mitigating potential harms.



OUTLOOK: 2026

Looking ahead to the 2026 AGM season, ASX300 boards are likely to operate in an environment where governance expectations continue to intensify rather than stabilise.

While the Australian economy appears to have navigated a relatively soft landing following the post-pandemic inflation cycle, global economic volatility, geopolitical tensions, and rapid technological change will continue to shape investor expectations and regulatory priorities. As a result, boards should anticipate sustained scrutiny across core governance areas including executive remuneration, board composition, capital allocation decisions, and oversight of emerging risks.

Executive remuneration will likely remain a central focus for investors and proxy advisors. Although the number of remuneration strikes eased slightly in 2025, the concentration and severity of dissent increased, signalling that investors are becoming more targeted in directing opposition where concerns persist. In particular, remuneration frameworks that appear misaligned with shareholder outcomes, rely heavily on discretionary adjustments, or incorporate complex or opaque performance metrics may continue to attract elevated levels of scrutiny. As such, boards will need to demonstrate clear links between remuneration

outcomes and long-term value creation, particularly where companies face periods of operational or share price volatility.

Director accountability is also expected to remain a prominent theme. The increasing use of director re/elections as a mechanism for shareholders to express dissatisfaction suggests that boards may face heightened personal accountability for perceived governance shortcomings. Investors and proxy advisors are likely to continue focusing on board oversight of remuneration practices, strategic execution, risk management and culture. In this context, boards should expect greater attention on skills mix, tenure, independence and succession planning, particularly where companies have experienced governance controversies or sustained underperformance.

The evolution of ESG-related shareholder activism is also likely to continue in 2026. The increase in ESG-related shareholder resolutions in 2025 reflects a broader diversification of issues raised by proponents, including nature-related risks, supply chain impacts and broader social considerations, in addition to climate-related matters.

While support levels for such proposals have remained relatively modest in Australia compared with some overseas markets, these resolutions increasingly function as a signalling mechanism through which shareholders highlight emerging risks or areas of concern to the broader investor community. As regulatory disclosure regimes evolve globally, particularly through frameworks such as ISSB, companies should expect continued pressure to demonstrate how sustainability considerations are integrated into strategy, risk management and capital allocation decisions.

Importantly, this year also marks the first full reporting cycle for large Australian entities required to disclose climate-related financial information under the AASB S2 standard. As Group 1 companies publish their first mandatory climate disclosures, investors and proxy advisors will begin assessing not only the quality and completeness of these disclosures for compliance purposes, but also how effectively climate-related risks and opportunities are integrated into governance, strategy and financial planning.

Over time, these disclosures may increasingly inform investor engagement priorities and proxy advisor assessments of board oversight of climate-related risks. The first year of implementation is likely to serve as an important reference point for market expectations and may shape investor scrutiny of climate governance and transition planning in the years ahead.



Globally, developments in areas such as climate transition planning, biodiversity reporting, AI governance and supply chain resilience, are also likely to influence investor expectations in Australia. Large institutional investors often apply global stewardship frameworks when assessing ASX-listed companies, meaning that governance developments in markets such as the U.S. and Europe can quickly shape expectations domestically. Therefore, boards will need to remain attentive to these global developments, even where formal regulatory requirements in Australia are still emerging.

Another expected defining feature of the 2026 proxy season is the increasing customisation of proxy advisor voting recommendations. Historically, companies have sought to anticipate voting outcomes by analysing proxy advisors' benchmark voting policies. However, proxy advisors are increasingly issuing custom voting recommendations for individual institutional clients, reflecting the specific stewardship priorities of those investors rather than a uniform benchmark policy. This development has the potential to make voting outcomes significantly more difficult for companies to anticipate, as the same resolution may receive different voting recommendations depending on the policies of the underlying investor. For companies, this shift underscores the importance of maintaining a clear

understanding of the voting preferences and stewardship priorities of their key shareholders, rather than relying solely on benchmark proxy advisor policies. The growing prevalence of customised voting policies means that boards may face divergent voting outcomes across their investor base, particularly on issues such as executive remuneration, director re/elections and sustainability-related disclosures.

In this environment, proactive engagement and sophisticated investor intelligence will become increasingly important tools for boards seeking to navigate AGM outcomes successfully. Understanding how institutional investors interpret governance issues, and how proxy advisors translate those views into voting recommendations, can provide critical visibility into potential voting risks ahead of the AGM season.

Against this backdrop, companies that invest in early preparation, robust disclosure, and effective engagement with shareholders are likely to be best positioned to manage emerging governance expectations and maintain investor confidence. Advisors with deep insight into investor sentiment, proxy advisor methodologies and voting dynamics, can therefore play an integral role in helping boards anticipate risks and potential dissent, and navigate increasingly complex AGM outcomes.



ABOUT SODALI & CO

WHO WE ARE

Sodali & Co advises corporate clients worldwide as they navigate the complex dynamic of shareholder and stakeholder interests.

The firm supports business leaders to anticipate issues, make better, more informed decisions, and communicate more effectively to drive alignment and accelerate performance.

With global scale and more than 400 employees Sodali & Co serves over 2,000 clients, across its three complementary practice areas of Shareholder Advisory, Sustainability, and Strategic Communications, each has specialties covering:

- **Shareholder Advisory** covers proxy solicitation services, capital markets intelligence, M&A advisory, corporate governance, fund solutions, and global debt and bondholder solutions.
- **Sustainability** covers sustainability advisory and climate advisory.
- **Strategic Communications** covers corporate communications, crisis & special situations, financial & transaction communications, investor relations, public affairs & campaigns, research, and brand & design.

THE GLOBAL LEADER

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ADVISOR 2025

 **The Deal**
US M&A ADVISOR
2021-2024

 **Diligent**
GLOBAL ACTIVISM
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400+
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