

Trends and Updates from the 2026 Proxy Season

June 24, 2026

FRESHFIELDS

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1.

Overview of Proxy Season

2026 Proxy Season Highlights

UNCERTAIN ENGAGEMENT CLIMATE SETS THE TONE

Companies are navigating a fluid and increasingly fraught engagement landscape, set in motion by 2025 SEC guidance impacting passive investor qualification and amplified by evolving institutional investor dynamics, investor unease and uncertainty regarding the future of Rule 14a-8. The result is a more reactive, higher-stakes environment, with heightened sensitivity shaping every interaction among stakeholders

PROPONENTS LEAN INTO CORE GOVERNANCE

There was a marked increase in governance proposals and corresponding decrease in environmental, social and compensation proposals, although support for governance proposals has fallen significantly while support for environmental and social proposals has increased slightly

THEMES STAY THE SAME

ESG proposals covered similar topics in largely the same proportion as the last few years despite the decrease in overall numbers for environmental and social proposals. Proposals on new topics reflected the broader social landscape as expected, but anti-ESG is a larger proportion of those proposals

REFEREE LEAVES THE FIELD (and might take the ball home)

The SEC stepped out from the Rule 14a-8 process after its long-standing role as arbiter and signaled upcoming rulemaking, leaving companies and proponents uncertain about next steps and the future of Rule 14a-8. Early fears that companies would take significant unilateral action were not borne out

AI INFILTRATES PROXY SEASON

There was an increase in the number of AI-related proposals and investor demand for AI governance, across all broad proposal categories, while institutional investors and proxy advisory firms address how AI impacts their stewardship models

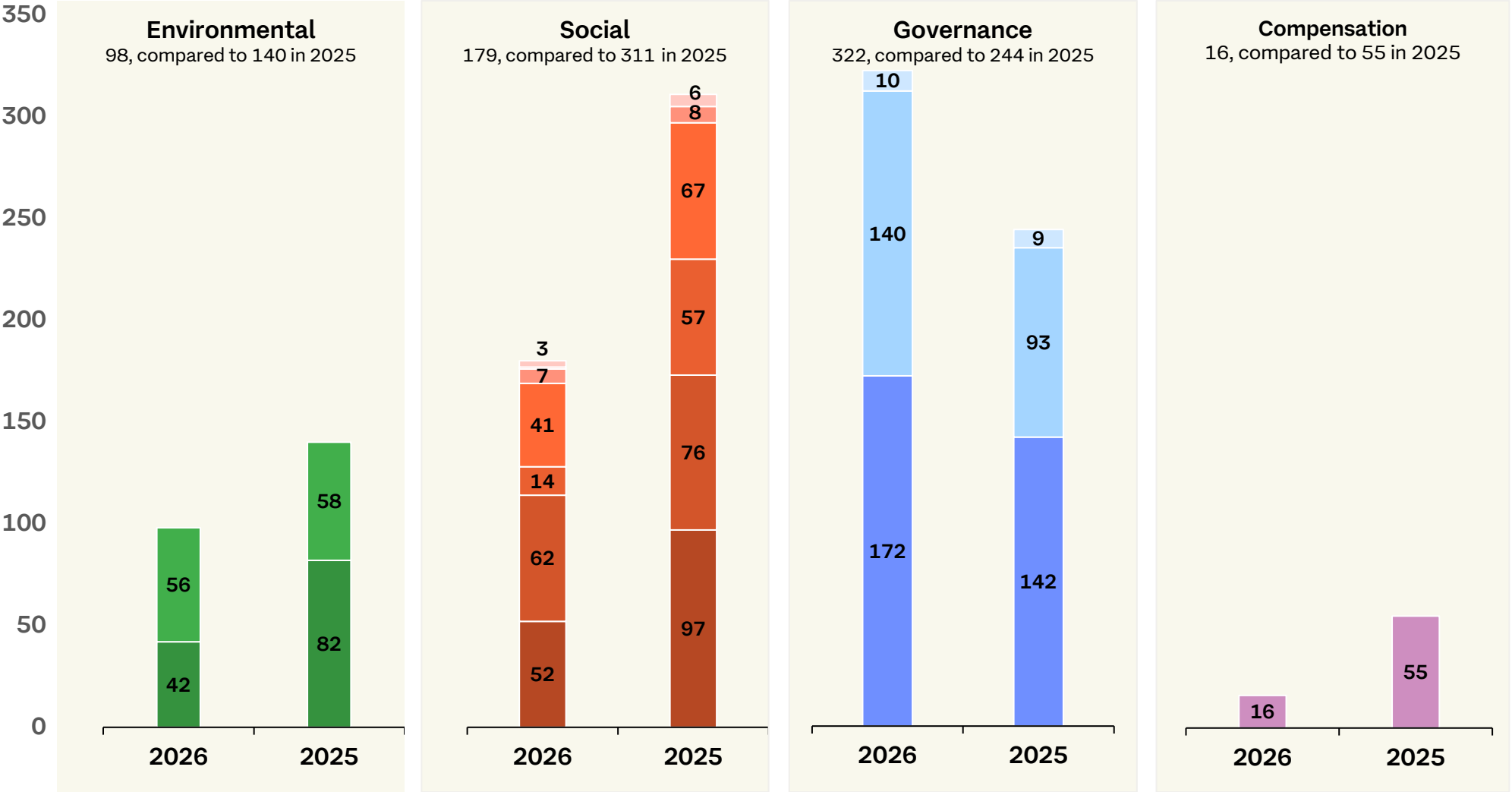
INSTITUTIONAL INVESTOR INFLUENCE SPLINTERS

Investors and proxy advisory firms are moving away from a more centralized stewardship model, which is changing the dynamics of shareholder engagement and how companies address solicitation efforts

THE NEW WAVE OF ACTIVISM

Activism levels remain elevated with next-generation activists vying for brand name status, while first-time activists battle to gain credibility, including emerging types of activists

2026 Shareholder Proposals by Category



- Climate Change
- Sustainability
- Other

- Human Capital
- Lobbying/Political Activities
- Other
- Human Rights
- Compensation Linksto E&S
- Animal Rights

- Shareholder Rights
- Board-Related
- Other

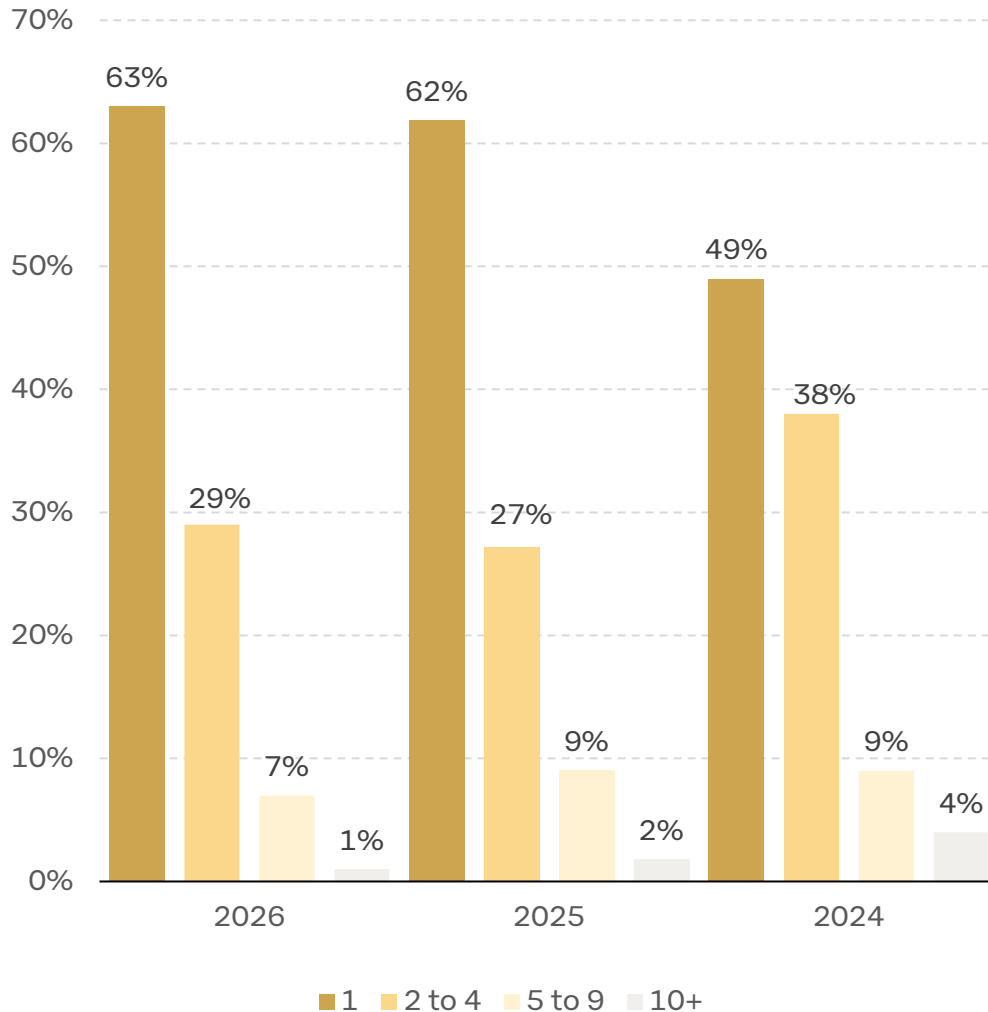
- All Compensation

*"Anti-ESG" proposals are categorized within their relevant ESG category. See Methodology
Source: Freshfields analysis of ISS data as of June 15, 2026*

Continued Decline in S&P 500 Proposal Concentration

246 companies in the S&P 500 received an aggregate of 481 known shareholder proposals in 2026 – 69% of all known proposals, compared to 72% in 2025 and 76% in 2024

Number of Shareholder Proposals S&P 500 Companies Received by Companies that Received at Least One Proposal



1.95

Average number of known shareholder proposals received by S&P 500 companies receiving a proposal, compared to 2.2 in 2025 and 2.5 in 2024

12

Each of Meta, Alphabet and Amazon received 12 known proposals, the most received by any individual S&P 500 company and collectively 13% of all proposals received by S&P 500 companies

No Sector Focus

Consistent with recent years, there are no discernible trends based on sector – companies that receive multiple proposals represent a wide range of industries

Shareholder Proposals: The SEC Steps Back

On November 17, 2025, the SEC Division of Corporation Finance issued a Staff statement that fundamentally altered how the SEC would approach its role as arbiter of shareholder proposals

- Going forward, it would only consider requests for no-action relief based on Rule 14a-8(i)(1)'s "improper under state law" exclusion
 - For all other proposals, the Staff indicated that, in lieu of granting substantive no-action relief, it would provide companies with an automatic "no objection" letter response, based solely on a representation by the company that it has a reasonable basis to exclude the proposal under Rule 14a-8

Include shareholder proposals in proxy materials, even if the company believes statutory exclusion grounds apply

- As of June 15, 2026, 65.6% of known proposals were included in proxy statements and had either gone to vote or were pending, compared to 59.3% of all known proposals in 2025

Seek a court ruling affirming the right to exclude under Rule 14a-8

- As of June 15, 2026, no company has sought a court ruling to exclude a proposal
- However, a number of investors have sued companies following an exclusion (see next slide)

Omit the proposal from proxy materials without no-action relief, but with the SEC's no-objection letter

- As of June 15, 2026, 22.1% of known proposals were omitted from proxy statements following receipt of an SEC no-objection letter, compared to 23.4% that received no-action relief in 2025
 - Ten companies received a no-objection letter for one or more proposals but included the proposal in their proxy materials anyway
 - Companies requested, and did not subsequently withdraw such request for, a no-objection letter for 171 proposals, compared to 282 requests (not including withdrawals) in 2025
 - Companies generally sought no-objection letters for technical defaults or substantive areas where there exists significant precedent

Request no-action relief solely under the state law exclusion, if applicable

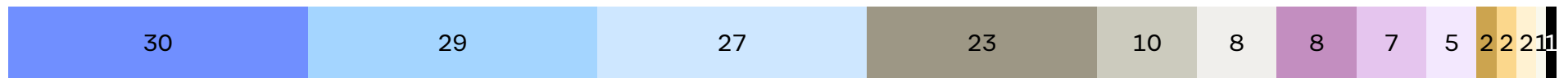
- As of June 15, 2026, no company has sought no-action relief under Rule 14a-8(i)(1) – the only exclusion the Staff indicated it would substantively consider for no-action relief

Shareholder Proposals: The SEC Steps Back (cont.)

As of June 15, 2026, 155 proposals were omitted from proxies following receipt of an SEC no-objection letter

- Of these proposals, the most commonly cited Rule 14a-8 exclusion grounds were ordinary business (19.4%), insufficient proof of share ownership (18.7%), multiple exclusion grounds (17.4%) and substantial implementation (14.8%)

Exclusion Breakdown



■ Ordinary business grounds (30)

■ Multiple Grounds (27)

■ Proposal received after deadline (10)

■ Violation of proxy rules (8)

■ Resubmitted proposal (5)

■ Failure to present proposal (2)

■ Length of proposal (1)

■ Insufficient proof of share ownership (29)

■ Substantial implementation (23)

■ Duplicated proposal (8)

■ Violation of law (7)

■ Conflict with management proposal (2)

■ Absence of authority to implement proposal (2)

■ Proposal relevance (1)

Investors Respond

- Investors have sued at least six companies to date over exclusion of shareholder proposals
- Two federal district courts have issued three substantive Rule 14a-8 rulings. Two decisions from the U.S. District Court for the District of Columbia denied injunctive relief, while one decision from the District of Massachusetts granted it
 - All three cases involved a company's exclusion of a proposal on ordinary business grounds under Rule 14a-8(i)(7)
- Three companies negotiated formal settlements with shareholders, with two agreeing to include the shareholder proposal and one negotiating a withdrawal in exchange for policy changes

Future of Rule 14a-8 in Question

The SEC placed potential amendments to Rule 14a-8 on its rulemaking agenda, indicating that a proposal may change the regulatory framework of Rule 14a-8

ESG Shareholder Proposals

Shareholder Proposals by Category

Governance Proposals: 322

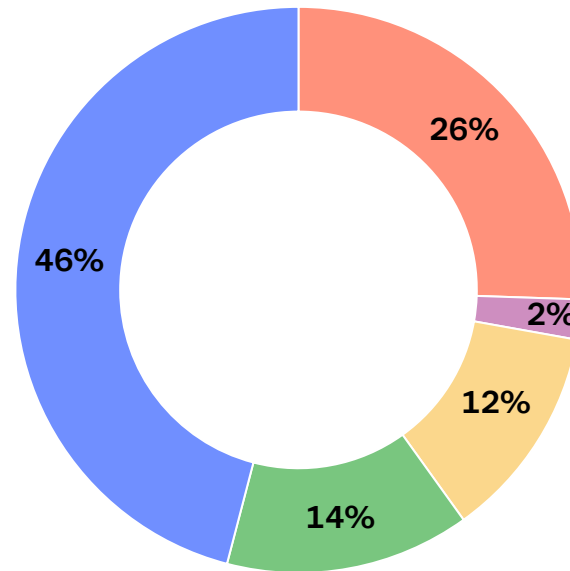
Examples include:

- Independent chair
- Director resignation policy
- Simple majority voting threshold
- Right to act by written consent
- One vote per share
- Right to call special meeting
- Board declassification
- Board committee creation

Environmental Proposals: 98

Examples include:

- Climate transition plans
- Plastic packaging and pollution
- Reporting on greenhouse (GHG) emissions
- Deforestation
- Data Center/AI Reporting
- Climate lobbying
- Community impact reporting



Social Proposals: 179

Examples include:

- Human rights
- Diversity – board/workforce
- Racial equity audit
- Workplace safety
- Child safety
- Pay disparity – gender/race
- Political/lobbying/charitable contributions

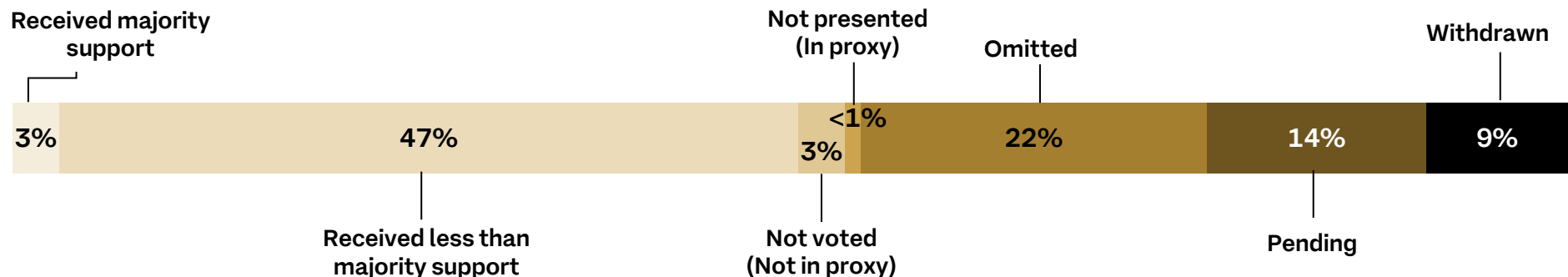
Compensation Proposals: 16

Examples include:

- Shareholder approval of termination pay
- Share retention policies
- Executive pay ratio

Other Proposals: 86

Proposals By the Numbers*



*Data also contains one proposal for which the annual meeting was cancelled. Amounts sum to less than 100% due to rounding
Freshfields analysis of ISS data as of June 15, 2026

Select Frequent Proponent Activity in 2026 Proxy Season

Proponent/Sponsor	Primary Focus	Substantive Topics	Number of Known Proposals
John Chevedden	Governance	Independent board chair, special meeting call rights, right to act by written consent, adoption of simple majority thresholds, shareholder approval of severance arrangements and lobbying and political contributions	260+ <i>(37% of all proposals)</i>
As You Sow	Environmental, Social	Climate change, plastic reduction and DEI	50+
National Center for Public Policy Research (NCPPR)	Anti-ESG	Reporting on risks posed by DEI initiatives, climate transition and emissions reduction plans and board oversight of sustainability and DEI initiatives	25+
National Legal and Policy Center (NLPC)	Governance, anti-ESG	Independent board chair, cumulative voting and climate reporting	25+
Green Century Capital Management	Environmental	GHG targets, single-use plastics policies, biodiversity and supply chain management	25+
The Accountability Board	Governance	Independent board chair, special meeting call rights, right to act by written consent and adoption of simple majority thresholds	25+

2.

Spotlight on Board and Director Trends

Board Refreshment Trends at S&P 500 Companies

374

New independent directors appointed in 2025

- Down from 406 in the prior year and the lowest number since 2016
- 50% of S&P 500 boards appointed at least one new independent director in 2025
- New independent directors appointed in 2025 represent approximately 7% of total directors in the S&P 500
- Of all new directors appointed in 2025, 31% were first-time directors (down from 34% in 2024)

46%

Diverse directors in the new S&P 500 class

- (dropping sharply from 59% in 2024)
- Female director appointments declined to 38% (from 42% in 2024), continuing a declining trend from a peak of 47% in 2020
 - However, overall boardroom diversity was unchanged from 2024, with half of all S&P directors remaining diverse

39%

New independent directors who have spent time working in an international location

(compared to 42% in 2024 and 54% in 2023)

19%

New directors who are not from the U.S.

(compared to 18% in 2024 and 9% in 2015)

61%

New first-time directors with financial and functional backgrounds*

(compared to 58% in 2024)



30%

New independent directors who are active or retired CEOs

(unchanged from 2024 and compared to 23% in 2020)

59%

First-time directors who are retired

(compared to 33% in 2024 and 31% in 2020)

*“Functional background” refers to professional expertise in a specific business function (e.g., technology, legal, HR, marketing), as distinguished from general management roles such as CEO

Board Committee Trends at S&P 500 Companies

The majority of S&P 500 companies continue to have one additional committee beyond their standing audit, compensation and nominating and governance committees

71%

Of S&P 500 companies have more than the three standard standing committees (mostly unchanged for the last decade)

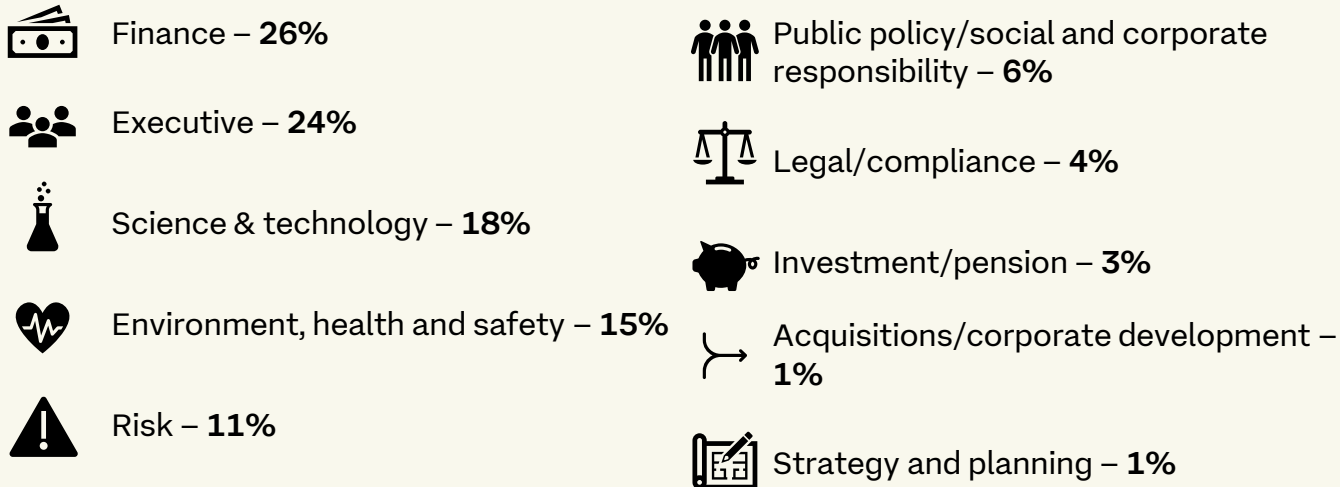
4.1

Average number of standing committees on the board of an S&P 500 company, down slightly from 4.2 in 2025

Committee Trends Continue to Vary by Sector

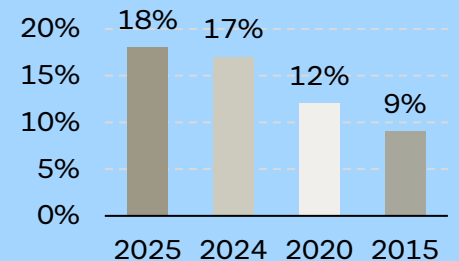
- Utility companies are most likely to have a finance committee (68%) and an environmental/health/safety committee (45%, up from 33% in 2024)
- Financial companies are most likely to have a risk committee (57%)
- Healthcare companies are most likely to have a science and technology committee (45%), followed by financial companies (25%)

Most Common Additional Standing Board Committees at S&P 500 Companies*



* Percentages are not intended to add to 100%

The percentage of S&P 500 companies with a standalone science and technology committee has risen 50% since 2020, driven by healthcare, financial and information technology companies:



Trends in Board Oversight of AI

Board AI Expertise¹

31%

Of S&P 500 companies in 2025 had at least one director with AI expertise

- 24% had one to three directors with AI expertise
- 6% had four or more directors with AI expertise

22%

Of S&P 500 companies included disclosure about AI board oversight in their 2025 proxy statements

- Increased from 2% in 2023
- Compared to 6% in the Russell 3000

Board or Committee Oversight²

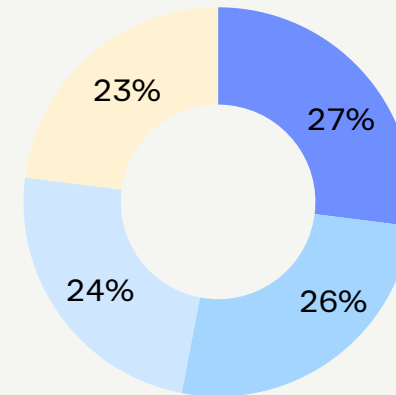
Based on a Deloitte 2025 survey of a set of public companies, the most frequently cited response to “where does primary oversight for AI lie within your company’s board” was that “neither the board nor a committee has express responsibility for AI”

- 23% of companies had no express delegation
- 48% of companies delegated oversight authority to a committee (primarily audit and risk committees)
- 20% of companies stated that the full board has oversight authority

Investor Demand for AI Disclosure¹

In a 2025 ISS survey, 43% of institutional investors said that companies should publicly disclose how boards are overseeing AI business or AI implementation systems

- This number rises to 54% for directly AI-related companies
- Institutional investors gave mixed responses on the type of disclosure desired:



- Specific AI-related expertise or experience among board members
- Evidence of AI considerations integrated into the company's risk management framework
- Board member training or educational programs on AI
- Information on board engagement with external experts or advisory boards

Age and Term Trends of Directors at S&P 500 Companies

64

Average and median age of all independent directors

- Generally unchanged since 2015
- Average age of first-time directors is 57 years old, which increased from 55 in 2024
- Average age of new independent directors is 59 years old, largely unchanged since 2015
- 11% of new independent directors are under the age of 50

11%

Percentage of new directors ≤50 years old

- Down from 14% in 2024
- New directors tend to have backgrounds in technology/telecommunications, industrials/manufacturing, consumer goods and services and financial services

7.8
years

Average tenure of independent S&P 500 directors

- Slight decrease from 8.5 years in 2015

2

Median number of total directorships held by independent directors on S&P 500 boards

- Consistent over the past decade
- Zero directors served on more than five public boards in 2025, compared to 20 in 2024 and 83 in 2015

28

Age range of independent directors in 2025

91

Board Retirement and Assessment at S&P 500 Companies

Board Retirement Trends

66%

Percentage of S&P 500 companies with mandatory retirement policies

- Continued downward trend, compared to 67% in 2024 and 70% in 2020
- Of such companies, 60% set the retirement age at 75 and 26% set it at 72 (compared to 32% and 49%, respectively, in 2015)

Percentage of S&P 500 companies that do not disclose any mandatory retirement age policy

20%

74

Average actual age of retirement

- Unchanged for past seven years
- 54% of independent directors who retired in 2025 were more than three years younger than the age cap

Percentage of S&P 500 companies that report having term limits for non-executive directors (up from 9% in 2024 and 6% in 2020)

10%

- The average term limit is 14.7 years and ranges from 10 to 20 years

Board Assessment and Leadership Trends

99%

Percentage of S&P 500 companies that report carrying out an annual performance evaluation (largely unchanged for past decade)

- 27% of boards work with an independent third party to facilitate the evaluation (compared to 28% in 2024)*

Percentage of S&P 500 companies that include a director skills matrix in their proxy statements (compared to 73% in 2024 and 38% in 2020)

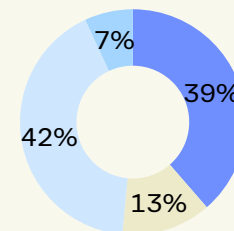
80%

42%

Percentage of S&P 500 companies with an independent board chair (up from 39% in 2024 and 29% in 2015)

- 39% of S&P companies have a combined chair/CEO, down from 40% in 2024 and 52% in 2015

Board Leadership



- Combined Chair/CEO
- Executive Chair
- Independent Chair
- Other Non-Independent Chair

Amounts sum to more than 100% due to rounding

* The percentages for both individual director evaluations and third-party facilitators may be understated since boards frequently engage in these evaluations

3.

SEC Updates

Filer Status Reform

On May 19, 2026, the SEC proposed a rule that would consolidate filer status designations and extend accommodations previously reserved for emerging growth companies (EGCs) to a much broader array of companies

	Current Framework	Proposed Framework
Filer Categories	Five, sometimes overlapping tiers: large accelerated filer (LAF), accelerated filer (AF), non-accelerated filer (NAF), smaller reporting company (SRC) and EGC	Two tiers: LAF & NAF (AF, SRC and EGC eliminated)
LAF Threshold	\$700 million public float + 12 months reporting	Threshold raised to \$2 billion public float + 60 months reporting
New Issuer Status	Often AF or LAF quickly if high valuation	NAF for minimum five years post-IPO (60-month seasoning)
Scaled Disclosures	Limited to SRCs/EGCs only	Extended to all NAFs (~81% of companies)
SOX 404(b) Attestation	Required for AFs and LAFs	Exempt for all NAFs (management assessment and report still required)
Executive Compensation	Three years and five named executive officers (NEOs)	NAFs only need two years and three NEOs with omission of compensation disclosure and analysis, pay ratio, pay-vs-performance, grants of plan-based awards, pension and deferred compensation tables and scaled golden parachute disclosures
Say-on-Pay Votes	Required for most public companies	Exempt for NAFs (EGC-style relief extended). Additional relief for say-on-frequency or say-on-golden-parachute votes
Financial Statements	Generally three years	Two years for NAFs (Article 8 of Regulation S-X scaled presentation), condensed interim financials, and two years of management's discussion and analysis

~81%

of reporting companies become NAFs (~6.5% of total public float)

\$2 billion

new LAF public float threshold (up from \$700 million), applicable five years post-IPO

5 years

minimum scaled on-ramp for ALL new issuers (even if float greater than \$2 billion)

No 404(b)

auditor attestation exemption for all NAFs

Registered Offering Reform

On May 19, 2026, the SEC proposed a rule that would extend short-form registration, shelf access and certain offering-related flexibilities – currently reserved for large, seasoned issuers – to nearly all reporting companies, including newly public companies

No \$75 million or 12 months

Form S-3 eligibility now based primarily on being current and timely in filings

Immediate Post-IPO

Shelf registration available immediately after IPO for follow-on capital

Blue Sky Preemption

State securities registration requirements preempted for all registered offerings

Form S-3 Shelf Eligibility Expanded

- Eliminates prior 12-month Exchange Act reporting history requirement
- Eliminates \$75 million public float threshold for unlimited offerings
- Eligibility now turns on timely Exchange Act reporting and not being an ineligible issuer (blank check companies, shell companies, penny stock issuers and bad actors)
- Foreign private issuers, asset-backed security issuers and investment companies/business development companies have separate treatment

Communications and New Issuer Tiers (ELI/SELI)

- Replaces WKSI construct with Eligible Listed Issuer (ELI) for exchange-listed companies eligible for Form S-3 and Seasoned ELI (SELI) for those with 12 months of Exchange Act reporting
- Broader safe harbors for pre-filing communications, research reports (Rule 139) and free writing prospectuses
- Pay-as-you-go fees for SELIs and ELIs and automatic shelf registration for SELIs
- Reduces gun-jumping risk and prospectus supplement volume for routine updates

Strategic Impact

Newly public companies can now register follow-on offerings on Form S-3 shortly after IPO effectiveness and use shelf takedowns/ATMs with far greater speed and lower transaction costs

Optional Semi-Annual Reporting

On May 5, 2026, the SEC proposed a rule that would permit (but not require) public companies to report their financial results twice a year instead of on a quarterly basis

- In addition to the existing requirement to file an annual report on Form 10-K, this proposed rule would allow companies to replace three Form 10-Q quarterly filings with a single new “Form 10-S” semi-annual report, requiring the same narrative and financial disclosures as the current Form 10-Q but covering a six-month period rather than a fiscal quarter
- Filing deadlines for Form 10-S would match current Form 10-Q filing deadlines – 40 days for large accelerated filers (LAFs) and accelerated filers (AFs) and 45 days for all other filers
- The proposal is open for public comment until July 6, 2026

Implications

- For companies that have stayed private in part to avoid the quarterly reporting treadmill, a voluntary semi-annual option could remove this deterrent
- Timing and outcome are still uncertain, but the SEC has moved faster than expected, making the changes a real consideration even for near-term IPO candidates
- The SEC estimates ~\$200,000 in net annual savings per electing company and projects ~20% of current Form 10-Q filers will opt in

The SEC’s proposed rule changes for filer status reform, registered offering reform and semi-annual reporting are part of the Trump administration’s “Make IPOs Great Again” agenda, designed to encourage companies to go public and stay public

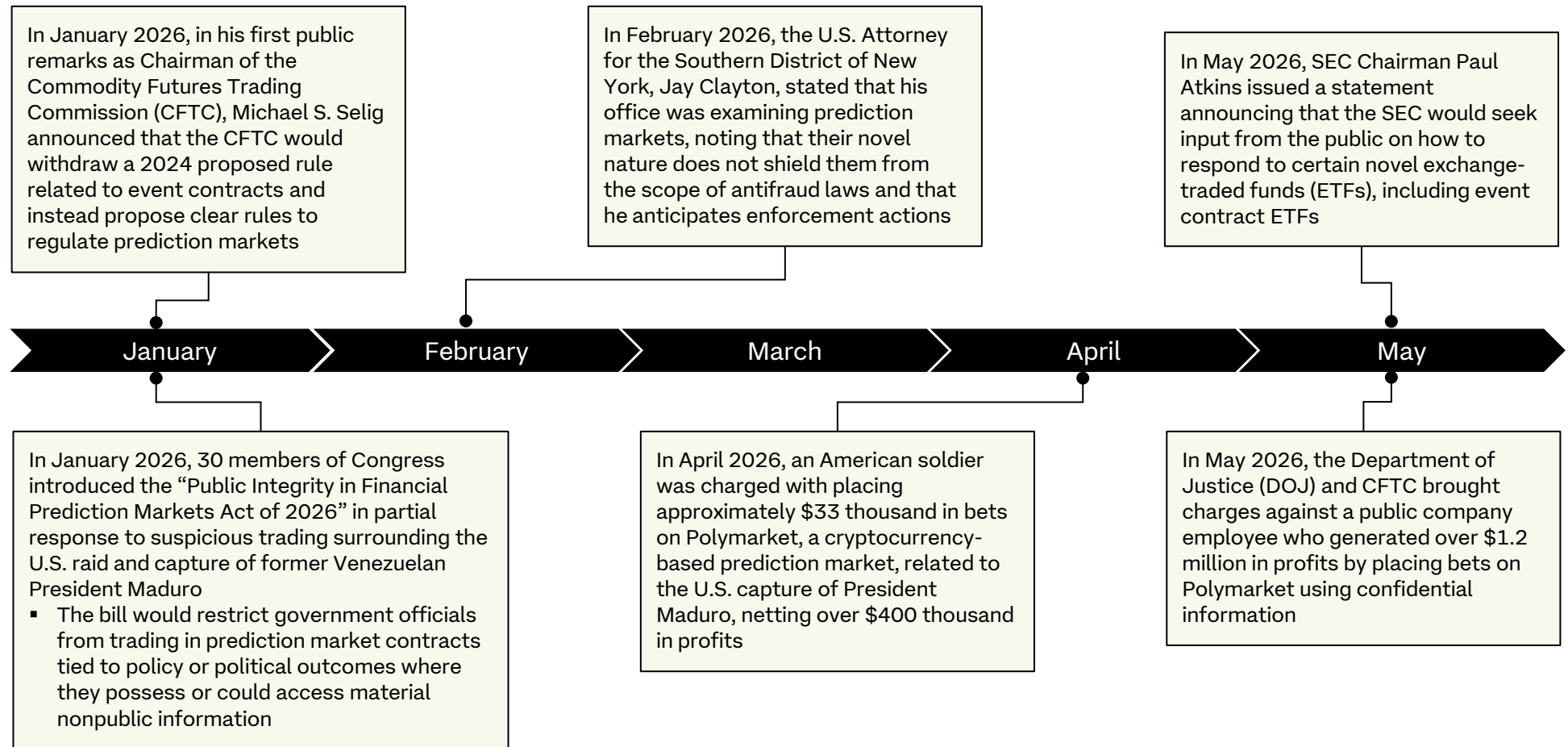
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Together, the Proposals aim to improve and remodel our regulatory frameworks. With the old paint gone, the wiring updated, and sagging floorboards replaced, what remains will be worth preserving: the cornerstone principle of financial materiality. That principle runs through everything we are doing right now at the Division.

Jim Moloney, Director, Division of Corporation Finance (June 10, 2026)

Prediction Markets Boom as U.S. Regulators Move In

Global prediction markets trading surged more than 400% from 2024 to 2025, reaching nearly \$64 billion, with projections suggesting the market could approach \$1 trillion by 2030. U.S. regulators and enforcement authorities are rapidly moving to define jurisdiction and oversight, with multiple agencies signaling increased scrutiny and enforcement activity



These developments reflect a fragmented and rapidly evolving regulatory approach, with jurisdiction and rules still taking shape across multiple agencies. As a result, companies are evaluating their insider trading policies and codes of conduct to ensure they address risks posed by employees using company data to place bets in prediction markets

4.


Governance Proposals

Governance Proposals Overview

As of June 15, 2026, there were 322 known governance-related proposals, a 30% increase over 2025

- Despite the increase in proposals, support for governance proposals fell sharply
 - Average support for governance proposals was 29.2%, compared to 39.8% in 2025
 - 20 governance proposals (6% of voted proposals) received majority support, compared to 40 (26% of voted proposals) in 2025
- One proponent submitted approximately 70% of all known proposals (up from 62% in 2025 from the same proponent), focusing on special meeting call rights, simple majority voting requirements, independent board chairs and the right to act by written consent

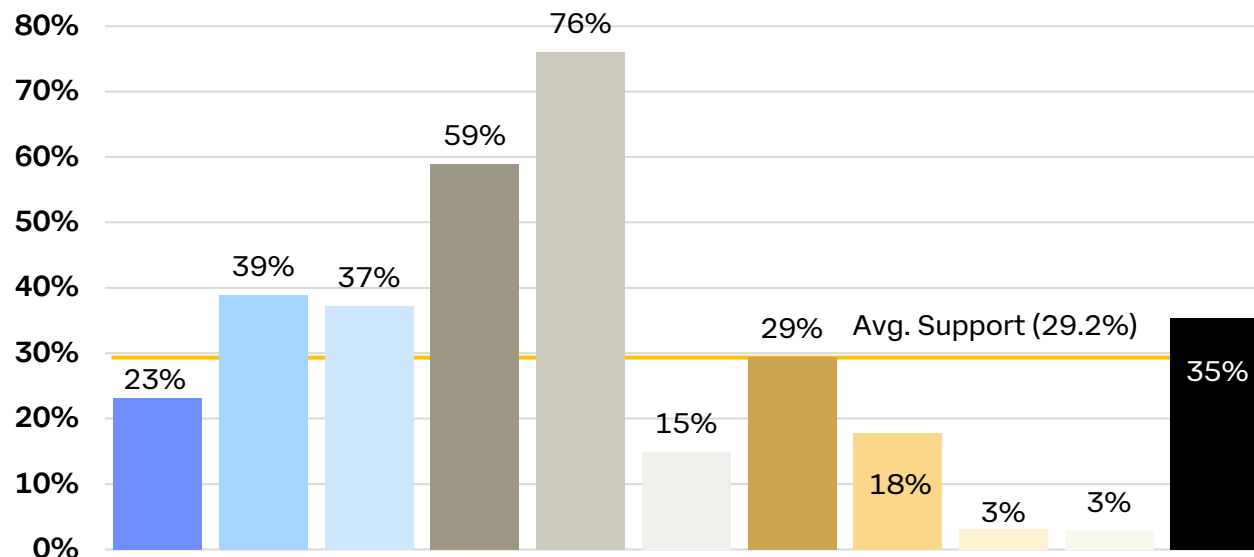
322
Known proposals



99
Proposals requesting an independent board chair

- Independent Board Chair (99)
- Shareholder Ability to Call Special Meetings (59)¹
- Action by Written Consent (51)
- Eliminate Supermajority Voting Requirement (33)

Average Proposal Support



- Board Declassification (16)
- Director Resignation Policy (10)
- Equal Voting Rights for Each Share (9)
- Disclosure of Voting Rights by Share (8)
- Create Board Committees (7)
- Cumulative Voting (6)
- Other (16)²

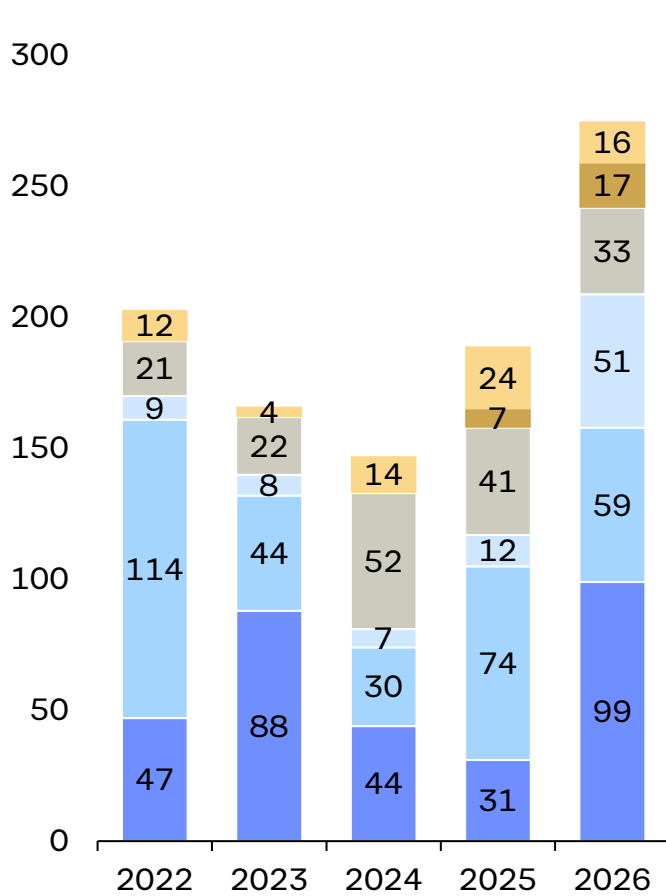
Source: Freshfields analysis of ISS data as of June 15, 2026

¹Aggregated from requests for new provisions and amended thresholds as shown on slide 23

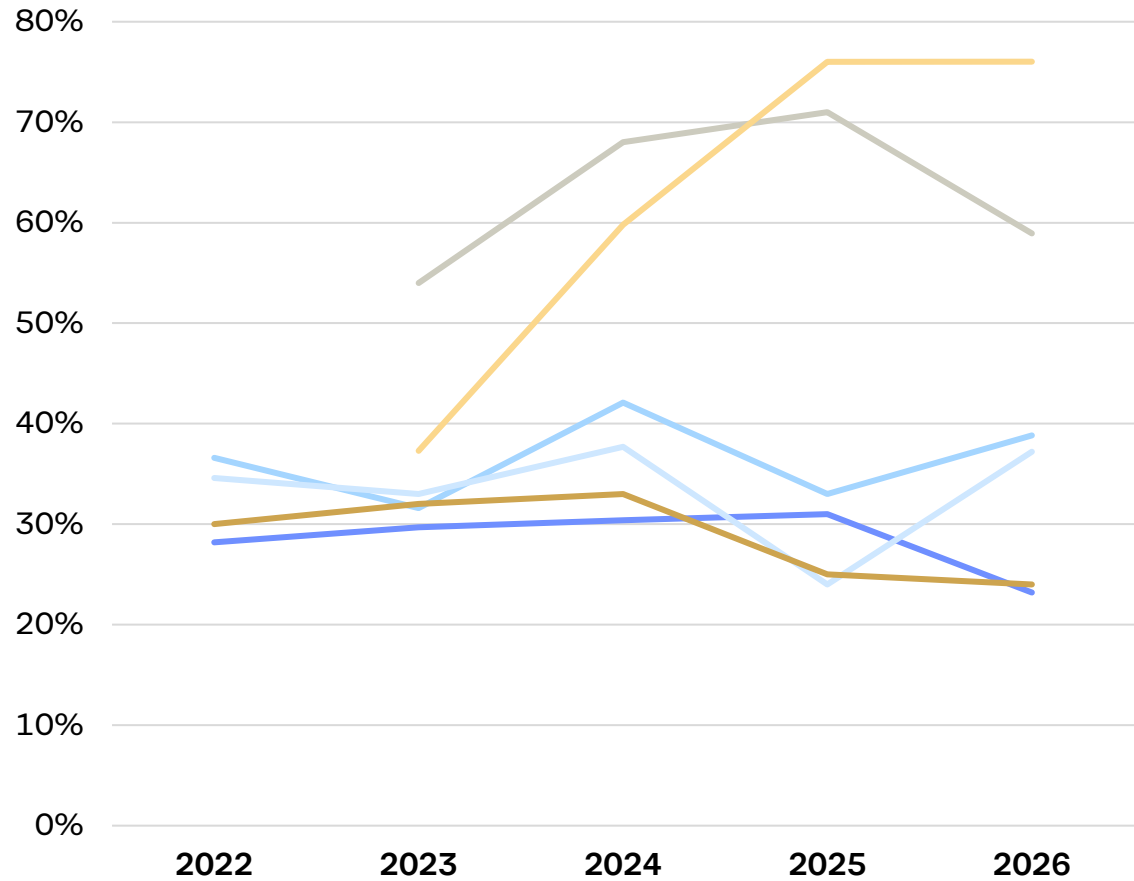
²"Other" category includes proposals on: proxy access (adoption or amendment) (4), business-specific proposals (3), director removal (2), blank check stock issuance approval (2), large common stock issuance approval (1), additional shareholder engagement opportunities (1), retail voting program amendments (1), outside director stock ownership guideline amendments (1) and poison pill (1)

Governance Proposals Overview (cont.)

Number of Proposals



Average Proposal Support



Independent Board Chair

Shareholder Ability to Call Special Meetings¹

Action by Written Consent

Eliminate Supermajority Voting Requirement

Equal Voting Rights²

Board Declassification

¹Aggregated from requests for new policies and amended thresholds as shown on slide 25

²Includes proposals requesting new voting policies (equal voting rights per share, one vote per share, eliminate dual class stock) and disclosure of current policies as shown on slide 23

Governance Proposals

Shareholder Ability to Call Special Meetings

30 proposals requested changes to organizational documents to allow shareholders to call special meetings

- 29 proposals requested a 10% threshold and one requested a 15% threshold
- 21 proposals went to vote, six were omitted, two are pending and one was not in the proxy
- Average support was 41.4% (ranging from 20.0% — 72.0%), with four proposals receiving majority support

28 proposals requested changes to organizational documents to lower the existing threshold

- 27 proposals requested reducing the share ownership threshold to 10% and one requested reduction to 15%
- 23 proposals went to vote, two were omitted, two are pending and one was not presented
- Average support was 36.5% (ranging from 23.8% — 49.6%), with no proposals receiving majority support

Multi-Class Voting

17 proposals related to proportionality in multi-class share structures

- Nine proposals requested equal voting rights per share
 - Seven proposals went to vote and two were omitted
 - Average support was 29.4% (ranging from 6.6% — 43.1%)
- Eight proposals requested disclosure of voting results by share class
 - Six proposals went to vote, one proposal was omitted and one is pending
 - Average support was 17.8% (ranging from 4.7% — 26.4%)

Board Declassification

16 proposals requested to declassify the board

- Four proposals went to vote, five were omitted, four are pending and three are not in the proxy
- Average support was 76.0% (ranging from 51.3% — 99.6%)
- Three of the proposals had a board recommendation in favor and received average support of 84.3%

Governance Proposals (cont.)

Independent Board Chair

99 proposals requested separating the role of chair and CEO

- 73 proposals went to vote, two were withdrawn, 23 were omitted and one is pending
- Average support was 23.2% (ranging from 3.9% — 46.3%)

Action by Written Consent

51 proposals requested the right to act by written consent

- 35 proposals went to vote, one was withdrawn, 11 were omitted and four are pending
- Average support was 37.2% (ranging from 4.1% — 62.8%)

Eliminate Supermajority Voting Requirement

34 proposals requested adoption of a simple majority vote

- Nine proposals went to vote, 16 were omitted, four are pending, two were not in the proxy, two were not presented and one was for a cancelled meeting
- Average support was 58.9% (ranging from 10.1% — 97.9%)
- Three proposals received in excess of 90% support. For two of these, the board made no recommendation

Mandatory Director Resignation Policy

10 proposals requested a mandatory director resignation policy for uncontested elections

- Six proposals went to vote and four were omitted
- Average support was 14.9% (ranging from 11.4% — 16.1%)

Reincorporation Proposals

There were eight management reincorporation proposals during the 2026 proxy season*

- Unchanged from eight in the 2025 proxy season
- All of the proposals went to vote and seven received majority support, with average support of 63.2% (ranging from 41.1%–95.3%)
- Of the eight proposals, seven sought to reincorporate in Texas and one sought to reincorporate in Nevada
 - Compared to 2025, when all eight companies sought to reincorporate in Nevada
- Only two of the eight companies (Dream Finders Homes and Voyager Technologies) were controlled companies
- ISS recommended voting against all eight proposals

Company	Proposed Reincorporation	Results	Support %
Dream Finders Homes	DE to TX	Pass	95.3
Voyager Technologies	DE to TX	Pass	70.7
Liberty Media	DE to NV	Pass	70.3
ArcBest	DE to TX	Pass	62.5
FirstCash Holdings	DE to TX	Pass	58.3
AerSale	DE to TX	Pass	56.6
AGNT	DE to TX	Pass	50.5
Texas Capital Bancshares	DE to TX	Fail	41.1

The most common reasons cited for reincorporation by management were:

- Litigation risk (7/8)
- Cost savings (7/8)
- Operational nexus (6/8)
- Favorable legal environment (6/8)

* Does not include (i) reincorporation proposals from companies not originally incorporated in Delaware or proposing to reincorporate in a state other than Nevada or Texas, (ii) reincorporation proposals submitted in the context of an M&A transaction or (iii) reincorporation proposals at companies with a market capitalization under \$200 million

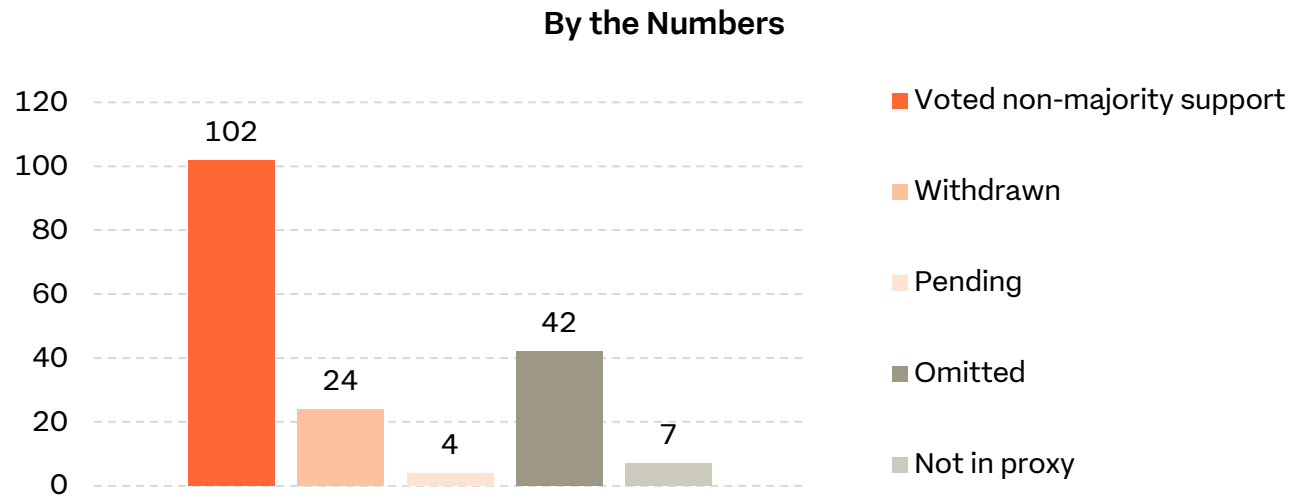
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Social Proposals

Social Proposals Overview

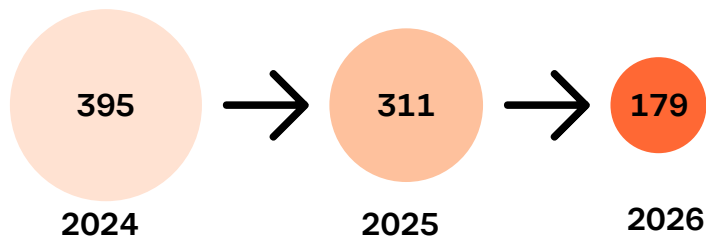
As of June 15, 2026, no social proposals received majority support

Social proposals covered topics such as DEI, human rights, political activities and spending, charitable donations, healthcare access and artificial intelligence



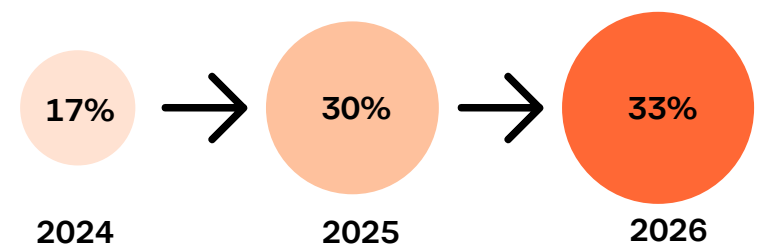
Support for social proposals ranged from 0.1% – 45.7%

Decreasing Trend in Number of Social Proposals



The total number of known social proposals has declined in recent years, with this year down 54.6% and 42.4% as compared to 2024 and 2025, respectively

Increasing Percentage of Anti-ESG Social Proposals



The percentage of social proposals classified as anti-ESG has increased to 32.9% of total known social proposals, compared to 29.6% in 2025 and 17.0% in 2024

Social Proposals – Human Rights and Immigration Policy

Proposals Related to Immigration

Proponents submitted 10 proposals relating to U.S. immigration policy and enforcement

- Four companies received proposals requesting a report on the impact of U.S. immigration policy and enforcement on the company's finances and operations
 - Two proposals went to vote, one was omitted and one is pending
 - The voted proposals received 1.8% and 4.3% support
- Three proposals related to data privacy concerns, with supporting statements referencing reputational concerns linked to potential data sharing with immigration authorities
 - All three proposals went to vote and received average support of 8.8% (ranging from 8.2% – 9.1%)
- Two proposals requested a report with respect to cooperation with immigration authorities
 - Both proposals were omitted
- One proposal requested a report on reputational, legal and financial risks associated with its use of the H-1B visa program
 - The proposal went to vote and received 0.2% support

Impact in Conflict Affected High Risk Areas (CAHRA)

Seven companies received proposals requesting reports on each company's impact on human rights violations in conflict-affected and high-risk areas (CAHRAs)

- The supporting statements largely focused on Israel/Palestine, Russia/Ukraine and China
 - Five proposals went to vote, one was withdrawn and one is pending
 - Average support was 8.4% (ranging from 4.2% – 11.2%)

Human Rights Report

Six companies received proposals requesting a human rights impact report

- One such proposal requested a risk assessment regarding oversight of weapons-enabling products
- Three proposals went to vote, two were omitted and one was not in the proxy
- Average support was 12.6% (ranging from 8.9% – 16.5%)

Proposals on Risks Related to Operations in China

Three companies received proposals requesting a report on the risks associated with the company's operations in and reliance on China, including supply-chain, regulatory and human-rights exposure

- All three proposals went to vote and average support was 2.4% (ranging from 1.3% – 3.0%)

Social Proposals – Conservative/Anti-ESG Proposals

Discrimination in Charitable Giving

- 20 companies received proposals requesting reports on their charitable contributions
 - 11 proposals went to vote, two were withdrawn and seven were omitted
- Average support was 0.9% (ranging from 0.0% (rounded) – 2.2%)
- 10 of the 20 proposals requested reports on the risks of their charitable support as it relates to the company's association with the Human Rights Campaign
- Three companies received proposals requesting they conduct evaluations on the risks of using diagnostic tools created by politicized corporate partners for purposes of charitable giving



Controversial Drugs

- Four companies received proposals requesting they conduct a report on the risks related to distributing abortion-related drugs
 - All four proposals were omitted



Employee Access to Healthcare

- Eight companies received proposals relating to employee access to healthcare, with a focus on gender- and transition-related healthcare coverage and/or abortion access
- Five proposals went to vote, two were withdrawn and one was omitted
 - Average support was 2.3% (ranging from 0.4% – 8.2%)



DEI Goals in Executive Pay

- Six companies received proposals requesting a report on risks of using ESG and DEI metrics in executive compensation
 - Four proposals went to vote, one was withdrawn and one is pending
- Average support was 1.2% (ranging from 0.7% – 1.3%)



Return on Investment for DEI and ESG

- Five companies received proposals requesting reports on the ROI of their diversity and inclusion efforts
 - All proposals were from the same proponent
 - All five proposals went to vote and received average support of 1.1% (ranging from 0.8% – 1.4%)



Social Proposals – Conservative/Anti-ESG Proposals (cont.)

Lobbying and Political Alignment

- Two companies received proposals requesting reports on risks from misalignment between company policies and the company's consumer base
- One company received a proposal requesting a report on risks related to a company's branding, marketing and public policy positions
- All three proposals went to vote and average support was 1.7% (ranging from 1.0% – 2.3%)



Religious and Political Discrimination

- Three companies received proposals requesting a report on risks related to discriminating against users' viewpoints
 - Two proposals went to vote and one was omitted
 - The voted proposals received 0.5% and 0.1% support



- One company received a proposal requesting a report on the risks of DEI requirements for vendors, suppliers, and contractors
 - The proposal went to vote and received 1.8% support



DEI Proposals

- Two companies received proposals requesting a report evaluating business decisions regarding the definition of "woman" and related considerations regarding private spaces in sports
 - One proposal was omitted and one received 0.1% support
- One company received a proposal requesting the board adopt a policy to remove DEI-correlated characteristics from board candidate considerations
 - The proposal received 2.2% support
- One company received a proposal requesting a report on risks associated with race, gender, or identity-based recruitment
 - The proposal received 1.2% support
- One company received a proposal requesting a report on risks of DEI requirements in hiring and training
 - The proposal is pending as of June 15, 2026
- One company received a proposal requesting a report on methods to eliminate bias in AI models
 - The proposal received 2.5% support



Religious Liberty

- Three companies received proposals requesting a report on the risks of excluding faith-based employee resource groups
 - Two went to vote and received 0.4% and 0.6% support

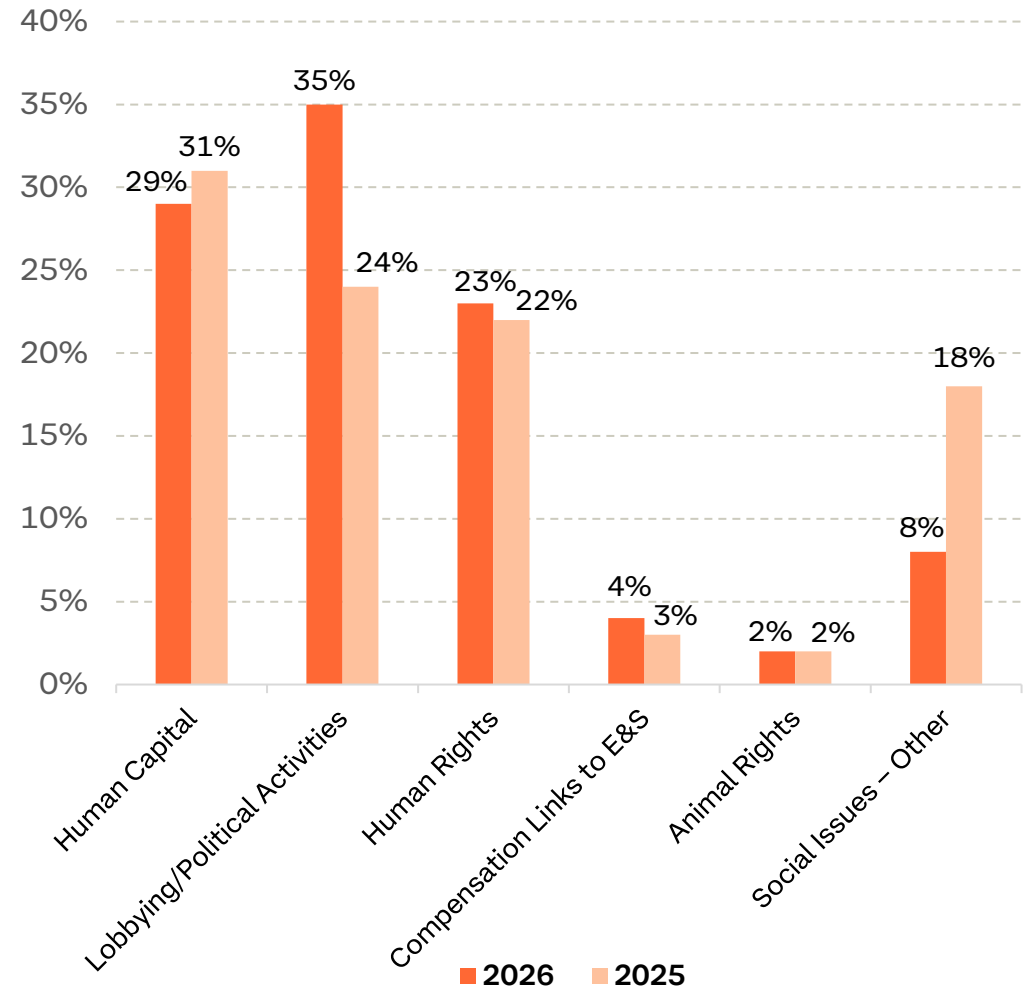


Social Proposals – 2025 vs. 2026

As of June 15, 2026, the mix of social proposals shifted slightly from the prior year, with proposals on political activity and human rights making up a larger share and workforce-focused proposals making up a smaller share

- Lobbying and political activities became the most common type of social proposal, rising from 24.1% of social proposals in 2025 to 34.6% in 2026
- Human capital proposals — covering DEI, workforce diversity and pay equity — fell from the largest category to the second largest, down from 32.2% to 29.1%
- Human rights proposals held steady with a slight increase from 22.2% to 22.9%, driven by proposals on conflict-affected areas, immigration and operations in China
- Social issues – other fell sharply from 18.3% to 7.8%, while compensation-linked and animal rights proposals stayed small, at 1.9% and 1.7%
- Lobbying, human capital and human rights together accounted for roughly 87% of social proposals in 2026, up from 77% in 2025

Percentage of Social Sub-Categories in 2025 versus 2026



6.

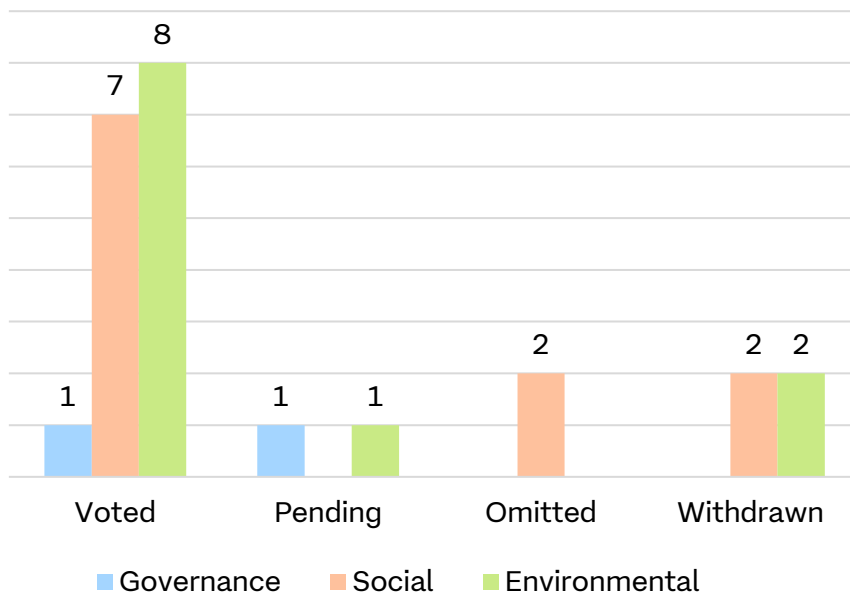
Spotlight on AI Proposals

AI Proposals

As of June 15, 2026, there were 24 known proposals requesting that companies issue a report or take action with respect to the risks of AI use

- AI proposals covered requests for reporting on several topics, including data privacy, misinformation, potential emissions and water impact and board oversight
- Such proposals have largely been received by companies that have deployed AI and AI-enabled tooling at significant scale
- No AI proposals have received majority support
- Average support was 7.4% (ranging from 1.2% – 22.5%)

By the Numbers



Social AI Proposals

- Two companies received a total of three proposals requesting assessments on how the data used to build and train AI models is sourced, licensed and used
 - Three proposals went to vote and average support was 9.7% (ranging from 6.6% – 12.2%)
- Two companies received proposals requesting assessments of their alignment with AI ethics frameworks
 - One proposal was withdrawn and one was omitted
- Two companies received proposals requesting reports on efforts to moderate the spread of harmful AI output
 - Both proposals went to vote and received 8.0% and 9.3% support
- One company received a proposal requesting an annual report on its military and dual-use AI products
 - The proposal was omitted
- One company received a proposal requesting a report on how it removes bias from its AI models and the impact on output accuracy
 - The proposal went to vote and received 2.5% support
- One company received a proposal requesting a report on how its growing use of AI and automation affects its workers
 - The proposal went to vote and received 5.0% support
- One company received a proposal requesting an assessment of how it manages risk in its work with agentic AI
 - The proposal was withdrawn

**Includes three anti-ESG proposals*

Source: Freshfields analysis of ISS data as of June 15, 2026

AI- and Data Center-related Proposals (cont.)

Environmental AI Proposals

- Four technology companies received proposals requesting reports on how AI and planned data centers will impact GHG emissions and reduction targets
 - Three proposals went to vote and one is pending
 - Average support was 10.9% (ranging from 6.9% – 18.4%)
- Two technology companies received proposals requesting reports on water usage risks in connection with AI and data centers
 - Two proposals went to vote and received 1.5% and 22.5% support
- Two energy companies received proposals requesting reports on how the utility companies are protecting ratepayers from data center infrastructure costs
 - One proposal went to vote and one was withdrawn
 - The voted proposal received 1.3% support
- Two companies received proposals requesting reports examining whether AI growth plans are compatible with existing climate commitments
 - Two proposals went to vote and each received 1.2% support
- One company received a proposal requesting a report on how growing AI and data center usage may impact its long-term energy strategy
 - The proposal was withdrawn



Governance AI Proposals

- One company received a proposal to update its audit committee charter to provide oversight over AI
 - The proposal received 3.7% support
- One company received a proposal to establish a Technology Committee that is responsible for overseeing AI and other emerging technology issues
 - The proposal is pending



Shareholder Support Level for AI Proposals

Company	Support %	Primary Proponent(s)
Digital Realty Trust	22.5%	Broz Family Investments
Amazon	18.4%	As You Sow Foundation
Alphabet	12.2%	National Legal and Policy Center
Meta	10.2%	National Legal and Policy Center
Alphabet	9.3%	Vancity Investment Management
Visa	8.0%	Oklahoma Tobacco Settlement Endowment Trust
Alphabet	7.3%	Trillium Asset Management
Meta	6.9%	As You Sow
Meta	6.6%	Mercy Investment Services
Walmart	5.0%	Organization United for Respect

Table includes all voted proposals that received more than 5% support

7.

Environmental Proposals

Environmental Proposals Overview

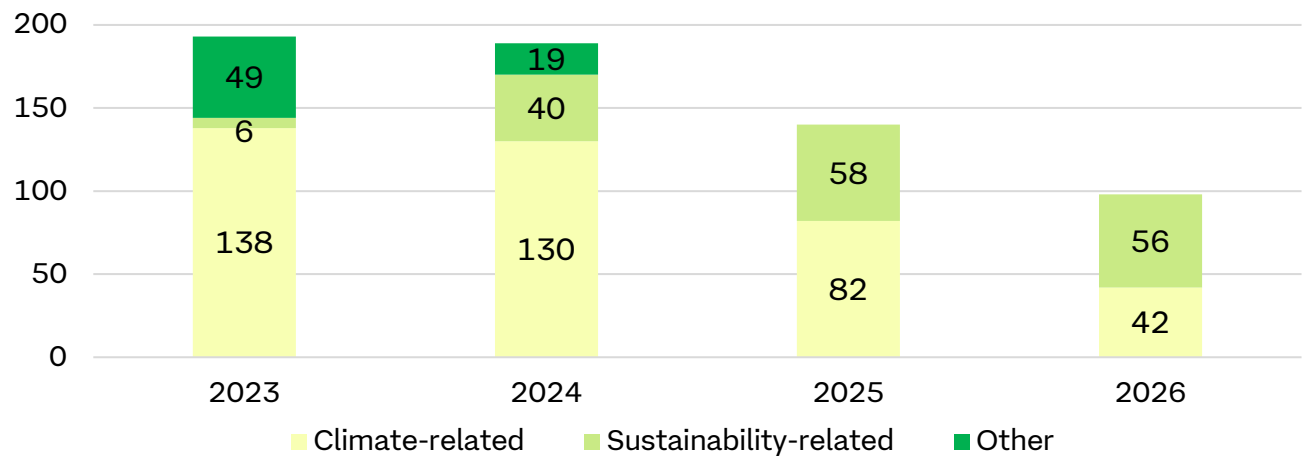
As of June 15, 2026, there were 98 known environmental proposals, a 30% decrease from 2025

- No environmental proposals received majority support
- Environmental proposals covered a wide range of requests for disclosure or reporting on climate-related topics, including on emissions reduction and climate transition plans, the use of financial metrics to set and monitor climate-related goals and the impact of AI and data centers. Proposals were also submitted on sustainability topics, including plastic use and supply chain issues

98
Known proposals

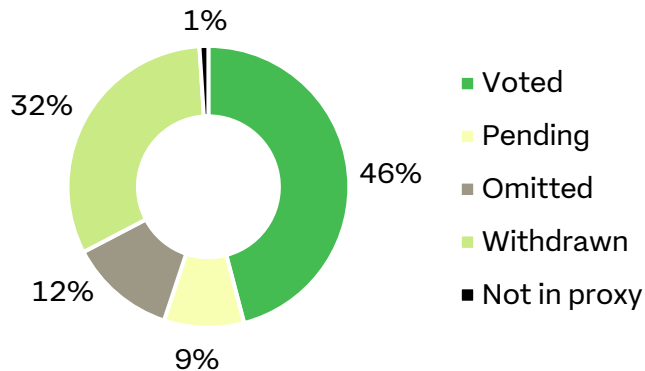
42
Climate-related proposals

Continued Decrease in Number of Environmental Proposals

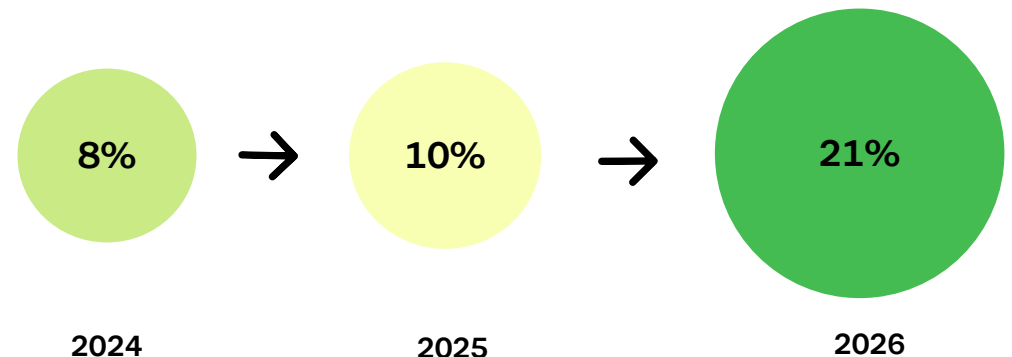


Support for environmental proposals ranged from 0.3% – 47.2%

By the Numbers



Percentage of Anti-ESG Environmental Proposals Has More Than Doubled



Environmental Proposals – Greenhouse Gas Emissions

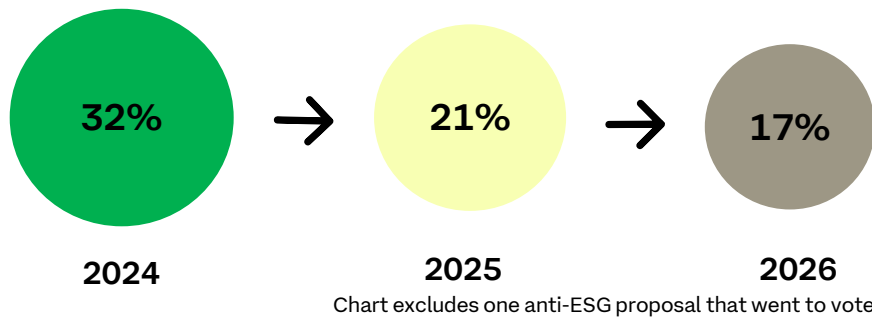
As of June 15, 2026, there were 17 known proposals requesting the adoption of GHG emissions reduction targets, establishment of a climate transition plan and/or reporting on emissions and waste, comprising roughly 17% of all environmental proposals

- Nine proposals went to vote, three were withdrawn, three are pending and two were omitted
 - Average support was 22.8% (ranging from 10.6% – 47.2%)

One company received a proposal requesting a report evaluating the potential risks of an aggressive emissions reduction policy

- The proposal went to vote and received 1.2% support

The percentage of GHG-related proposals has declined while remaining the most frequent category of environmental proposals



Proposals relating to GHG emissions received higher support, on average, than other environmental topics

- GHG emissions-related proposals made up the top-three environmental proposals with the highest levels of support

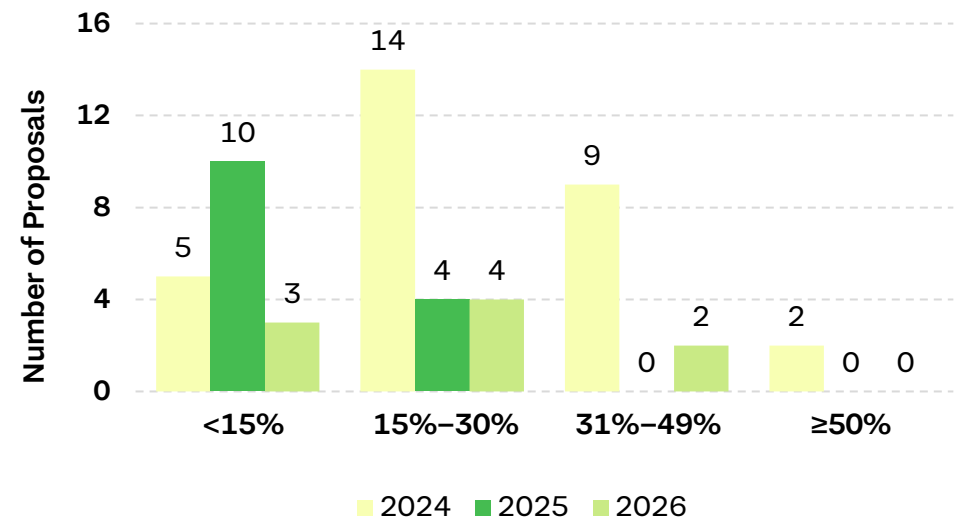


Voting Outcomes of GHG Emissions-related Proposals

Company	Support %	Primary Proponent(s)
NVR	47.2%	Amalgamated Bank; As You Sow
NextEra Energy	34.6%	Trillium Asset Management
ArcBest Corporation	29.8%	Green Century
Harley-Davidson	21.5%	Green Century
Goldman Sachs Group	18.3%	New York City Pension Funds
Skyworks Solutions	16.6%	Green Century
AutoNation	14.9%	Green Century
United Parcel Service	12.1%	As You Sow
Wolverine World Wide	10.6%	Green Century

Table excludes one anti-ESG proposal that went to vote

Shareholder Support Levels for GHG Emissions Reduction and Climate Transition Plans



Excludes one anti-ESG proposal that went to vote

Source: Freshfields analysis of ISS data as of June 15, 2026

Environmental Proposals – Conservative / Anti-ESG

As of June 15, 2026, there were 21 known anti-ESG proposals related to climate commitments, plastics, greenwashing and ROI on environmental commitments

- 13 proposals went to vote, three were withdrawn, one is pending and four were omitted
- Average support was 1.2% (ranging from 0.3% – 2.5%)

The number of anti-ESG environmental proposals increased 50% in 2026, up from 14 in 2025

Return on Investment for Environmental Efforts

13 companies received proposals requesting assessments of the return on investment for environmental efforts

- Six proposals requested reports providing ROI justification for climate and emissions reductions commitments
 - One proposal went to vote (receiving 1.0% support), two were omitted and three were withdrawn



- Six proposals requested reports providing ROI justification for sustainability investments and commitments
 - Five proposals went to vote and one is pending
 - Average support was 1.4% (ranging from 0.3% – 2.5%)
 - Two of the six proposals requested bylaw amendments mandating committee oversight over sustainability ROI



- One proposal requested a report providing ROI justification for its plastic bag reduction goal
 - The proposal was omitted



Plastics

Four companies received anti-ESG proposals related to plastics packaging, representing 25.0% of all plastics-related environmental proposals

- Three proposals went to vote and one was omitted
- Average support was 1.1% (ranging from 0.8% – 1.6%)



Greenwashing

One company received a proposal requesting a report on financial risks associated with climate commitments, with a focus on potential anti-greenwashing action by federal agencies

- The proposal went to vote and received 1.4% support



AI

Two companies received proposals requesting a report on how their AI commitments align with existing climate commitments

- Both proposals went to vote and received 1.2% support



8.

Executive and Director Compensation

Compensation Proposals Overview

As of June 15, 2026, 16 known proposals were submitted on topics including shareholder approval of termination pay, share retention policies, and CEO pay ratios, a sharp decrease from 55 known proposals in 2025

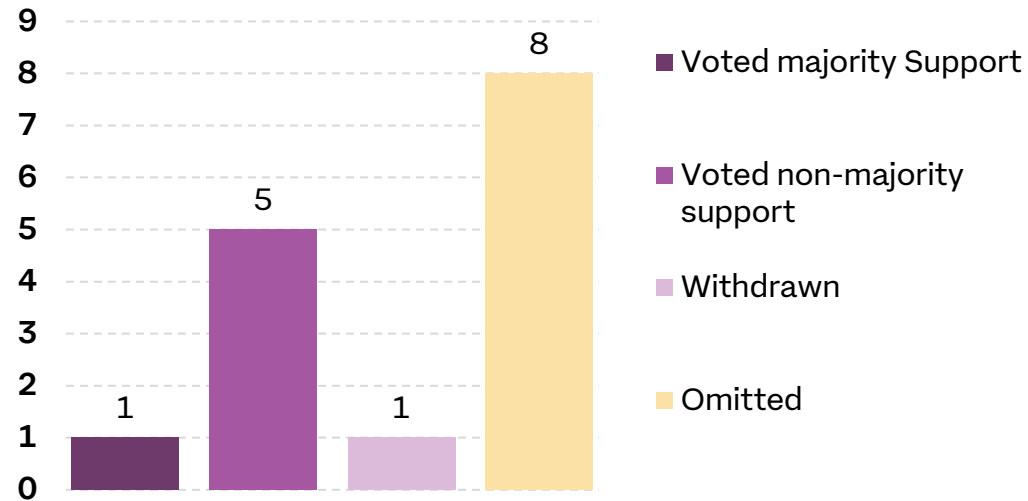
16

Known proposals

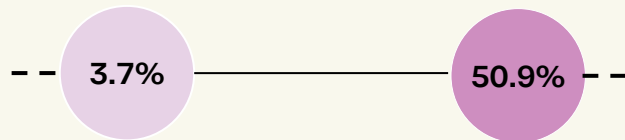
7

Voted proposals

By the Numbers



Support for compensation proposals ranged from 3.7%–50.9%



One proposal received majority support

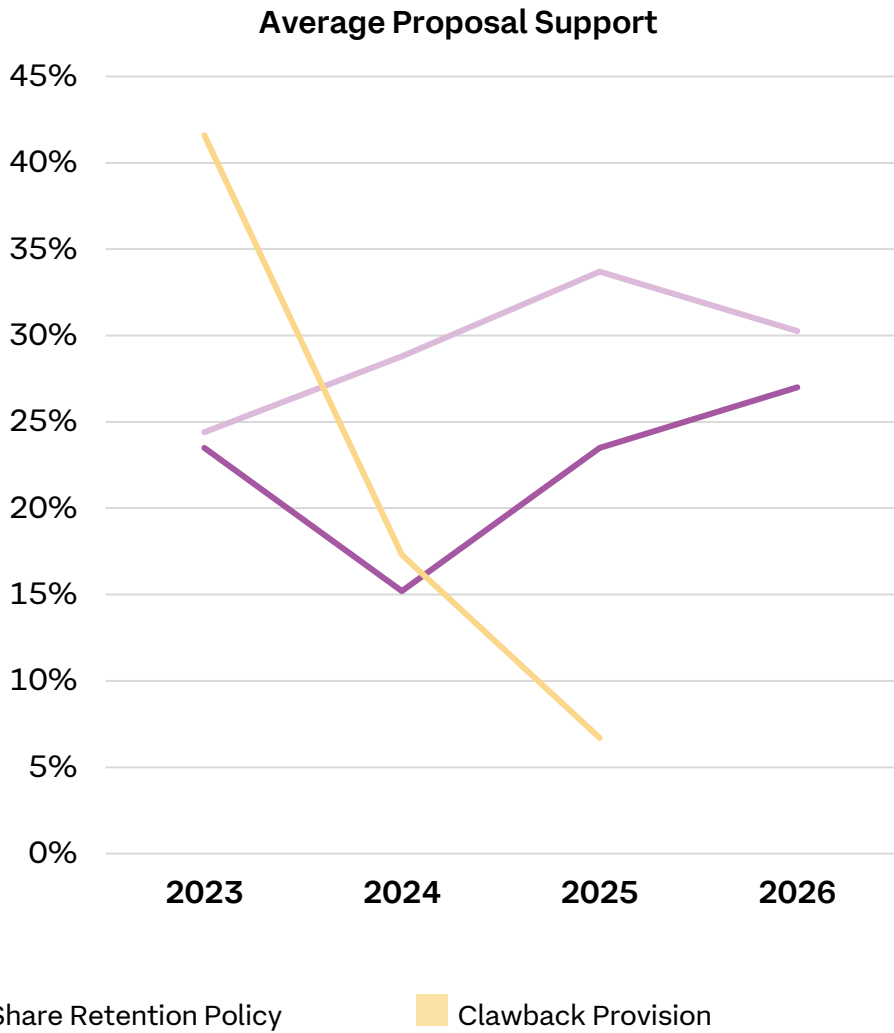
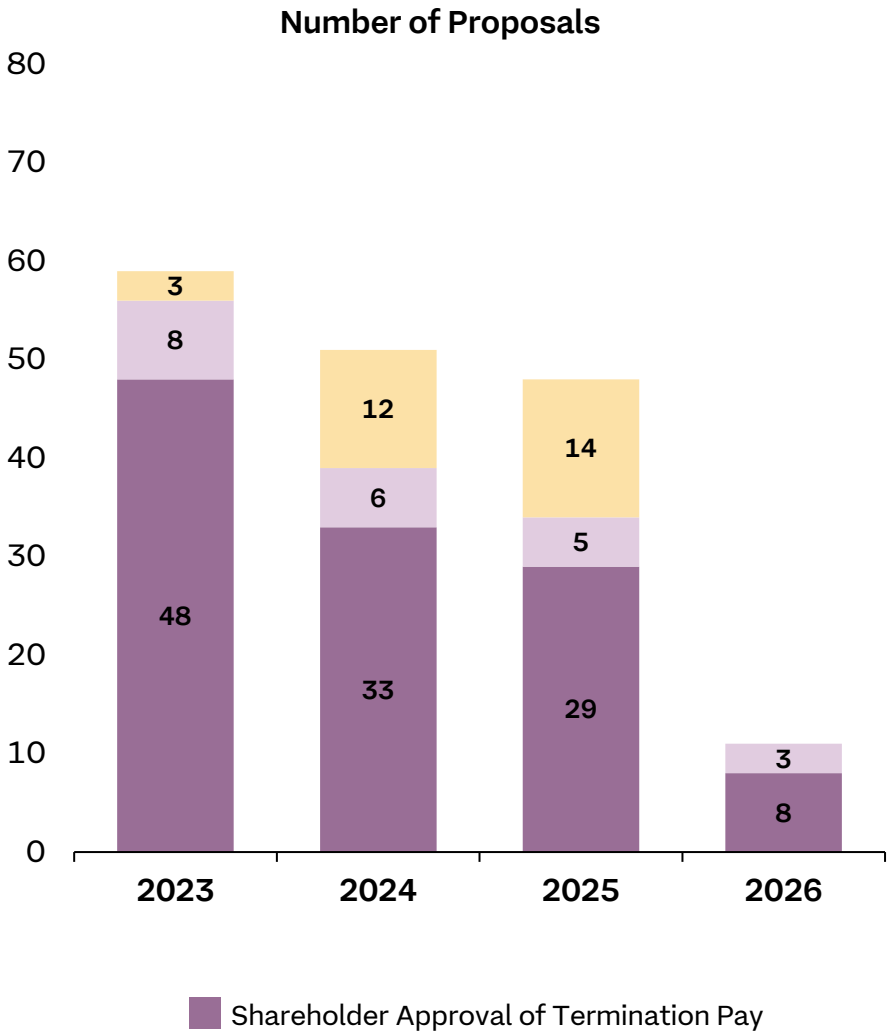
75%

The percentage of all compensation proposals submitted by one proponent

24.4%

The average support received by compensation proposals

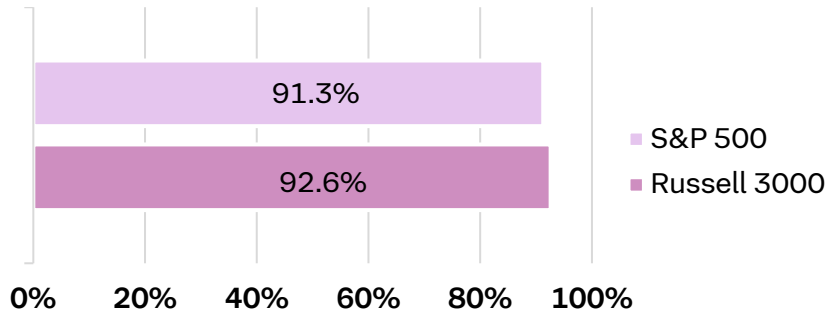
Compensation Proposals Trends Overview



YTD Say-on-Pay Results

- Average Say-on-Pay vote result as of May 2026 for Russell 3000 companies is 1.3% higher than the average vote result for the S&P 500
- The Russell 3000 average vote result of 92.6% is 2.0% higher than last year's
- The S&P 500 average vote result of 91.3% is 1.9% higher than last year's
- The average support rate varied more by sector than in 2025, with the highest average support in the energy sector (95.8%) and lowest in the communication services sector (86.3%), continuing a trend from 2024

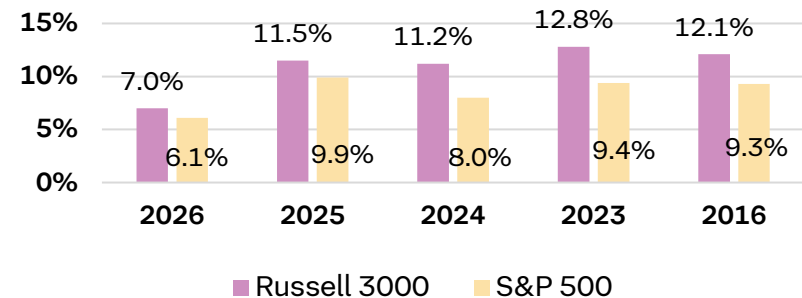
YTD Say-on-Pay Average Support Levels



ISS Recommendations

- In the past 10 years, ISS “against” recommendations for both Russell 3000 and S&P 500 companies peaked in 2022 (14% of the Russell 3000 companies and 12.5% of the S&P 500) and have been generally trending downward to today's level of 7.0% for the Russell 3000 and 6.1% for the S&P 500 as of May 28, 2026
- 22% downward impact on average support level at Russell 3000 and 27% downward impact on average support at S&P 500 where ISS recommended “against” compared to companies that received a vote “for” recommendation

Frequency of ISS “Against” Recommendations



0.4%

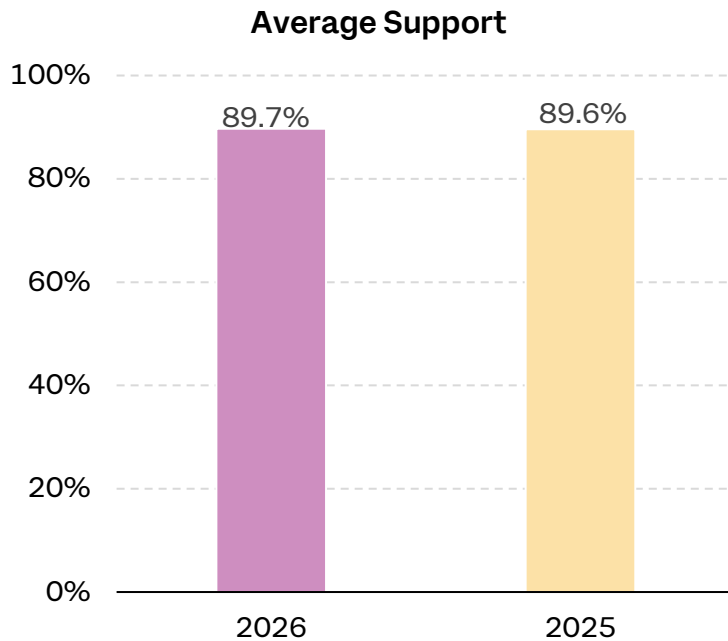
Approximate percentage of Russell 3000 companies that have not received majority vote on Say-on-Pay proposals (down from 1.1% in 2024)

- As of May 20, 2026, 5 Russell 3000 companies have failed Say-on-Pay proposals, one of which is in the S&P 500. Likely causes of failure include pay and performance disconnect, special awards or mega-grants, lack of performance goal rigor, problematic pay practices and shareholder outreach and disclosure
- These initial summary vote results reflect an expected trend of positive early-season vote support; summary results are likely to change over the remainder of the proxy season

Equity Plan and Related Considerations

Support for Equity Plan Proposals

Average support for equity plan proposals remains relatively high in 2026 for Russell 3000 companies

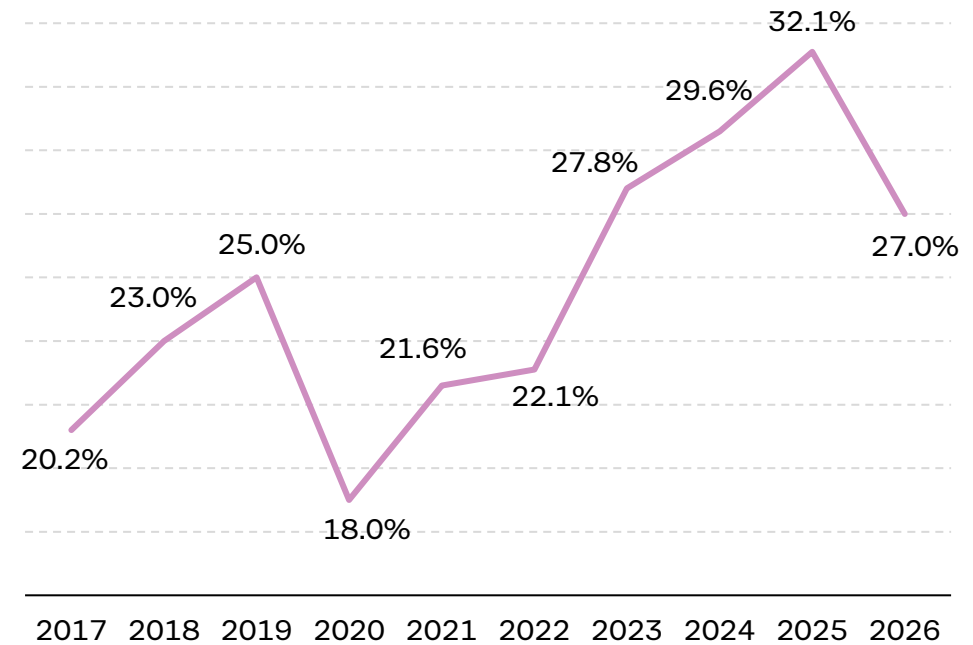


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As of May 2026, no companies have received less than 50% support, compared with one in 2025 during the same period

ISS Against Recommendation

ISS recommended “against” 27.0% of equity plan proposals in 2026 so far, which is significantly below the 2025 full-year rate of 32.1%, a ten-year high



77%

The average vote result for companies that receive an ISS “against” recommendation on an equity plan proposal in 2026 thus far (77%) is aligned with average vote support observed for companies that received an ISS against recommendation in the past decade (76%)

9.

Anti-ESG Legislation and Litigation Trends

State of ESG in 2026

Amplification of Anti-ESG Sentiment

- As anticipated, 2026 has seen the continued amplification of anti-ESG sentiment, driven by federal and state officials as well as private impact litigants
- Now over a year into the current administration's second term, it has rolled back ESG requirements and advanced an "anti-ESG" agenda in various ways, including by proposing to rescind the SEC's climate disclosure rules, issuing new Department of Labor (DOL) guidance that increases risk for ERISA plans that offer ESG investments, and pursuing regulatory enforcement actions against proxy advisory firms
- State attorneys general also remain active in this space, and state legislatures continue to consider and pass anti-ESG legislation
- Private litigants further complicate the landscape
- These trends are expected to continue over the next year

Countervailing Traditional ESG Risk

- Meanwhile, climate change advocates continue to expand the universe of climate litigation
- Companies' climate-related disclosure obligations continue to advance in California, with similar proposals pending in other states. Globally, despite some pullbacks, the EU, Australia, Mexico and other jurisdictions are advancing climate disclosure requirements. Governments are paying increasing attention to the energy and water concerns exacerbated by AI data center expansion, weather, and geopolitical shocks
- Companies continue to face increasing scrutiny around their sustainability goals and representations (e.g., net zero pledges) from consumers, NGOs and investors. Risks can take the form of greenwashing litigation, securities litigation, books and records demands, breach of fiduciary duty claims as well as regulatory and enforcement risks (particularly in Democratic-leaning states)

Anti-ESG Enforcement Trends

- Enforcers increasingly bring anti-ESG claims under multiple legal theories – with antitrust and consumer protection claims being among the most frequently utilized avenues of enforcement
- Antitrust theories typically allege that climate or environmental collaborations (including but not limited to net zero initiatives) constitute an unlawful agreement to boycott or reduce output of certain products (e.g., fossil fuels)
- Consumer protection theories vary based on context. In the financial services sector, enforcers have claimed that organizations violate consumer protection law when they fail to disclose that their ESG investment or business strategies are not in their shareholders' or stakeholders' best interest. With respect to other sectors, such as consumer products, anti-ESG theories may relate to a failure to disclose the likelihood of ESG goals. For example, state attorneys general have suggested that companies should disclose the "actual probability that Earth's economy would reach net zero carbon emissions by 2050" when making net zero claims
- While these claims are largely untested, in *Texas v. BlackRock*, a federal judge in Texas allowed antitrust and consumer protection claims to advance past the motion to dismiss stage – a result which has emboldened further anti-ESG action, particularly at the state attorneys general level

Anti-ESG: Executive Action and State Legislation

Updates Regarding SEC Rules

- On March 27, 2025, the SEC voted to stop defending its climate-related disclosure rules in court. By September 2025, the Eighth Circuit Court of Appeals placed the underlying litigation on hold and directed the SEC to either formally reconsider the rules through ordinary rulemaking or renew its defense
- On May 29, 2026, the SEC formally proposed rescinding the rules, which required public companies to include certain climate-related information in registration statements and annual reports. SEC Chairman Paul Atkins framed the move as restoring the agency to its core statutory mandate, reinstating a materiality-based approach to disclosure and reducing costs on public companies and their shareholders. The public comment period on the rescission proposal closes August 3, 2026

New Department of Labor Guidance

- On April 1, 2026, the DOL's Employee Benefits Security Administration issued Technical Release 2026-01, providing guidance on the application of ERISA's fiduciary rules to proxy advisory firms
- The release clarifies that proxy advisors may qualify as ERISA fiduciaries if they exercise control over shareholder rights attributable to shares that are ERISA plan assets or provide investment advice for a fee to ERISA plans about how such plans should exercise proxy voting rights. The release also indicates that state laws requiring disclosure when proxy recommendations are based on non-financial factors – such as ESG or DEI considerations – would generally not be preempted by ERISA
- This guidance increases risk for ERISA plans that offer ESG investments

- In October 2025, the Federal Deposit Insurance Corporation, the Federal Reserve and the Office of the Comptroller of the Currency rescinded their joint Principles for Climate-Related Financial Risk Management for Large Financial Institutions
- The White House issued an Executive Order on December 11, 2025, targeting proxy advisory firms, including ISS and Glass Lewis, for regulatory enforcement actions

State Anti-ESG Laws

- A growing number of states are considering and passing anti-ESG legislation that (i) restricts consideration of ESG-related factors in investment decisions (e.g., Florida); (ii) bans certain contracts with firms that “boycott” fossil fuel or firearm industries (see, e.g., Texas and Oklahoma); or (iii) prohibits the use of ESG criteria to determine whether to provide services to certain customers
- However, anti-ESG laws in Texas, Oklahoma and Missouri are facing court setbacks:
 - *American Sustainable Business Council v. Hancock*: A Texas federal court invalidated Texas's "Business Blacklist Law" (SB 13) in February 2025, though the Fifth Circuit has stayed that ruling pending appeal
 - *SIFMA v. Ashcroft*: A federal court invalidated Missouri's anti-ESG rules, finding they were preempted by federal law, violated the First Amendment and were unconstitutionally vague
 - *Keenan v. Russ*: The Oklahoma Supreme Court struck down Oklahoma's Energy Discrimination Elimination Act (EDEA) as unconstitutional, invalidating it on the grounds that it conflicted with the state's public employee retirement system's fiduciary duty to act solely in the financial interest of its members

Anti-ESG: State AG Enforcement

State Attorney General Action

- Since late 2022, state attorneys general in about half of U.S. states have launched investigations into signatories of Net Zero Alliances, such as the Net Zero Financial Services Provider Alliance and the Net Zero Banking Alliance, over allegations of antitrust and consumer protection violations connected to the coalitions' net zero greenhouse gas emissions targets. Over the past year, there has been a retreat, at least in the financial sector, from climate alliances and stewardship commitments (e.g., fall reporting indicated that the Net Zero Banking Alliance ceased operations following a series of high-profile departures)
- On January 17, 2025, BlackRock settled a lawsuit brought by the Tennessee Attorney General in December 2023 over BlackRock's ESG practices. Tennessee alleged that BlackRock falsely represented that certain funds do not incorporate ESG considerations and that BlackRock overstated or misrepresented the connection between ESG pursuits and financial performance

Letters

- In October 2025, five state attorneys general opened an investigation into three plastics standard-setting and trade associations: the U.S. Plastics Pact, the Consumer Goods Forum and the Sustainable Packaging Coalition. In February 2026, five more attorneys general joined the original coalition of Florida, Texas, Montana, Nebraska and Iowa in sending a "warning letter" to nearly 80 corporations that are members of the three plastics organizations currently under investigation. The letter argued that setting uniform standards for what is considered recyclable could reduce competition, limit consumer choice and degrade product quality
- Another group of conservative-leaning state attorneys general issued a letter to the Science Based Targets Initiative (SBTi) that suggested companies making ESG commitments (e.g., around net zero) "would likely need to be open with consumers about the actual probability that Earth's economy would reach net zero carbon emissions by 2050 absent near-universal government coercion or near-universal effort by the entire global populace." It remains to be seen whether such allegations will lead to further enforcement activity or be tested in the courts
- In April 2026, four state attorneys general sent a letter to the three major credit agencies — Fitch Ratings, Moody's Investors Service and S&P Global Ratings — to warn that downgrading companies in the fossil fuel sector based on "highly speculative ESG predictions and goals" violates federal and state securities laws. The letter also suggested that the ratings agencies' participation in the Net Zero Financial Services Providers Alliance (NZFSPA) and support for the Principles for Responsible Investment could constitute potential antitrust violations
- A coalition of 16 state attorneys general opened an investigation into Microsoft, Meta, Google and Amazon alleging that claims of being "100% powered by renewable energy" are misleading where they rest solely on the purchase of Renewable Energy Certificates rather than actual emissions reductions

Anti-ESG: Litigation

Texas v. BlackRock, Inc.

- Texas and 12 other states filed suit in November 2024 against BlackRock, Vanguard and State Street, alleging that they violated U.S. antitrust laws by colluding to pressure coal producers to reduce their coal output. The lawsuit points to the companies' membership in ESG-focused organizations as evidence of collusion, and it claims that the result of the alleged collusion was higher energy prices for consumers
- In February 2026, Vanguard agreed to a \$29.5 million settlement
- Following Vanguard's settlement, BlackRock and State Street filed their answers and affirmative defenses to the second amended complaint in March 2026. Both firms continue to contest the allegations

Spence v. American Airlines

- On January 10, 2025, a Texas district court issued a first-of-its-kind decision, holding that American Airlines and its Employee Benefits Committee breached their fiduciary duty of loyalty under ERISA by "failing to loyally act solely in the retirement plan's best financial interests" in allowing BlackRock to consider ESG investing for the plan
- The Court held that American Airlines violated its duty of loyalty because it was committed to ESG goals, had a conflict of interest together with BlackRock and failed to keep its own corporate interests separate from its responsibilities as a fiduciary
- On September 30, 2025, the Court denied Plaintiff's request for monetary relief after finding that Plaintiff failed to prove any actual monetary losses to the plan. Instead, the Court granted injunctive relief. On February 10, 2026, the Court denied American Airlines' motion for reconsideration and clarified the injunction

Lawsuits Against ISS in Texas, Iowa, Nebraska and West Virginia

- Attorneys general from Texas, Nebraska, Iowa and West Virginia filed separate lawsuits against ISS in May 2026, alleging violations of state consumer protection laws. The core claim is that ISS misrepresented its services as independent and objective while embedding ESG and climate-linked criteria into its benchmark voting guidelines without adequate client disclosure

Disclosure-Related Risks

Despite the current administration’s pullback from sustainability-related issues, companies continue to face increasing scrutiny around their sustainability goals and representations (e.g., net zero pledges) from consumers, NGOs and investors

Overview

- California has enacted climate disclosure laws requiring large companies to report greenhouse gas emissions and climate-related financial risks, reflecting a broader regulatory trend also seen in states such as New York, New Jersey, Colorado and Illinois, which are advancing or considering similar disclosure frameworks
- For completeness, the EU has implemented extensive ESG disclosure requirements under frameworks such as the Corporate Sustainability Reporting Directive (CSRD) and the Sustainable Finance Disclosure Regulation (SFDR), mandating detailed, standardized reporting on environmental, social and governance factors. Many global jurisdictions are adopting versions of the International Sustainability Standards Board (ISSB) standards

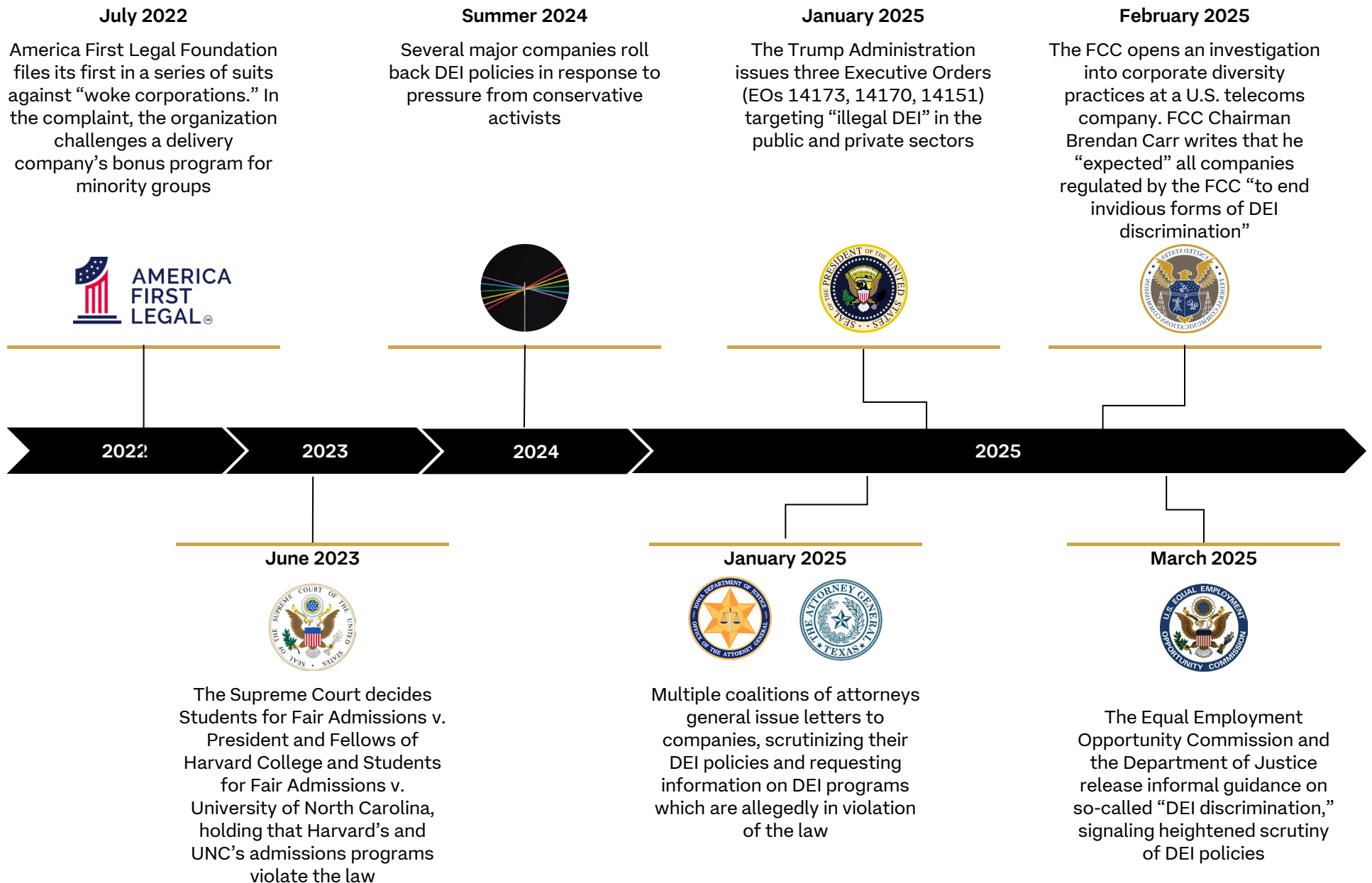
Survey of Approaches to Unmet Goals

- Many companies had sustainability goals with 2025 end dates, some of which went unmet. Some companies have chosen to address these unmet goals directly, while others have not
- Companies that have acknowledged unmet goals have used varied channels of communication, such as standalone press releases, C-suite interviews, investor materials and sustainability reports to communicate revised or unmet sustainability goals
- Some revised or unmet goals were reported in the press and received criticism from NGOs. Backlash was most severe when communications approaches were perceived as lacking transparency or contradicting prior statements

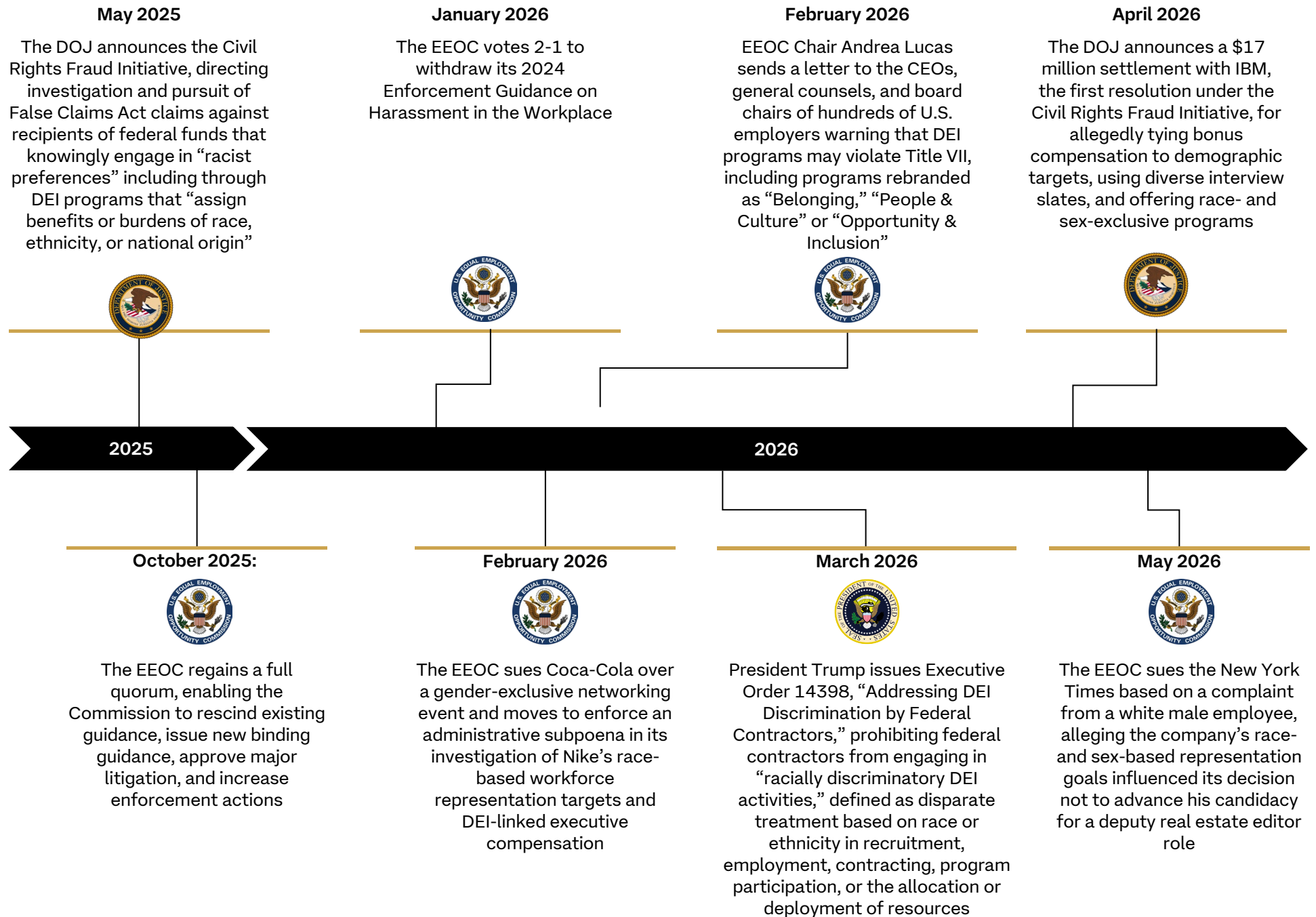
Risks Related to Unmet or Revised Goals

- Risks include greenwashing litigation risk, securities litigation risk, Section 220 demands, breach of fiduciary duty claims, regulatory and enforcement risks and ex-U.S. legal and regulatory risks
- Relevant Litigation:
 - *Environmental Working Group v. Tyson Foods, Inc*: An environmental organization challenged Tyson Foods’ net zero pledge and its claim that it produces “climate-smart” beef, alleging that Tyson had no viable plans to achieve the goals. The parties settled the case in November 2025, following the denial of Tyson’s motion to dismiss
 - *New York Attorney General v. JBS USA*: The New York Attorney General secured a \$1.1 million settlement win over allegedly misleading claims that the company would reach net zero greenhouse gas emissions by 2040, despite allegedly having no viable plan to achieve that goal
- Third-party validation of goals and plans will increasingly be required
 - EU Empowering Consumers Directive (effective September 2026) will require implementation plans and third-party verification for forward-looking environmental performance claims, impose significant penalties related to vague, unsubstantiated environmental claims and mandate transparency

Legal Developments in DEI: A Timeline



Legal Developments in DEI: A Timeline (Cont'd)



The Enforcement Landscape

DOJ – False Claims Act

- The DOJ has pioneered the use of the False Claims Act to target DEI programs indirectly by going after federal grants and contracts
- **Civil Rights Fraud Initiative (May 2025):** Deputy Attorney General Blanche directs DOJ to investigate federal fund recipients that “knowingly engage in racist preferences, mandates, policies, programs, and activities”
- **Enforcement Priorities:** Deputy Assistant Attorney General Brenna Jenny stated publicly that DOJ is targeting demographic tracking systems for hiring and staffing, compensation tied to DEI metrics, performance reviews requiring employees to support DEI initiatives, training and mentoring restricted by race or sex, and diverse-slate requirements that relax qualification standards; DEI cases are receiving “expedited priority treatment”
- **IBM Settlement (April 2026):** First resolution under the Initiative; IBM pays \$17M to resolve allegations (see next slide)
- **Ongoing Investigations:** DOJ has sent document demands to companies across multiple industries
- **Qui Tam:** The Initiative leverages the FCA’s whistleblower mechanism to encourage employees, competitors, and disappointed bidders to file claims

State Attorneys General

- **Texas and Florida Attorney General Opinions (January 2026):** On the same date, both attorneys general published formal legal opinions asserting that certain DEI and affirmative action measures constitute unlawful race-based discrimination
- **AG Coalition Letters:** Multiple coalitions of state attorneys general have sent letters to major companies scrutinizing DEI policies and requesting information on programs alleged to violate antidiscrimination law
- **Litigation Limitations:** In *Missouri v. Starbucks* (February 2026), the court dismissed Missouri’s claims of race- and sex-based hiring practices for lack of standing, finding the state failed to identify a single resident who suffered an adverse employment action

EEOC – Title VII

- The EEOC regained a quorum in October 2025 after a nine-month gap; Chair Andrea Lucas has stated that DEI programs involving employment decisions “motivated in whole or in part” by race or sex are unlawful
- **Chair Lucas Letter (February 2026):** Sent to CEOs, general counsels and board chairs of hundreds of the largest U.S. employers warning that DEI programs may violate Title VII – including programs rebranded as “Belonging,” “People & Culture” or “Opportunity & Inclusion”
- **Enforcement Actions:** The EEOC has targeted specific categories of DEI programs:
 - Race- and sex-based representation goals influencing promotions (*EEOC v. NYT*)
 - Race-based workforce quotas and DEI-linked executive compensation (*EEOC v. Nike*)
 - Sex-exclusive employer-sponsored events (*EEOC v. Coca-Cola*)
 - Racially segregated affinity groups and race-exclusive benefits (settled claims)
- **Scope:** Title VII covers discrimination based on race, color, sex, religion and national origin – significantly broader than the race-and-ethnicity limitation of FAR 52.222-90

Federal Contracting – EO 14398 & FAR 52.222-90

- **Executive Order 14398 (March 2026)** prohibits federal contractors from engaging in “racially discriminatory DEI activities,” defined as disparate treatment based on **race or ethnicity** in recruitment, employment, contracting, program participation and resource allocation; sex and gender are not within scope
- FAR deviation clause 52.222-90 (effective April 2026) implements EO 14398, stipulating that compliance is material to the Government’s payment decisions for FCA purposes.
- **Scope:** 160,000+ prime contracts across 34,000+ vendors; estimated 642,000+ total awards including subcontracts
- **Deadlines:** New contracts: April 24, 2026; Modification of existing contracts: July 24, 2026 (contractors that refuse face potential termination for convenience)

Key Enforcement Actions

DOJ Settlement with IBM – False Claims Act (April 2026)

- First resolution under the DOJ’s Civil Rights Fraud Initiative
- IBM paid \$17m to resolve allegations that it violated anti-discrimination requirements in its federal contracts
- The government alleged that IBM tied bonus compensation to achieving demographic targets through a “diversity modifier,” altered interview criteria through diverse interview slates, developed race and sex demographic goals for business units, and offered training, mentoring, leadership development and educational opportunities with eligibility limited by race or sex
- IBM received cooperation credit for early disclosures and voluntary termination of programs at issue
- The settlement does not preclude suspension or debarment, and does not prevent individual employees from bringing separate discrimination claims arising from the same conduct
- Deputy Attorney General Blanche stated that contractors cannot “evade the law by repackaging [racial discrimination] as DEI”

EEOC v. Nike, Inc. (E.D. Mo. 2026)

- The EEOC filed a motion to enforce an administrative subpoena in its investigation of Nike for alleged violations of Title VII
- The EEOC alleges Nike engaged in a “pattern or practice of disparate treatment against white employees, applicants, and training program participants”
- The investigation targets Nike’s published “2025 Targets” for workforce racial representation, executive compensation tied to DEI metrics, and programs aimed at increasing minority representation
- Nike filed an opposition arguing the subpoena requests are “vague, overbroad, and/or unduly burdensome” and moved to dismiss for improper venue or transfer to the District of Oregon
- Pending

Key Enforcement Actions (cont.)

EEOC v. The New York Times (S.D.N.Y. 2026)

- The EEOC sued the New York Times on behalf of a white male editor who alleged his race and sex factored into the company's decision not to consider him for a promotion
- The EEOC alleges that the company's "stated race and sex-based representation goals influenced the decision not to advance" the employee's candidacy for a deputy editor role
- The EEOC further alleges that the race and sex of the selected candidate "factored into the decision to advance her to a final interview panel and award her the position"
- The Times stated that its promotions are "merit based" and that it "categorically rejects the politically motivated allegations brought by the Trump administration's EEOC"
- Early stage

EEOC v. Coca-Cola Beverages Northeast, Inc. (D.N.H. 2026)

- The EEOC sued Coca-Cola alleging it engaged in unlawful employment practices on the basis of sex in violation of Title VII
- The complaint alleges that the company invited only female employees to a Women's Forum at a casino resort featuring networking, team-building exercises and recreational activities, excusing them from regular duties and paying their normal wages
- The EEOC alleges the exclusion of male employees constitutes a "denial of equal compensation, terms, conditions, or privileges of employment on the basis of sex"
- Coca-Cola moved to dismiss, arguing the Women's Forum was a lawful effort to expand its pool of qualified candidates for promotion, that its actions complied with Title VII and Executive Order 11246 (which was not revoked until January 21, 2025, more than four months after the event), and that exclusion from a one-time event is "far too trifling" to constitute actionable discrimination
- Motion to dismiss pending

Corporate Response

Companies are responding to a combination of activist pressure, political scrutiny, and government enforcement with measurable changes to governance, disclosure, and internal programs

Governance & Disclosure

Board Composition

- S&P 500 board diversity consideration policies fell from approximately 50% (2024) to 25% (2025) to 14% (2026 early disclosures)
- Only 29% of new Russell 3000 directors appointed in 2025 were women, the lowest share since 2017
- Net gain for women's board seats dropped from 258 (2024) to 47 (2025)
- BlackRock dropped its 30% diverse director target; Fidelity stopped threatening votes against directors on insufficiently diverse boards; Goldman Sachs, JPMorgan and Morgan Stanley dropped similar requirements

Public Filings

- The acronyms “DEI” and “DE&I” were completely eliminated from all S&P 100 human capital disclosures in 2025, down from 170 references across 49 companies in 2024; references to “merit” increased fourfold
- 53% of S&P 100 companies made material adjustments to DEI messaging in 2025 10-Ks, including removal of “equity” (33%), narrowed pay equity disclosure (30%) and reduction of DEI metrics and targets (21%)
- S&P 500 companies providing no board gender disclosure rose from 1.4% to 28.7%; no racial/ethnic disclosure rose from 2.5% to 24.7%
- DEI-linked executive compensation disclosure dropped from 68% to 35% among S&P 500 companies
- Where companies continue to reference board diversity, many now define it broadly to include skills, backgrounds, experiences and viewpoints rather than protected-class demographics

Programs & Policies

Scaling Back

- Companies are scaling back or dismantling DEI programs, cutting DEI-informed hiring policies, restructuring or eliminating employee resource groups and reducing DEI-linked budgets
- DEI-titled job postings have fallen over 50% since mid-2022
- Fortune 500 participation in the Human Rights Campaign's Corporate Equality Index dropped 65%, from 377 companies (2025) to 131 (2026)
- Private ordering drove initial corporate revisions beginning in 2023; government enforcement has accelerated the trend

Nuances

- 81% of S&P 100 companies retain some form of diversity or inclusion-related disclosure
- More companies are disclosing formal board committee oversight of DEI (S&P 500: 79% to 87%), suggesting companies are embedding DEI governance internally while reducing public visibility
- Broader human capital metrics such as employee engagement and talent development saw upticks even as DEI-specific metrics declined
- The corporate retreat creates growing misalignment with international disclosure standards, including the EU's Corporate Sustainability Reporting Directive and Pay Transparency Directive, which continue to treat workforce DEI as material
- Companies face potential risk in both directions: maintaining DEI programs risks federal enforcement, while abruptly dismantling programs could expose companies to claims from employees who relied on them

10.

Shareholder Activism

2026 Activism and Related Trends

Continued Focus on M&A+

Robust deal markets, a favorable regulatory environment and ample capital have spurred M&A-driven activism, while global economic uncertainty is driving strategic, operational and capital return theses

CEOs in the Crosshairs

Elevated CEO turnover in the market is mirrored in activism, with increasing calls for CEO replacement during campaigns and significant post-campaign turnover

Alternatives to Activism

Activists are increasing use of withhold campaigns targeting individual directors, coupled with heightened scrutiny of performance and oversight

First Timers and Inside Out

First-time activists continue to represent a meaningful share of activity, with a growing number and prominence of former insiders adopting activist playbooks

Buckle in for the Long Haul

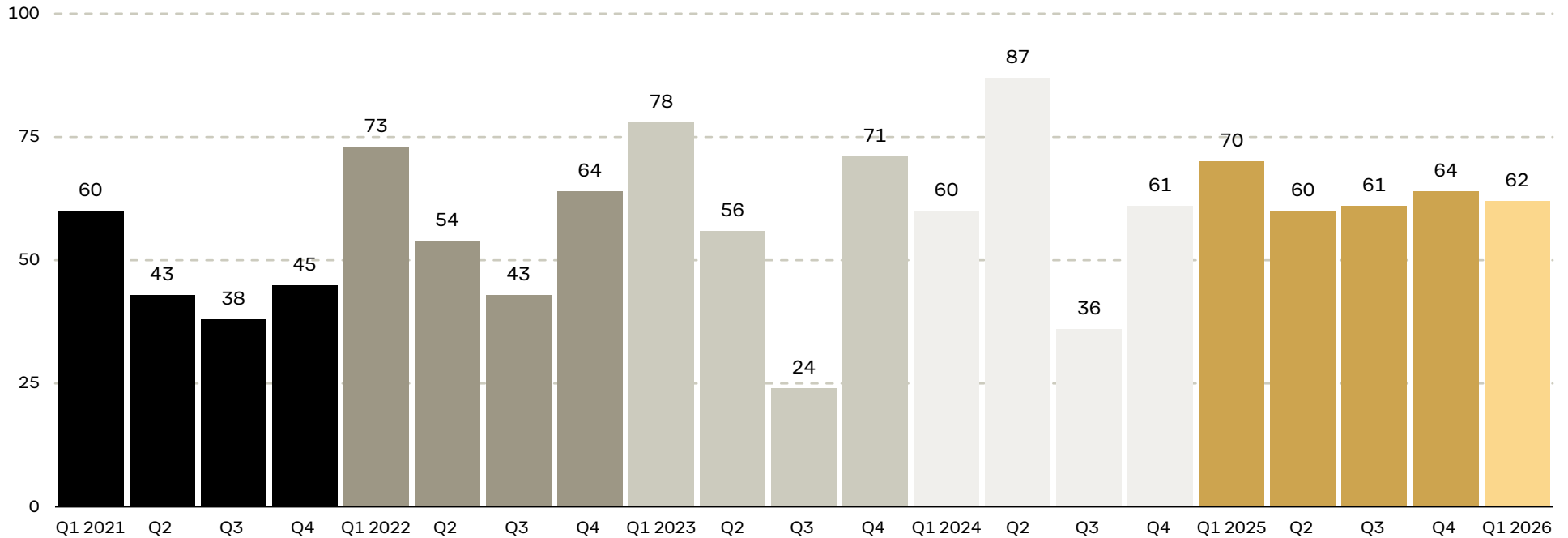
Activism engagements are lengthening into multi-year engagements, increasingly complicated by the arrival of multiple activists

Proxy Advisory Firms Hold Strong

Proxy advisors, under growing scrutiny and evolving internal policies, continue to be supportive of activist nominees; while generally no longer outcome determinative, recommendations continue to drive late settlements

Global Quarterly Review of Campaigns

Number of Campaigns Initiated Each Quarter Globally Since 2020



Q1 2026 Highlights

- 62 new campaigns launched globally, an 11% decrease year-over-year
- U.S. activism represents nearly two-thirds of all global campaigns and was up slightly year-over-year
- Activity was heavily concentrated in industrials and technology (which together are nearly half of all campaigns), with significant activism also at financial institutions and healthcare
- M&A-related theses continue to feature in activism campaigns, but as global uncertainty rises, strategic, operational and capital return theses increase

2025 Highlights

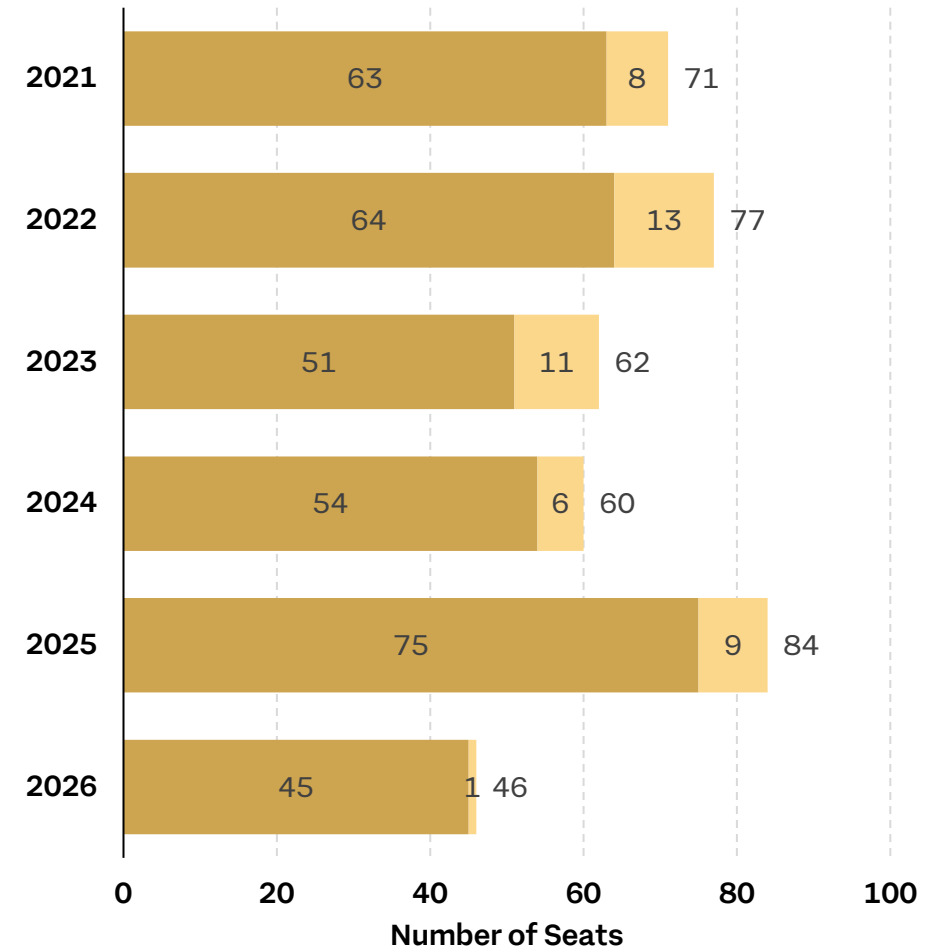
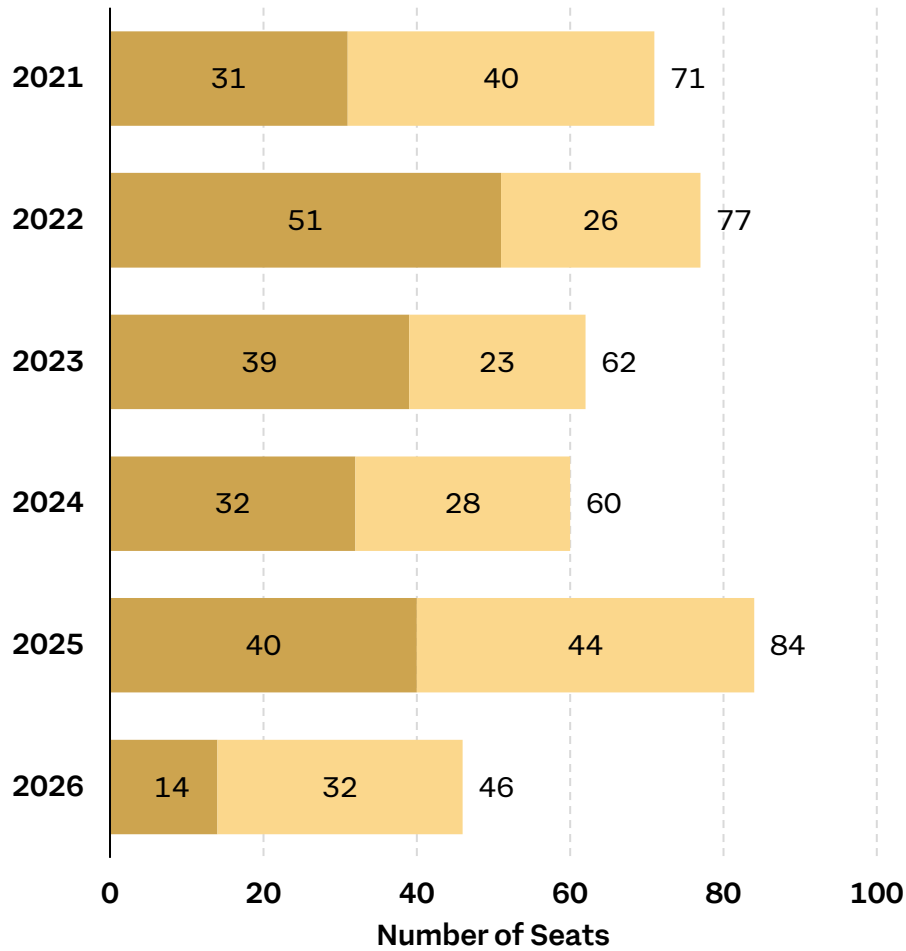
- Annual campaign activity hit a new record in 2025 with 255 total campaigns (compared to 229 in 2024)
- 142 unique individual investors launched campaigns in 2025, with 29% being first-time activists

Note: All data is for campaigns conducted globally by activists at companies with market capitalizations greater than \$500 million at time of campaign announcement; select campaigns with market capitalizations less than \$500 million due to depressed valuation at the time of campaign announcement (company was larger than \$500 million in prior twelve months).

US Activism Fight vs. Settlement Trends

As of June 15, 2026, activists claimed 46 board seats

45 of the 46 seats gained (97.8%) were through settlements between the activist and the company



■ # of Board Seats Activists Gained in Q2, Q3, and Q4
 ■ # of Board Seats Activists Gained in Q1

■ # of Board Seats Gained through Settlements
 ■ # of Board Seats Won through Proxy Fights

Note: All data is for campaigns conducted by activists at companies with market capitalizations greater than \$500 million at the time of campaign announcement

Notable U.S. Contested Elections With Shareholder Meetings in Q2 2026*



April 30, 2026
 Cap 1 / Summer Road slate/proposal: Proxy fight for one Class A board seat
Result: Dissident won one of two Class A shareholder-designated board seats



May 27, 2026
 Erez Asset Management slate/proposal: Withhold vote campaign for one director**
Result: All company's directors reelected, including the targeted director who received 59% support



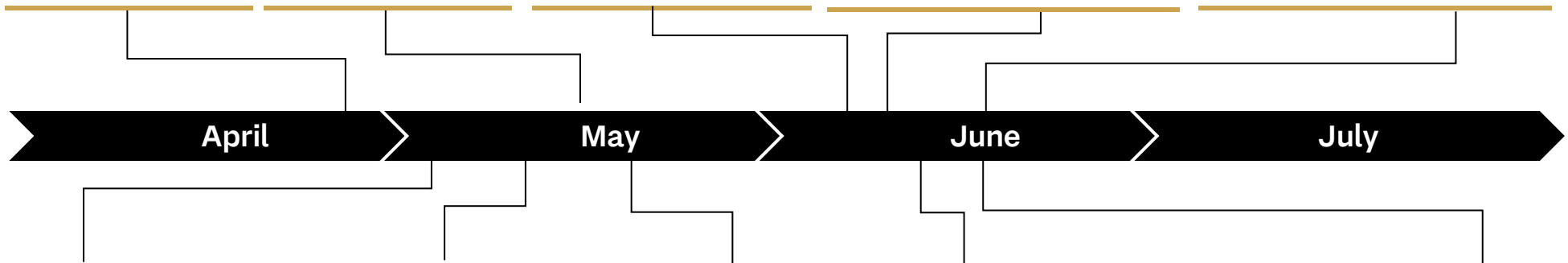
June 9, 2026
 DOMA Perpetual Capital Management, LLC slate/proposal: Proxy fight for three board seats
Result: All company directors re-elected



June 10, 2026
 Veradace Capital Management slate/proposal: Withhold vote campaign against all six incumbent directors; urging termination of proposed KUBRA acquisition**
Result: Veradace withdrew its nominations, but stated it would withhold on all directors over ongoing governance concerns



June 18, 2026
 Diana Shipping / Star Bulk Carriers slate/proposal: Proxy fight for full slate of six directors; unsolicited cash tender offer
Result: All company's directors reelected



May 5, 2026
 Impactive Capital slate/proposal: Proxy fight for three board seats, urged company to split CEO and Chair roles
Result: Settled just before annual meeting for three independent directors (including the activist) and separate CEO/chair roles



May 18, 2026
 Sieve slate/proposal: Withhold vote campaign for Chair after a late December settlement with Ancora; Glass Lewis recommends against the Chair**
Result: Chair re-elected with approximately 75% of the votes cast



May 27, 2026
 Beretta Holdings slate/proposal: Proxy fight for four board seats; unsolicited partial tender offer for additional 20.05% of shares at \$44.80 per share
Result: Settled, agreement to appoint two Beretta-designated independent directors and modify rights plan to permit Beretta to acquire up to 25%



STURM, RUGER & CO., INC.

June 11, 2026
 BBRC slate/proposal: Withhold vote campaign for Chair**
Result: Chair re-elected with approximately 83% of votes cast



VICTORIA'S SECRET

June 25, 2026
 Chip Wilson slate/proposal: Proxy fight for three board seats, proposal to declassify board
Result: Settled; agreement to appoint two of three dissident nominees, with parties to identify one additional independent director by October 1, 2026



*Timeline reflects dates of the 2026 annual shareholder meeting

**Withhold vote campaigns where the activist challenges the company's board nominees without proposing an alternate slate of nominees

Source: FactSet

The Rise of Inside-Out Activism

Activism led by former founders, executives or directors often uses familiar activist tools – underperformance critiques, public pressure and proxy fights for board seats, but with a more personal narrative: the former insider claims unique credibility to restore what made the company successful

Insiders use familiar activist playbooks while leveraging their legitimacy and alignment with shareholders

- Former insiders often portray themselves as concerned stakeholders, while highlighting their shared history, knowledge of operations and the industry, and past financial highlights
 - “We are entrepreneurs, not activist investors.” – Coulter & Tkach in public letter to shareholders
 - “I know this campaign for change cannot be about me ... It is about recommitting lululemon to genuine creative leadership that will reestablish a brand of enduring strength.” – Wilson in WSJ article
 - “Mr. Neugebauer does not intend to return to management if elected as a director unless requested to do so.... Instead, his primary focus is ensuring that the future of Fermi is overseen by directors prepared to conduct an independent process that fully tests whether shareholders are best served by the standalone plan or by a value-maximizing transaction...” – Neugebauer proxy statement at Fermi
- Former insiders leverage the traditional activist playbook
 - Similar theses: underperformance and undervaluation, misallocation of capital, deficiencies in oversight, etc.
 - Similar escalation: campaigns usually begin privately, then escalate to public attacks and, potentially, proxy fights
 - Similar asks: director nominations are the central lever, often paired with governance proposals

Insiders motivated not (only) by economics but also a desire to protect their legacy or regain influence

- Former insiders often criticize current leadership for perceived mission drift and seek to return the company to the models that they originally built the company on
 - “[lululemon] was built as a premium, innovative, product-led brand ... However, the Wilson Group believes that the Board’s series of missteps ... have eroded that foundation.” – Wilson proxy statement
 - “Our influence and voices were considerably less than our titles and holdings would suggest ... other executives and directors purposely avoided seeking our counsel or disregarded it outright.” – Coulter & Tkach proxy statement
- Former insiders may own significant stakes in the companies, which they can leverage as alignment with shareholder interests
 - Coulter and Tkach together beneficially owned ~32% of Class B shares with ~31.1% voting power in RumbleOn
 - Wilson was the largest non-institutional shareholder of lululemon, holding approximately 8.6% of shares
 - There are exceptions: Miller held less than 1% of Crown Castle shares, and the company criticized him for seeking an “unjustified degree of control”

Implications for Companies Facing Inside-Out Activism

Early outreach and engagement from insiders can carry heightened significance

- Escalation may be quick if former insiders feel private engagement has not been meaningful and may have a different sense of what meaningful is compared to a hedge fund
- Insiders may continue to have connections at the company internally and a level of access to company information that may not be available to a typical hedge fund activist
- There may be more attention from stakeholders and internally in connection with insider-led activism, making for heightened reputational, IR and PR considerations

Inside-out campaigns may be more persistent and settlement motivations may be different

- Because an insider's motivation may be a mix of legacy, influence and economics, they may be less likely to be satisfied by short-term improvements in financial results or company announcements of new business strategies or board refreshment
- Some insiders may insist on regaining direct influence, such as by being personally nominated to the board and less likely to agree on other independent directors

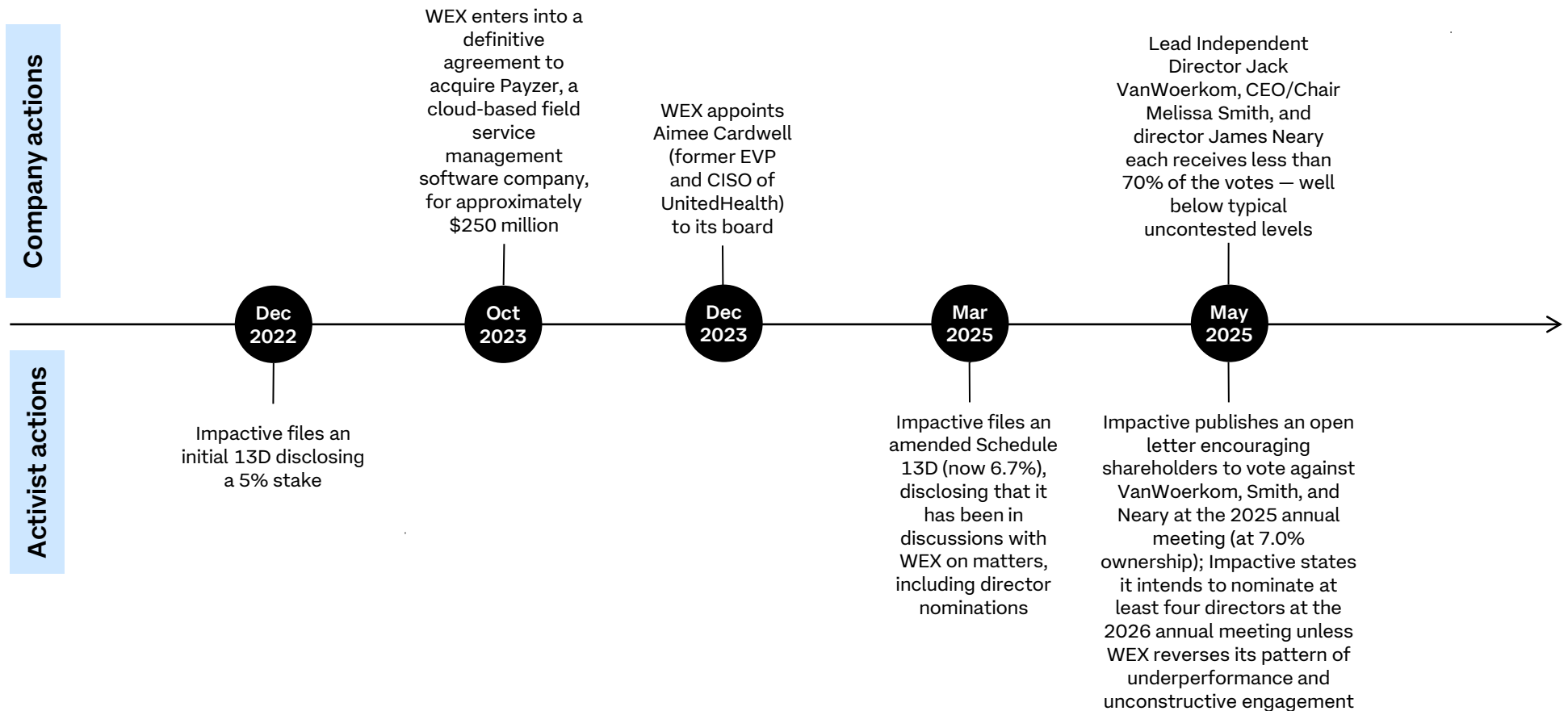
Insiders typically employ familiar activist tools

- Insiders may form partnerships with or receive support from institutional activists, increasing campaign sophistication and visibility
- While insider-led campaigns often draw strength from the former insider's legacy, the company's response can focus on present and future shareholder interests rather than debating the founder's history
- Defense tactics and playbooks are largely consistent

WEX Inc. vs. Impactive Capital LP



A cautionary tale – be prepared to withstand a long, multi-year activist campaign

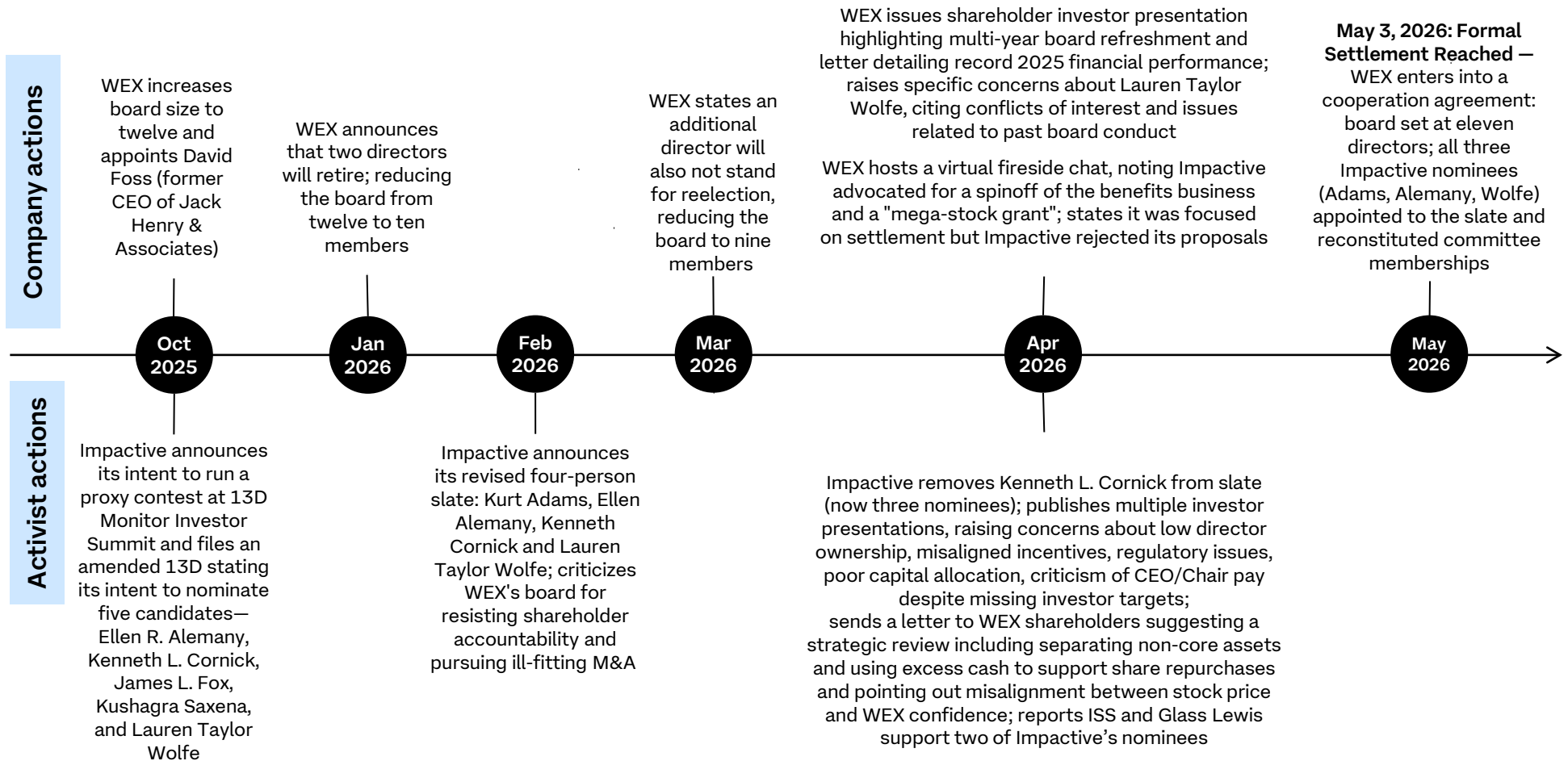


- Impactive Capital’s campaign at WEX is one of the most protracted recent activist engagements, spanning from October 2022 through May 2026—over three and a half years from initial public knowledge to settlement
- The company responded to activist pressure with significant capital return initiatives, cumulatively authorizing over \$2 billion in share repurchases and executing a \$750 million modified Dutch auction tender offer
- Despite WEX’s strong competitive position and asset portfolio, proxy advisors raised concerns about poor performance compared to peers and limited value creation from acquisitions and buybacks
- JANA Partners also held a position in WEX from May 2025 but subsequently exited
- The 2025 “vote no” campaign served as an effective precursor to the full proxy fight: the three targeted directors received less than 70% of shareholder support, validating Impactive’s thesis and providing momentum for a more aggressive campaign in 2026

WEX Inc. vs. Impactive Capital LP (cont.)



A cautionary tale – be prepared to withstand a long, multi-year activist campaign



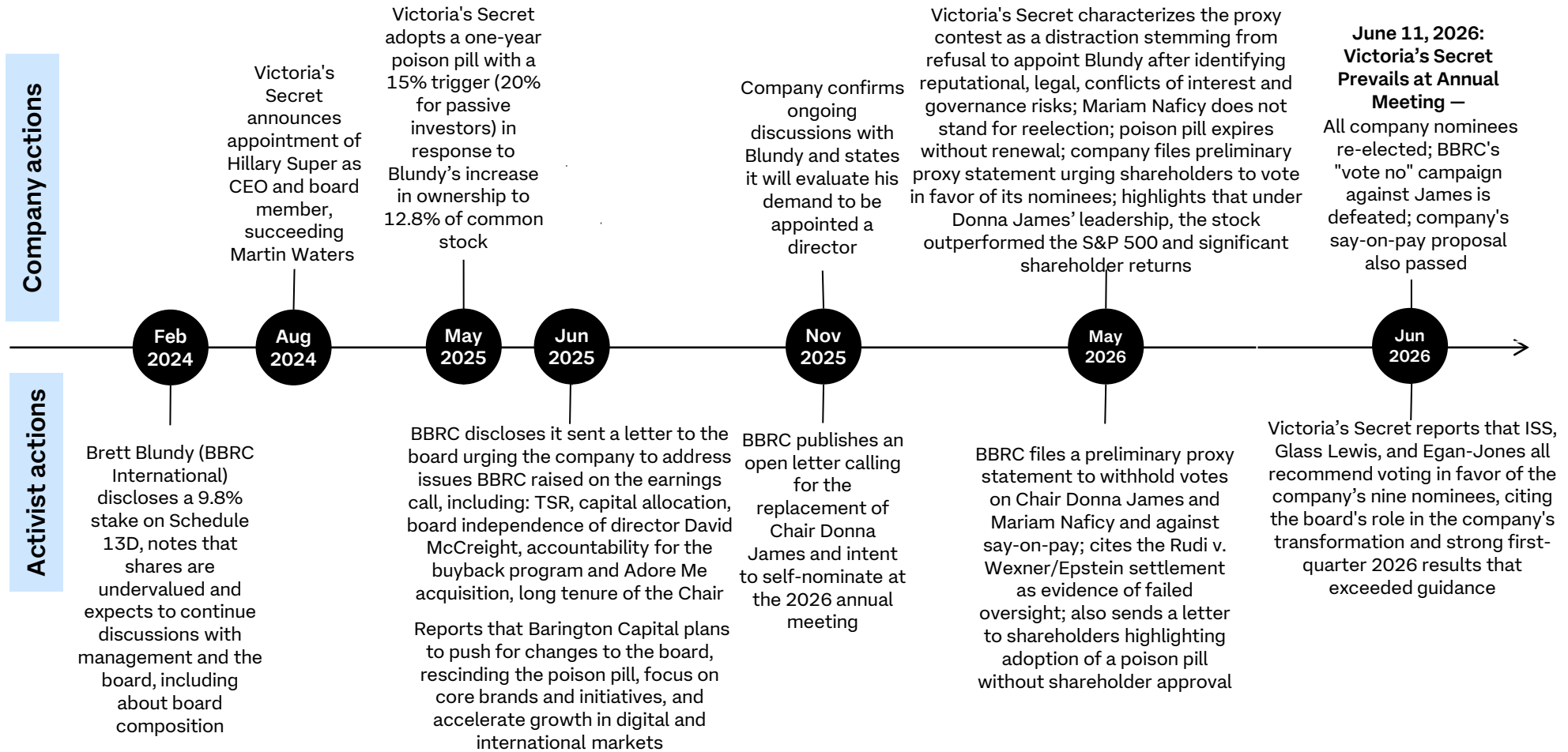
- WEX agreed to separate the CEO and Chair
- ISS and Glass Lewis each backed two of three nominees (Adams and Wolfe), while Egan-Jones backed all three, providing significant momentum toward settlement
- The FDIC and UDFI notified Impactive that its failure to obtain prior approval for its proxy solicitation at a bank holding company may result in the invalidation of proxies; an unusual regulatory complication that was ultimately mooted by the settlement
- At the annual meeting (held after the settlement), all eleven directors were elected with strong support
- Impactive's slate underwent two changes during the campaign: the initial five-person nomination was first narrowed to four (February 2026), then to three (April 2026), as the board reduced in size

Victoria's Secret & Co. vs. Brett Blundy



VICTORIA'S SECRET

A successful defense: how performance and messaging can defeat a 'vote no' campaign



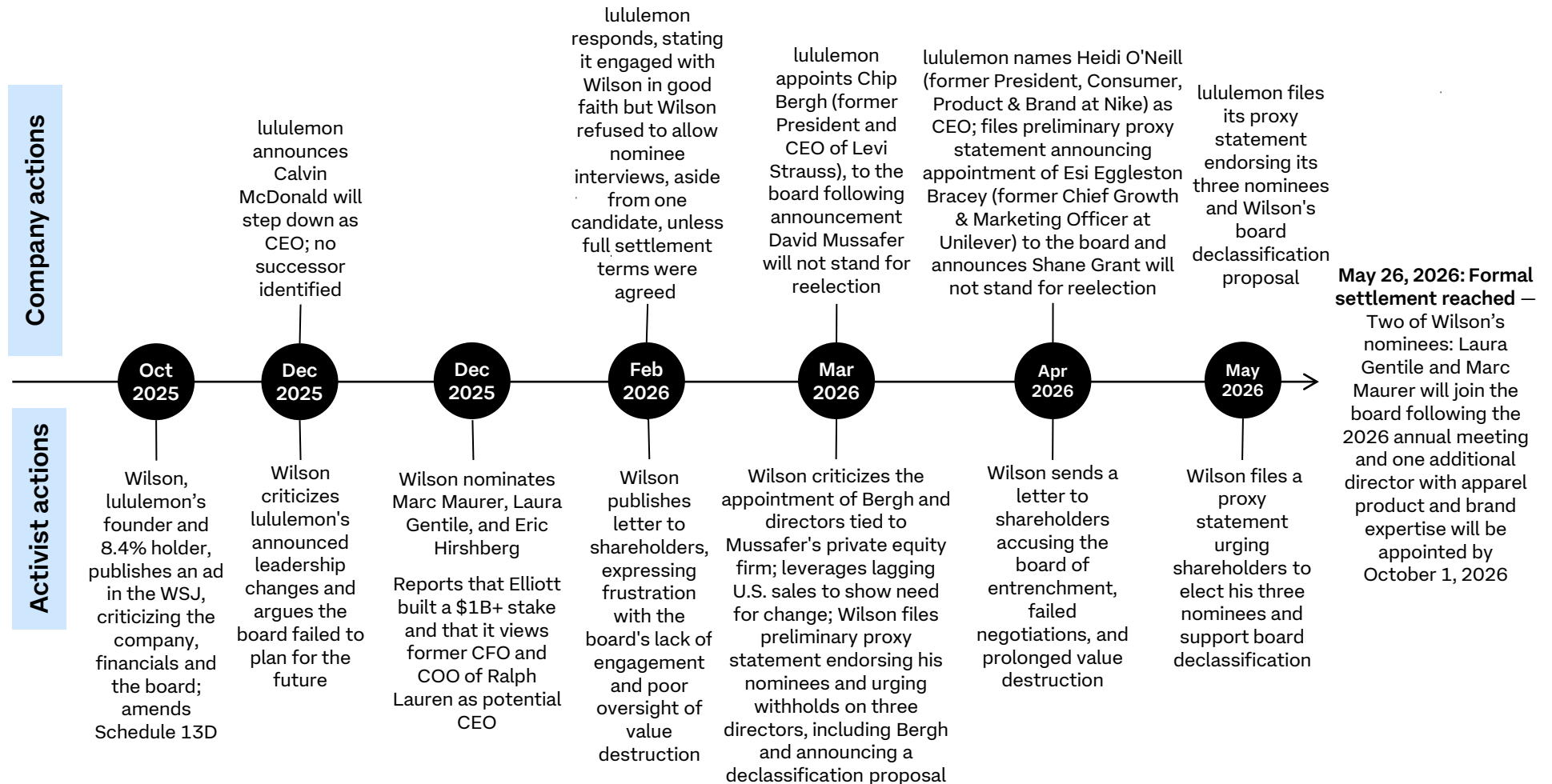
- Since its 2021 spin-off from L Brands, Victoria's Secret had TSR of -64% through mid-2025, but a stock rebound (with one-year TSR of more than 300% as of mid-June 2026), undercuts Blundy's underperformance narrative
- There was no competing proposal; instead this was a "withhold/against" campaign rather than a competing slate

- A separate activist, Barington Capital Group, also targeted Victoria's Secret in June 2025, calling for a comprehensive board refresh and criticizing CEO Hillary Super's limited experience in public company leadership and the intimate apparel sector; Barington later exited the stock
- Victoria's Secret began trading under a new ticker symbol "VSXY" on the NYSE, replacing "VSCO" — the rebranding coincided with the proxy contest period

lululemon vs. Chip Wilson



Inside out activism is on the rise and can make defense complicated



May 26, 2026: Formal settlement reached –
Two of Wilson's nominees: Laura Gentile and Marc Maurer will join the board following the 2026 annual meeting and one additional director with apparel product and brand expertise will be appointed by October 1, 2026

- lululemon has a classified board with staggered terms, and directors may only be removed for cause with a supermajority vote of 66.67% – strong anti-activist governance provisions
- lululemon's agreement to recommend Wilson's declassification proposal was a notable governance concession for a company with a strong classified board structure
- Multiple activists can complicate matters; Elliott added external pressure on the board's CEO search and lends credibility to insider activist's criticism
- Wilson agreed to a 9.9% ownership cap and customary standstill provisions; the parties arranged a charitable donation in lieu of expense reimbursement
- The proxy fight reached the definitive proxy filing stage on both sides before settlement; neither ISS nor Glass Lewis issued formal recommendations before the contest was resolved

11.

Proxy Advisory Firm Updates

Proxy Advisory Firm Scrutiny

In 2025 and 2026, ISS and Glass Lewis faced heightened scrutiny from lawmakers and institutional investors, with long-standing tension stemming from their perceived outsized influence, lack of transparency, potential conflicts of interest and the impact of their standardized voting recommendations on corporate governance decisions

APRIL 2025

Congressional Scrutiny

- On April 29, 2025, the House Financial Services Committee's Subcommittee on Capital Markets held a hearing titled "Exposing the Proxy Advisory Cartel: How ISS & Glass Lewis Influence Markets"
- Subcommittee members raised concerns regarding proxy advisor market concentration and their "de facto control" over shareholder voting outcomes

JUNE – SEPTEMBER 2025

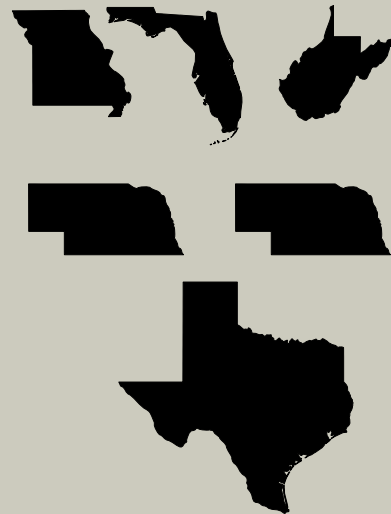
Texas SB 2337

- On June 20, 2025, Texas Governor Greg Abbott signed Senate Bill 2337 (SB 2337) to impose new regulations and disclosure obligations on proxy advisors
- SB 2337 restricts proxy advisors' ability to give proxy advice based on "nonfinancial factors" (such as ESG) and requires them to provide a "specific financial analysis" when their advice differs from management's recommendation
- In July 2025, ISS and Glass Lewis sued Texas Attorney General Ken Paxton to enjoin enforcement of SB 2337. In August 2025, the U.S. District Court for the Western District of Texas entered a preliminary injunction against enforcement of SB 2337, and in September 2025, Attorney General Paxton announced that Texas would no longer pursue enforcement of SB 2337

JULY 2025 – MAY 2026

Republican AG Lawsuits

- Republican attorneys general shifted from rhetoric to direct enforcement actions, filing lawsuits and civil investigative demands against ISS and Glass Lewis under state consumer protection, consumer fraud, deceptive trade practices and antitrust laws



JULY 2025

DC Circuit Decision

- On July 1, 2025, the U.S. Court of Appeals for the DC Circuit ruled in favor of ISS, affirming a prior district court decision to hold that proxy voting advice is not "solicitation" under the Exchange Act and therefore the SEC lacks authority to regulate proxy advice
- The decision invalidates the SEC's regulatory framework that began with 2019 guidance suggesting proxy advice qualifies as a solicitation, which the SEC formally codified in a September 2020 rule under its Section 14(a) authority

Proxy Advisory Firm Scrutiny (cont.)

SEPTEMBER –
OCTOBER 2025

Glass Lewis to End Benchmark Proxy Voting Guidelines in 2027

- Glass Lewis announced that it will phase out its traditional “benchmark” voting policies by 2027, replacing them with a more tailored, client-specific approach
- Glass Lewis cited AI as a key driver enabling customized voting recommendations

SEC Examination of Proxy Advisors

- On September 17, 2025, SEC Chair Paul Atkins announced that the SEC will examine proxy advisory firms and the influence of large institutional investors to combat the “abuse of the corporate governance system and weaponization of shareholder proposals by politicized shareholder activists”
- While he did not provide detail, Chair Atkins stated that the SEC would be considering “proposals and clarifications” with respect to proxy advisors within the year

NOVEMBER 2025

FTC Antitrust Investigation

- The FTC opened an investigation into ISS and Glass Lewis for potential violations of antitrust laws stemming from their voting recommendations on ESG issues

DECEMBER 2025

Executive Order on Proxy Advisors

- On December 11, 2025, President Trump issued an executive order titled “Protecting American Investors from Foreign-Owned and Politically-Motivated Proxy Advisors,” directing the SEC, FTC, and DOL to review and consider revising rules and guidance relating to proxy advisors and shareholder proposals, especially to the extent that they implicate DEI and ESG

JANUARY 2026

Institutional Investors Cut Ties

- On January 7, 2026, it was reported that JPMorgan would cut ties with proxy advisors and rely instead on an internal AI-powered platform
- On January 28, 2026, Wells Fargo announced its cessation of proxy advisor use and launch of a proprietary proxy voting service

State AG Lawsuits Against ISS & Glass Lewis

In the past year, six Republican state attorneys general* have sued Glass Lewis and/or ISS. The claims primarily cover consumer protection and false, misleading and deceptive acts, but the allegations vary by state

1. Legal Arguments Advanced by Different States

	FL	TX	NE	IA	WV
Date Filed	November 20, 2025	May 20, 2026	May 20, 2026	May 20, 2026	May 20, 2026
Statute	Florida Deceptive and Unfair Trade Practices Act §501.204 Florida Antitrust Act §542.18	Texas Deceptive Trade Practices Act- Consumer Protection Act, Texas Business & Commerce Code §§17.41-17.63 Texas Business & Commerce Code §§17.41-17.63	Uniform Deceptive Trade Practices Act §87-301 Consumer Protection Act §59-1601	Iowa Consumer Fraud Act, Iowa Code § 714.16	West Virginia Consumer Credit and Protection Act, W. Va. Code § 46A-6-101
Target(s)	ISS and Glass Lewis	ISS	ISS	ISS	ISS
Legal Claims					
Deceptive misrepresentation of objectivity	X	X	X	X	X
Failed to disclose relationship with ESG activists		X	X	X	X
Falsely represented that research is based on “high-quality data”			X	X	X
Failed to disclose advice is devoid of financial analysis	X	X	X	X	X
Engaged in anticompetitive conduct	X				
Failed to disclose recommendations based on race and ethnicity	X		X	X	X

*Missouri’s lawsuit seeks to enforce a Civil Investigative Demand (CID) for an investigation into ISS and Glass Lewis, not a direct suit for violating the underlying consumer protection law itself. As such, it has been excluded from the chart setting out substantive legal claims

ISS Voting Policy Considerations 2026

Governance

- *Harmonization of Recommendations for Problematic Capital Structures.* ISS now generally recommends against directors of companies with classes of common or preferred stock that carry unequal voting rights, subject to exceptions
 - Previously, ISS only issued adverse recommendations for classes of common stock that carry unequal voting rights
 - ISS has exceptions for convertible preferred stock that votes on an “as-converted” basis and for voting rights that are limited in duration and applicability

Social and Environmental

- *Case-by-Case Approach for Environmental and Social Proposals.* ISS announced a shift to case-by-case analysis in its approach to recommendations on certain environmental and social proposals, including climate change/greenhouse gas emissions, diversity, labor, human rights and political spending

Executive Compensation

- *Expanded Pay-for-Performance Evaluation Period.* ISS expanded the timeframe over which it will perform its quantitative pay-for-performance analysis from three years to five years. This will impact analysis of alignment between CEO pay, company financial performance and total shareholder return (TSR), and the multiple of CEO pay relative to the peer group median will be measured over one- and three-year periods (compared to just a one-year period)
 - ISS now considers vesting and/or retention requirements that demonstrate a long-term focus in addition to existing factors
- *Board Responsiveness to Low Say-on-Pay Vote.* If a company receives less than 70% support for a say-on-pay vote and subsequently discloses that it engaged meaningfully with investors but was unable to obtain specific feedback, ISS will assess company actions taken in response to the say-on-pay vote as well as the company’s explanation as to why such actions are beneficial for shareholders
 - In its rationale for the change, ISS cited the SEC’s February 2025 guidance on Schedule 13G eligibility that had significant impacts on the quality and candor in the shareholder engagement landscape. ISS noted that the guidance may make it more difficult for companies to receive feedback following a low say-on-pay vote
 - In addition to existing factors, ISS will also consider any significant corporate activity, such as a recent merger or proxy contest, in its analysis

ISS Voting Policy Considerations 2026 (cont.)

Executive Compensation (continued)

- *High Non-Employee Director Pay.* ISS will now generally vote against members of the committee responsible for approving or setting non-employee director compensation in the first year of a director's service if there are "egregious" pay issues
 - Previously, ISS would only vote against committee members if there was a pattern of two or more years of excessive non-employee director compensation
 - Problematic pay practices may include:
 - particularly large pay magnitude (measured relative to industry peer medians) or pay that exceeds that of the company's executive officers;
 - performance awards, retirement benefits, excessive perquisites, etc.; and
 - inadequate disclosure or lack of clearly disclosed rationale in the proxy for unusual non-employee director payments
- *Equity Plan Scorecard.* ISS has revised its Equity Plan Scorecard based on positive and negative factors
 - ISS added a positive scored factor for cash-denominated award limits for non-employee directors. This was a consideration previously but not a scored factor
 - ISS added a new negative scored factor, providing that ISS will generally vote against a proposal if it lacks sufficient positive features. These features include quality of disclosure around vesting upon a change of control, discretionary vesting authority, liberal share recycling, lack of minimum vesting period, dividends payable prior to award vesting and cash-denominated award limits for non-employee directors

Glass Lewis Voting Policy Considerations 2026

End of Benchmark Guidelines

- Starting in 2027, Glass Lewis will no longer publish a single set of “benchmark” voting recommendations. Instead, it will offer a set of voting perspectives that reflect the varied viewpoints of its clients, and it will work with clients to create bespoke voting frameworks that reflect their individual investment philosophies and stewardship priorities
- In its announcement, Glass Lewis credited its decision both to rapid technological advances, especially AI, that enable highly customized voting approaches, and to diverging investor priorities driving differences in approaches to fiduciary duty, engagement strategies and sustainability commitments across regions, particularly between Europe and the U.S.
- Glass Lewis’ 2026 Benchmark Policy Guidelines will be its final set of standardized benchmark voting recommendations

Key Changes to Guidelines for the 2026 Proxy Season

- *Pay-for-Performance Scorecard.* Glass Lewis replaced its prior pay-for-performance model, which assigned a letter grade of “A” through “F” to each company, with a six-test scorecard-based approach with a weighted aggregate score ranging from 0 to 100. The six tests are:
 - (i) CEO pay vs. TSR, (ii) CEO pay vs. financial performance, (iii) CEO short-term incentive payouts vs. TSR, (iv) total NEO pay vs. financial performance, (v) CEO compensation actually paid vs. TSR and (vi) qualitative factors
- *Mandatory Arbitration Provisions.* Glass Lewis may recommend voting against the chair of the governance committee, or the entire committee, if the company implements a mandatory arbitration provision following an IPO, spin-off or direct listing transaction, and it will generally recommend voting against any bylaw or charter amendment that seeks to adopt a mandatory arbitration provision absent a compelling rationale

Clarifications to Existing Guidelines

- *Shareholder Rights.* Glass Lewis clarified that it may recommend voting against the governance committee (or its chair) if the board unilaterally amends charter or bylaw documents to restrict important shareholder rights. Such circumstances include amendments that limit shareholders’ ability to submit shareholder proposals, file derivative lawsuits, or implement plurality voting in lieu of majority voting in director elections
- *Supermajority Vote Requirements.* Glass Lewis will evaluate proposals to eliminate supermajority voting requirements on a case-by-case basis, and it may oppose such proposals when the company has a large or controlling shareholder
- *Amendments to Governing Documents.* Glass Lewis has consolidated its approach to proposals seeking charter and bylaw amendments and will evaluate such proposals on a case-by-case basis, generally recommending a vote in favor of any proposed amendment that is unlikely to have a material negative impact on shareholder interests
 - Glass Lewis stated strong opposition to bundling together several amendments into one proposal

12.

Investor Updates

Executive Summary – Stewardship in Transition

Investor voting practices continue to evolve, shifting toward prioritizing financial outcomes, custom and pass-through voting policies, reduced reliance on proxy advisors and a narrower approach to ESG

Prioritizing Financial Performance

Institutional investors are recalibrating voting frameworks to prioritize total shareholder return and core operating and financial metrics

BlackRock, State Street, and Vanguard have each revised their voting guidelines to emphasize financial performance (e.g., State Street embedded financial performance, based on a relative total shareholder return metric, as a factor in certain voting policies)

Expansion of Investor Choice

Asset managers are scaling custom and pass-through voting offerings, giving more underlying investors direct influence over voting decisions

Eligible investors can now select from a growing range of third-party and proprietary voting policies: BlackRock offers institutional clients 16 options across three providers, State Street offers 11 options across four providers and Vanguard offers five options

Reduced Reliance on Proxy Advisors

Certain large institutional investors are shifting proxy voting in-house by expanding internal stewardship teams and leveraging AI-enabled tools, reducing their historical reliance on proxy advisory firms

For example, JPMorgan severed ties with external proxy advisory firms, replacing them with an internal AI-powered voting platform, and Wells Fargo severed its relationship with ISS to launch its own proprietary voting service

Continued Retreat from ESG and DEI

Investors continue to dial back prescriptive diversity and related disclosure expectations

ISS, Glass Lewis and certain institutional investors have pared back their voting principles and guidelines related to ESG and DEI proposals

Countervailing Public Pension Trends

Public pension funds are maintaining more prescriptive ESG agendas, using mandates and engagement to pressure asset managers

The NYC Comptroller directed three NYC public pension funds to require asset managers to submit net zero transition plans, recommending mandates be dropped for BlackRock, Fidelity and PanAgora after they failed to submit adequate plans

ESG Divide between U.S. and European Investors

European investors are reinforcing sustainability mandates while U.S. investors retreat from ESG, a divergence influenced by anti-ESG executive orders in the U.S.

Dutch pension funds PME Group and PFZW recently pulled assets from BlackRock over climate concerns; in contrast, some U.S. pension funds have pulled assets from asset managers for considering ESG factors in investing

Diffusion of Institutional Investor Influence

Large asset managers are expanding customized and pass-through voting options, shifting away from centralized stewardship toward more investor-directed voting models while concurrently rethinking their institutional approach to proxy voting

Split Stewardship Teams

The “big three” are restructuring stewardship functions, formalizing divergent voting approaches across index and active strategies

- BlackRock divided its stewardship team into BlackRock Investment Stewardship (BIS) for index funds and BlackRock Active Investment Stewardship (BAIS) for active funds
 - BIS covers ~90% of assets under management at BlackRock
- Vanguard divided its stewardship team into Vanguard Capital Management (VCM) and Vanguard Portfolio Management (VPM)
 - VCM covers ~75% of assets under management at Vanguard
 - Vanguard amended its Schedule 13G filings across its portfolio companies in the middle of 2026 10-K season, reflecting the reallocation of stewardship responsibilities between VPM and VCM
- State Street Global Advisors created a new Sustainability Stewardship Service, allowing clients to opt into ESG-aligned voting and engagement frameworks

Investor Voting Choice

Custom voting programs have reached meaningful scale across the largest index managers, with growing participation and expanded eligibility

Vanguard[®]

Vanguard Investor Choice

- \$3.6 trillion in assets eligible, with participation exceeding \$9 billion – more than triple 2024 levels
- Partnered with Broadridge in March 2026 to integrate the ProxyVote platform, enhancing digital voting access
- Plans to expand eligibility to all U.S. equity index funds by 2027, increasing the eligible pool by 78% to \$6.4tn

**WELLS
FARGO**

Wells Fargo Wealth & Investment Management

- New proprietary proxy voting service launched in January 2026, directing votes based on custom policy and voting instructions focused on clients’ long-term economic interests
- Cut ties with ISS, reflecting broader insourcing of voting decisions

STATE STREET GLOBAL
ADVISORS

State Street Investment Management Proxy Voting Choice

- \$2.2 trillion in assets eligible, representing ~80% of index equity assets

BlackRock

BlackRock Voting Choice

- \$3.63 trillion in assets eligible (up 57% since 2022 launch), with \$851 billion in assets participating

NYC Pensions Focus on Net Zero Compliance

The NYC Comptroller's office, which is responsible for managing the city's pension funds, has escalated pressure on asset managers, threatening to terminate mandates for asset managers who have failed to meet their net zero expectations

In April 2025, the Comptroller announced that three of NYC's public pension funds – the Teachers' Retirement System, the New York City Employees' Retirement System and the Board of Education Retirement System (the NYC Pension Funds) – had been directed to require asset managers to submit formal net zero transition plans by June 30, 2025

- Approximately two-thirds of public markets managers across the NYC Pension Funds created new policies or enhanced existing ones as a direct result of such requests
- In November 2025, the Comptroller announced that of the NYC Pension Funds' 49 public markets makers, 46 had submitted net zero plans, and recommended that the NYC Pension Funds drop mandates for the three asset managers – BlackRock, Fidelity and PanAgora – that had failed to submit adequate plans
- In response, PanAgora engaged with the funds and strengthened its approach to the Comptroller's satisfaction, but BlackRock and Fidelity remain classified as "insufficiently aligned" with fund climate requirements

In April 2026, the NYC Pension Funds released annual climate reports for 2025, highlighting progress made toward climate goals

- Between 2019 and 2025, the NYC Pension Funds achieved a 48.1% weighted average reduction in Scope 1 and 2 financed greenhouse gas emissions, surpassing interim targets
- The NYC Pension Funds achieved a 10.3% net return while meeting their emissions reductions goals, exceeding their actuarial target of 7.0%

2026 Investor Overboarding Policies

Maximum Number of Board Memberships Permitted

	Independent Directors	CEO (including own board)	Named Executive Officer (other than CEO)
Institutional Investor			
Goldman Sachs	5	3	–
BlackRock	4 (“non-executive directors”)**	2	2
State Street*†	–	–	–
Vanguard†	4	2	2◇
Alliance Bernstein	4	2 (or 3 if CEO is under consideration)	–
BNY Mellon	5	3	–
CalPERS	4	2	2
CalSTRS	Shall not serve on an “excessive number of boards”	2	2
J.P. Morgan	4	3	–
Legal & General	5 (“non-executive directors”) (board chair role counts as two mandates)	2	2
Neuberger Berman	4	2	2◇
Norges Bank	5 (no more than 2 board chairs)	–	–
T. Rowe Price	6*	3*	–
NYS Comptroller	4	2	–
Proxy Advisory Firm			
Glass Lewis	5	2	2 (other than executive chair)
ISS	5	3	–

* Indicates an update to the policy since 2025

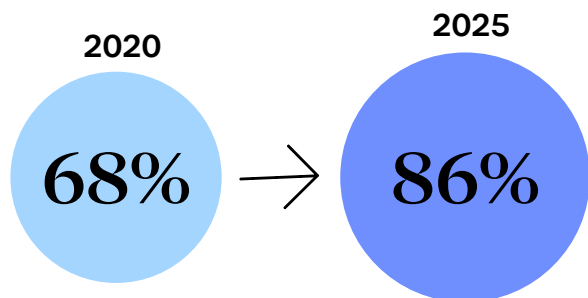
** If a director has a chair position of a publicly listed company in European markets, BlackRock may consider such position equal to two board commitments

† Indicates a requirement for public disclosure of director time commitment/overboarding policies

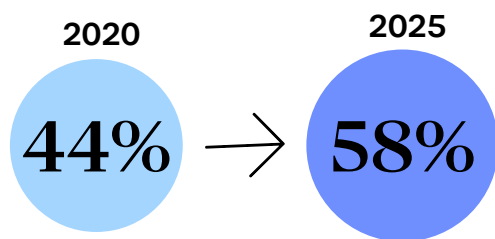
◇ Indicates that the policy applies to all executive officers, not limited to named executive officers

Trends in Company Overboarding Policies

In the S&P 500, disclosure of overboarding policies jumped from 68% in 2020 to 86% in 2025, reflecting investor pressure for stronger board accountability and capacity oversight

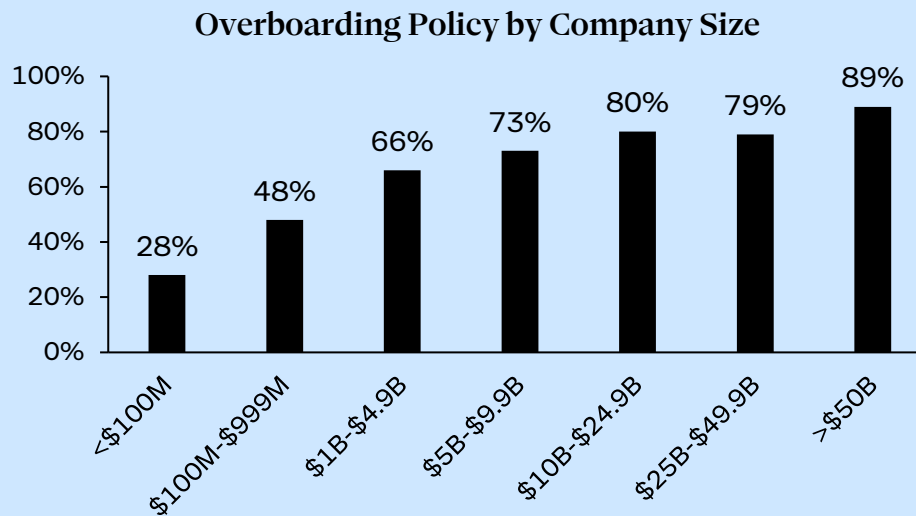


This figure rose from 44% to 58% in the Russell 3000



While the number of directors serving on multiple boards has increased in recent years, the majority still serve on just one or two public company boards

Larger companies are much more likely to adopt an overboarding policy



Companies are moving toward stricter thresholds to align with evolving best practices

- In 2020, 51% of Russell 3000 companies with an overboarding policy allowed directors to serve on up to four or five additional boards
- By 2025, that figure had dropped to 37%, with 55% of companies now limiting directors from serving on more than three additional boards

13.

Methodology and Team

Methodology – Overview

- Freshfields categorized the proposals highlighted in this Trends and Updates from the 2026 Proxy Season report from ISS data as of June 15, 2026, and categorized or sub-categorized proposals based on a review of the proposals and/or proponents
 - For instance:
 - “Anti-ESG” proposals were categorized within their relevant ESG subcategory
 - Proposals requesting reports on an employer’s DEI practices were categorized as Social – Human Capital
 - Proposals requesting the creation of a new board committee were categorized as Governance – Board-related
- Totals include the following proposals categorized by Freshfields as “anti-ESG”:
 - 2026:
 - 21 Environmental proposals, including 10 Climate and 11 Sustainability proposals
 - 59 Social proposals, including 19 Human Capital, 10 Human Rights, 24 Lobbying/Political Activities and six Compensation Links to E&S proposals
 - 2025:
 - 14 Environmental proposals, including 12 Climate and two Sustainability Proposals
 - 92 Social proposals, including 31 Human Capital, 28 Human Rights, 17 Lobbying/Political Activities, eight Compensation Links to E&S and eight Social Issues – Other proposals
 - One Governance proposal (Board-Related)
- Votes were reported in accordance with each company’s voting standards
- Proposal status was determined as following:
 - “Voted” – the proposal was determined to have been submitted to a stockholder vote
 - “Pending” – the proposal was included in the proxy but has not yet been submitted to a stockholder vote
 - “Withdrawn” – the proposal was withdrawn by the proponent
 - “Omitted” – the proposal was excluded from the proxy following receipt of an SEC no-objection letter
 - “Not in proxy” – the proposal was not included in the proxy statement, was not omitted following receipt of an SEC no-objection letter, and could not be independently verified as withdrawn by the proponent
 - “Not presented” – the proposal was included in the proxy but was not properly presented at the meeting and so not voted
 - “Meeting cancelled” – the proposal was not presented following cancellation of the meeting
- All percentages and averages are approximations
- Year-over-year comparisons of proposal data are based on Freshfields’ analyses of ISS data as of June 15, 2026, 2025, June 14, 2024, June 15, 2023 and June 15, 2022

Freshfields Team



Elizabeth Bieber is a partner and Head of Shareholder Engagement and Activism Defense. Leza is ranked for activism defense (*Chambers, Legal 500*) and corporate governance (*Legal 500*) and is a key member of the highly ranked corporate governance group. (*Legal 500, Chambers*)



Pamela Marcogliese is a partner and Head of Transactions. Pam is top ranked for capital markets, corporate governance and activism defense and among top women dealmakers. (*Chambers, Legal 500, The Deal*)



Abbey MacDonald is a senior associate in the firm's Capital Markets practice. Abbey represents companies on a variety of corporate, transactional and commercial matters, including SEC reporting, public securities offerings, and governance matters.



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Jennifer Loeb is a partner focused on white collar criminal defense matters, global investigations, and complex and high-stakes civil litigation. Jennifer defends multinational companies and their officers against a wide range of enforcement matters, including securities, antitrust, FCPA, healthcare fraud, and related compliance issues.



Justin Steward-Teitelbaum is a partner in the Antitrust group. He advises clients on antitrust, competition and trade matters, with a focus on merger control and government investigations. He represents companies before the FTC and DOJ and counsels on multi-jurisdictional merger reviews, joint ventures and complex civil antitrust issues.



Sam Houshower is a Counsel. He acts as a regulatory and compliance advisor to clients, focusing on ESG, sustainability and emerging regulatory regimes. He counsels clients on regulatory strategy, investigations and product governance, particularly in highly regulated industries, and previously served in senior legal roles in the White House.



Jen King is an associate and assists in advising clients on compliance and enforcement issues related to economic sanctions, export controls, and ESG.



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Dijia Chen focuses her practice on corporate transactions. She supports clients on a variety of public and private deals, with experience across a range of industries.



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Hannah Krutiansky advises on mergers and acquisitions, working on complex corporate transactions. Her practice includes supporting clients on public and private M&A matters.



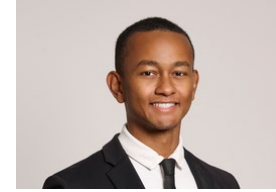
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Joshua Orange focuses on mergers and acquisitions and capital markets, advising clients on corporate transactions. His work experience includes supporting M&A matters, funds, and life sciences work.



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Thank You

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