Turning point
ETHOS NEWSLETTER ON GOVERNANCE AND SUSTAINABILITY

EDITORIAL : The offensive threatening shareholder democracy

In the United States, it is not only democracy that is under threat by the administration, but also the fundamental rights of shareholders. The right to file a shareholder resolution at a general meeting (AGM), the right to take non-financial sustainability criteria into account in investment decisions and voting at AGMs. Under the Trump 2.0 administration, shareholder democracy as we know and practise it is now under threat.

While asset managers and proxy advisory firms were the first to be targeted, it is shareholders as a whole who are now paying the price. One of the main issues is the decision by the US financial regulator (SEC) to no longer intervene during the AGM season on the grounds for rejecting shareholder resolutions. In other words, companies listed in the United States can now block shareholder proposals without prior SEC approval.

The effects of this policy are already visible. At Apple's 2026 AGM (24 February), there is only one shareholder resolution on the agenda, compared to four in 2025 and six in 2024. Several resolutions have been withdrawn, including one concerning artificial intelligence (AI), an issue that has been a key concern for shareholders in recent years. In contrast, the only shareholder proposal to be put to the vote this year comes from a well-known critic of ESG.

The right to file a shareholder resolution is one of shareholders' fundamental rights. By allowing companies to circumvent votes on key issues such as board composition, supply chain risks and climate change, regulators risk weakening the control mechanisms designed to hold boards accountable. This represents a difficult development for shareholder democracy and a transfer of power to company management that risks creating fertile ground for agency conflicts.

In a position statement supported by Ethos, the ICCR emphasised that for decades, shareholder proposals have been an essential mechanism for investors to engage with the

companies they own. Thes proposals have led to significant progress in areas such as governance, human rights due diligence and climate risk management.
In recent years, shareholder proposals have received more than 30% support at Apple's AGM, particularly in relation to AI. Some fear that undermining traditional channels of communication will lead shareholders to turn to other options, starting with the courts, to hold the companies in which they invest to account.

LATEST NEWS

2026 began with its fair share of bad news. Among them was the US President's decision to withdraw from the United Nations Framework Convention on Climate Change, making the United States the first country to leave the 34-year-old treaty and one of the few not to participate in this initiative to reduce greenhouse gas (GHG) emissions. That's not all. Donald Trump announced the withdrawal from 66 international organisations in order to ‘restore American sovereignty’ and save ‘taxpayer money on ineffective or hostile programmes’.

In addition to the climate, the US President has had another pet project since returning to power: DEI (diversity, equity and inclusion) policies. The Department of Justice is reportedly planning to enforce fraud laws to deter companies with federal contracts from taking diversity into account in their recruitment. In the same vein, the Texas Attorney General has called on state agencies and companies to end their DEI programmes or face prosecution.

This pressure is having a tangible effect. According to a study by GlassLewis, the proportion of women among new the board members of Russell 3000 companies fell to 28.4% in 2025, compared with 35% in 2024 and 40.3% in 2023. This drop can be explained in part by the repeal, in December 2024, of rules that required Nasdaq companies to have at least one woman on their boards based on the ‘comply or explain’ principle.

Fortunately, some people are still standing up to Donald Trump. Several federal courts, for example, have overturned the moratorium on the construction of offshore wind farms on the grounds of ‘national security’. Preliminary injunctions have thus allowed work to resume on Empire Wind (Equinor) off the coast of New York, Revolution Wind (Ørsted/Skyborn) off the coast of Rhode Island and Coastal Virginia Offshore Wind (Dominion). These projects represent billions of US dollars in investment and are expected to power hundreds of thousands of homes.

In Washington, a District of Columbia court ruled that the Trump administration had violated the Fifth Amendment by cancelling 7.5 billion US dollars in clean energy subsidies, targeting states that had voted for Kamala Harris in 2024. More than 200 projects were cancelled. Finally, in California, many companies continue to voluntarily publish their GHG emissions, according to an article (paywall) by Responsible Investor, even though they are no longer required to do so following a temporary injunction by a federal court.

On the corporate side, the Financial Times reports in an article (paywall) that Nestlé's new CEO, Philipp Navratil, has observed and is concerned about a growing disinterest in sustainability among American investors since Donald Trump's re-election, a phenomenon of ‘greenhushing’ accentuated by the political context.

Nevertheless, investors are concerned about the consequences of the proposed simplification of European standards for sustainability reporting. According to an EFRAG analysis, 55% of ESG data users and 67% of investors and financial institutions expect a decline in the quality of information, citing reduced comparability (52%), loss of essential climate data (45%) and less comprehensive environmental disclosure (43%).

Finally, for the fourth consecutive year, the largest Wall Street banks earned more commissions from financing green projects than from companies in the oil, gas and coal sectors. According to data compiled by Bloomberg, returns on climate-related loans and bond issues amounted to approximately 3.7 billion US dollars in 2025. By comparison, banks generated approximately 2.9 billion from fossil fuel financing.

GOOD NEWS

While major companies have chosen to refocus their activities on fossil fuels, a report by the think tank Ember tells us that, for the first time in 2025, solar and wind power produced more electricity than hydrocarbons in Europe. These two forms of energy generated 30% of the electricity consumed in the 27 EU countries, more than the 29% generated by fossil fuels.

In other good news, China has published its sustainability reporting rules for companies, which are based on the International Sustainability Standards Board's (ISSB) rules and those of the EU. Chinese companies will therefore have to inform their stakeholders about the risks to the company associated with climate change and the impact of the company's activities on climate change (double materiality), initially on a voluntary basis and subsequently on a mandatory basis. While the United States is taking a step backwards, China is moving forward.

It is worth noting that in the age of social media and misinformation, miracles are still possible. Environmental Health Perspectives, 'the most important scientific journal on environmental health' according to this article (paywall) in Le Monde, is set to rise from the ashes. Launched in 1972, it had to cease operations following a decision by the US government last spring, and its rich archives had disappeared. It has been taken over by a non-for-profit scientific publisher, which immediately announced that the digital archives had been preserved.

Finally, on 17 January, the first international treaty on the protection of the high seas came into force. Signed by more than 80 countries, it will protect over 60% of the ocean's surface in four main areas: the protection of the marine environment beyond national borders; the fight against chemical pollution and plastic waste on the high seas; more sustainable management of fish stocks; and the problem of rising ocean temperatures and marine acidification. Once again, the United States is conspicuously absent, while China is among the signatories.

ENGAGEMENT UPDATE

When dialogue is not enough to change corporate practices, shareholders fortunately have other tools at their disposal. This is precisely what happened at the beginning of this year. Ethos and several pension funds that are members of the Ethos Engagement Pool (EEP) International (including the Zurich City Pension Fund, the Bernese Pension Fund and the CIEPP) submitted shareholder resolutions at the AGMs of Shell and BP.

PROXY SEASON UPDATE

For once, Donald Trump and Ethos are in agreement on one point at the start of this year: the US President would like to limit executive salaries to 5 million US dollars per year and restrict share buybacks. However, that is where the similarity ends. Donald Trump is targeting only companies in the arms industry, which he accuses of not investing enough in production capacity. Conversely, Ethos believes that bonuses and share buybacks should be limited for all companies, in particular to restrict risk-taking by managers and enable companies to invest more for the future.

JP Morgan has announced that it will no longer use proxy voting advisory firms during the 2026 AGM season, instead using an AI system to provide voting recommendations, based on its preferences, for more than 3000 companies.

Following this announcement, the director of the SEC's Investment Management Division presented AI as an 'unmissable opportunity' to shape the future of proxy voting in a

These two companies are among the ten entities targeted by the 'Credible Net Zero Strategy' campaign launched in 2023 by Ethos and the members of the EEP International with a view to encouraging them to set science-based climate targets and align their investment spending with a +1.5°C scenario. However, both companies recently decided to refocus their activities and investments on fossil fuels.

The resolutions, submitted by a coalition of 23 international investors coordinated by Follow This and representing more than 1.5 trillion euros in assets under management, calls on both companies to detail their strategy for continuing to create value amid an expected decline in demand for gas and oil. As a reminder, the International Energy Agency's scenario, which takes into account announced government policies (STEPS), forecasts peak oil demand in 2030 and gas demand by 2035.

speech delivered to the New York Bar Association.

FIGURE OF THE MONTH

This is the number of companies worldwide that now have science-based climate targets. According to the Science Based Targets initiative (SBTi), which is currently reviewing its standards, these companies represent more than 40% of global market capitalisation.

ETHOS NEWS UPDATE

As the 2026 AGM season is about to begin, Ethos has announced an extension of its analysis universe. In addition to the 200 Swiss companies included in the SPI index, Ethos will this year offer analyses and voting recommendations for the 250 largest listed European companies, the 200 largest listed US companies and the 100 largest listed companies in the Asia-Pacific region.

Furthermore, as announced at the end of 2025, Ethos will also provide detailed analyses of agenda items and voting recommendations for the AGMs of around 20 Swiss real estate investment foundations this year.

In January 2026, Ethos also updated its training programme on sustainable finance. The five modules of the basic course now reflect the latest regulatory developments, the most recent scientific research and market practices. The updates include, among other things, the EU Omnibus Package, the new ASIP and AMAS reporting standards, assessments of planetary boundaries and information on the financial performance of sustainability strategies.

Finally, Ethos has adopted and published its responsible purchasing charter. This new document formalises and reinforces its expectations of its business partners. Ethos reaffirms that its responsibility is not limited to its own activities but extends to its entire value chain.

ESG criteria and ethical requirements will now be systematically integrated into purchasing decisions and the management of relationships with business partners.

Press review :

- Embedding Nature in Corporate Strategy (Board Dynamics / The Governance of Earth Incorporation): an article written by Damien Wimmer (ESG Engagement Specialist chez Ethos) and Matthias Narr (Head Engagement chez Ethos)
- Inexorablement, le monde s'enfonce dans le capitalisme de prédation (Le Temps, 20 janvier 2026)
- Eau minérale, pizzas et lait pour bébés, les scandales s'accumulent chez Nestlé (RTS, 18 janvier 2026)
- BP, Shell : le retour vers les énergies fossiles alarme les investisseurs (Novethic, 16 janvier 2026)
- Follow This joins up with investors to file at BP and Shell (Responsible Investor, 14 Januar 2026)
- UBS warnt vor Schaden für Finanzplatz und Wirtschaft (cash, 12 Januar 2026)
- UBS récupère plusieurs mandats de gestion durable au détriment de BlackRock (L'Agefi, 15 janvier 2026).
