ROBECO ACTIVE OWNERSHIP

Power, protests, and the future of investor influence

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The Investment Engineers

- While the ESG backlash continues, ESG risks for investors are still paramount
- The number of shareholder resolutions are declining in the US
- Reforms in Japan and South Korea focus on value creation and better governance

It's an annual ritual which is supposed to allow shareholders to hold the executives of the companies that they own to account and ask for change where necessary. In reality, it can range from mere rubber stamping of routine company work, to forums for loud and often angry protests about some aspects of the company's behavior. And sustainability issues can be lauded on the one hand and shot down on the other. In our annual outlook for the upcoming annual general meeting (AGM) season, Robeco's Voting team outline what to expect this year.

The backdrop to 2026

They may be routine, but AGMs are still an important responsibility for investors, and certainly for anyone who cares about active ownership, as Robeco does. Regulators and clients have encouraged institutional investors to actively exercise their voting rights to address emerging risks in line with their own and their clients' long-term interests.

A range of stewardship codes, best-practice guidelines, and voting tools have reinforced expectations that investors should use these rights actively. As a result, ESG-related topics have become more prominent on AGM agendas over the past decade, and AGMs have increasingly served as platforms for shareholder protest. More recently, however, this trend has faced growing resistance.

The combination of an ESG backlash and rapidly shifting geopolitical dynamics has made AGMs more complex for both investors and companies to navigate. Expectations increasingly diverge across regions and investor groups. This raises the question of whether stewardship remains as effective as it was framed several years ago.

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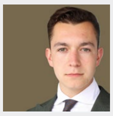
Reframing climate activism

One of those growing resistance issues can be seen with climate change. Following a certain level of political and investor fatigue with ESG proposals, the form in which climate change investor action is being framed has changed.

ARTICLE MARCH 2026

Marketing material for professional investors, not for onward distribution

Michiel van Esch
Head of Voting



Lucas van Beek
Engagement Specialist

For the 2026 AGMs at BP and Shell, shareholders have deliberately moved away from asking for Paris-aligned emissions reductions. Instead, the new resolutions focus on a more investor-friendly question: how will these companies create shareholder value if oil and gas demand declines?

> “ *Shareholders have deliberately moved away from asking for Paris-aligned emissions reductions*

This reframing is not cosmetic. Support for climate-target resolutions at oil majors has plateaued in recent years. By anchoring its demands in financial resilience, downside scenarios and capital allocation, shareholders are effectively conceding that the ESG label has become a constraint rather than an accelerant.

However, by doing so, they aim to preserve the underlying goals: aligning strategy with long-term value creation and proper risk management. This reinforces the core principle that effective investor stewardship speaks the language of risk and return rather than ideology. The fact is, climate change remains a systemic risk posing threats to long-term sustainable value creation and financial stability. For specific examples, see the ‘AGMs to watch’ section at the end of this document.

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AI and governance: the next frontier

Another hot topic is artificial intelligence. This is emerging as a governance topic that cuts across strategy, risk and oversight. Unlike earlier ESG waves, AI-related shareholder proposals and engagement efforts are now less ideological and more operational. Instead of purely focusing on societal impact, initiatives focus on board level oversight, ethical guidelines and risk management.

While the social impact of AI remains a crucial element, this aligns with Robeco’s long-standing emphasis on board competence and accountability. As a result, investors are likely to escalate expectations through voting where AI poses material risks or opportunities, and engagement fails to yield sufficient results.

> “ *AI-related shareholder proposals and engagement efforts are now less ideological and more operational*

Moonshot awards

Another trend we expect to continue is the introduction of moonshot awards. Such awards are often very large payouts granted when a CEO or other members of management deliver an extraordinary performance on a certain business KPI.

While these awards often appear to intensify performance, there are a couple of features that should concern shareholders. Remuneration committees often decide to pay out moonshot awards soon after a single performance criterion is met. When results subsequently decline they generally do not have to be repaid. As a result, companies often end up paying moonshot after moonshot.

There are three aspects of moonshot awards that we view unfavorably. First, they typically provide little incentive for consistent performance; there is no downside risk. Then they can lead to excessive risk-taking, since performance attribution is asymmetric. Finally, they undermine regular compensation structures due to the sheer size of the payout and their focus on a single or very limited set of targets.

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Fewer proposals, sharper focus in the US

For the AGM season in the world's largest corporate sphere, the US, we don't expect to see shareholder activism receding, rather refocusing. Proxy fights, M&A-driven campaigns and board-level interventions are expected to remain prominent. At the same time, we expect to see a lower level of shareholder proposals, which previously were a much-used tool. Straightforward filing processes with low share ownership thresholds required to file resolutions, have made it a central point of stewardship during the American AGM season.

Besides that, we have seen company-sponsored retail voting programs (such as the ones introduced by ExxonMobil last year) could materially alter voting dynamics in close contests. Programs encouraging retail shareholders to vote would, in practice, be an automatic support buffer for board recommendations and company management.

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A decline in activity on sustainability related shareholder resolutions

Several factors caused a decline in environmental and social shareholder resolutions last year. This trend is expected to further accelerate in the 2026 season, with fewer shareholder proposals being filed, fewer reaching the ballot, and fewer still commanding broad-based support.

Governance-focused proposals, by contrast, continue to attract relatively high support, reinforcing the idea that investors are prioritizing decision-useful governance mechanisms over thematic demands. This is also supported by the increase in scrutiny around voting decisions, which are expected to be defensible, proportionate and clearly linkable to fiduciary responsibilities. This does not imply that sustainability issues have lost relevance. Rather, they are increasingly addressed through engagement, board oversight expectations and strategic dialogue instead of ballot-box escalation.

The SEC steps back

The procedural environment has also changed materially. The SEC's reduced involvement in issuing no-action guidance has shifted responsibility for deciding which resolutions make it to companies' agendas. Thus far, companies have taken different approaches to this new reality. Some are very cautious and have decided to leave most proposals on the agenda, whereas others have taken the opportunity to dismiss most proposals based on their own assessment of the SEC's no-action criteria.

Moreover, the SEC revised its guidance to limit exempt solicitation filings on the Electronic Data Gathering, Analysis and Retrieval system (EDGAR) to shareholders holding at least USD 5 million in a company's shares. This effectively hinders most shareholders from using the platform to campaign for their views and garner support among other shareholders for their resolutions. While this is likely to discourage borderline or symbolic filings, it does raise the stakes for genuine stewardship efforts as the importance of legal certainty increases.

Governance as a catalyst in Asia

Going further around the world, while much of the global debate around retrenchment of ESG focuses on Western markets, and the US in particular, Asia has shown itself to be a region where governance reforms and shareholder rights are advancing hand-in-hand with unlocking value and financial performance by public companies. This can be seen in welcomed developments in South Korea, Japan and China.

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South Korea: Reform as a long game

South Korea is becoming a focal point of attention for governance-driven stewardship. Long-standing concerns around controlling shareholder dominance, weak board independence and limited protection for minority investors are gradually being addressed through legislative reform and have been met with various degrees of enthusiasm by international investors.

During the 2025 AGM season, several companies were approached by activist investors asking for accelerated changes to their 'Value Up' programs. South Korean companies, catalyzed by legislative developments around Korea's Commercial Act, often responded by initiating dialogue to get feedback and support for their plans. These observations render us optimistic about the direction of travel on how companies discuss topics like valuation, capital efficiency and governance structures (see the 'AGMs to watch' section for an example from LG Chem). Moreover, this shows international investors that even when activist proposals do not prevail, they can catalyze clearer disclosure, stronger governance frameworks, and more explicit capital allocation commitments.

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Japan: Value creation with governance discipline

Compared to South Korea, Japan's governance journey is further advanced. Initiated as part of Abenomics, reforms aim to improve corporate governance, disclosures, policies on capital allocation, and a wind-down of non-returning cross-shareholdings, which aimed to lure foreign investors and push up equity valuations. Moreover, independent directors, transparent remuneration frameworks, and credible board evaluations are increasingly central. Robeco strongly believes actions demonstrate that value creation and strong governance are complementary not competing objectives.

China: Signals, not transformation

In China, expectations remain more cautious. Recent regulatory guidance encouraging companies to focus on shareholder returns and capital discipline is directionally positive, but governance reform remains uneven and disclosure quality and board independence continue to vary widely.

Conclusion: Fewer moves, higher stakes

While the answer will vary across markets, 2026 is shaping up to be a year in which the way shareholders exercise their rights matters more than ever before. Proxy voting is shifting away from a one-size fits all approach, often stemming from standardized recommendations by large proxy advisors, to customized, materiality-based frameworks, supported by personalized objectives, data and the use of AI.

Moreover, engagement efforts are expected to become more targeted and shareholder activism more financially framed. In the midst of all this change, one common denominator across investors remains paramount – that strong governance practices can be beneficial to all investors, regardless of their investment thesis. Boards that demonstrate independence, accountability and credible oversight continue to attract investor support, while those that do not face sharper, more focused challenges.

The power of stewardship is not disappearing. It is being tested, redistributed and, in some cases, challenged. The outcome of the 2026 proxy season will reveal whether investors are prepared to adapt, and for some jurisdictions whether the systems that underpin shareholder democracy are resilient enough to endure. For Robeco, this environment reinforces the importance of making informed use of voting rights and conducting constructive engagement, grounded in shareholder rights and long-term value creation.

AGM’s to watch

South Korea: LG Chem AGM – 31 March 2026

Several shareholders have filed resolutions at the AGMs of Korean companies, often in the context of the Value Up program. A notable AGM in this regard is LG Chem’s, where a shareholder, Palliser, has submitted several proposals calling for clearer guidance on the company’s value-creation strategy as well as its corporate governance structures. These resolutions include: (1) an amendment of the company’s articles of association to allow for advisory shareholders; (2) the introduction of a ‘valuation gap’ as an indicator for measuring the performance of its Value Up program; and (3) the introduction of a share-price-linked incentive component within the company’s executive remuneration policy.

These resolutions illustrate ongoing regulatory attempts to unlock shareholder value as well as investor attempts to use their influence to promote stronger governance. Robeco supports these resolutions, as they are largely aligned with our engagement objectives.

Brazil: Petrobras AGM – 16 April 2026

Robeco, together with Royal London Asset Management and Templeton Brazil, has nominated an independent candidate to the board of Petrobras to represent minority shareholders. Our nominee brings extensive experience and credibility, having previously served a term as one of Petrobras’s first independent board members nearly a decade ago. While shareholder-led nominations are common in Brazil, this year’s process is particularly competitive, with several investors nominating candidates for the same position. Strong independent representation is especially critical given recent price volatility. In addition, with Brazil’s upcoming elections, Petrobras will need to focus on careful execution of its strategy while navigating the energy transition.

We therefore nominated a candidate with an independent mindset, a strong track record in crisis management, a sharp risk focus, and long-standing experience in corporate governance.

UK: BP plc AGM – 23 April 2026

Our engagement with BP has focused on the need for improved clarity on how the company intends to create value through the energy transition. We support the request filed by the Australasian Centre for Corporate Responsibility (ACCR) and other investors, which calls for a clearer demonstration of how BP exercises capital discipline to generate value from its upstream activities. We welcome disclosures that demonstrate a focus on efficient execution of resilient, competitive projects that achieve the stated return objectives. Additionally, last year’s weakening of the company’s climate transition strategy alongside management’s proposal to remove previously binding climate commitments, raise concerns over BP’s future resilience through the energy transition. These developments have led to a vote against the Chairman.

While we note that management’s proposed changes are subject to shareholder approval, we will also be voting against this proposal. Finally, the refusal to allow a climate shareholder resolution onto the ballot that was supported by shareholders raises concerns over the respect for shareholder rights that we will discuss with management.

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