Insights
**Asset Stewardship**

**March 2025**

# Introduction to the 2025 Proxy Season

## A Conversation with Benjamin Colton, Global Head of Asset Stewardship

**Q. How would you characterize State Street Global Advisors' approach to stewardship?**

Our stewardship program is fundamentally focused on the creation of long-term value for our clients, and focuses on three core principles: effective board oversight, disclosure, and shareholder protection. We believe company boards are best positioned to oversee corporate strategy and management. As an asset manager, our role is to ensure the effective oversight and disclosure of what companies deem to be material risks and opportunities to their business.

Our three principles guide our approach across all aspects of our program — from how we evaluate board effectiveness and oversight of material risks and opportunities, to how we assess shareholder proposals and engage with portfolio companies. When applying these principles across different markets, we consider factors such as availability of data, resources, disclosure practices, and size of holdings in our clients' accounts. This provides a consistent framework as we regularly review and refine our policies to reflect evolving market practices.

When engaging with and voting proxies with respect to the portfolio companies in which we invest our clients' assets, we do so on behalf of and in the best interests of the client accounts we manage and do not seek to change or influence control of any such portfolio companies.

**Q. What were some key highlights for you from 2024?**

We continued to strengthen our stewardship capabilities in several important ways. We expanded our team globally, creating a regional coverage structure led by regional stewardship heads across the Americas; Europe, Middle East and Africa (EMEA); and Asia-Pacific (APAC). We also established a dedicated Stewardship Research team with subject matter expertise to inform our viewpoints on key topics.

We maintained our disciplined and consistent approach to voting and engagement while expanding choice for our clients. This included broadening our Proxy Investor Voting Choice program and building out our new client-driven Sustainability Stewardship Service, which supports the views of the participating clients on certain sustainability topics.

In addition, we demonstrated our consistent, principles-based approach during a year of market complexity. Throughout 2024, we engaged with portfolio companies, aiming to understand companies' long-term strategies, governance practices, and approaches to a broad range of topics that the companies deemed material, including topics such as climate risk. These discussions, along with evolving market developments, have informed our approach for 2025.

**Q. What updates have you made to your approach for 2025?**

We regularly review and refine our approach to ensure it supports effective stewardship while adapting to evolving market needs. Rather than incorporating specific potential voting outcomes including those on director elections, this year our Policy sets forth what we believe are best practices for good governance at portfolio companies and includes our viewpoints regarding what we believe can protect and promote the long-term economic value of our clients' investments.

We've also made several updates to our Global Proxy Voting and Engagement Policy.

First, we've enhanced our approach to evaluating board composition. We believe effective board oversight of a company's long-term business strategy necessitates a diversity of backgrounds, experiences, and perspectives, which may include a range of characteristics such as skills, gender, race, ethnicity, and age. That said, our fundamental belief is that our role is not to be prescriptive but that boards and their nominating committees are best positioned to determine their optimal composition. They invest significant time in director selection and have the deepest understanding of their company's strategy and needs. Therefore, we may consider whether the composition of the board reflects a diversity of backgrounds, experiences, and perspectives, as evaluated on a case-by-case basis.

Consistent with our view that the nominating committee plays a critical role in determining the composition of the board, we've also continued to evolve our director time commitment policy. Rather than applying numerical limits on an individual director's board memberships, we consider whether companies provide disclosures on how their nominating committees evaluate and monitor individual directors' time commitments as a whole.

Additionally, we've updated our approach to fundamental governance practices in several other ways. We've updated our viewpoints on annual director elections and board independence, consistent with our belief that these reflect good governance practices.

Finally, we look to companies to provide disclosure on sustainability-related risks and opportunities that they deem material to their businesses in line with applicable local regulatory requirements and any voluntary standards and frameworks adopted by the company. With respect to environmental topics, where a company has deemed such topics material to its business we continue to assess company disclosures related to governance, strategy, risk management, metrics and targets. For companies in select markets that have identified climate risk as material to their business, we continue to consider how the companies provide disclosure on oversight and management of climate-related risks and opportunities.

**Q. What trends did you observe in the 2024 proxy season?**

Based on our engagement and voting activities, we observed several significant developments in 2024. For the third consecutive year, we saw decreased overall support for environmental and social shareholder proposals. While environmental and social shareholder proposals remained high in volume, a significant number were settled before being included in proxy statements. Proposals that went to a vote were increasingly prescriptive in nature, and many targeted companies had already improved their disclosures. Some companies took more assertive approaches, including legal action against certain proposals.

We also saw an increase in the level of shareholder activism and contested meetings globally, partially driven by the introduction of the universal proxy card. More broadly, lower costs for targeting companies and fewer barriers to nominating directors led to more activity from new entrants, including smaller hedge funds and labor unions.

**Q. What developments do you expect to see in 2025?**

Looking ahead, we anticipate a few key developments.

First, we believe companies will face increased complexities in managing and disclosing sustainability-related risks and opportunities. Many large companies have maintained their commitments on environmental topics, some even strengthening climate and deforestation goals, expanding energy transition disclosures, and improving disclosures in line with evolving frameworks. Others are updating their disclosures with respect to their efforts on diversity-related topics. It will be critical for companies to continue to consider whether their sustainability-related efforts are well-anchored and aligned with their strategy and fiduciary obligation to shareholders.

Second, we expect to see an evolution in shareholder engagement. For example, we expect to see a decrease in volume with respect to sustainability-related shareholder proposals and an increase in the use of vote-no campaigns and proxy contests. More generally, we expect engagements between investors and portfolio companies to continue to evolve to reflect the dynamic regulatory landscape.

Third, we believe that conversations around artificial intelligence (AI) and the role that the board plays in effective oversight of related risks and opportunities will continue to mature.

**Q. How would you summarize your priorities for the 2025 proxy season?**

Our priorities remain anchored in our core principles of effective board oversight, disclosure, and shareholder protection. We will continue our disciplined approach to stewardship while recognizing the evolving complexity of the operating environment.

We believe our approach to evaluating board oversight and governance practices positions us to be an effective steward of our clients' investments in 2025 and beyond.

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* Pensions & Investments Research Center, as of December 31, 2023.
†This figure is presented as of December 31, 2024 and includes ETF AUM of $1,577.74 billion USD of which approximately $82.19 billion USD in gold assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated. Please note all AUM is unaudited.

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ID2675450-6481982.2.1.GBL.INST 0225
Exp. Date: 02/28/2026