

EVENT TITLE: The 2025 Proxy Season: What Happened?

EVENT DATE: 9/11/2025

EVENT TIME: 8:00 AM ET

PROGRAM SUMMARY

The 2025 proxy season marked a period of transition for public company boards as they faced a recalibrated regulatory landscape, evolving investor expectations, and a moderation in shareholder activism. During this timely NACD New England virtual session, governance professionals and board members reflected on recent developments and what they signal for boardroom priorities in the months ahead.

The discussion opened by examining the continued focus on corporate transparency, particularly regarding climate risk, cybersecurity, human capital, and governance practices. While regulatory momentum in the U.S. slowed in certain areas, especially with the partial rollback or deferral of SEC disclosure rules, panelists underscored that investor pressure remained high. Boards were reminded that global investors still expect detailed ESG disclosures, and many are aligning with international standards such as the ISSB and CSRD.

A central theme was the evolving nature of shareholder proposals. While the volume of ESG-related proposals has declined slightly, the quality and sophistication have increased. Proponents have shifted tactics, using more targeted language and business-relevant rationales to advance environmental and social initiatives. This evolution suggests that boards must remain engaged and proactive in understanding which proposals resonate with their investor base.

One notable development is the increasing influence of universal proxy rules on director elections. With more shareholder-nominated candidates appearing on proxy cards, boards are advised to carefully assess vulnerabilities in board

composition, tenure, and skill alignment. Even when campaigns fall short, they often signal governance misalignments or communication gaps that boards should address.

The conversation also touched on executive compensation. Despite subdued levels of “say-on-pay” opposition in 2025, the linkage between pay and performance remains a sensitive topic, especially in the context of economic uncertainty and workforce reductions. Boards were urged to evaluate how incentive structures align with long-term value creation, retention, and stakeholder expectations.

Cybersecurity and AI emerged as governance flashpoints. Boards are increasingly expected to exercise oversight of emerging technology risks, not just from a compliance standpoint but also in relation to innovation and growth strategy. Several panelists noted that investors are asking for better disclosure of how companies are managing cyber risk, AI deployment, and technology investments — especially where they intersect with ethical concerns or regulatory scrutiny.

Political and social polarization continues to challenge how boards handle corporate voice and DEI initiatives. While some companies are scaling back external messaging, others are anchoring their approaches in corporate values and employee expectations. The message to boards was clear: regardless of terminology, inclusion and workforce representation remain business issues that demand thoughtful oversight.

A notable regulatory development that impacted the 2025 proxy season was the SEC’s February guidance on beneficial ownership reporting, which clarified that certain types of shareholder engagement could convert a Schedule 13G filer into a 13D filer if the engagement was seen as an attempt to influence control. This caused some large institutional investors — particularly passive ones — to pull back from active engagement during the height of the proxy season, in order to avoid triggering regulatory obligations. The sudden pause in investor dialogue left some boards navigating governance discussions without their usual shareholder touchpoints. The disruption underscored the importance of off-season engagement and the need for boards to build

resilient, year-round communication strategies that don't overly depend on a narrow group of investors.

On regulatory engagement, panelists observed a shift in the tone and volume of comment letters submitted to the SEC. Companies and trade associations are becoming more strategic in how they influence rulemaking, recognizing that regulators are closely watching both adoption and enforcement challenges. Boards were encouraged to understand their company's regulatory positioning and anticipate how delayed or revised rules may affect disclosure practices, liability risk, and shareholder litigation.

The session concluded with a forward-looking view of 2026, noting that the next proxy season may be shaped by political transition, global macroeconomic shifts, and continued pressure for board accountability. As governance expectations evolve, board members were encouraged to strengthen their relationships with shareholders, audit how well their disclosures reflect practice, and ensure their governance frameworks remain responsive to change.

KEY TAKEAWAYS:

- **Engagement Still Matters:** Despite a brief pause in direct investor engagement due to SEC rule interpretations, long-term relationships and proactive outreach remain essential for boards.
- **Activism Risk Is Evolving:** Universal proxy rules and faster 13D disclosure timelines increase board exposure to shareholder challenges. Boards must regularly evaluate vulnerabilities.
- **Oversight of AI and Cybersecurity Is a Board Issue:** Boards should ensure their governance frameworks are keeping pace with emerging technology and investor expectations.
- **ESG Isn't Gone—It's Just More Targeted:** While proposal volume declined, investor scrutiny of board oversight on ESG issues remains focused and aligned with long-term value creation.

- **Clarity, Consistency, and Credibility Are Non-Negotiable:** Board disclosures, director skill sets, and public messaging must all align with strategy and investor priorities.

MODERATOR:

Gloria Cordes Larson, Lawyer, Public Policy Expert, Boston Business Leader

SPEAKER(S):

Paul DeNicola, Principal at PwC's Governance Insights Center

Jessie Lochmann, Partner, Foley & Lardner LLP

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