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Turning point

ETHOS NEWSLETTER ON GOVERNANCE AND SUSTAINABILITY

EDITORIAL : The climate is non-negotiable, BP shareholders sound the alarm

BP's 2026 Annual General Meeting (AGM) served as a stark reminder. At a time of anti-ESG backlash and repeated attacks on sustainability, investors in the British oil giant reminded board members that they could not flout their shareholders' basic rights or renege on commitments made – and ratified – a few years earlier. They showed the political and financial world that climate issues remain very much at the heart of their concerns, regardless of the current context and who is in power in the White House. It is hard to argue with them when India is experiencing another heatwave, with temperatures sometimes exceeding 45°C.

BP shareholders were stung by the board of directors' decision not to include on the agenda of this AGM a resolution that had nevertheless been validly submitted by Follow This and a coalition of international investors (including the Ethos Foundation and some of its members). They therefore wished to send a strong message to the board of directors and its new chairman, Albert Manifold, who took office in October 2025 following his predecessor's resignation. A message that took the form of a triple victory for the climate and shareholders' rights.

Firstly, a majority (53%) voted against an agenda item that sought to simply revoke two climate resolutions approved at the 2015 and 2019 AGMs, with the support of the board of directors at the time. These two resolutions specifically required BP to publish more information regarding its climate strategy, deemed essential for assessing its efforts in the energy transition. This opposition demonstrates shareholders' commitment to climate transparency. It is worth noting that a majority of shareholders (53%) also opposed a resolution seeking to introduce exclusively virtual AGMs in future.

Subsequently, a large number of them supported a resolution tabled by the Australasian Centre for Corporate Responsibility (ACCR) calling on BP to explain its method for assessing the return on investment of its gas projects. The level of support (26%) represents "a record" for a shareholder resolution opposed by BP's management, the ACCR noted in a press release.

Finally, and perhaps the icing on the cake, 18% of shareholders voted against the election of the new chairman of the board, whom they accuse of flouting their rights. Several major shareholders had announced their opposition ahead of the AGM. Such a result is undoubtedly a slap in the face for a first-time election. It demonstrates that the newly appointed chairman is now the focus of all criticism from responsible investors, who are unhappy with the major's recent strategic shift.

This AGM was seen as a test of the shareholders' determination to make their voices heard. They have succeeded. They have sent a message that the board members cannot ignore. Long-term institutional investors, such as pension funds, are incorporating climate risk into their mandates. This is not a matter of ideology; but of fiduciary duty. When companies reduce their transparency, these investors react. Boards that understand this will build trust over time. The others will continue to fight against their own shareholders, AGM after AGM.

LATEST NEWS

The news in April has been primarily political and regulatory.

On 2 April, the Swiss Federal Council presented its draft amendment to the Federal Act on Sustainable Corporate Governance, an indirect counter-proposal to the Responsible Business Initiative and the transposition into Swiss law of the amendments made to the European CSRD and CSDDD directives as part of the Omnibus Package. This draft bill contains positive aspects (the introduction of a liability regime for damage caused abroad in the event of a breach of due diligence obligations, and the requirement to have the sustainability report audited by an external auditor), but also negative setbacks (a drastic reduction in the number of companies covered, and the removal of the obligation to implement climate plans).

The initiative committee has already expressed its concerns, highlighting “problematic loopholes” that allow certain serious cases to “escape regulation”, and has sent an open letter to the Federal Council. Ethos will participate in the consultation process, which closes on 9 July 2026.

On 16 April, an alliance of representatives from the financial sector, politics and civil society announced the submission to the Federal Chancellery of more than 145’000 signatures in support of the popular initiative “For a sustainable and forward-looking Swiss financial centre”. Launched in November 2024, this initiative is aimed at financial sector players (banks, insurance companies, pension funds) and calls for binding rules to apply to financial activities conducted abroad that pose climate and environmental risks.

On 22 April, the Federal Council published its much-anticipated message on the regulation of systemic banks and their capital requirements. This draft fully incorporates a central pillar of the reform put out for consultation at the end of 2025 which Ethos had publicly supported, namely the requirement for systemically important banks to cover the full book value of holdings in foreign subsidiaries using common equity tier 1 capital.

As for the major oil companies, Shell – unlike BP – agreed to include the resolution tabled by Follow This and a coalition of shareholders (including the Ethos Foundation) on the agenda of its AGM on 19 May. However, the organisation Friends of the Earth Netherlands (Milieudefensie) is taking legal action against Shell. Relying on a previous court ruling, the organisation is demanding that the company cease bringing new oil and gas fields into production and gradually reduce its greenhouse gas (GHG) emissions between 2030 and 2050.

In the same sector, ExxonMobil is facing backlash over its new voting programme, which allows shareholders to follow the board of directors’ recommendations with a single click. New York’s Comptroller, who manages the city’s public pension funds, among other things, has tabled a shareholder resolution at the AGM on 27 May asking the board to ensure that this programme offers multiple voting options and does not unduly favour the board’s recommendations alone. Watch this space.

More broadly, a study reveals – unsurprisingly given the current climate – that the number of shareholder resolutions relating to ESG issues has fallen by 47% in the US this year compared to 2025. There are 184 such resolutions, 39 of which relate to climate change. According to the NGO As You Sow, this situation stems both from the SEC’s new policy (which now allows companies to reject resolutions without its approval) and from the fact that companies and their shareholders now prefer to discuss issues that are likely to attract the wrath of the authorities in private.

As a direct consequence of this policy change, shareholders who fail to get a resolution included on the agenda are now turning to the courts. This is confirmed in a note from the Harvard Law School Forum on Corporate Governance. While legal proceedings relating to shareholder proposals were previously ‘extremely rare’, six have already occurred since the start of the year, with five resulting in an out-of-court settlement – with companies agreeing to include the proposals in their proxy statements.

GOOD NEWS

The results of the votes at BP's AGM are not the only good news this April. The Federal Office for the Environment reported that Switzerland had reduced its greenhouse gas (GHG) emissions by 27.3% between 1990 and 2024. This is an encouraging result, even though we are still far from the targets set by the Climate Act, which aim for a 50% reduction by 2030 and carbon neutrality by 2050. These emissions amounted to 40.1 million tonnes of CO2 equivalents in 2024, approximately 0.5 million tonnes less than in 2023.

Furthermore, the Science Based Targets initiative (SBTi) announced that the number of companies having set GHG emission reduction targets compatible with a scenario of limiting global warming to 1.5°C or 2.0°C by 2050 had passed the symbolic milestone of 10'000 in the first quarter of 2026. This figure stood at 9'764 at the end of 2025, representing a 40% increase compared to 2024.

Similarly, a new study by BSI shows that sustainability remains a key issue for businesses. Conducted among 7'000 business leaders from G7 countries, the study reveals that 83% of them say they are committed to achieving Net Zero by their country's target deadline, and 69% say they have increased their efforts in this area over the past 12 months. Only 14% have put their targets on hold and 13% have abandoned them.

Finally, it is encouraging that around 50 countries, including Switzerland, gathered in Colombia (Santa Marta) from 24 to 29 April for the First Conference on Transitioning Away from Fossil Fuels. Designed as an alternative to the slow and inconclusive COP processes, this meeting took place without the nations least inclined to contribute to the energy transition (the United States, China, Russia and Saudi Arabia) and without the numerous fossil fuel lobbyists who have cluttered the corridors of the COPs in recent years.

PROXY SEASON UPDATE

As the AGM season continues in full swing, Ethos and investors concerned with good governance are enjoying a string of successes. In addition to the BP AGM, it is worth noting that Amrize's Chairman of the board, Jan Jenisch, who also serves as the company's CEO, was re-elected with only 79.5% of the vote. In line with its voting guidelines, Ethos had recommended voting against his re-election on the grounds of the principle of separation of powers.

ENGAGEMENT UPDATE

A group of investors, coordinated by Shareholders for Change and comprising Ethos and members of EEP International, has launched a new dialogue campaign on tax responsibility, targeting 12 European companies particularly exposed to this issue. The campaign aims to strengthen their tax governance, improve transparency and demonstrate that their practices are aligned with long-term value creation and new regulatory expectations.

As a reminder, the OECD estimates that profit shifting costs governments between 100 billion and 240 billion US dollars a year. This lost tax revenue represents a shortfall in public funds that would otherwise be used to finance the infrastructure, healthcare and education on which economies and long-term investment returns depend.

Profit shifting poses a growing financial and systemic risk to institutional investors. As diversified long-term holders, they are directly affected by the effects of tax avoidance, which erodes the public revenues on which their portfolios depend. At the corporate level, the risk is just as real: the OECD/G20's 15% global minimum tax, now in force in over 55 jurisdictions, curbs the practice of channelling profits to low-tax countries. Companies now face higher tax costs and potential downward revisions to their profits, affecting their share prices. Studies also confirm that transparent tax practices reduce borrowing costs, thereby making responsible tax behaviour a driver of long-term value, rather than a mere compliance obligation.

On the regulatory front, EU Directive 2021/2101 now requires companies with a turnover exceeding 750 million euros and operating in the EU to publish their country-by-country tax data for EU countries and those on the OECD's blacklist.

SIG Group shareholders opposed the advisory vote on the remuneration report, the first such report from a Swiss-listed company this year to fail to secure a majority of votes. In line with standard practice, the company is expected to review its remuneration system by next year to address shareholder dissatisfaction.

To avoid a similar fate, Leonteq's board of directors chose to withdraw, just before the start of its AGM, the proposal to grant discharge to the members of the board of directors and management for the financial years 2024 and 2025. Ethos regretted that the company, which has faced several scandals in recent years, had sought discharge for two separate financial years in a single vote, as the executives concerned were not necessarily the same for both financial years. Ethos had recommended voting against the item.

Finally, the chairman of Fundamenta Real Estate, who was narrowly re-elected with 51% of the vote at the 2026 AGM, notably due to opposition from Ethos, announced that he would not stand for re-election next year. Ethos had recommended voting against his re-election due to his 18-year tenure, which exceeds the 16-year limit set out in its voting guidelines. This limit aims to ensure sufficient periodic renewal of the board of directors. The company assured shareholders that the succession plan was already underway.

From the 2026 AGM season onwards, investors will be able to assess for the first time whether the distribution of profits corresponds to the company's actual economic footprint, thanks to the first wave of these reports.

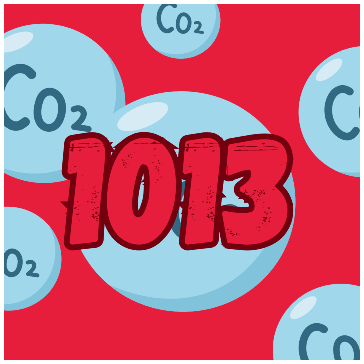

FIGURE OF THE MONTH

This is the true social cost in US dollars (in terms of damage) of one tonne of CO2, according to a recent study published in the journal Nature. This is five to ten times higher than the prices currently used by governments. According to the authors from Stanford University, a tonne of CO2 emitted in 1990 had caused $184 in cumulative damage by 2020 and will cause a further $1,840 by 2100 – a tenfold increase.

ETHOS NEWS UPDATE

April is historically one of the busiest months for the Foundation's activities, particularly as the AGM season is in full swing. 2026 is no exception. In early April, Ethos publicly expressed concern about remuneration levels in the Swiss banking sector, which are once again grossly excessive: CHF 14.9 million for the CEO of UBS, CHF 9.6 million for the CEO of EFG International and as much as CHF 23.1 million for the new CEO of Julius Baer, taking into account the CHF 14.8 million received to compensate for the 'lost' remuneration upon his departure from Goldman Sachs. This stance was widely reported in the Swiss and international media.

In mid-April, ten days before the AGM, and noting that BP would not reverse its decision not to include the shareholders' resolution on the agenda, Ethos also publicly called for a vote against the election of the new chairman of the board of directors and against the resolution aimed at allowing the company to revoke on its previous climate commitments. With the success we know. Finally, at the end of April, Ethos took a stand in support of essential reforms to the governance of the Swatch Group, in line with its repeated requests to the board of directors over recent years.

Meanwhile, Vincent Kaufmann, CEO of Ethos, spoke in person on 15 April at the UBS AGM in Basel. In his speech, he set out three expectations for the board of directors: to raise the ambition of the sustainability strategy, to review the remuneration system and to strengthen the bank's capital base. The following day, he addressed Nestlé's AGM, calling on the new chairman and CEO to restore the company's governance credibility and to clarify responsibilities regarding the numerous scandals that have tarnished Nestlé in recent years.

Ethos is also organising a free webinar in French on Thursday 11 June from 11.30 am to 12.30 pm, to present its new sustainable finance training programme. On the agenda:

- An overview of ESG issues in 2026: what has changed and what this means for your pension fund
- Fiduciary duty & Swiss regulation: where do we stand?
- Ethos's new training programme: Five core modules and one advanced module on ESG reporting (ASIP)
- From information to action: how to become an agent of change within your organisation

PRESS REVIEW

- La pression monte sur la famille Hayek chez Swatch (Watson, 29.04.26)
- Ethos fordert von Swatch Group Governance-Reformen (FuW, 29.04.26)
- Les (très) sensibles enjeux ESG au menu des Assemblées Générales 2026 (RSEDATANEWS, 01.04.26)
- Nestlé Shareholders Hit Out at Chairman, CEO Over Turmoil (Bloomberg, 16.04.26)
- La Fondation Ethos dénonce des salaires record dans les banques suisses: interview de Vincent Kaufmann (RTS Forum, 07.04.26)
- Ethos s'inquiète de la gestion des risques dans le secteur bancaire après les rémunérations octroyées aux patrons (Le Temps, 07.04.26)
- Ethos kritisiert hohe Vergütungen bei börsenkotierten Banken (cash.ch, 07.04.26)

The **Ethos Foundation** is composed of more than 250 Swiss pension funds and other tax-exempt institutions. Ethos was founded in 1997 and aims at promoting socially responsible investment as well as a stable and prosperous socio-economic environment.

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