Turning point
ETHOS NEWSLETTER ON GOVERNANCE AND SUSTAINABILITY

EDITORIAL : Drinking the barrel dry

When an American president launches direct attacks, week after week, on anything remotely connected to sustainability, it gives a boost to those who went green more out of opportunism than conviction. Add targeted and repeated attacks on shareholders' rights to the mix, and certain companies feel as though they've been given wings.

Apparently, a few in the fossil fuel sector had been waiting for such a perfect alignment of the stars. After backtracking on its climate commitments in 2025, BP showed little qualms about refusing to include a pro-sustainability shareholder resolution in the agenda for its 2026 annual general meeting (AGM). Submitted validly by Follow This and a coalition of investors including Ethos and some of its members, this resolution asked nothing more of the company than to explain how it intends to remain profitable in the medium and long term, given the predicted decline in demand for fossil fuels. In other words, how it envisages the future.

That is not all. Encouraged by the pro-fossil fuel climate prevailing in the White House, BP's board of directors also recommended to its shareholders that two resolutions from 2015 and 2019 be repealed. These resolutions required the company, among other things, to publish information regarding the alignment of its investments with the Paris Agreement – two resolutions which had, however, been supported at the time by management and secured over 90% of shareholder votes.

It seems that in the current climate, certain companies are no longer hesitating to defy the fundamental rights of their shareholders. As early as 2024, TotalEnergies had refused to include on the agenda of its AGM a resolution aimed at separating the roles of chairpersons of the board and chief executive.

Nor does the French company hesitate today to backtrack on its climate commitments. It has just concluded an agreement with the Trump administration which provides for the abandonment of two concessions on which offshore wind projects were to be built. In exchange, the United States has committed to reimbursing it 928 million of dollars, which must, however, be reinvested in hydrocarbon projects. As a result: according to Reclaim Finance, TotalEnergies now expects an increase in the share of its investments in oil and gas, from 33% to 35% for the period 2026-2030, and a reduction in its investments in its electricity division (solar, wind and gas) from the current 4-5 billion euros per year to 3.5-4 billion euros per year by 2030.

China, for its part, has taken the opposite approach. Whilst the US president was withdrawing (for the second time) from the Paris Agreement, deregulating, scrapping billions of dollars in subsidies for renewable energy and attempting to halt major offshore wind projects, Beijing continued to invest heavily in solar and wind power with a view to reducing its dependence on fossil fuels. The result: Chinese companies have become global leaders in the manufacture of solar panels, electric vehicles and batteries, and their share prices have increased on the stock market.

Above all, China is now less vulnerable than other countries to energy-related price shocks. This trend could accelerate further with the war raging in the Middle East and the blockade of the Strait of Hormuz driving up prices. Whilst we drain the oil barrel, destroying the planet and jeopardising our children's future, others seem to have grasped the need to rapidly reduce dependence on fossil fuels.

LATEST NEWS

BP's decision not to include a shareholder resolution on the agenda of its AGM has certainly provoked a reaction. Nest, one of the UK's largest pension funds, was the first to react by announcing that it might vote against the re-election of board chairpersons of companies that have significantly scaled back their climate ambitions without a satisfactory explanation in future.

Such stricter measures could, moreover, become widespread. CalPERS, the largest public pension fund in the United States, has announced that it too may vote against the re-election of board members at companies that abuse the SEC's new policy to avoid placing shareholder resolutions on the agenda. As a reminder, the SEC indicated at the end of 2025 that it would no longer provide a substantive response to requests for non-intervention from companies seeking to exclude shareholder proposals. In this regard, it is noted that the NGO As You Sow and ICCR have filed a lawsuit against the SEC following this decision. The two organisations consider that this "gives companies a free pass to prevent investors from submitting and voting on proposals concerning issues directly linked to companies' long-term performance and risk profile".

Another direct consequence of the anti-ESG backlash in the US was a fall in the rate of support from major proxy advisors for shareholder resolutions promoting sustainability fell in 2025. According to a recent study, ISS, which is often the target of attacks by Republicans, recommended approving fewer than 10% of sustainability-friendly resolutions in 2025, compared to 39% in 2024. Its competitor GlassLewis saw its support rate fall from 26% to 21%.

Vanguard, the world's second-largest asset manager, chose to sign an agreement with Republican states rather than risk a lawsuit. In addition to paying 29.5 million dollars, Vanguard has notably committed to no longer asking companies included in its funds to reduce their greenhouse gas (GHG) emissions, to no longer submit shareholder resolutions, and to no longer threaten to divest from a company that does not follow its recommendations. The agreement also requires it to withdraw from the PRI and any climate-focused investor organisations, such as NZAM or Climate Action 100+.

Also in the United States, a coalition of 24 states and 17 cities and regions has filed a lawsuit in federal court challenging the Trump administration's repeal of the 'Endangerment Finding', which formed the basis for the US government's authority to regulate GHG emissions. This action argues that the Trump administration's decision ignores the overwhelming scientific evidence regarding the impact and dangers of climate change, as well as the government's legal obligation to regulate GHG emissions.

In Switzerland, the State Secretariat for International Financial Matters has published its new policy document "Sustainable Finance Engagement 2026+", setting out its plans to enable the financial system to integrate climate and biodiversity risks ("Resilience") and for capital to be deployed where it has the greatest impact, namely the transformation of emission-intensive sectors ("Investability and impact").

Meanwhile, the Council of States wishes to revive nuclear power. It voted 26 to 12 to lift the ban on building new power stations. The SVP, the FDP and a majority of the Centre adopted the Federal Council's counterproposal to the "Stop the Blackout" initiative. The National Council has yet to give its verdict. "Even if we start now, there would be no new power stations before 2050," noted Maya Graf, a Green Party member of the Council of States from Basel.

European Union member states are reportedly considering removing fossil fuel exclusion requirements from SFDR legislation, which suggests a potential shift in the definition of sustainable investments. According to Responsible Investor (paywall article), discussions centre on replacing strict exclusions with strategies based on engagement, credibility safeguards and a classification system including a “basic ESG” category.

In this context, it is hardly surprising to learn, via a note from the French NGO Reclaim Finance, that the European Parliament hosted more than 22’000 lobbyists during the fourth quarter of 2025, a period during which the “Omnibus” package aimed at reviewing and simplifying European sustainability regulations was being discussed, 59% of whom represented private interests (compared to 28% from NGOs), notably from the financial and fossil fuel sectors. On some days, there were more lobbyists than MEPs.

Finally, the Paris Court of Justice handed down a landmark ruling, finding the Rocher Group, owner of the Yves Rocher brand, guilty of failing to sufficiently prevent violations of trade union rights and discrimination within a Turkish subsidiary. This marks the first conviction of a French company for failing to fulfil its duty of care abroad. The case began in 2018, when employees at this subsidiary attempted to form a union to highlight their working conditions, particularly low wages, exposure to harmful products and discrimination. Following the union’s formation, 130 employees were dismissed, the majority of whom were women.

GOOD NEWS

Regulatory backtracking does not necessarily mean a step backwards for companies; quite the contrary. This is revealed by the results of two studies published in March. The first shows that the vast majority of companies excluded from the scope of the CSRD under the ‘Omnibus’ simplification package intend to continue their sustainability reporting efforts. Of the 400 companies surveyed, 90% stated that they intended to maintain or expand their reporting, and 86% indicated that they planned to continue producing reports compliant with CSRD standards.

The second study, focusing on German companies, reaches the same conclusions. To explain their decision, companies cite the benefits of effective non-financial reporting: greater visibility of climate-related or supply chain risks, increased investor confidence, and compliance with the reporting and audit requirements of their clients or partners. The executives surveyed also emphasise that sustainability reporting is already partially or fully integrated into financial reporting and that sustainability indicators are already taken into account in financial reporting cycles.

Similarly, Renault has announced its intention to cease production of vehicles with 100% internal combustion engines for the European market by 2030, despite the fact that in December 2025 the European Commission partially reversed the ban, adopted in 2022, on the production of vehicles with internal combustion engines from 2035 onwards. It should be noted, however, that this electrification strategy applies only to Europe and not to the Dacia brand.

Finally, in the United States and Canada, pension funds and retirement savings plan managers are being sued by savers, who accuse them of mismanaging climate risks. These unprecedented complaints could mark the first counter-offensive following the anti-ESG backlash and restore climate risk management to the heart of fiduciary duty, as highlighted by Novethic in a recent article (paywall).

ENGAGEMENT UPDATE

On 20 March 2026, Ethos sent a letter to the chairpersons of 20 Swiss listed companies that are particularly exposed to issues related to the loss of nature and biodiversity. This letter was sent on behalf of the members of the Ethos Engagement Pool (EEP) Switzerland, who represent over 400 billion Swiss francs in assets under management. It constitutes an initial formal contact as part of the direct engagement campaign launched earlier this year by Ethos on this topic, which is itself based on the Nature Engagement Paper published in October 2025.

For Ethos and the members of the EEP Switzerland, this campaign aims to encourage companies to integrate nature and biodiversity issues into their governance frameworks, long-term strategy and day-to-day operations. It targets four sectors that play a central role in the preservation of biodiversity and ecosystems: the agri-food sector, the pharmaceutical and biotechnology industries, the chemical industry, and construction materials.

PROXY SEASON UPDATE

The AGM season in Switzerland is in full swing this March. No fewer than 28 SIX Swiss Exchange-listed companies having already held their annual meetings last week and some 70 analyses sent by Ethos to its clients, accompanied by informed and detailed voting recommendations.

As was the case last year, the issue of excessive remuneration is at the forefront, notably with 24.9 million for the CEO of Novartis in 2025 (‘realised pay’), 14.9 million Swiss francs for the CEO of UBS, and 23.1 million Swiss francs for the new CEO of Julius Baer (see below). Ethos opposed all of these remuneration packages.

Now is also the time to draw the first lessons from this new season. Ethos’s analysts have observed the concrete effects of the anti-ESG movement sweeping across the Atlantic. Consequently, the Sandoz board of directors decided to remove from the senior management’s long-term remuneration plan the performance criterion linked to ‘improving the representation of women in management positions’, in order to ‘ensure regulatory compliance’ with the legislation of the countries in which the company operates, including those where it supplies medicines to public healthcare systems. Similarly, Lindt has set itself the goal of taking measures to achieve equal pay (between men and women) for work of equal value in each of its subsidiaries by 2027, with the exception, however, of subsidiaries based in the United States.

Finally, the initial results of the votes at AGMs are now available. We note an increase in opposition from minority

Ethos and the members of EEP International have signed a declaration bringing together more than 200 institutional investors (with 2.3 trillion dollars in assets) and calling on the International Labour Organisation to adopt a binding convention promoting decent work in the platform economy. Today, one in eight workers worldwide is employed via a digital platform. However, most of them face precarious contracts and little or no social protection.

Finally, Ethos and its German partner DSW, supported by the members of EEP International, Shareholders for Change and the BETTER FINANCE association, sent a letter to the largest companies in the DAX index asking them to hold AGMs in person or in a hybrid format. “Germany is the only country in Europe where several companies continue to hold purely virtual AGMs,” emphasised Ethos’s CEO, Vincent Kaufmann, in a press release.

shareholders at the OC Oerlikon AGM: 17.3% opposed the re-election of the Chairman of the Board of Directors this year (compared with 12.4% in 2025) and 26.4% opposed the advisory vote on the remuneration report (22.7% in 2025), two agenda items on which Ethos had recommended voting against. Notably, without the support of the majority shareholder, who holds 42.7% of the capital and voting rights, these two items would have been rejected by the shareholders.

FIGURE OF THE MONTH

This is the record remuneration, in Swiss francs, received by Julius Baer’s new CEO in 2025. This includes a ‘replacement payment’ of 14.8 million to cover the severance pay he would have supposedly lost by leaving his previous employer. However, it is not only in Switzerland that bankers’ pay is reaching new heights this year. The CEO of the Italian bank UniCredit, who was once tipped to take the helm at UBS, received a record pay of 16.4 million euros in 2025. That is twice as much as in 2022. This puts him on a par with Sergio Ermotti (14.9 million Swiss francs in 2025) and, above all, at the top of the list of the highest-paid bankers in continental Europe. However, we are still a long way from the levels seen in the United States, where the head of JPMorgan Chase received a record 43 million dollars in 2025 and the head of Goldman Sachs 47 million dollars.

ETHOS NEWS UPDATE

March therefore began with some bad news: BP's decision not to include on the agenda of its AGM a shareholder resolution submitted by Follow This and a coalition of international investors (including the Ethos Foundation and several of its members). In a statement, Ethos condemned a "serious violation of shareholders' fundamental rights" which should be of concern to all investors, regardless of their position on the underlying issue (in this case, calling on the company to be more transparent).

Follow This, for its part, has given BP until 1 April to publish a new notice of its AGM including the resolution in question; failing this, the Dutch NGO will take legal action.
The CEO of Ethos attended the Novartis AGM to address the shareholders. In his speech, he expressed Ethos's concerns regarding the level and structure of executive remuneration, particularly that of the CEO, which has risen significantly in recent years. He called for a review of the current remuneration system, notably by introducing a clearer cap on variable remuneration, making greater use of relative performance criteria, and incorporating measurable sustainability targets into long-term incentives.

Ethos has also published the 2025 activity reports for its shareholder engagement programmes: EEP Switzerland, which engages in ongoing dialogue with the 150 largest listed companies in Switzerland, and EEP International, which focuses on companies listed abroad. In 2025, these two programmes conducted more than 1400 dialogue activities with listed companies on ESG issues (climate, biodiversity, diversity and governance). In a global context where these issues are subject to increasing pressure, the results demonstrate that collective shareholder engagement remains a concrete and indispensable lever for protecting policyholders' capital against systemic risks. The reports are available on the Ethos website.

Finally, Ethos has announced its participation in the first "Climate Week Zurich", which will take place in early May. Together with Nest, Ethos will organise an event dedicated to pension funds and climate risk management. For more information and to register, please visit the Climate Week website.

PRESS REVIEW

- Ethos appelle les actionnaires de Novartis à rejeter le point sur les rémunérations (Agefi, 24 février 2026)
- Nestlé face à des mauvais résultats et le scandale des laits infantiles : interview de Vincent Kaufmann (RTS Forum, 20 février 2026)
- Die Schweiz braucht keine neue Abzockerdebatte: Von den hohen Löhnen der Multis profitieren alle (NZZ, 14 février 2026)
- Die 25-Millionen-Vergütung des Novartis-Chefs im Vergleich (SRF 1 Tagesschau, 4 février 2026)

- Switzerland’s Ethos Foundation gets tough on governance (IPE, January/February 2026 Magazine)

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