

Outlook for the 2025 Swiss AGM Season: Challenges, Board Reputation and Stakeholder Management

Zurich, 20th February 2025 - The way in which decisions are made and communicated to shareholders ahead of general meetings (AGM) is having an ever greater impact on the reputation of boards of directors and their companies. AGMs are no longer just compulsory exercises. Rather, they should be seen as an important communication element for the highest management level of a company. Accordingly, more transparent communication on the development and composition of the board of directors, a clear presentation of remuneration decisions and transparency on the strategic relevance of sustainability efforts are once again expected to be in the focus of this year's AGMs. At the same time, companies continue to be confronted with diverging demands from the various stakeholder groups.

It seems that certain governance issues are here to stay. In addition to a prudent approach to challenging geopolitical developments and measures to strengthen the resilience of their companies, boards must constantly deal with the reputation-relevant issues of remuneration and sustainability and their related external perception. Management remuneration in Switzerland was perceived as (too) high by institutional shareholders in 2024. At the same time, more than ten years after the Minder Initiative, the transparency of variable remuneration was still considered insufficient. Thus, remuneration committees will once again be the focus of particular attention in 2025.

Next events

Corporate Governance Excellence 2025

Event for board members organized by FuW with
SWIPRA as a Network Partner
June 24, 2025

SWIPRA AGM season analysis

Presentation of the results
June 2025

For regulatory reasons, the length of sustainability reports to be published in 2025 will continue to increase. The new disclosure requirements will lead to even more data points that will be available to market participants for their analysis. It is crucial for companies to understand how these data points are used, and which disclosures are of particular relevance to the various stakeholder groups. This is the only way for companies to prevent or at least address potential misinterpretations by key market participants such as institutional investors, rating agencies and proxy advisors. At the same time, boards and executive management must continue to strengthen their understanding of which non-financial objectives are actually of strategic relevance in order to present a credible capital allocation.

For the 2025 AGMs, it is expected that shareholders will increasingly assess the effectiveness and comprehensibility of companies' sustainability measures when voting on sustainability reports.



Board of Directors - Governance and Reputation

At a time when legal requirements, political realities and social expectations are increasingly drifting apart, it is becoming more and more difficult for companies to position themselves credibly. This presents the board with complex challenges. It is a question of weighing return expectations against investments in sustainability: what (sustainability) targets are set, how are investments in sustainability reconciled with shareholders' return expectations, and how do the supply chain and employees influence strategic decisions.

This dynamic is leading to a critical reassessment of established topics (e.g. sustainability targets, capital allocation, employee diversity, etc.) of recent years. Investors, NGOs and the media are keeping a close eye on companies and their management bodies in this process, with the focus once again being placed on fundamental corporate governance structures. At the same time, developments in the US, which will deal with these aspects differently from now on, are challenging for Swiss and European companies. They will be confronted with return expectations of the US shareholders, while still being subject to an increasing density of regulatory requirements related to sustainability that are not always contributing to long-term strategic success. Shareholders expect the boards to take a clear position on this dilemma and manage the company accordingly in a transparent and comprehensible manner. This stronger focus on the work of the board is also reflected in the developments of proxy

guidelines of institutional shareholders: they are looking for a better understanding of what experiences and knowledge are necessary on the board for the long-term positioning of the company and how the board composition is managed over time.



Strengthening the credibility of the board therefore remains a key aspect. Accordingly, transparency and clear communication are essential, not only regarding the composition of the board but also its tasks and actions. It is not only the quality of disclosure that is crucial, but also the implementation of engagements by the board with shareholders and other important stakeholders such as proxy advisors or regulators. The board must understand the sometimes divergent requirements of the most important stakeholder groups and address these proactively. A regular, systematic review of internal processes and cooperation within the board using structured evaluations is also helpful. Such assessments not only help the board to increase its own efficiency and effectiveness but also contribute to external credibility.



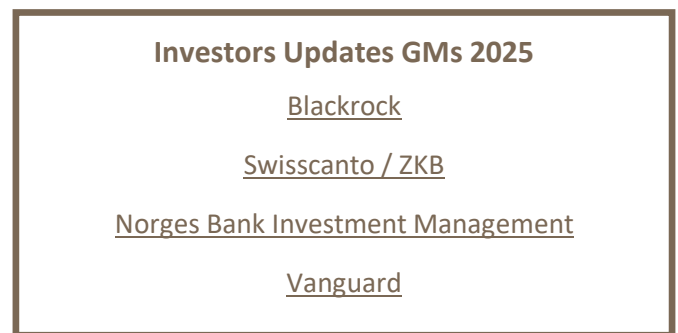
Remuneration - Between Culture and Competition

Globally positioned companies face international competition when it comes to recruiting and compensating staff. However, they often encounter criticism regarding management salaries, particularly in their Swiss and European home markets. Remuneration committees are therefore increasingly confronted with the question of how to justify the level of variable management remuneration in Switzerland as Swiss management salaries generally grew faster than in the largest EU markets, but slower than in the US (see [SWIPRA AGM Analysis 2024](#)).

According to the [SWIPRA Survey 2024](#), peer benchmarking is also an increasing challenge for Swiss companies from the perspective of institutional investors. Over half of institutional shareholders consider inappropriate benchmarking to be the reason for the comparatively (too) high salaries in Switzerland. However, benchmarks are either not disclosed by companies or remain unexplained and are thus difficult to understand from the outside. It is also expected that companies will be increasingly asked to become more transparent on the benchmarking of remuneration levels within the company to better understand the alignment in the development of remuneration quantum across the different hierarchical levels.

At the same time, shareholders and the public criticize the lack of transparency regarding remuneration decisions. It is not without reason that remuneration was the most discussed topic in the shareholder engagements towards the 2024

AGMs, and it is not expected that this will change significantly in 2025. Remuneration committees are therefore under increasing pressure to make their decision-making processes more accountable and transparent. If this tension between competitive remuneration for management and the general skepticism regarding remuneration levels is not explicitly addressed, there is not only a risk of high dissenting votes in remuneration reports and growing opposition in board elections, but also a continued negative public perception.



Sustainability Report - From Snapshot to Development over Time

The sustainability reports were waved through with very high approval rates by shareholders at the 2024 AGMs. Many institutional shareholders had not yet defined their policies in how to assess these reports (see [SWIPRA Survey 2024](#)). They therefore relied primarily on the assurance of external audit firms regarding the completeness of disclosure. This is less the case for sustainability rating agencies which generally take a more critical view of companies' sustainability efforts.

For the 2025 AGMs, it is therefore also expected that the assessment of reports by institutional shareholders will start to change in this direction.



While the completeness of the reporting was previously the decisive factor (i.e., is all required and relevant data made available?), it is expected that, going forward, greater attention is paid to the actual progress made towards setting sustainability targets, with a focus on environmental and social issues. Transition plans with actual milestones and the associated capital allocation will become more important, which was also confirmed by the [SWIPRA Survey 2024](#).

An indication of how such an adjusted analysis could change voting behavior can be found in the voting recommendations of Ethos. The Swiss proxy advisor had already focused more strongly on the development and not just the status quo of companies' sustainability efforts in 2024, which ultimately led to an against recommendation for more than 50% of the analyzed reports.

With the regulatory developments in Switzerland (TCFD requirements, alignment with the EU's CSRD, CSDDD and the planned coverage of smaller, also non-listed companies), the scope of sustainability reporting continues to increase. This bears risks, as new key data can strongly influence the public

perception of a company, for example through newly created rankings. It is the responsibility of the board to actively address this reputational risk and show which key data/topics really are important and material for the business, how it intends to address these topics over the next few years and what it has already achieved so far.

The challenges in connection with the 2025 Annual General Meeting and beyond are significant. Boards must strengthen shareholders' trust in their activities and proactively address the increasing complexity of remuneration, sustainability and governance. The balance between profitability and sustainability remains the key - social promises must be kept and the demands of the capital market must be met at the same time, otherwise there is a risk of reputational damage.



**Trusted
Board Advisors**

We are partners of TBA, an interdisciplinary, holistic consulting firm for boards of directors and executive committees.

About SWIPRA Services

SWIPRA Services provides **corporate governance and corporate social responsibility services** for listed companies and their boards of directors. We provide our clients with hands-on advice that takes into consideration relevant stakeholder opinions with aim of increasing the value of the company in the long term, based on principles of value-based management and empirically relevant criteria. www.swipra.ch

SWIPRA Services is working with a high-profile think tank to further develop corporate governance and CSR in Switzerland.

Contact

Barbara A. Heller, Managing Partner, T: +41 (0) 55 242 60 00, E: barbara.heller@swipra.ch