



Investor Coalition for Equal Votes

Voting on voting rights

How the world's largest investors sanction companies with unequal voting rights



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It is a cornerstone of the capitalist model that shareholders at companies should have a voice in proportion to their economic ownership: “one share, one vote”. This ability to effectively scrutinise, challenge and hold companies to account is a crucial part of shareholder democracy and good corporate governance, and research shows that, ultimately, it drives better long-term outcomes for companies¹.

However, in recent years, there has been a significant increase in the number and proportion of companies going public with dual-class share structures (DCSS) in the US². DCSS are considered unequal voting rights because they go against the ‘one share, one vote’ philosophy, conferring greater voting power to certain shareholders that is not in line with their economic ownership in the company.

These US market developments have been accompanied by regulatory and policy initiatives in the UK³, Europe⁴ and Asia⁵ that have rolled back long-standing investor protections and further enabled companies to list with DCSS, diluting shareholders’ ability to influence portfolio companies through the use of their votes at shareholder meetings.

As part owners of a company, with a key interest in ensuring their investee companies achieve long-term and sustainable value creation, independent shareholders’ ability to influence company approaches on material issues is important for good outcomes, not only for shareholders and their beneficiaries, but also for companies. It is therefore vital to the effective functioning of capital markets that a company’s shareholders should have a voice in proportion to their economic ownership of a firm.

Research shows that the entrenchment of management that comes about as a result of DCSS can hinder long-term financial performance of companies, with several notable academic and industry publications suggesting that long-term company value is adversely impacted by a misalignment between voting rights and equity stakes. The literature generally indicates that any potential financial advantages of DCSS for companies and shareholders, if they exist, tend to recede quite rapidly over a short period of time⁶.

Investors have therefore long decried firms who decide to list with unequal voting rights without a suitable time-based sunset clause⁷. This can be seen in the long-standing campaigns by bodies such as the Council of Institutional Investors (CII)⁸, the International Corporate Governance Network (ICGN), the Australian Council of Superannuation Investors (ACSI), the Asian Corporate Governance Association (ACGA) and many others against DCSS.

What are dual-class share structures?

Dual-class share structures (also referred to as dual-class stock, multi-class voting structures or unequal voting rights) are equity structures where a company has issued two or more share classes (e.g. Class A and Class B shares), with different voting rights.

When multiple share classes of stock are issued, the class with limited (if any) voting rights is normally offered to the general public. Classes with more voting rights are typically only offered to insiders such as company founders, executives and family members, allowing them to retain control of the company.

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The perspective of global investor groups

Asian Corporate Governance

Association (ACGA, Asia): “We believe allowing DCS [dual-class shares] in public markets in Asia would be a significant strategic mistake and will undermine solid progress being made in corporate governance [across the market].”
ACGA presentation to IOSCO, 2017

Australian Council of Superannuation Investors (ACSI, Australia):

“Corporate governance structures and practices should protect and enhance the board’s accountability to shareholders. Companies should not take any actions which disenfranchise shareholders or inhibit shareholder participation

in company meetings. We support a ‘one share, one vote’ capital structure. We do not support the existence of non-voting shares.”
ACSI Governance Guidelines, December 2023

Council of Institutional Investors

(CII, US): “One share, one vote is a bedrock principle of good corporate governance. When a company taps the capital markets to raise money from public investors, those investors should have a right to vote in proportion to the size of their holdings. A single class of common stock with equal voting rights also ensures that the board of directors is accountable to all of the shareholders.

Upon going public, a company should have a “one share, one vote” structure... CII expects newly public companies without such provisions to commit to their adoption over a reasonably limited period through sunset mechanisms”
CII “Dual-class stock” webpage, 2024

International Corporate Governance Network

(ICGN, global): “Dual-class share structures should be discouraged, and where they are in place, kept under review and should be accompanied by commensurate extra protections for minority shareholders, particularly in the event of a takeover bid.”
ICGN Global Governance Guidelines, 2024

However, investor practitioner interest in tackling this issue has also surged in recent years. The Investor Coalition for Equal Votes (ICEV) launched in 2022 with \$1.3 trillion AuM and, in the two years since then, has more than tripled to just over \$4 trillion AuM, gathering support from asset managers and owners around the world.

In 2023 and 2024, the UK’s financial services regulator received a substantial volume of responses from investors in clear opposition to their plans to enable unequal voting rights⁹. And the 2024 proxy season demonstrated an increase in shareholder support for resolutions on governance issues – including those requesting a shift to a one share, one vote structure – across the board¹⁰, against a backdrop of generally falling shareholder support for other shareholder proposals on environmental and social issues.

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Since it was formed in 2022, ICEV has been engaging with pre-IPO companies and their advisers, as well as with the investment community and policymakers. As a result, we know that investors are keen to understand how they can better use the stewardship tools at their disposal – including their vote – to encourage companies to shift to a one share, one vote structure. We also recognise that companies are interested in understanding the implications for their relationships with institutional shareholders, should they list with unequal voting rights without a suitable time-based sunset clause.

This report is our answer to these requests. It pulls together the voting policies on DCSS from 31 of the world’s largest investors, both asset owners and managers. Although a spectrum of approaches is taken – from votes against ‘dual-class-enabling’ directors at every company board they sit on, to expressing support for “one-share, one-vote” proposals – what is clear is that institutional investors have strong views on this issue. It is also the case that many investors are strengthening their lines over time, as well as using other escalation activities such as co-filing shareholder resolutions (including on class-by-class disclosure) and statements¹¹ at Annual General Meetings (AGMs) and other meetings.



We hope this report will be of use and interest to companies (both pre- and post-IPO), their advisers and investors. It is not designed to tell investors that one voting approach is better than another. Nor does it claim to provide the definitive exploration of investors’ voting policies on DCSS worldwide. Rather, it seeks to provide useful insights and inspiration, in the hope that companies and their shareholders can work together towards a share structure approach that works in the interests of all.

**Caroline Escott,
Railpen and Chair of ICEV**

About the Investor Coalition for Equal Votes (ICEV)

ICEV’s mission is to promote equal voting rights and encourage companies to adopt ‘one share, one vote’ arrangements. We were co-founded in 2022 by Railpen, the Council of Institutional Investors (CII) and several of the largest pension funds in the US.

Today, members include US, UK and global investors with a combined \$4 trillion assets under management – a number that’s growing all the time.

Unequal voting rights are an entrenched issue. So, ICEV’s vision is to bring about capital structures where shareholders have a fair and proportionate voice through their voting rights.

About this report

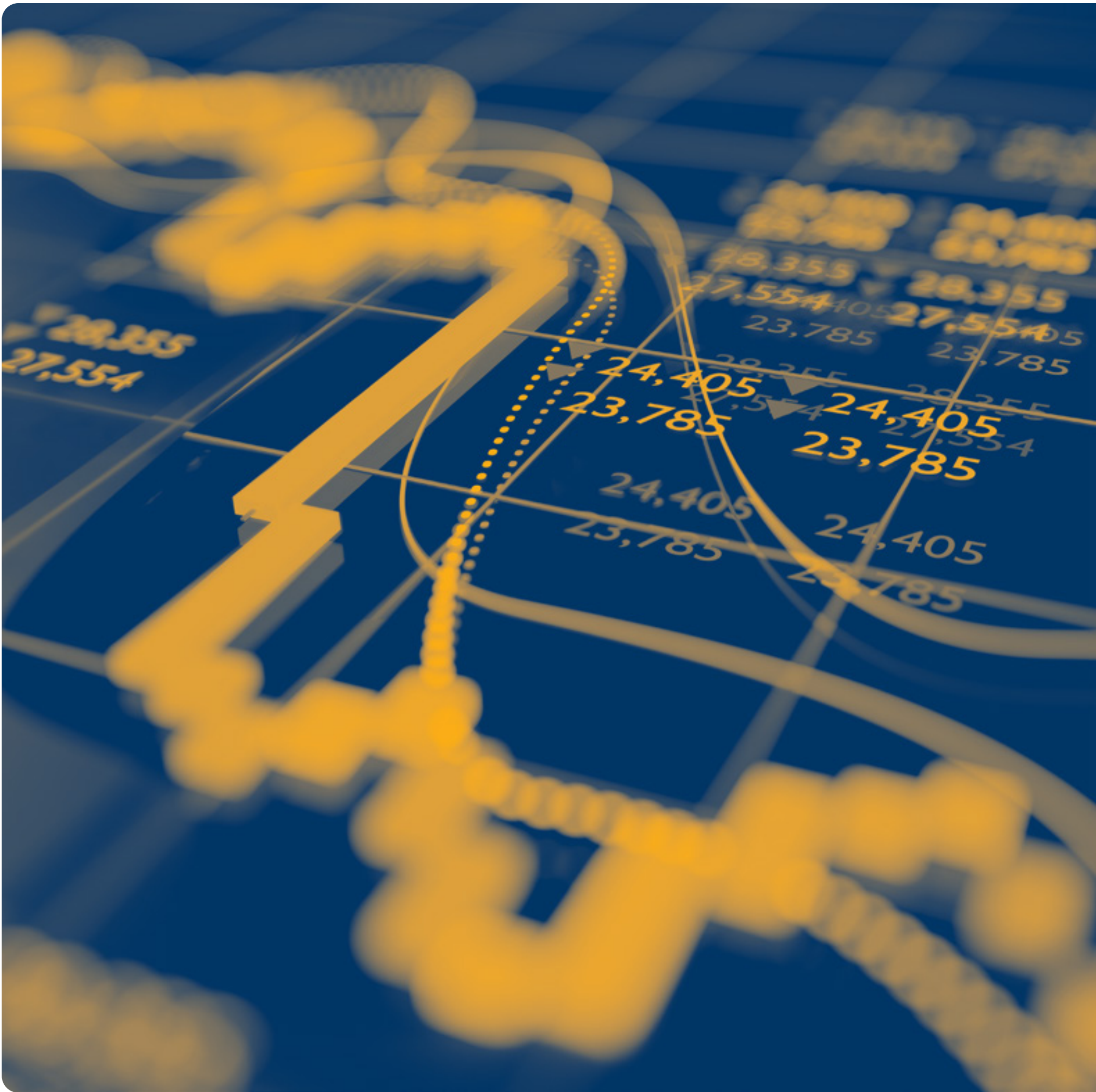


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Members of the Investor Coalition for Equal Votes (ICEV) are united in their support for the ‘one share, one vote’ principle. The purpose of this report is to present the range of approaches taken by investors with respect to DCSS and to provide inspiration for the growing mass of investors who are increasingly concerned about the rise of unequal voting rights and wish to express their perspective accordingly through the use of their vote.

This report provides excerpts of the voting policies of 31 of the world’s largest asset owners and managers. To provide a diverse range of perspectives, the policies of some ICEV members are included alongside those of non-members, and we have also sought to include policies from both asset managers and owners from the US, UK and elsewhere.

We have only been able to include examples of policies which were publicly available at the time of writing this report. However, our conversations with a wide range of investors indicates that the sample we have included accurately represents their perspective. We also note that popular voting guidelines such as the Pensions and Lifetime Savings Association’s (PLSA’s) 2024 Voting Guidelines¹² urge investors to pay careful attention to DCSS and vote accordingly¹³. ICEV’s 2023 report with Chronos Sustainability: *“Undermining the shareholder voice: the risk and risks of unequal voting rights”* highlighted proxy advisers’ increasingly stringent approaches on DCSS globally¹⁴.



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What the proxy advisers say (US benchmark policies, 2024)

Glass Lewis: “We generally consider a multi-class share structure to reflect negatively on a company’s overall corporate governance. Because we believe that companies should have share capital structures that protect the interests of non-controlling shareholders as well as any controlling entity, we typically recommend that shareholders vote in favor of recapitalization proposals to eliminate dual-class share structures.

Similarly, we will generally recommend against proposals to adopt a new class of common stock. We will generally recommend voting against the chair of the governance committee at companies with a multi-class share structure and unequal voting rights when the company does not provide for a reasonable sunset of the multi-class share structure (generally seven years or less).

In the case of a board that adopts a multi-class share structure in connection with an IPO, spin-off, or direct listing within the past year, we will generally recommend voting against all members of the board who served at the time of the IPO if the board: (i) did not also commit to submitting the multi-class structure to a shareholder vote at the company’s first shareholder meeting following the IPO; or (ii) did not provide for a reasonable sunset of the multi-class structure (generally seven years or less). If the multi-class share structure is put to a shareholder vote, we will examine the level of approval or disapproval attributed to unaffiliated shareholders when determining the vote outcome”

ISS: “Unequal Voting Rights: Generally vote withhold or against directors individually, committee members or the entire board (except new nominees who should be considered case-by-case), if the company employs a common stock structure with unequal voting rights. Exceptions to this policy will generally be limited to: newly public companies with a sunset provision of no more than 7 years from the date of going public: Limited Partnerships and the Operating Partnership (OP) unit structure of REITs; situations where the super-voting shares represent less than 5% of total voting power and therefore considered to be de minimis or; the company provides sufficient protections for minority shareholders, such as allowing minority shareholders a regular binding vote on whether the capital structure should be maintained.

How can investors' approaches be categorised?

Individual investors take a wide array of approaches to sanctioning companies for their use of DCSS without a suitable time-based sunset clause. Although there are some nuances, investors' approaches can generally be categorised as:

- **Votes against directors (at the company with DCSS).** This includes votes against the Chair of the Board, the Chair of the Nominations/Governance Committee or, indeed, all members of the Nomination/Governance Committee and/or the Board.
- **Votes against directors at all companies where they hold a board seat.** Some investors follow the CII suggestion of voting against 'dual-class enabling' directors, explained by the CII as follows (emphasis our own):

"Unequal structures generally render low-vote shareholders powerless to exert direct accountability on board members who facilitated dual-class structures at the critical juncture of the IPO. However, by voting against or withholding support from these same individuals at other, single-class boards on which they sit, investors can bring some degree of accountability. This voting strategy is not solely about retribution, but also about improving director diligence during the pre-IPO process; widespread adoption of 'porting' opposition to other company boards could cause private company directors to more carefully consider all sides of the issue before acceding to founders' and/or company-retained advisors' preference for long-term entrenchment¹⁵."

- **Votes in favour of relevant shareholder proposals.** Several companies with DCSS annually face a shareholder proposal requesting a recapitalisation to a one share, one vote approach. There is also growing momentum behind resolutions on class-by-class vote disclosure, where companies are asked to present voting results disaggregated by share class¹⁶.
- **Votes against capital resolutions at DCSS companies.** Although not explicitly articulated in a publicly-available voting policy at the time of writing, some investors are beginning to vote against capital resolutions (e.g. share buybacks, share issuance) of any type at companies with DCSS.

The very nature of the issue means that even when all independent shareholders vote against management in a particular way, company management are at liberty to downplay these shareholders' views. That doesn't mean however that investors should stop using their vote as a public expression of their view on DCSS – as they would on any other issue that is material to company performance and therefore matters for their clients and beneficiaries.

Some investors may feel that the best approach for them remains to focus on the use of their vote to flag their unhappiness with DCSS. However, ICEV encourages investors who are seeking further influencing approaches to join our growing ranks of asset owners and managers that are undertaking alternative as mechanisms for effecting change alongside continuing to express their concerns around DCSS through their voting behaviour¹⁷.

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This section contains excerpts drawn directly from investors' voting policies that were publicly available at the time of writing (Autumn 2024).



Railpen (ICEV Chair)

UK | Asset Owner | \$44.5bn AUM | [Voting Policy 2024](#)

"Minority shareholder rights

Differential voting rights dilute the ability of minority shareholders, like Railpen, to effectively hold companies to account. We believe that long-term corporate success requires the shareholder voting rights to be directly linked to the shareholder's economic stake. This is why we set up the Investor Coalition for Equal Votes (ICEV) in 2022.

"We will support resolutions that seek to maintain, or convert to, a one-share, one-vote capital structure. We will vote against requests for the creation or continuation of dual-class capital structures, or the creation of new or additional super voting shares, without the inclusion of a time-based sunset provision that is seven years or less.

"We will consider a vote against all members of the governance committee (or other committee we deem responsible) at companies that have a dual-class share structure without a sunset clause of seven years or less from the date of the IPO. Where a company's dual-class share structure has a sunset clause of more than 20 years from the date of the IPO, we will consider an additional vote against all board members, including the chair.

"From 2024, for all new company IPOs with dual-class share structures and a sunset clause of more than 20 years from the date of the IPO, we will vote against the election of all board members both at that company and at any other company where they hold a board seat."



BlackRock

US | Asset Manager | \$10,100bn AUM | [2024 Investment Stewardship Global Principles](#)

"Effective voting rights are basic rights of share ownership. It is our view that one vote for one share as a guiding principle supports effective corporate governance. Shareholders, as the residual claimants, have the strongest interest in protecting company value, and voting rights should match economic exposure. In principle, we disagree with the creation of a share class with equivalent economic exposure and preferential, differentiated voting rights. In our view, this structure violates the fundamental corporate governance principle of proportionality and results in a concentration of power in the hands of a few shareholders, thus disenfranchising other shareholders and amplifying any potential conflicts of interest.

However, we recognize that in certain markets, at least for a period of time, companies may have a valid argument for listing dual classes of shares with differentiated voting rights. In our view, such companies should review these share class structures on a regular basis or as company circumstances change. Additionally, they should seek shareholder approval of their capital structure on a periodic basis via a management proposal at the company's shareholder meeting. The proposal should give unaffiliated shareholders the opportunity to affirm the current structure or establish mechanisms to end or phase out controlling structures at the appropriate time, while minimizing costs to shareholders."

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**BNP Paribas
Asset Management**

France | Asset Manager
| \$627.8bn AUM |
[Governance and Voting
Policy 2024](#)

“Board elections

[We will vote ABSTAIN or vote AGAINST if] The candidate is a member of the governance/ nomination committee (or Board Chair in the absence of votes) where there is a dual-class share system with differential voting rights (Exception possible if the sunset clause comes into force within 5 years of the IPO).”



**California Public
Employees’ Retirement
System (CalPERS)**

US | Asset Owner |
\$502.9bn AUM |
[Proxy voting Guidelines 2023](#)

**“Multi-Class Share Structure
and Unequal Voting Rights:**

We will withhold votes from directors who are nominating committee members on a board with a multi-class share structure and unequal voting rights when the company does not provide a reasonable sunset of the multi-class share structure.”

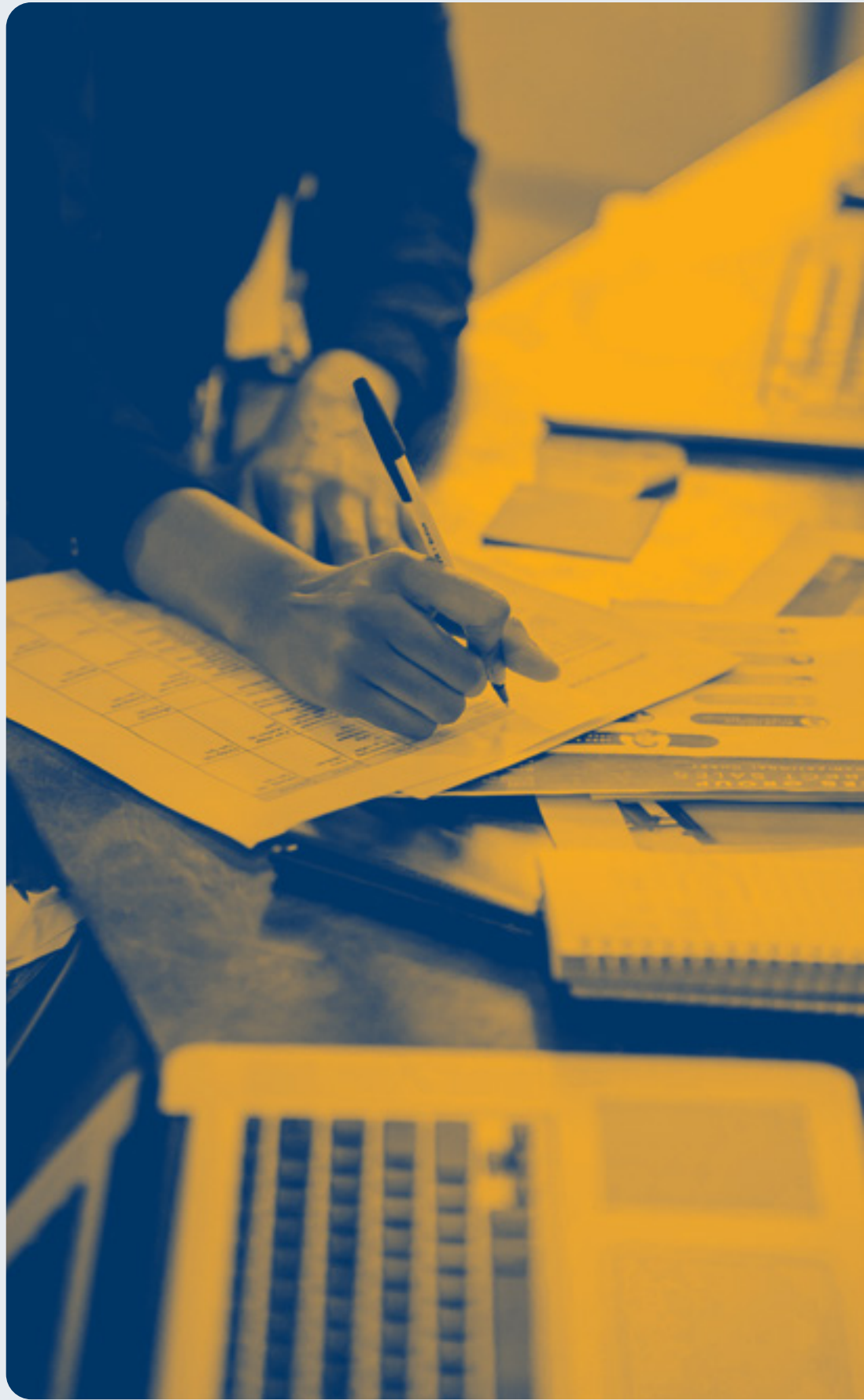


**California State
Teachers’ Retirement
System (CalSTRS)**

US | Asset Owner |
\$346.5bn AUM |
[Corporate Governance
Principles 2024](#)

“Unequal Voting Rights:

CalSTRS supports the one-share, one-vote principle. CalSTRS does not support voting structures in which voting rights are not aligned with economic interests. CalSTRS does not support time-phased voting, which provides unequal voting rights based on the length of ownership in the stock. Companies with existing unequal voting structures should disclose and implement processes to move to a one-share, one-vote structure.”



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CPP Investments (Canada Pension Plan)

Canada | Asset Owner | \$465.7bn AUM | [Proxy Voting Principles 2023](#)

“Dual-Class Share Structures

In dual-class share structures, one class of shares has more votes per share than other shares. These structures give a group of shareholders, usually the founding investors, voting control for a relatively low level of equity ownership and can lead to value deterioration over time. One argument for dual-class share structures is that those with the superior voting rights can ensure stability, continuity in ownership and facilitate a long-term perspective. We disagree with this argument and consider dual-class share structures to be contrary to good governance. They can entrench the board and management, compromising their accountability to shareholders and undermining the basic principle linking voting to equity ownership on the basis of one-share-one-vote. In our view, enhanced shareholder engagement can

foster a long-term shareholder base and serve to negate the perceived need for a controlling share structure. Where such structures do exist, we support the adoption of sunset clauses for classes of shares with unequal voting rights to prevent these structures from existing in perpetuity.

Oppose new dual-class share structures. Support the collapse of existing dual-class share structures and adoption of sunset clauses on terms that are in the long-term best interests of the company. For companies with existing dual-class share structures, oppose any non-equal treatment of shareholders on a change of control transaction or any proposal intended to preserve the dual-class share structure or increase the voting power disparity between the company’s share classes.

Newly Public Companies

The transition from a private to a public company generally involves undertaking significant corporate governance changes to meet listing standards and new shareholder expectations. In some cases, companies adopt anti-takeover measures on IPO that would not be considered best practice for a public company, such as dual-class share structures, classified boards, supermajority vote requirements and other measures that limit shareholder rights. We generally oppose these measures and maintain the same governance expectations for all public companies.

Guideline: Apply our governance expectations to newly-public companies with a reasonable grace period for full compliance where appropriate. Oppose the adoption of restrictive anti-takeover measures and consider voting against relevant committee members where such measures have been adopted.”

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CDPQ

Canada | Asset Owner |
\$325.4bn AUM |
[Policy governing the
exercise of voting rights
of public companies 2020](#)

**“Unequal or subordinate
voting shares**

CDPQ generally favours the issuance of single voting shares. However, in certain circumstances, a capital structure with unequal voting shares may be justified. It is sometimes in the interests of a majority of the shareholders that the holder of a large block of shares retain effective control of the company. An adequate framework to protect against the impacts of such a structure should be implemented.”



DWS

Germany | Asset Manager |
\$1,017bn AUM |
[DWS Corporate
Governance and Proxy
Voting Policy 2024](#)

“Shareholder Rights:

...The safeguarding of shareholder rights is crucial for effectively carrying out our stewardship goals. Therefore, the interests of (minority) shareholders must be respected and appropriately protected. DWS strongly supports the ‘one-share, one-vote’ principle as a means to treat shareholders equally. We are supportive of shareholder/ management proposals that request stronger transparency or would otherwise enhance shareholder rights. We expect boards to respond to shareholder proposals in a timely manner and in adequate fashion..”



Ethos Foundation

Switzerland |
Asset Manager Pool |
\$4.1bn AUM |
[Voting Guidelines 2024](#)

**“6.1 Changes in the
capital structure**

Vote for the board of directors’ proposal, however:

Oppose if one of the following conditions applies:

- a. The amendment contravenes the “one share = one vote” principle unless the company’s long-term survival is seriously undermined...”

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Fidelity International

UK | Asset Manager |
\$862bn AUM |

[Sustainable Investing
Voting Principles and
Guidelines 2024](#)

“Multiple voting rights

We support the principle of one share, one vote and will vote against the authorisation of stock with differential voting rights if the issuance of such stock would adversely affect the voting rights of existing shareholders.”



Fidelity Investments

US | Asset Manager |
\$5,500bn AUM |

[Proxy Voting
Guidelines 2024](#)

“Fidelity generally will support proposals to recapitalise multi-class share structures into structures that provide equal voting rights for all shareholders, and generally will oppose proposals to introduce or increase classes of stock with differential voting rights. However, Fidelity will evaluate all such proposals in the context of their likelihood to enhance long term economic returns or maximise long-term shareholder value.”



Florida State Board of Administration

US | Asset Owner | \$245bn AUM | [Proxy Voting Guidelines \(SBA\) 2023/24](#)

“SBA opposes dual class share structures. The one share, one vote principle is essential to proper functioning of capitalism; dual class shares distort the commensurate relationship between economic interest and voting power and ultimately risk harm to companies and their shareowners. Several academic studies have documented an array of value-destroying effects stemming directly from dual class share structures. SBA will support proposals asking companies to move away from dual class structures. SBA may withhold votes or cast votes

against the election of directors in cases where a company completes an IPO with a dual or multi-class share structure without a reasonable sunset provision on the unequal voting rights. We will generally support proposals that provide for the disclosure of voting results broken down by share class when dual class structures exist.”

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**Government Pension
Investment Fund**

Japan | Asset Owner | \$1,648.1bn AUM |
Stewardship Principles 2020

“Asset managers should apply careful due diligence when exercising voting rights on proposals that could undermine minority shareholders’ interests as well as those that could protect minority shareholders’ interests.”



Invesco

US | Asset Manager | \$1,795.6bn AUM |
Policy Statement on Global Corporate
Governance and Proxy Voting 2024

“One share one vote:

Voting rights are an important tool for investors to hold boards and management teams accountable. Unequal voting rights may limit the ability of investors to exercise their stewardship obligations.

- We generally do not support proposals that establish or perpetuate dual classes of voting shares, double voting rights or other means of differentiated voting or disproportionate board nomination rights.
- We generally support proposals to decommission differentiated voting rights.
- Where unequal voting rights are established, we expect these to be accompanied by reasonable safeguards to protect minority shareholders’ interests.”



LACERA

US | Asset Owner | \$85bn AUM |
Policy Statement on Global Corporate
Governance and Proxy Voting 2024

“Investor rights: Rights Proportionate to

Economic Interest: Investors should have voting rights proportionate to their economic interests. Multiclass ownership structures may entrench certain investors and management, insulating them from acting in the interests of all investors. LACERA therefore supports the principle of “one share, one vote...”

...LACERA may withhold support or oppose individual directors, members of a board committee, or the entire board where the track record demonstrates directors’ failure to serve investors’ best interests...

...In practice, LACERA operationalizes this principle by opposing ALL incumbent directors who maintain unequal voting rights at all companies in all markets, absent a compelling safeguard, such as a sunset provision of 7 years or less.”

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Legal and General Investment Management (LGIM)

UK | Asset Manager | \$1,420bn AUM |
[A board guide to equal voting rights 2022](#)

“Global policy: We do not support the issue of shares with enhanced or impaired voting rights. In some markets, however, differential voting rights are a longstanding structure and where this exists, the structure should be transparently disclosed. In the case of controlled companies, we will review the issuance of shares with enhanced voting rights to understand why these would be necessary. In general, we encourage companies to eliminate differential voting rights over time.

US policy: Beginning in 2023, we will vote against the chair of the board when the company has neither provided a plan to retire unequal voting rights, nor announced a plan to give shareholders regular opportunities to vote on the matter.”



Minnesota State Board of Investment

US | Asset Owner | \$146bn AUM |
[Proxy Voting Guidelines 2023](#)
[Governance and Proxy Voting 2024](#)

“In general, the SBI opposes proposals that would restrict shareholder ability to effect change. Such proposals include...

- granting certain stockholders superior voting rights over other stockholders.

In general, the SBI supports proposals that preserve shareholder rights to effect change. Such proposals include...

- eliminating dual-class stock”



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New York State Common Retirement Fund

US | Asset Owner | \$267.7bn AUM | [Proxy Voting Guidelines 2024](#)

“Unequal Voting Rights

Unequal voting rights can benefit some shareholders at the expense of others. Also, such rights can effectively deter premium takeover offers. The Fund will not support proposals that allow companies to issue shares with unequal voting rights. Additionally, the Fund will support proposals for companies with unequal voting rights to adopt a recapitalization plan for all outstanding stock to have one vote per share.

Post-IPO Governance

For newly public companies, the Fund will generally withhold support from incumbent board nominees if, prior to or in connection with the company’s public offering, the company or its board implement provisions or structures that negatively affect governance, including a multi-class capital structure in which the classes have unequal voting rights without subjecting the multi-class capital structure to a reasonable time-based sunset. The Fund does not consider sunset periods of more than seven years from the date of the IPO to be reasonable.

The Fund will continue to withhold support from incumbent board nominees at companies that have a multi-class capital structure without a reasonable sunset requirement.

Multi-Class Stock. Multi-class capitalization creates multiple classes of common stock with either superior or inferior voting rights to those of the existing class of stock. Multiple classifications with unequal voting rights violate the principle of “one share, one vote” and enable management to perpetuate itself without the support of a true majority of shareholders. The Fund will not support proposals that authorize the creation or extension of multi-class voting stock.”



Nest

UK | Asset Owner | \$60bn AUM | [Global Voting And Engagement Policy 2024](#)

“Share Classes

We support the ‘one share, one vote’ standard. Where companies have more than one share class, we expect to see a clear rationale for this, as well as additional protections for minority shareholders. We encourage companies to regularly review their share classes.

We may not support the (re)-election of board directors if the company has implemented a multi-class capital structure without a reasonable, time-based sunset provision.

We will generally vote against proposals to create a new class of common stock where this deviates from the one share, one vote standard.”

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Nikko Asset Management

Japan | Asset Manager | \$229.1bn AUM | [Nikko Asset Management Group Proxy Voting Policy](#)

“Resolutions aimed at issuing classes of shares with different voting rights shall be examined and considered. However, the resolution shall be opposed if it may lead to the strengthening of management control.”



Norges Bank Investment Management

Norway | Asset Owner | \$1,667bn AUM | [Global Voting Guidelines 2024](#)

“All shareholders should have the right to vote on fundamental corporate decisions, and voting rights should be proportionate to cash flow rights. One share should give one vote.

Any unequal voting rights should be time-limited and aligned with cash flow rights over time.

1. We will not support the creation of new or additional classes of common stock with unequal voting rights.
2. We will support the abolition of a class of common stock with unequal voting rights on equitable terms.
3. We will not support the introduction of voting caps”



Office of the New York City Comptroller

US | Asset Owner | \$282.4bn AUM | [Corporate Governance Principles and Proxy Voting Guidelines 2019](#)

“One Share, One Vote

The Systems believe that one share of company stock should entitle the holder to one vote. Multiple classifications of stock with unequal voting rights violate the principle of “one share-one vote.” The Systems generally vote for proposals to recapitalize company stock into one class of stock by which all holders have equal voting rights. The Systems generally vote against proposals to establish a multiple class stock structure.

Common Stock Authorization

...The Systems also generally oppose requests at companies with multiple classes of common stock where the authorization request would increase the number of shares in a class with superior voting rights”

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Ohio Public Employees Retirement System

US | Asset Owner | \$114.4bn AUM | [Voting Guidelines 2023](#)

“One share, one vote is preferable to dual-class structures, but OPERS will consider temporary dual-class structures (e.g., the structure sunsets after a period of up to seven years) in certain initial public offerings or where such a structure may be necessary to allow a founder to implement their vision for the company...”



Schroders

UK | Asset Manager | \$1,013bn AUM | [Voting Guidelines 2024](#)

“Multiple share classes

We do not support the introduction of, and/or, the continuation of multiple share classes beyond a reasonable sunset period of no more than a few years after an initial public offering. Such arrangements can serve to entrench the interests of the founder and other favoured shareholders. Where such arrangements are in place, we may vote against the chair of the governance committee or other directors to express our concern

...We are predisposed to vote against the chair of the governance or nomination committee or the lead or senior independent director when a company has more than one share class that means that voting rights do not reflect the shareholder’s economic interest in the company’s shares if the company has not announced a reasonably short sunset provision”



State Street Global Advisors

US | Asset Manager | \$4,370bn AUM | [Global Proxy Voting and Engagement Policy 2024](#)

“Shareholder Protection

State Street Global Advisors believes it is in the best interest of shareholders for companies to have appropriate shareholder rights and accountability mechanisms in place. As a starting place for voting rights, it is necessary for ownership rights to reflect one vote for one share to ensure that economic interests and proxy voting power are aligned. This share structure best supports the shareholders’ right to exercise their proxy vote on matters that are important to the protection of their investment such as share issuances and other dilutive events, authorization of strategic transactions, approval of a shareholder rights plan, and changes to the corporate bylaws or charter, among others.”

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T. Rowe Price

US | Asset Manager | \$1,570bn AUM | [Proxy Voting Guidelines 2024](#)

“For U.S.-listed companies controlled by means of dual-class stock with superior voting rights, our guidelines are to oppose the key board members responsible for setting corporate governance standards. Over many years of investing in the U.S. equities market, we have reached the conclusion that companies controlled by means of dual-class stock present more disadvantages to long-term investors than any potential advantages unless there is a strong, time-based sunset provision of a reasonable duration. We have become alarmed, in recent years, to see the

number of such companies growing due to IPOs. In our view, supporting the re-elections of the Nominating and Governance Committees at such companies sends the message that we are comfortable maintaining their dual-class structures indefinitely. In fact, this is not the case. If we conclude that the positive attributes of the investment, in total, outweigh the risks, we may make the decision to maintain an investment in the company despite the dual-class structure.

However, we feel a responsibility to attempt to engage in dialogue with these companies about potential ways they could transition to a one-share, one-vote capital structure over time. Due to the nature of voting at controlled companies, our opposition to board members carries no possibility of changing the outcome. Nevertheless, we believe this voting guideline, accompanied by engagement, is the appropriate way to express our view that control by means of dual-class stock with superior voting rights does not serve the long-term interests of investors.”

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UBS Asset Management

Switzerland | Asset Manager |
\$1,500bn AUM | [Proxy Voting Policy 2024](#)

“One share-one vote

We believe that votes at a company meeting should be determined on the basis of ‘one share-one vote’.

We will not support management initiatives to create dual classes of stock, which may serve to insulate company management from shareholder opinion and action, or which may transfer the full control over the company to one shareholder disproportionately to their economic interest in the company.

We generally support shareholder proposals to eliminate dual class schemes and will not support cumulative voting proposals or the introduction of double voting rights. For newly listed companies, a sunset provision should be included in future governance plans that would seek to eliminate preferential voting rights after a set period of time”



Vanguard

US | Asset Manager | \$9,300bn AUM |
[Proxy Voting Policy for U.S. Portfolio Companies 2024](#)

“Dual-class stock

This guideline applies when a company issues more than one class of stock, with different classes carrying different voting rights. The funds’ approach to this issue is principled yet practical. It remains philosophically aligned to “one-share, one-vote” but mindful of the need not to hinder public capital formation in the equity markets.

Alignment of voting and economic interests is a foundation of good governance. The funds support the idea of a newly public company with multiple classes of shares adopting a sunset provision that would move the company toward a one-share, one-vote structure over time.

A fund will vote case by case on proposals to eliminate dual-share-class structures with differential voting rights.”



Washington State Investment Board

US | Asset Owner | \$205.2bn AUM |
[Global Proxy Voting Policy 2024](#)

“Director Accountability

...We generally vote against directors individually, committee members, or the entire board (except new nominees) due to:

- ...The presence of a multi-class share structure and unequal voting rights when the company does not provide for a reasonable sunset of the multi-class share structure (generally seven years or less)...

Blank Check Preferred Stock and Unequal Voting Rights

...We believe that each share should have one vote and all shareholders should be treated equally in their ability to set the direction of the company, based only on their percentage of holdings. Accordingly, we favor the removal or reduction of unequal voting rights wherever possible.”

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Wellington Management

US | Asset Manager | >c\$1,000bn AUM |
[2024 Global Proxy Voting Guidelines](#)

“Multiple voting rights

We generally support one share, one vote structures. The growing practice of going public with a dual-class share structure can raise governance and performance concerns. In our view, dual-class shares can create misalignment between shareholders’ economic stake and their voting power and can grant control to a small number of insiders who may make decisions that are not in the interests of all shareholders.

We generally prefer that companies dispense with dual-class share structures but we recognize that newly listed companies may benefit from a premium by building in some protection for founders for a limited time after their IPO. The Council of

Institutional Investors, a nonprofit association of pension funds, endowments, and foundations, recommends that newly public companies that adopt structures with unequal voting rights do away with the structure within seven years of going public. We believe such sunset clauses are a reasonable compromise between founders seeking to defend against takeover attempts in pivotal early years, and shareholders demanding a mechanism for holding management accountable, especially in the event of leadership changes.

Similarly, we generally do not support the introduction of loyalty shares, which grant increased voting rights to investors who hold shares over multiple years.”



Wespath Benefits and Investments

US | Asset Owner |
\$26bn AUM | [Proxy Voting Guidelines 2024](#)

“WII opposes dual class voting shares and supports initiatives to eliminate this practice. WII supports shareholder approval of the issuance of authorized, unissued preferred shares that have voting rights.”

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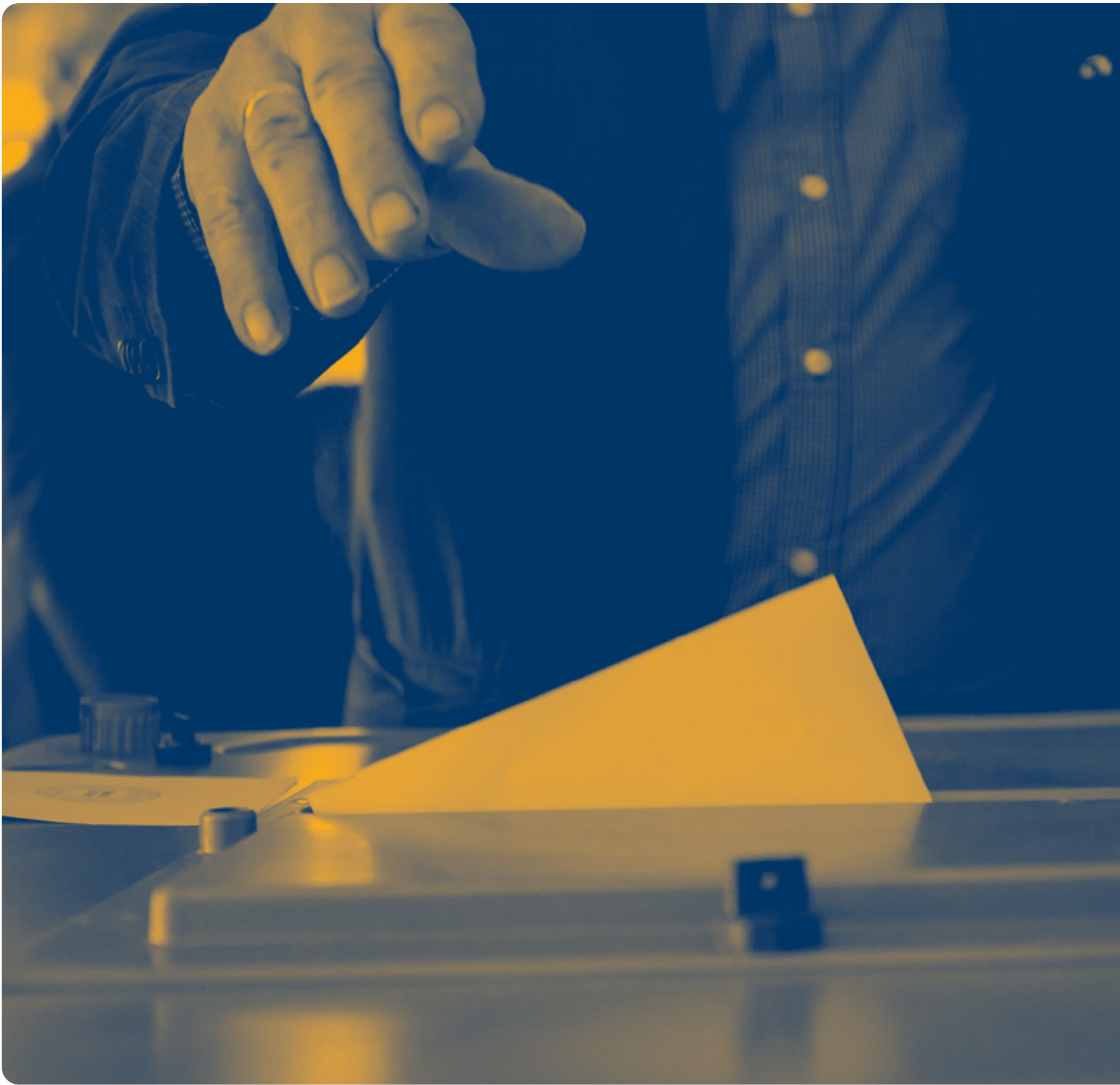
This report provides a snapshot of a range of investors’ publicly-available policies at a particular moment in time. However, ICEV’s growing membership, together with strengthening shareholder support for one share, one vote proposals and anecdotal evidence that investors are increasingly willing to consider DCSS in their capital allocation decisions, indicate that voting and other sanctions on companies with DCSS could tighten over time as investors look to express their frustration.

We hope that this report has provided both insights to pre-IPO companies and their advisers, and inspiration to investors who are keen to understand the range of peers’ voting policy approaches on DCSS. We welcome feedback and reflections on this report, and will continue to work with others across the investment chain to promote the importance of equal voting rights to outcomes for companies, investors and everyday savers alike.

For more information about ICEV’s approach to and activity on unequal voting rights, please get in touch at contact@icevequalvotes.org.

You can also find our latest research, blogs and articles at www.icevequalvotes.org.

We are growing rapidly, but welcome further expressions of interest in becoming an ICEV member. Membership is open to asset owners, asset managers and investor organisations. Please get in touch for further details.



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1

ICEV and Chronos Sustainability’s November 2023 report: *“Undermining the shareholder voice: the rise and risks of unequal voting rights”* explores and summarises this evidence.

2

[2024-1H-Dual-Class-Report.pdf](#)

3

In 2024, the UK’s Financial Conduct Authority (FCA) implemented proposals that would allow companies to list with unlimited DCSS on the new standard segment. Unlike in other jurisdictions with DCSS, which have strong court-based protections, or have implemented rules about the ratio of the unequal voting rights, no such safeguards have been implemented in the UK, though a nod was made to class-by-class vote disclosure, as suggested by Railpen in its submission to FCA consultation CP23/31.

4

Through the EU Listing Act and implementation by the European Securities and Markets Authority (ESMA) and member states [EU Listing Act Has Been Adopted: Countdown to Application Has Started - Hannes Snellman](#).

5

In the late 2010s, stock exchanges and markets including China’s STAR market, the Hong Kong Stock Exchange and Singapore shifted to allow the use of DCSS, although evidence seems to show limited success in boosting IPO numbers.

6

Please see *“Undermining the shareholder voice: the rise and risks of unequal voting rights”* for a summary of this evidence.

7

ICEV considers a sunset clause of seven years or less after IPO to be suitable. This builds on the evidence base outlined in *“Undermining the shareholder voice”* (ibid.) which shows that any benefits with DCSS decline within only a few years after listing.

8

CII is also ICEV’s Vice-Chair.

9

[PS24/6: Primary Markets Effectiveness Review: Feedback to CP23/31 and final UK Listing Rules | FCA](#)

10

[The 2024 Proxy Season in 3 Charts | Morningstar](#)

11

2024 Meta proxy statement: [meta-20240329](#).

12

Stewardship and Voting Guidelines 2023 ([plsa.co.uk](#)).

13

ICEV Report 2023: Undermining The Shareholder Voice ([railpen.com](#))

14

Ibid.

15

[Dual-Class Enablers \(cii.org\)](#)

16

See CII’s [Policies on Corporate Governance](#), which in 2024 were updated to take account of CII members approving in September 2024 an amendment to Policy 4.4 which asks companies to “break down voting results by each share class” instead of just providing aggregate totals.

17

This is why ICEV’s primary mechanisms for influence are engaging with the pre-IPO community (companies themselves and their advisers) as well with policymakers, to persuade companies at a stage where they are open to listening to the institutional shareholder voice and to help create a policy environment which hinders, not helps, the growth of DCSS. Accordingly, some investors are increasingly considering incorporating the CII dual-class enablers list into voting policies to help them vote against such directors at all the companies for which they are a director.