Monthly Insights
August 2025

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While August tends to be relatively quiet across the buyside, this past month was still loaded with hedge fund activism, noteworthy developments impacting the largest asset managers, and numerous policy developments that could affect companies' future public disclosures.

The Highlights

1 **Vanguard and BlackRock report on their 2025 voting as they face increasing political pressure – from both sides of the aisle.**

In high-level public bulletins, both Vanguard and BlackRock signaled a cautious approach to highly-charged environmental and social issues. More detail on their – and other institutional investors' – 2025 votes will be available next month.

2 **ESG activists reflect on recent setbacks and contemplate what is next.**

As pro-ESG groups report on their 2025 challenges and face growing legal (and other) obstacles, many find themselves at a crossroads that may portend a change in future tactics.

3 **Conflicting policy shifts complicate companies' reporting efforts.**

Amidst conflicting policy by U.S. federal, U.S. state and non-U.S. policymakers, companies should expect that disclosure expectations – and requirements – will remain fluid and dynamic for the foreseeable future.

4 **Behind the summer lull, activists are quietly setting the stage for the battles of proxy season.**

Activists are using the offseason to quietly position themselves - building stakes under disclosure thresholds, testing messages with investors, engaging with companies behind the scenes and shaping narratives for fall campaigns. What looks like a quiet August was actually players setting the chessboard for the next proxy season.

Notable upcoming events

- Sept 8-10, San Francisco, CA. ***Council of Institutional Investors Fall Conference***
- Sept 30, New York, NY. ***6th Annual Roundtable on Investor Expectations, Jasper Street, Freshfields, and Innisfree.*** Reach out to the Jasper Street team for the registration link.
- Oct 21-22, Las Vegas, NV. ***Proxy Disclosure & Annual Executive Compensation Conferences***, presented by TheCorporateCounsel.Net and CompensationStandards.com
- Oct 21, New York, NY. ***2025 Active-Passive Investor Summit***
- Nov 4-5, São Paulo, Brazil. ***PRI in Person 2025, Principles for Responsible Investment***

Investor Updates

We will be discussing the largest institutional investors' 2025 votes in more detail next month, when these investors' 2025 N-PX reports are fully available. In the interim, here are highlights from recent 'voluntary' reports published by several key investors:

- **Vanguard** released a short, regional brief for the U.S., indicating that its funds:
  - Supported zero (of 261) shareholder proposals on environmental and/or social topics in the U.S. during the 2025 proxy season. (Vanguard funds also supported zero E&S proposals in 2024.)
  - Supported 31% of governance-related shareholder proposals in 2025, although *which types* of governance proposals were supported will need to be deciphered from the firm's N-PX filings.
  - Supported 98% of say-on-pay in 2025, a similar rate as 2024 and slightly higher than the Vanguard funds' longer-term averages.
  - Supported 7% of dissident director nominees during 2025 proxy contests.

  The more marked shift was within Vanguard's engagement approach: during the heart of 2025 proxy season *(April 1-June 30, 2025)*, Vanguard engaged with only 173 U.S. companies, as compared to 427 during the same period in 2024. A key driver for this decline appeared to be the chilling effect of the SEC's Schedule 13 D/G guidance issued in February 2025.

- In a 2025 global voting spotlight, **BlackRock** reported that its investment stewardship team:
  - Supported only two of the 129 global shareholder proposals on "climate and natural capital" topics, and only five of the 224 global shareholder proposals on "company impacts on people". The primary driver for BlackRock's "against" votes was because companies already had a process in place to assess the business risk identified by the proposal; other shareholder proposals were also rejected because BlackRock viewed them as too prescriptive or lacking economic merit.
  - Supported 17% of governance-related shareholder proposals within the Americas in 2025. Similar to Vanguard, BlackRock's reporting was relatively high-level, and details on *which types* of governance proposals will need to be gleaned from the firm's N-PX filings.
  - Supported 91% of management's compensation-related proposals within the Americas in 2025. (BlackRock did not provide a further breakdown of Say-on-Pay votes within the U.S.)
  - Appeared to support 19% of dissident director nominees within the Americas during the 2025 proxy contests. ((BlackRock did not provide a further breakdown of U.S. contests.)

- **CalSTRS** published a brief, high-level release regarding its 2025 proxy voting. This year's release focused on the fact that – across all markets – the pension fund voted for 484 shareholder proposals and against 728 (as compared to CalSTRS's votes for well over a majority of shareholder proposals in prior years). The release also concentrated on why CalSTRS may vote against a shareholder proposal, taking pains to emphasize that "a vote against a proposal does not signify that CalSTRS finds the topic insignificant" but that CalSTRS may view the proposal as "overly prescriptive" or "the company may already provide the information the proposal asks for."

  This was a significantly different tone than CalSTRS's 2024 release, which instead emphasized that CalSTRS had, during the 2024 proxy year, voted against boards of directors at a record 2,258 companies, driven by CalSTRS' focus on insufficient climate risk disclosure. *While CalSTRS's (and other asset owners') full voting data will reveal how much their voting actually shifted in 2025, the tone of CalSTRS's public messaging is an important bellwether for asset owner attitudes going-forward.*

Investor Updates (continued)

- Political and legal pressure on the largest U.S. institutional investors continued this past month, including:
  - In July, 26 Republican state finance officials, organized as the State Financial Officers Foundation, pressured BlackRock, Vanguard and 24 other U.S. financial institutions to eschew framing climate change as a risk and stop incorporating net-zero commitments.
  - In August, a coalition of Democratic state and local financial officers from 17 states wrote to BlackRock CEO Larry Fink and 17 other firms, calling on them to reject calls for passive investment oversight and instead embrace active fiduciary stewardship for America's workers and retirees.
  - In response to these and other attacks, BlackRock issued an open letter to the Republican and Democratic financial officers decrying the "politicization of pension fund management [that] ultimately costs savers and retirees."
  - In the meantime, a U.S. federal judge denied motions to dismiss a multistate lawsuit that accuses BlackRock, Vanguard and State Street of violating antitrust laws and conspiring to use sustainable investment initiatives to manipulate coal markets, allowing the case to proceed. Earlier this year, the U.S. Department of Justice and Federal Trade Commission had filed a statement of interest supporting the case, adding that the Trump administration "has vowed to fight left-wing ideologues who seek to make us weaker and poorer under the guise of ESG. "

- **Congratulations to Donna Anderson**, who will be retiring from her long-time role as Head of Corporate Governance at **T. Rowe Price**. Jocelyn Brown, who is London-based, has been promoted to T. Rowe's Global Heal of Corporate Governance, and T. Rowe has hired Nina Aicardi, a veteran of ISS's special situations team, as Head of Corporate Governance, Americas.

ESG activism updates

- The **Interfaith Center on Corporate Responsibility (ICCR)** released an overview of its members' 399 shareholder proposals that were submitted during the 2025 proxy season. Key takeaways included:
  - Among the 148 proposals that went to a vote, shareholder support averaged 19.5%.
  - ICCR noted the significant increase in proposal challenges by companies via the SEC's no-action process: 47% of ICCR members' proposals were challenged (vs. 17% in 2024). 24% were ultimately blocked from proxy ballots.
  - 66 proposals (19% of those filed) resulted in negotiated proposal withdrawals between the company and proponent. The majority of these focused on DEI/racial justice, corporate political activities, and human rights/worker rights, and ICCR's overview includes a summary of select negotiated withdrawals.
- Following the departure of not only all of the major U.S. banks from **the Net Zero Banking Alliance (NZBA)** in late 2024 / early 2025, but also more recently of some of the largest UK- and European-based banks (including UBS and Barclays), NZBA announced a pause in its activities and that it will be conducting a September vote to approve a significant restructuring. Among other things, the restructuring would convert NZBA's format as a membership-based alliance to instead serve as a "framework initiative." The NZBA said that it "encourages the banking sector to remain steadfast in implementing their net-zero commitments."

Policy & Standard-Setter Updates

- For many practitioners, August was spent assessing their companies' activities and disclosures in light of recent guidance released by the **US Department of Justice** regarding behaviors that constitute unlawful discrimination under federal antidiscrimination laws. Although expressly aimed at recipients of federal funding, the guidance encompasses corporate employers and others subject to these laws. Practices that may have been common – and even encouraged by some stakeholders (including some investors) in the past – such as some diverse slate policies, were among the examples of practices characterized as unlawful. The DOJ also flagged that companies' increasing use of alternative terminology to "DEI" would not escape scrutiny, noting that "DEI programs go by other names as well, such as Diversity, Equity, Inclusion, and Accessibility ("DEIA") and Diversity, Equity, Inclusion, and Belonging ("DEIB")".

- The **California Air Resources Board (CARB)** provided additional informal guidance on California's impending climate disclosure requirements during an August public workshop and subsequent "draft checklist" for "Climate-Related Financial Risk Reports". Among the highlights:
  - *Climate risk reports:* The initial "Climate-Related Financial Risk Reports" are still due by January 1, 2026, but they will not be required to include quantitative disclosure or GHG data. Rather, CARB expects that companies report "in good faith" on the governance, strategy and risk management pillars of the Task Force on Climate-related Financial Disclosures (TCFD) framework, and CARB's checklist articulates "minimum CARB requirements for disclosure" based in large part on TCFD.
  - *GHG data:* The initial deadline for Scope 1 and 2 reporting will be June 30, 2025. CARB plans to publish a "template" for the data reporting in the near future.

Clarifying regulations are expected in the coming weeks, with final approval by CARB in December. CARB also signaled that it would publish within the coming weeks a list of companies that are in-scope.

Other Policy & Standard-Setter Highlights:

- The **SEC** issued its latest Reg Flex Agenda. Called the "most issuer-friendly Reg Flex Agenda I've ever seen" by one seasoned practitioner, it includes an item for "Rationalization of Disclosure Practices" that will presumably include proposals to trim the executive compensation disclosure requirements.
- A group of **23 Republican state attorneys general** sent a letter to the **Science Based Targets initiative (SBTi)** demanding information about the organization and its members, citing concerns about potential violations of antitrust, consumer protection and other laws.
- The **Florida Attorney General** announced the issuance of subpoenas to climate reporting and assessment organizations **CDP** and **SBTi**, characterizing them as a "climate cartel", as part of an investigation into alleged potential antitrust violations and deceptive trade practices.
- The **European Financial Reporting Advisory Group** released draft simplified **European Sustainability Reporting Standards (ESRS).** This is part of efforts to reduce burdens from the **Corporate Sustainability Reporting Directive (CSRD)** and other EU 'green' reporting requirements, and remains open for consultation until the end of September. The standards have been cut by around two-thirds, although EFRAG indicated that some proposed revisions will have a negative impact on interoperability with ISSB.
- At the request of I**nstitutional Shareholder Services (ISS)** and **Glass Lewis**, a U.S. district court granted a preliminary injunction preventing Texas from enforcing its new proxy advisor law. The law, Senate Bill 2337, would impose extensive public and directed disclosure obligations on proxy advisory firms when their recommendations are based on "non-financial factors". Texas may still appeal the injunction, and a full trial on the merits of the proxy advisors' challenges to SB 2337 is scheduled for February 2026.

Activism Highlights

Activist: ELLIOTT *Target:* Medtronic

Elliott has quietly accumulated a substantial stake in Medtronic and is reportedly pushing for strategic and governance changes. In response, Medtronic agreed to add two independent directors to its board and establish special committees focused on cost efficiency and M&A potential.

Commentary: Elliott's involvement reflects the evolution of healthcare activism - less noisy, more surgical. With Medtronic's EBIT margins lagging peers and growth outlook uneven, the move signals renewed pressure on large-cap incumbents to sharpen capital allocation and simplify. This is not a proxy fight (yet), but a governance recalibration—where **private pressure becomes the catalyst for public value unlock.**

Activist: ANCORA *Target:* CSX

Potentially: TOMS Capital Investment Management

Ancora publicly urged CSX's board to pursue a value-maximizing merger - specifically naming **BNSF or Canadian Pacific Kansas City** as logical partners - and warned it would consider leadership changes if the board fails to act. In its letter, Ancora called out CSX's **chronic underperformance**, "go-it-alone" strategy, and **failure to respond to structural change in the rail sector** post NSC-UP.

Toms Capital, an occasional activist, disclosed a material stake and is seeking direct dialogue with the board - fueling speculation of coordinated pressure. (Ancora letter, Reuters on Toms Capital)

Commentary: This is a textbook case of **activist swarming** - multiple investors converging on the same target to amplify pressure and limit board optionality. The critique is clear: CSX is under-scaled, behind on M&A, and lacking urgency. As peers consolidate and improve efficiency, CSX's valuation gap and margin lag will be harder to ignore. Inaction is no longer neutral - it is a position the board may soon have to defend.

Potential Activism Emerges Amid Deep Discount: CORE SCIENTIFIC x CoreWeave

Core Scientific (CORZ) shareholders continue to balk at the company's proposed all-stock merger with CoreWeave (CRWV). At CRWV's current (as of August 27, 2025) price of **$96.35**, the fixed exchange ratio of **0.1235** implies a takeout value of **~$11.90 per CORZ share -** far below its current trading price of **$14.24** (~20% discount).

In a significant development, **Situational Awareness Capital**, a newly-formed hedge fund led by AI investor Leopold Aschenbrenner, filed a **Schedule 13D**, signaling potential activist intent.

Jefferies estimates CORZ's fair value in a no-deal scenario as **$16–23/share**, implying a potential **30–60% upside** vs. current implied deal terms.

Commentary: What began as a strategic merger is now veering toward an activist flashpoint. Situational Awareness's 13D adds formal pressure to a shareholder base already skeptical of the terms. The math is damning: a broken exchange ratio, unclear leasing disclosures, and little downside protection. The likely next step? Push for a re-cut—or walk. AI infrastructure may be hot, but this deal is cooling fast.

Activism Highlights (continued)

Activist: ELLIOTT *Target:* PEPSICO

Elliott Investment Management has quietly built a $4bn stake in PepsiCo, arguing the CPG giant has squandered its scale advantage. In a detailed investor presentation, Elliott pointed to ~$40bn in market cap losses over the past three years, chronic share erosion in North American beverages, and margin deterioration in snacks. Its playbook calls for refranchising bottling operations, rationalizing brands/SKUs, slimming non-core assets, and reinvesting behind Pepsi Zero, Frito-Lay, and international growth engines.

Commentary: This is yet another case of a mega-cap consumer staples icon in the activist crosshairs. The critique is not about Pepsi's global brand power - it is about execution in its core North American franchises. Elliott is effectively running the Procter & Gamble / Coca-Cola turnaround playbook: simplify, refocus, reinvest. For boards across sectors, the takeaway is clear: even the most defensive blue-chips are vulnerable if valuations decouple from fundamentals.

Key Takeaways

- **Quiet activism is getting louder.** From Elliott's behind-the-scenes deal with Medtronic to Toms Capital's quiet stake building, we are seeing a continued trend toward private engagements that turn public only when leverage is secured. Companies should not mistake the absence of a 13D for the absence of pressure.
- **Swarming can happen across any sector.** The CSX situation echoes Salesforce, Air Products, Kenvue and others - multiple funds with different styles converging on the same target. Whether through public letters, stakebuilding, or direct board outreach, companies may find themselves fighting wars across multiple fronts with more than one activist.
- **Broken deal math invites challenge.** With CORZ trading well above its implied takeout price and no downside protection in sight, boards approving structurally unbalanced M&A should expect scrutiny. Activists do not need to oppose the strategic logic - just the execution and economics**.**

About Jasper Street

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