Is Proxy Advisor Say on Pay Influence Waning?

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Introduction

The Say on Pay ("SOP") voting environment continues to shift with JPMorgan Chase's announcement that it is cutting ties with the proxy advisors. Although JPMorgan Chase has not yet announced any changes to its voting policies, the firm is eliminating its reliance on proxy advisors and moving to an AI-powered tool to aggregate and analyze data from public company filings to inform its voting decisions.

JPMorgan Chase's change in approach follows a similar shift by BlackRock and State Street in 2025 when BlackRock removed all references to the use of third-party research (i.e., proxy advisors) in evaluating Say on Pay and State Street explicitly stated that it did not follow ISS policies.

The level of influence of proxy advisors on Say on Pay may also be affected by the Trump Administration's December 2025 executive order that targets proxy advisors and state-level legal actions against proxy advisors in both Texas and Florida. Further, proxy advisors themselves have implemented changes to their operating models, with Glass Lewis announcing a shift in 2027 to multiple voting policies rather than a singular benchmark policy.

Large Institutional Investors Appear to be Relying More on Internal SOP Voting Guidelines

Our review of the alignment between proxy advisor SOP voting recommendations and large institutional shareholder SOP voting patterns over the past five proxy seasons (2021-2025) reveals that institutional investors have been increasingly likely to diverge from proxy advisors. This divergence is likely most attributable to investors' increasing reliance on their internal voting guidelines and governance staff and a willingness to approach voting decisions on a case-by-case basis.

For example, in 2021 State Street voted against SOP at 56% of the companies for which ISS recommended an against SOP vote. By contrast, in 2025 State Street voted against only 5% of the companies for which ISS recommended an against SOP vote.

Similarly, in 2021 State Street voted against SOP at 30% of the companies for which Glass Lewis recommended an against SOP vote. By 2025, State Street voted against only 2% of the companies for which Glass Lewis recommended an against SOP vote.

Conclusion

The above said, it is likely that mid-size and smaller institutional investors will continue to rely on the proxy advisor firms for voting recommendations in the near-term due to the extensive amount of time and resources necessary to review and responsibly vote on a multitude of proxy voting decisions across a wide range of holdings. Regardless, we also expect institutional investors of all sizes to harness the power of AI for data collection and the development of preliminary voting recommendations, which could further erode proxy advisor influence barring meaningful evolutions in proxy advisor offerings.

Finally, we note that proxy advisory firms have shown tremendous resilience over the years to adapt their business models to changing governance landscapes. For example, the current proxy advisor pivot toward voting recommendations that are more customized/customizable is likely to ensure a degree of relevance and help to respond to regulatory scrutiny in the face of multiple challenges. Although the decline in proxy advisor influence among the largest investors may not fully extend to smaller and mid-size investors, the Say on Pay and governance landscapes are increasing in complexity, thereby creating a more uncertain (but potentially less adverse) U.S. Say on Pay environment.

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