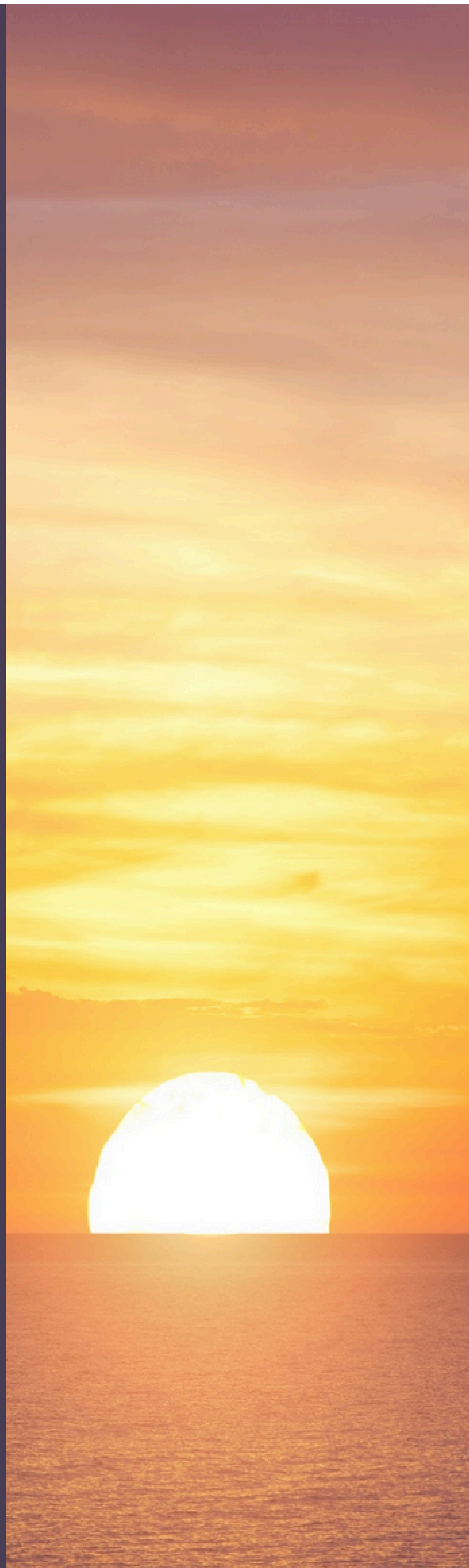
MINERVA ANALYTICS

MINERVA BRIEFING

THE DUAL-CLASS DEBATE: ARE SUNSET PROVISIONS THE SOLUTION?

SELECTED HIGHLIGHTS

NOVEMBER 2025



INTRODUCTION

What are Dual-Class Share Structures (DCSS)?

DCSS gives certain investors superior voting rights over other shareholders. Typically, shares with multiple voting rights are offered to founders, executives and other beneficiaries such as early-stage investors. Multi-class structures are particularly prevalent in the US and in the technology sector.

Why should DCSS be of concern to investors?

DCSS are controversial in the eyes of many. The structure risks severely restricting shareholders' ability to affect change at investee firms, having their voice heard through voting on shareholder proposals due to uneven rights and effectively holding companies to account.

To counter their spread, investors and their membership bodies are increasingly urging the introduction of sunset provisions to limit the lifespan of capital structures that deviate from the 'one share, one vote' principle.

A full copy of the report can be downloaded on the Minerva website.

Please reach out by email to contact us about interviews, data, or comment.

“

As shareholder rights and corporate accountability are central to corporate governance, the topics of dual class share structures and sunset provisions are highly relevant. These structures highlight the ongoing trade-off between maintaining managerial control and protecting investor interests.

As such, DCSS and sunset provisions are key considerations when assessing how existing governance frameworks manage and control how power is distributed between company founders and shareholders. At Minerva, we aim to provide an insight into how this topic is developing across markets and what this means for sustainable stewardship.

Sienna Neela
Lead Author
Senior Analyst, Minerva Analytics

FOUR KEY TAKEAWAYS

1. US COMPANIES AND TECH FIRMS DOMINATE DCSS

More than 40% of US technology initial public offerings launch with DCSS, compared to just 7% of Russell 3000 Index companies. The rising adoption of sunset provisions, particularly by companies in the US, increases the challenge of balancing insider control with shareholder concerns.

Minerva introduced a new voting policy approach in 2024 to identify US companies with dual-class voting structures that do not have a time-based sunset provision limiting the lifespan of the deviation to a maximum of seven years.

2. UPHILL BATTLE FOR SHAREHOLDER PROPOSALS TO ELIMINATE DCSS

Despite prevalent investor discontent over DCSS, shareholder proposals to eliminate multi-class structures have consistently failed to pass and have the cards stacked almost entirely against them.

In the 2025 proxy season, proposals at major companies like Alphabet, Meta, and UPS received significant but insufficient support, largely due to concentrated voting power held by founders.

3. INTERNATIONAL DIVERGENCE IN REGULATORY APPROACH

Global markets vary widely in their approach to DCSS. Some countries - such as Japan, Hong Kong and India - have restrictive models, which include sunset provision mandates. Others, like Australia and Colombia, have prohibitive models, which ban DCSS entirely.

However, many countries - including Canada, the UK and the US - have permissive models, which permit companies to largely adopt DCSS and sunset provisions at their discretion.

4. BUNDLED SUNSET EXTENSION PROPOSALS: AN EMERGING TREND

Companies like The Trade Desk and Wise have successfully bundled DCSS sunset extensions with unrelated proposals to secure shareholder approval. This tactic raises concerns about transparency and shareholder choice, as it could dilute the effectiveness of sunset provisions and governance safeguards. It may well also present a template for a greater number of companies to follow in future.

MINERVA ANALYTICS

OUR POSITION ON DCSS

Minerva champions the one-share, one-vote principle and has implemented voting policies to identify and challenge companies lacking time-based sunset provisions.

We oppose extensions to DCSS and sunset triggers. We are also in favour of shareholder proposals aimed at recapitalisation and voting rights reform.

ABOUT SOLACTIVE

Solactive is a Germany-based index provider operating globally and growing at a fast pace. Since 2007, Solactive have been developing tailor-made and multi-asset class index solutions for global investors. Currently, Solactive is present in Frankfurt, Dresden, Berlin, Toronto and Hong Kong to provide 24/7 coverage.

Solactive principles

“We take our cue from our clients when deciding what’s important to us. So, it will come as no surprise that security, technical infrastructure and regulatory compliance are high on the list. However, it’s just as important to us to ensure that we truly deliver the products and services that our clients are looking for.”

Reliable and service-oriented

- **Security:** Highest standards for data protection and continuity. Solactive employs a number of industry-standard layers of technology to protect and secure data.
- **Regulation:** Compliance with the applicable regulations and regulatory developments.
- **Proactivity:** True partnership – developing products with clients that matter to them.

For more information about Solactive’s tailor-made and multi-asset class index solutions, please visit https://www.solactive.com/indices/.

ABOUT MINERVA

Minerva, a Solactive company helps investors and other stakeholders to overcome data disclosure complexity with robust, objective research and voting policy tools. Users can quickly and easily identify departures from good practice based on their own individual preferences, local market requirements or apply a universal good practice standard across all markets.

With nearly 30 years of experience, Minerva supports asset owners and managers with innovative stewardship solutions, covering around 9,000 companies globally each year.

Minerva’s Core Services

- **Global vote agency:** core competence covering bespoke policy, data, research, execution, vote analytics and reporting.
- **ESG research:** covering >90% of the World’s listed companies by value.
- **Sustainability consulting:** TCFD reporting, RI policy creation, IS reporting, sustainability reporting, carbon footprinting, ‘Governance Watch’ and asset owner/manager ESG audits.
- **SDG mapping:** assessing potential alignment/impact of client investments on the delivery of the UN Sustainable Development Goals.

For more information, please email **hello@minerva.info** or call +44 (0)1376 503500.