



MINERVA BRIEFING

The Dual-Class Debate: Are Sunset Provisions The Solution?

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Executive Summary

79%

Of US companies adopt at least one form of sunset provision, although few companies adopt time-based or ownership-based provisions as preferred by investors.



Transfer-based sunset provisions are the most commonly adopted, however they are widely regarded as a weak provision since they do little to dilute founder control.



Recent cases, such as The Trade Desk's proposal to extend its time-based trigger by ten years, highlight how the purpose of sunset provisions can be undermined and heighten the problems DCSS present.



The effectiveness of sunset provisions relies on non-extendable, short-term time-based provisions, preferably seven years or less as recommended by the Council of Institutional Investors.



Minerva opposes extending sunset provisions, as this decreases accountability, increases the risk of entrenchment and any benefits it could offer diminish significantly over the longer term.



There are demonstrable differences in international market regulations; while some states such as Japan and Hong Kong continue to require sunset provisions, others such as the US maintain a permissive model.



The ongoing debate over sunset provisions showcases increasing tensions regarding the balance between long-term visions and strategies, and potential decreases in shareholder rights.

Introduction

Dual-class share structures (DCSS) have become increasingly prominent in recent years, often being used by founders and senior figures of companies to retain control once firms have gone public. DCSS are controversial in the eyes of many, however.

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.

Dual-class shares give 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. Such capital structures have been adopted by public companies for many years.

Technology companies have particularly adopted DCSS, with more than 40% of US technology IPOs retaining these types of shares. In comparison, just 7% of Russell 3000 Index companies in the US had dual-class shares. This demonstrates that while the adoption of dual-class-share structures is on the rise, the rate of its uptake varies between sector and index.

Founders and early-stage investors of companies worldwide are typically allocated voting rights that are disproportionate to their ownership, granting them greater control over the decision-making and functioning of the company.

Asset owners and investor groups have long been highly critical of DCSS in the US and other markets. 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.

These provisions typically require that unequal voting rights expire after a set period, when insider ownership falls below a specified threshold, upon transfer of the high-vote shares, or following another predefined triggering event. Following removal, equal voting rights are established through a single share structure where all investors have voting rights proportionate to their ownership. As a specific case in point, the Council of Institutional Investors (CII) [previously urged](#) New York Stock Exchange (NYSE) and NASDAQ to require that public companies listing with a dual-class share structure adopt mandatory sunset provisions in their charters.

This briefing includes a focus on the implementation of Sunset Provisions in the US market that have DCSS, with a discussion of the prevalence and types of sunsets adopted - supported by cases of companies with DCSS. The regulatory setting of the US is also compared to other key markets.

Within this briefing, the prevalence and success of shareholder and management proposals to transition from dual-class share structures to one share, one vote models will be analysed using case studies of controlled companies, and the market trends surrounding dual-class structures will also be explored.

Dual-class Voting Structures

A single class share structure, with one vote per share, allows all investors to participate equally in promoting and maintaining good corporate governance. This can ultimately make companies more accountable to shareholders. Investors, finance professionals and academics, however, continue to debate the benefits of non-standard capital structures.

Many question whether the initial freedom given to selected shareholders, who control the company and its board, evolves into increasing risk for long-term investors by entrenching management and disadvantaging minority investors.

On the other hand, dual-share capital structures can be beneficial to companies, especially during the early stages of development post-IPO. They can prevent 'short-termism' and a focus on quarterly results as opposed to long-term goals. They can also shield the company from disruptive corporate actions and mergers and acquisitions. There is some evidence to suggest that dual-class structures may be linked to positive returns and company performance, particularly in the [technology sector](#).

US Insights

In the United States, [Solactive US Large Cap Index \(PR\)](#) companies continue to maintain capital structures with voting rights that are disproportionate to equity ownership, long after going public. These include major companies such as Alphabet and United Parcel Service (UPS).

Typically, US companies without one share, one vote capital structures have two classes of shares: one super class with ten votes per share and another separate class with one vote per share.

Some companies may have different votes per share in their super class, but these will be greater than one vote per share.

While investors value the one share, one vote principle, [many see](#) DCSS as appropriate in certain circumstances and for a limited time. According to the Investor Coalition for Equal Votes (ICEV), founded by the UK's Railpen and the US-based CII in 2022, companies with dual-class share structures have been urged to adopt a single-class structure to equalise investor voting rights, as explained in their most recent report on [Voting on Voting Rights](#).

This report highlights the voting policies of 31 of the world's largest investors on DCSS. The report underscored that the one share, one vote structure is the "cornerstone of the capitalist model", allowing for effective scrutiny, challenge and accountability of companies, all key elements of shareholder democracy and good corporate governance.

Of the 259 US companies in Minerva's coverage with capital structures with DCSS, almost four-fifths have at least one sunset provision in their governing documents – reflecting the growing incentive to transition to the one share, one vote structure. Only 24 companies have adopted time-based sunset provisions, of which six are compliant with the CII recommendation that sunset provisions are triggered within seven years. The remaining 28 companies' provisions trigger in eight to 50 years.

Dilution-based sunset provisions have been adopted by 120 companies. Time- and dilution-based provisions are generally considered the most effective types of sunset provisions. This is because they provide clear and enforceable triggers that cannot be avoided to protect controlling shareholders. This means that once these provisions are triggered, they ensure automatic conversion to a single class of shares with one vote per share and is particularly the case for time-based provisions.

To address corporate governance concerns surrounding unequal voting rights, shareholders in the US have initiated a number of proposals to eliminate DCSS. During the 2025 proxy season, there were five proposals amongst the companies covered by Minerva in the US, including Alphabet Inc, Meta Platforms Inc, Hyatt Hotels Corp, Dropbox Inc and United Parcel Service Inc., all of which were unsuccessful.

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." CII "Dual-class stock" webpage, 2024.

International Divergence

DCSS and sunset provisions vary across regions in response to different regulatory frameworks and shareholder interests.

While some markets, such as the US, Canada and the UK, adopt a permissive approach to the use of DCSS where there are minimal regulatory restrictions and share conversions usually occur at the discretion of shareholders. Countries such as Hong Kong, India and Japan, adopt frameworks that restrict how multiple voting shares can be employed. Colombia, Ecuador and Australia completely prohibit this share structure within their markets.

Asian markets typically have the strongest regulations, as they follow the restrictive model, with most other markets prohibiting dual-class voting.

In the US sunset provisions have not yet been made mandatory, meaning that is behind some markets regarding the regulation of dual-class shares and the requirement for sunset provisions.

Canada has an option for subordinate voting shareholders to have the right to convert to superior voting shares in the event of a takeover. This conversion right is designed to ensure that all shareholders can equally participate in decisions in the event of a potential change of control.

However, companies are not required to adopt specific provisions upon listing, i.e., the permissive model of dual-class structures.

Similarly, sunset provision requirements are typically absent in European markets, despite many countries allowing companies to uphold dual-class structures. Most follow the permissive model of dual-class voting, permitting companies to adopt sunset provisions at their own discretion.

In 2021, the UK Financial Conduct Authority (FCA) authorised the use of dual-class structures for the UK premium segment that were subject to more stringent requirements. However, the FCA has since implemented changes to the listing rules, whereby the existing standard and premium segments will be replaced with a new single segment that is more permissive of dual-class share structures to establish a listing regime that is more accessible for UK companies.

In December 2024, the EU Multiple Vote Share Structures Directive (MVSD) declared that all members must permit multiple-voting shares for company listings on multilateral trading facilities. As a result, traditionally prohibitive markets, such as Belgium, Germany, Spain and Poland, are now must amend their laws within 18 months of the directive.

Key Takeaways

Dual-class shares remain a point of contention for investors within corporate governance internationally. Critics of DCSS highlight the imbalances between entrenched management control, accountability, and shareholder rights. While most markets continue to operate a permissive model of dual-class structures, there are requests for safeguards such as sunset provisions, which take a multitude of forms. This demonstrates the broader push from investors and regulators to ensure a balance between fairness and transparency, and management's long-term vision and level of control.

Minerva's View

The one share, one vote principle is a core pillar of good corporate governance that Minerva has always championed. Although DCSS can be beneficial to companies in certain circumstances, evidence suggests that any benefits diminish significantly over the longer term. Minerva introduced a new voting policy approach in 2024 to identify US companies with DCSS that do not have a time-based sunset provision limiting the lifespan of the deviation to a maximum of seven years. The voting policy has also been introduced in other regions, such as the UK, where regulations around dual-share voting structures have been weakened.

Questions For Investors

Asset Owners:

How should we assess the advantages of the strategic vision of the founder being protected by DCSS against the risks of managerial entrenchment?

How can we contribute to enforcing stronger rules for the adoption of sunset provisions?

How can we ensure that companies adopt sunset provisions upon IPO? How important is this for us and why?

Asset Managers:

How should we consider voting for shareholder and management proposals seeking to eliminate DCSS?

How does our approach to unequal voting rights align with stewardship codes and recommendations on shareholder rights?

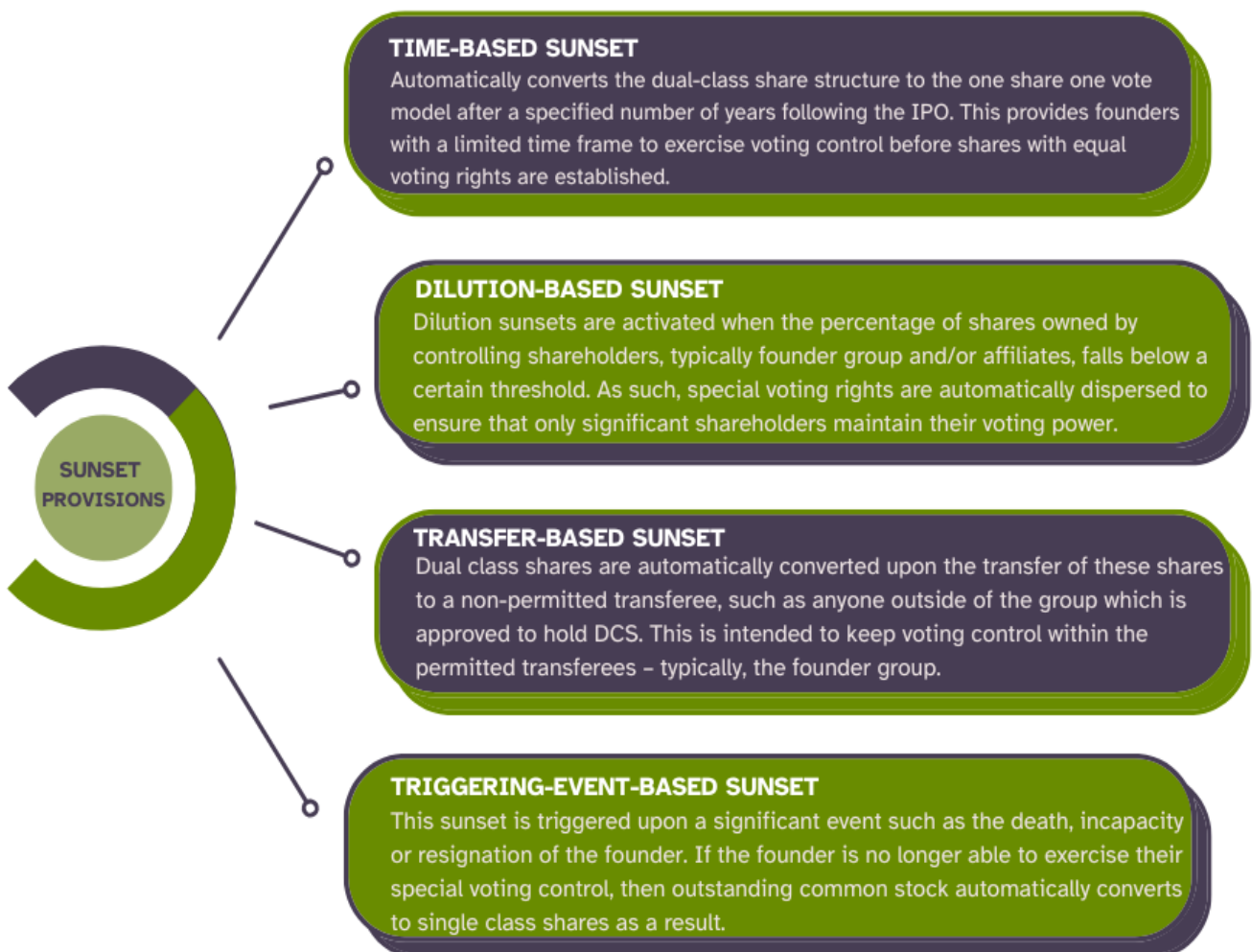
What are the practical implications of approving the extension of time-based sunset provisions beyond their original expiry date?

What Are Sunset Provisions?

Types of Sunset Provisions

Sunset provisions provide a contractual obligation to convert shares to single-class shares upon a specified triggering condition, such as a certain period of time after the IPO, the founder's death or a transfer of shares. Figure 1 below shows the different types of sunset provisions and the criteria for dual-class shares to be converted into single-class.

Figure 1: Different types of sunset provisions



Implementation Considerations

Although many companies with dual-class voting shares adopt at least one type of sunset provision, time-based sunset provisions are generally the most effective in eliminating dual-class shares. Due to the set date from the IPO, this type of sunset provision is the only one where it is almost certain shares with one vote deviations will be automatically converted.

Other sunset provisions typically only activate when a group or individual sells their shares, or their share ownership falls below a certain threshold. These groups and individuals tend to be founders or investors present when the company carried out its IPO.

The rationale for concentrated ownership control is that it allows founders or investors to establish their leadership position, prioritise long-term interests and void potential takeovers.

How companies use sunset provisions to address one share, one vote deviations varies and depends on different factors. These include regulations, the structure, conduct and performance of industry and the size and structure of capital markets, as well as the company's strategy including growth plans and timeframes.

In the US, 204 of the companies in Minerva's coverage had adopted at least one type of sunset provision, although time-based provisions are not widely embraced. This is possibly because they are more definitive and less flexible, setting a post-IPO lifespan for dual-class shares.

Dual-Class Shares and Sunset Provisions in the US

Developments And Progress in the US

During the first half of 2025, US companies have continued to IPO with one share, one vote deviations, granting founders and early-stage investors increased voting rights relative to their equity stakes.

According to the CII there were 50 traditional IPOs, 12 de-SPAC mergers and one direct listing. Sixty-three companies went public in 2024, a 34% increase from 47 companies in 2023. Of these companies, 14 had dual-class structures with unequal voting rights.

This was comprised of six companies which adopted a time-based sunset clause, ranging from seven years to 20 years, and eight with no such clause. Compared to 2023, 78% of companies listed with an equal voting structure in 2024 – representing an 83% decrease.

This meant that other shareholders were forced to forgo their voting rights. By not aligning voting rights with ownership, they effectively choose, for example, to put faith in the business acumen of the founder and management, or that the historical performance of the company is a guide for future performance.

Unequal share class rights can be changed, either by the activation of a sunset provision or by a shareholder proposal to eliminate dual-class shares. However, Minerva's analysis shows that US companies are generally slow to remove one share, one vote deviations from capital structures. Warner Bros Discovery is one of a limited number of companies where the share voting structure has been automatically converted from superior shares to one vote per share. However, Minerva's analysis shows that while many adopt some form of sunset provision, the majority are not time-based provisions, as recommended by the asset owner group, CII.

Proposals from both shareholders and management to remove dual-class shares tend to be few and far between, and when they do appear on the ballot, they tend to be unsuccessful.

With the US regulatory bodies and listing exchanges showing no sign of introducing regulations on limiting dual-class shares, it seems unlikely that investors will see a significant increase in the number of dual-class shares being eliminated in the foreseeable future.

How Long Is Long Enough?

Advocates of the one share, one vote principle typically believe that voting restrictions should either be prohibited or restricted with a limited life span. The CII, for example, recommends a maximum term for sunset clauses of seven years.

The underlying hypothesis for limiting the lifespan of deviations is that although the enhanced voting rights granted to founders enhance the company's ability to innovate and pursue a vision, such advantages may not be valued by the market in the short term.

It is often only when the founder’s vision starts to be outpaced by the demands of the market and management cannot be held fully accountable for decisions that the shortcomings of one share, one vote deviations start to come to light.

With a range of different topics such as ESG grabbing attention over the last decade, considering all shareholders’ views equally is pivotal when stewarding a company towards new, up-to-date policies and practices. However, there is an undeniable balance that needs to be struck between shareholder power that seeks to enhance a company’s policies and practices and more harmful shareholder activism that is burdensome and overly prescriptive.

Adoption of Sunset Provisions

Based on data collected by Minerva for the 2024 financial year, 259 companies in the United States adopt dual-class share structures. Of these companies, 79% have some form of active sunset provision for dual-class shares.

There are clear differences in the adoption of sunset provision types (Figure 2), with transfer-based triggers being the most adopted at 40%, followed by dilution-based triggers at 30% and event-based triggers at 17%. In contrast, only 51 companies (13%) adopted the recommended time-based provision. This indicates that many US companies continue to favour conditional triggers that can be delayed or circumvented over fixed timelines that guarantee control will eventually expire.

Figure 2: Sunset Provision Triggering Conditions

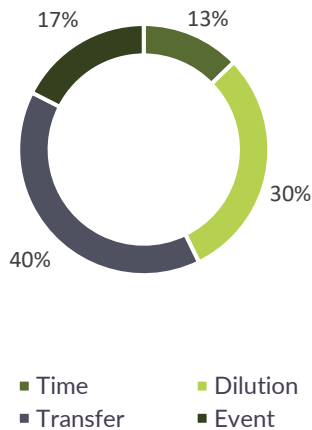
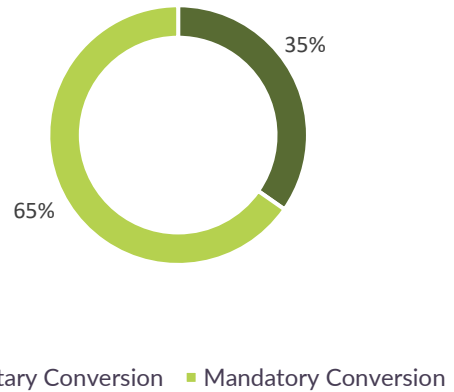


Figure 3: Conversion Provision Type



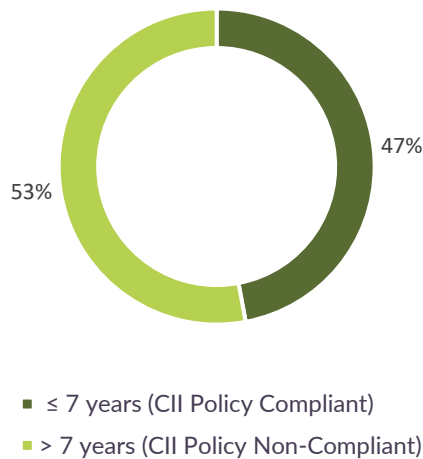
Out of the 55 companies with no sunset provisions, 35% have voluntary conversion provisions (Figure 3). Unlike mandatory sunset provisions which require the automatic conversion of dual-class shares upon preset conditions, voluntary share conversions permit the conversion of dual-class shares at the option of the holder.

As a result, even though voluntary conversion can provide a way to decrease concentrated voting power over time, it is entirely dependent on the holder and therefore lacks the enforceability of mandatory sunset provisions. This means that, in practice, structures with unequal voting rights will continue if dual-class shareholders choose to maintain their holdings and not convert.

Time-Based Sunset Provisions

Of the 259 companies with dual-class capital structures, one-fifth have a time-based trigger in place. Of these companies, less than half comply with the CII recommendation that the sunset period should be a maximum of seven years, while more than half have a time-based provision ranging from eight to 50 years (Figure 4).

Figure 4: Length of Time-Based Provisions



Notably, the data suggests that the current market behaviour towards time-based sunset provisions in the US does not align with the recommended practice. This suggests that many companies may prioritise concentrated voting power over the transition to the one share, one vote structure.

The following companies are examples of the variety of ways in which time-based sunset provisions have been adopted in the US.

Airbnb Inc

Although not CII compliant, at the 20-year anniversary of the closing of the company's initial public offering shares of Class B common stock automatically convert.

[Source: [Certificate of Incorporation](#)]

Symbotic Inc

Seven years following the certificate of incorporation became effective, shares will convert into one share of common stock as per the CII recommendations. This is also supplemented by additional provisions whereby DCS are converted upon the transfer to non-permitted transferees or if outstanding dual shares represent less than 5% of aggregate shares.

[Source: [Certificate of Incorporation](#)]

Blend Labs Inc

Dual-class shares are subject to conversion at the 50-year anniversary of the closing of the company's initial public offering, significantly exceeding the CII recommendation. Additionally, shares may also convert on the date at which the number of dual-class shares held by the founder and permitted transferees falls below 35%, or in the event of the incapacity of the founder.

[Source: [Certificate of Incorporation](#)]

Rivian Automotive Inc

Shares will automatically convert upon five years after the Company's IPO. Additional provisions include the earliest occurrence of the death or disability of the founder, and when the permitted transferees collectively hold less than 30% of the aggregate shares.

[Source: [Certificate of Incorporation](#)].

Time-based Sunsets at US Companies

While a select few US companies adopt sunsets of five or seven years, aligning with the CII recommendation, many retain longer durations. Some time-based provisions extend from 15 to 50 years, which reduces the practical effect of the provision.

Most issuers also support their time-based sunsets with at least one other trigger, with dilution and transfer provisions being the most common, while single-trigger structures are less frequent. All of the companies highlighted in Table 1, currently maintain their DCSS.

Table 1: US Companies with Time-based Sunsets

Company Name	IPO Year	Time-Based Sunset (Years)	Additional Provisions
Bloom Energy Corp	2018	5	Dilution (5% of aggregate shares) & Event (incapacity of founder).
Clear Secure Inc	2021	5	Dilution (25% of aggregate shares), Transfer (non-permitted transferees) & Event (incapacity of founder).
Endava plc	2018	5	Dilution (10% of aggregate shares) & Transfer (non-permitted transferees)
Greenidge Generation Holdings Inc	2000	5	Transfer (non-permitted transferees)
Rivian Automotive Inc	2021	5	Dilution (30% of aggregate shares) & Event (incapacity of founder).
Braze Inc	2021	5	Dilution (10% of aggregate shares) & Transfer (non-permitted transferees)
Affirm Holdings Inc	2021	7	Dilution (50% of aggregate shares), Transfer (non-permitted transferees) & Event (incapacity of founder).
American Well Corp	2020	7	Dilution (5% of aggregate shares)
Butterfly Network Inc	2021	7	Dilution (20% of aggregate shares) & Transfer (non-permitted transferees)
Clearwater Analytics Holdings Inc	2021	7	Dilution (5% of aggregate shares) & Transfer (non-permitted transferees)
Compass Inc	2021	7	Dilution (50% of aggregate shares) & Event (incapacity of founder).
Fluence Energy Inc	2021	7	Dilution (20% of aggregate shares) & Transfer (non-permitted transferees)
Freshworks Inc	2021	7	Transfer (non-permitted transferees) & Event (incapacity of founder).
Quantum-Si Inc	2021	7	Dilution (20% of aggregate shares)
Sprout Social Inc	2019	7	Dilution (10% of aggregate shares) & Transfer (non-permitted transferees)
Symbotic Inc	2021	7	Dilution (5% of aggregate shares) & Transfer (non-permitted transferees)
Toast Inc	2021	7	Transfer (non-permitted transferees)
SEMrush Holdings Inc	2021	7	Dilution (10% of aggregate shares), Transfer (non-permitted transferees) & Event (incapacity of founder).
Rent the Runway Inc	2021	7	Transfer (non-permitted transferees) & Event (incapacity of founder).
GoodRx Holdings Inc	2020	7	Dilution (10% of aggregate shares) & Transfer (non-permitted transferees)
Oscar Health Inc	2021	7	Dilution (25% of aggregate shares) & Event (incapacity of founder).
SentinelOne Inc	2021	7	Dilution (25% of aggregate shares) & Event (incapacity of founder).
Olo Inc	2021	7	Dilution (10% of aggregate shares) & Transfer (non-permitted transferees)

RingCentral Inc	2013	7	Dilution (10% of aggregate shares)
Brilliant Earth Group Inc	2021	10	Dilution (8% of aggregate shares) & Transfer (non-permitted transferees)
Nextdoor Holdings Inc	2021	10	Transfer (non-permitted transferees)
Okta Inc	2017	10	Transfer (non-permitted transferees)
P10 Inc	2021	10	Dilution (10% of aggregate shares)
PubMatic Inc	2020	10	Transfer (non-permitted transferees)
Rubrik Inc	2024	10	Dilution (5% of aggregate shares) & Transfer (non-permitted transferees)
Stitch Fix Inc	2017	10	Dilution (10% of aggregate shares), Transfer (non-permitted transferees) & Event (incapacity of founder).
Zuora Inc	2018	10	Dilution (5% of aggregate shares) & Transfer (non-permitted transferees)
Hamilton Lane Inc	2017	10	Dilution (25% of aggregate shares) & Event (incapacity of founder).
Fisker Inc	2020	10	Transfer (non-permitted transferees) & Event (incapacity of founder).
Gitlab Inc	2021	10	Dilution (5% of aggregate shares) & Event (incapacity of founder).
Root Inc	2020	10	Dilution (10% of aggregate shares) & Transfer (non-permitted transferees)
Asana Inc	2020	10	Transfer (non-permitted transferees) & Event (incapacity of founder).
Confluent Inc	2021	10	Dilution (10% of aggregate shares) & Transfer (non-permitted transferees)
Archer Aviation Inc	2021	10	Dilution (10% of aggregate shares) & Transfer (non-permitted transferees)
Allbirds Inc	2021	10	Dilution (10% of aggregate shares) & Transfer (non-permitted transferees)
ACV Auctions Inc	2021	10	Dilution (5% of aggregate shares) & Transfer (non-permitted transferees)
Warby Parker Inc	2021	10	Event (incapacity of founder).
Clover Health Investments Corp	2021	10	Transfer (non-permitted transferees) & Event (incapacity of founder).
Robinhood Markets Inc	2021	15	Dilution (5% of aggregate shares) & Event (incapacity of founder).
Roblox Corp	2021	15	No additional provisions.
om Communications Inc	2019	15	Event (incapacity of founder).
Airbnb Inc	2020	20	No additional provisions.
C3.ai Inc	2020	20	Transfer (non-permitted transferees) & Event (incapacity of founder).
Peloton Interactive Inc	2019	20	Dilution (1% of aggregate shares)
Workday Inc	2012	20	Dilution (9% of aggregate shares), Transfer (non-permitted transferees) & Event (incapacity of founder).
Blend Labs Inc	2021	50	Dilution (35% of aggregate shares) & Event (incapacity of founder).

Selected Companies with Sunset Provisions

The prevalence of dual-class share structures is affected by many factors, including regulatory and listing requirements, and corporate governance codes. Markets such as the US, and exchanges like NASDAQ or NYSE, opt for flexible frameworks which are more likely to permit dual-class structures.

Below are some notable examples of other companies that have adopted sunset provisions, although not necessarily adhering to the CII's recommendations.

American Homes 4 Rent

Sunset Provision: Transfer-Based

Dual-class share conversions are triggered upon the transfer of shares to non-permitted transferees. Such transfers can be easily avoided, such as by only transferring shares within the founder group or approved holders, and so provision on its own can be considered weak as it does little to reduce the presence of controlling shareholder. Without the implementation of any supplementary provisions, Homes 4 Rent's approach is seen as a minimal tactic to meet governance expectations.

Companies with similar provisions include AppLovin Corp, Ingles Markets Inc and Schneider National Inc.

[Source: [Articles of Amendment](#)]

Warner Bros Discovery Inc

Sunset Provision: Dilution-Based

Class B shares must represent more than 2% of the company's outstanding common stock. On the date of the dilution-based trigger, each share of Class B common stock will automatically convert into one share of Class A common stock. Whilst the company has only adopted a single provision, the 2% threshold can be considered as relatively robust in supporting the transition to a one share, one vote structure – especially when compared to the 10% average.

This is also exemplified in companies such as Sweetgreen Inc.

[Source: [Certificate of Incorporation](#)]

Affirm Holdings Inc

Sunset Provisions: Time, Transfer, Dilution & Event-Based

Following the IPO in 2021, the DCSS is converted after seven years, as per the CII's recommendations. The issuance of dual-class shares is also subject to the conditions of the final conversion date whereby shares will convert upon earliest occurrence of the transfer of such shares to non-permitted holders, if the permitted transferees cease to beneficially own at least 50% of shares, and upon the incapacity of all designated holders. The provisions adopted by the company are considered as comprehensive example of phasing out DCSS given its alignment with corporate governance standards and investor expectations.

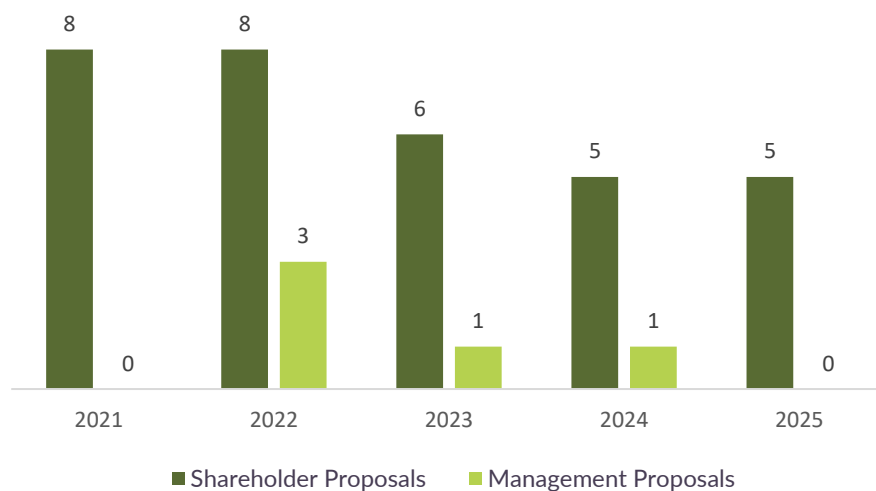
Further examples of this include Clear Secure Inc, Endava Plc and SEMrush Holdings Inc.

[Source: [Certificate of Incorporation](#)]

Proposals To Eliminate DCSS

To address corporate governance concerns surrounding unequal voting rights, shareholders in the US have initiated several proposals to eliminate dual-class voting structures, requesting that boards take all practicable steps to initiate a recapitalisation plan for companies to ensure equal voting rights. During the 2025 proxy season, shareholder resolutions seeking the removal of enhanced voting rights continued to be a staple at companies such as Alphabet, Meta, Hyatt Hotels and UPS. There were five proposals in 2024 and six proposals in 2023 (Figure 5); however, none was successful in passing the transition to the one share, one vote structure.

Figure 5: Number of proposals to eliminate dual-class shares



Shareholder proposals to eliminate dual-class shares are a part of a broader global movement, led by groups such as the ICEV and International Corporate Governance Network (ICGN), to promote governance standards that enhance shareholder rights.

In line with the wider focus of shareholders seeking to improve their rights and decrease managerial entrenchment, Alphabet Inc represents a notable example of a company with a DCSS that has faced pressures to implement a recapitalisation plan to transition to a one share, one vote structure within seven years or another justified period. Submitted by NorthStar Asset Management, the proposal highlighted that the Class B ten-to-one voting rights has resulted in shareholders holding 51% of the voting power, despite only owning 13% of the outstanding equity. This proposal received 31% votes in favour, still a significant amount, but failed to receive majority support, thus being unsuccessful.

This proposal reflects the ongoing serious shareholder concerns about DCSS, given that they allow for disproportionate control. With the same proposal having been put forward by shareholders annually since 2012, it is evident that proposals to introduce the one share, one vote structure will remain on the agenda to signal concerns over corporate governance issues that restrict equal rights.

In Minerva's view, proposals that seek the elimination of dual-class shares to ensure that each outstanding share of common stock has one vote are generally in line with internationally accepted good governance principles and the best interest of shareholders. The CII Policies recommend that *"each share of common stock should have one vote. Corporations should not have classes of common stock with disparate voting rights. Authorised, unissued preferred shares that have voting rights to be set by the board should not be issued without shareowner approval."*

Success of One Share, One Vote Proposals

Management and shareholders collectively presented 37 proposals in the US to eliminate dual-class shares between 2021 and H1 2025. Votes in favour of such proposals captured comfortably more than a quarter of support every year (Figure 6). Although none of the shareholder resolutions received a majority of votes in favour, the share of votes against has edged downwards, suggesting more shareholders are voting in favour of one share, one vote capital structures.

Figure 6: Voting Results – DCSS Proposals



Shareholder proposals are generally filed by investors, such as John Chevedden, Kenneth Steiner and NorthStar Asset Management, to protect long-term shareholder value and ensure corporate governance compliance.

Historically, proposals to eliminate DCSS by converting all outstanding shares to the one share, one vote system, have had significantly low success rates. According to Minerva's data, no shareholder proposals have attained majority investor support at the AGMs of US companies since 2021. On the other hand, management proposals that seek to eliminate DCSS typically enjoy a very high rate of success.

This is primarily due to high-voting shares effectively guaranteeing that the proposed resolutions cannot pass at annual or special meetings due to disproportionate voting power.

Therefore, holders of one vote shares are often limited when exercising their voting rights – meaning that efforts to pass such resolutions often fall short.

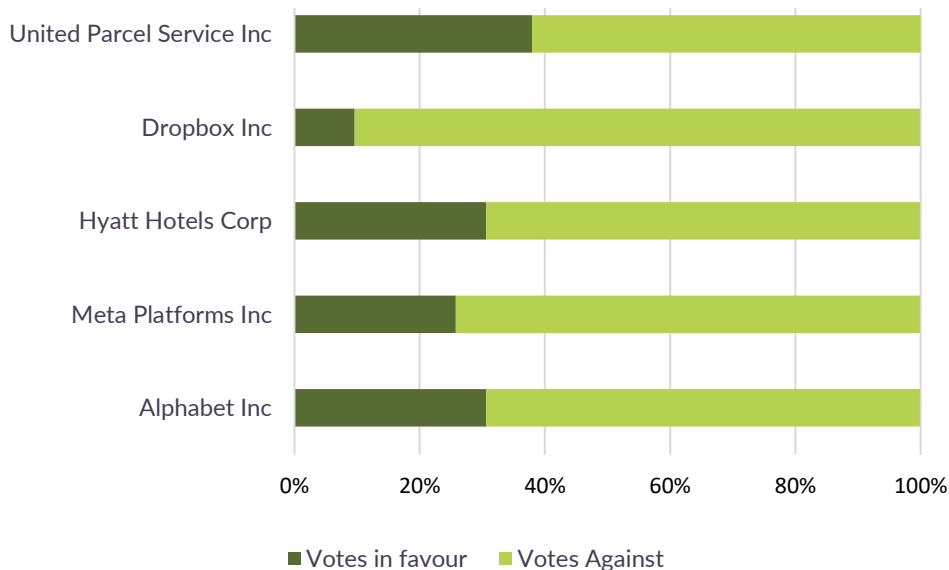
Furthermore, the majority of companies with DCSS in the US are controlled in a way where founders hold at least 50% of the voting rights. For example, at Meta Platforms Inc, co-founder Mark Zuckerberg has served as the company's combined CEO and Chairman since 2012. Through his dual-class shareholding, Zuckerberg holds approximately 58% of Meta's voting power, whilst only owning 13% of the equity.

As a result, various proposals, such as separating the roles of chief executive and chairman in addition to recapitalising the company's share structure, have failed to materialise. This highlights how it is highly unlikely for shareholder proposals seeking the adoption of the one share, one vote structure to pass without the support of the controlling shareholders.

2025 US Proxy Season Proposals

Amongst the 259 companies with DCSS in the US, just five companies received a shareholder proposal requesting that the Board to eliminate the dual-class voting structure in favour of one share, one vote (Figure 7).

Figure 7: Success of Proposals to Eliminate Dual-Class Shares



The success of any shareholder proposal, especially those seeking to amend the core capital structure of the company, depends on several factors.

This includes the board's voting recommendation – which will typically be to vote against, although there are rare cases where the board recommends shareholders vote in favour of a proposals generally guaranteeing it greater success – state of incorporation, or other features of companies' structures.

For example, in the DCSS-focused shareholder proposal at Dropbox Inc received a very low rate of support. This could be explained by both legal factors, given the Company's incorporation in Nevada which limits the restrictions that can be placed on the transferability of shares, as well as one shareholder.

In this case, the Board Chair and CEO Andrew Houston - possessing almost four-fifths of the voting rights. Houston clearly has a vested interested in voting against this proposal, as eliminating a dual-class voting structure would limit his power and influence, and since they retain the vast majority of the voting powers.

However, proposals at other companies that are not considered to be controlled companies or are incorporated in US states that would make the transition from DCSS to a one share, one vote structure simpler may enjoy more success. UPS for example has seen a proposal to eliminate multiple voting right structures receive more than 28% of votes in favour annually since at least 2021. Despite the sustained support that this proposal has seen from shareholders over the years, the company retains its DCSS at present.

Sunset Trigger Extensions:

An emerging trend to keep an eye on going forward is management proposals bundling DCSS extensions with another, less controversial, proposal with the objective of securing shareholder assent more easily. Two high-profile examples of this have taken place in 2025, first at UK technology company Wise in July and later at fellow US technology company The Trade Desk Inc's in September.

Wise plc sought approval of dual listing in the US with the extension of the sunset trigger for its existing DCSS bundled in the same vote, while The Trade Desk's DCSS extension was bundled with a proposed move to waive jury trials for internal actions in conformity with recent Nevada law updates. The board of the latter argued that extending the DCSS would preserve founder Jeff Green's ability to pursue long-term strategy and maintain an advantage against larger competitors.

Both proposals were successful, with 84% votes in favour at Wise and 69% at The Trade Desk, seeing both sunset triggers pushed back by a decade from 2025 to 2035.

Regarding the one share, one vote debate, such a proposal from management highlights how even though a company may have an adequate trigger in place, amendments may be made which ultimately undermine the purpose of a sunset provision.

Bundled resolutions are disfavoured by investors as they undermine shareholder choice in voting, reduce transparency and accountability, and can be used to push through controversial changes. However, the success of these two proposals relaxing of regulatory rules in the UK and Europe could see increased focus in this area in 2026.

Disaggregated Voting Results

In line with the increasing proposals for companies to eliminate DCSS, there has also been a growing push for companies such as Airbnb Inc, Meta Platforms Inc, and Tyson Foods Inc, to disclose disaggregated voting results by share class. This push stems from increased calls for companies to enhance transparency and accountability to shareholders and external stakeholders.

When voting results are reporting in aggregate, this can obscure how different shareholder groups have voted for a proposal. As such, it may give the impression that shareholders voted in line with the recommendations of the board, even when most have voted in opposition. Therefore, disclosing the results by share class would provide a clearer insight into whether voting outcomes reflect shareholder consensus or the influence of insider voting rights.

Ultimately, disaggregated voting results can add additional pressures for companies to adopt sunset provisions or act in transitioning to the one vote, one share structure.

International Comparison

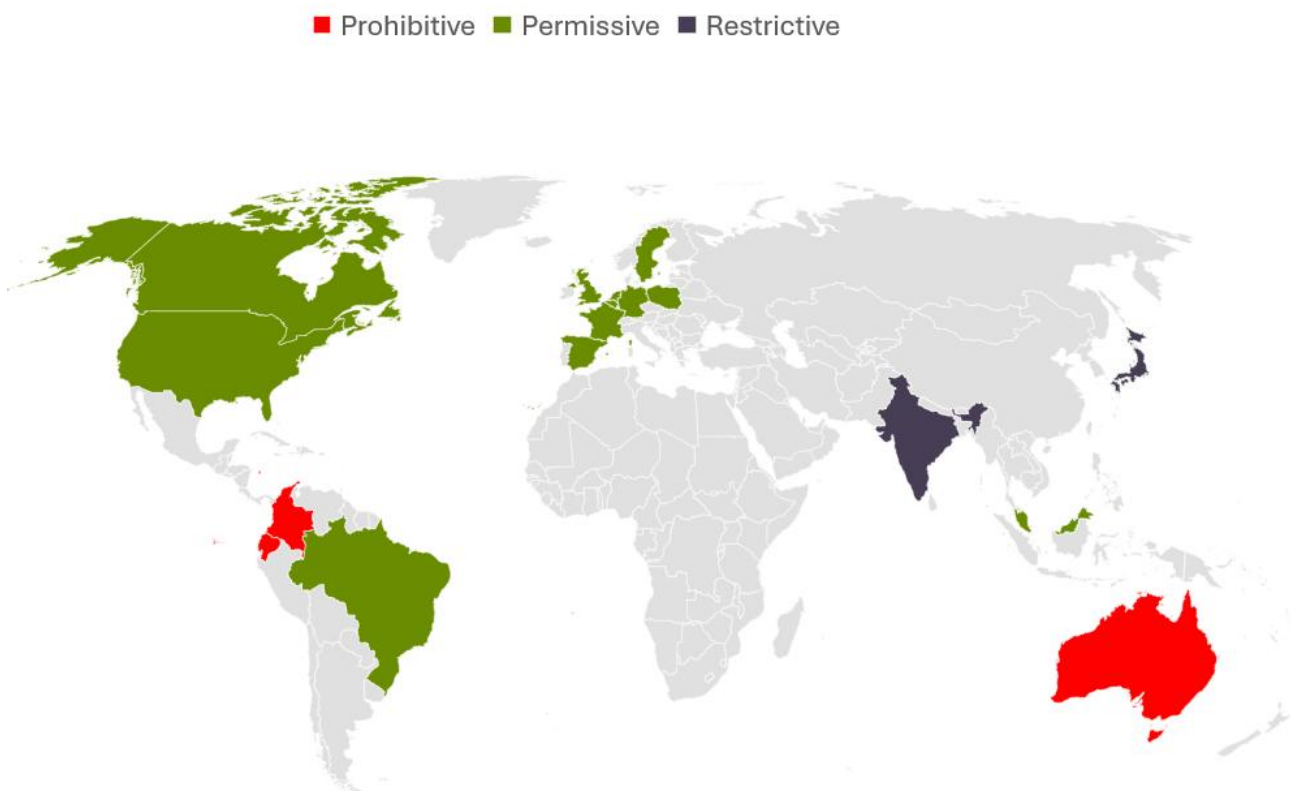
Regulatory Models

Regarding dual-class voting restrictions internationally, there are generally three models that global markets adhere to:

- **Prohibition:** dual-class voting structures are not allowed and a one share, one vote capital structure is imposed;
- **Permissive:** dual-class structures with no restrictions or requirements; and
- **Restrictive:** dual-class structures with required controls, such as sunset provisions.

Only a few markets have baseline requirements for sunset clauses, and most therefore follow the permissive model of dual-class voting. Figure 8 demonstrates the dual-class model utilised by each market.

Figure 8: DCSS Models by Country



Many factors affect the prevalence of DCSS in a particular market, including regulatory and listing requirements, in addition to corporate governance codes. Markets such as the US adopt flexible governance frameworks which are more likely to permit dual-class structures, particularly under exchanges such as Nasdaq and the NYSE.

North America

In North America, requirements for sunset provisions are rare. Currently, the US markets do not impose restrictions on companies with dual-class voting structures, although the CII recommends the adoption of time-based provisions for a maximum of seven years.

Since 1987, the Toronto Stock Exchange ([TSX](#)) has required that companies have a 'coattail requirement'. This means that subordinate voting shareholders can convert to superior voting shares in the event of a takeover. However, the TSX does not require companies to adopt specific provisions upon listing, following the permissive model of dual-class structures. Despite this, it is worth noting that the [Canadian Coalition for Good Governance](#) (CCGG) recommends the implementation of a five-year time-based sunset provision, although the uptake of this clause by public companies in North America has been slow.

Europe

Similarly, sunset provision requirements are typically absent in European markets, despite many European countries permitting companies to adopt and retain dual-class structures. Most follow the permissive model of dual-class voting, permitting companies to adopt sunset provisions at their own discretion.

Additionally, non-profits, such as the ICGN, which promote effective standards of corporate governance, issue recommendations to the European Commission on shareholder rights. The ICGN has [recently issued](#) a recommendation to the European Commission on mandatory safeguards for multiple-class shares, stating that there should be "*mandatory class-by-class vote disclosure, whereby companies with multiple classes of shares are required to disclose vote tallies for each class*". Safeguards such as this would doubtlessly provide heightened transparency for investors, boards and management on the voting preferences of insider and independent shareholders.

In fact, the UK had originally adopted requirements for dual-class voting structures for premium segment companies which are required to meet rules which exceed the minimum requirements for a standard listing in the UK. Premium companies in the UK were required to adopt time-based sunset provisions of five years, and enhanced-voting shares can only be held by directors at a maximum ratio of 20:1 votes per share. These enhanced voting shares were required to revert to single-vote shares upon transfer, with the exception of beneficiaries.

The [Financial Conduct Authority](#) (FCA) then recommended that this period should be extended to ten years. The FCA had also made recommendations regarding the triggering of event-based clauses, wherein multiple-vote shares would convert to single-vote shares upon the cessation of the holder being a director. However, it should be noted that the [FCA](#) has now proposed combining the premium and standard UK market segment, and it is not requiring companies within this combined market to adopt sunset provisions.

Asia

In Asia, many markets are more aligned to the 'restrictive' model, requiring sunset provisions regarding dual-class shares. Several stock exchanges require sunset provisions for companies utilising dual-class structures, in contrast to the US. These markets are Hong Kong, Singapore, Malaysia, India, Japan and China.

The Hong Kong Stock Exchange ([HKEX](#)) requires triggering-event and transfer-based provisions wherein multiple-vote shares will automatically convert when the beneficiary is deceased or no longer deemed a director, and upon the transfer of shares. The HKEX also requires the holders of dual-class shares - referred to as weighted-voting rights shares - to hold at least 10% of the 'economic interests' of the Company. However, it should be noted that Hong Kong: companies exploring Hong Kong listings have pushed back against altering their corporate structures to meet the city's limits on dual-class shares.

The Singapore Stock Exchange ([SGX](#)) dictates that multiple-vote shares must be capped at a maximum of ten votes per share, and that the Company must include sunset clauses that convert multiple-vote shares *'under circumstances the company must stipulate at the time of the IPO'*.

SGX's Listings Advisory Committee (LAC) has proposed the inclusion of triggering event-based clauses, including that multiple-vote shares shall be converted to single-vote shares when the holder ceases to be a director. It also looks to make it so that transfer-based clauses wherein multiple-vote shares will automatically convert upon transfer, except where shareholders approve otherwise at a general meeting where multiple shares are limited to one vote. In addition, the LAC has proposed that in a group of owner-managers, at least one manager must hold the position of CEO/Executive Chairman and that all multiple-vote shares will be automatically converted if this does not occur.

The Bursa Malaysia Exchange (MYX) has recently considered the introduction of DCSS to attract high-growth companies that may otherwise choose listings in more competitive markets such as Hong Kong or the United States. This also follows the Malaysian government approval for companies listed on the MYX to issue dual-class shares. As this is a relatively new development, the market has not yet established any sunset provisions.

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

The Securities and Exchange Board of India (SEBI) has requirements for companies listed on The National Stock Exchange of India regarding multiple-vote shares. These include time-based clauses of five years from the issuance of such shares, and a triggering event-based clause on which multiple-vote shares will be converted upon the resignation or death of the shareholder.

The Tokyo Stock Exchange ([TSE](#)) requires companies with DCSS that are listed on all three market segments, Prime, Standard and Growth Markets, to have sunset provisions stated in the Articles of Incorporation. To avoid concentrating voting power to a select group, the TSX has adopted the transfer-based provision which states that *'when stocks with a large number of voting rights, etc. are transferred and the shareholders thereof change, in principle, stocks with a large number of voting rights held by the person shall promptly be converted to stocks with a small number of voting rights'*.

The Shanghai Stock Exchange's ([SSE](#)) Science and Technology Innovation Board (STAR) market listing rules stipulate four circumstances in which multiple-vote shares must be converted automatically: 1) dilution-based: failure to meet the minimum shareholding requirement, this being multiple-vote shares make up at least 10% of all outstanding voting shares; 2) triggering event-based: the shareholder loses *'actual control of shares'*; 3) transfer-based: the shareholder transfers the multiple-vote shares to others; and 4) the control of the company is changed.

Oceania

The Australian Stock Exchange ([ASX](#)) does not allow companies with dual-class voting structures to be listed on the exchange as regulations prohibit companies from issuing multiple classes of stock with unequal voting rights. Whilst the ASX is currently considering allowing dual-class share structures in the market, the recapitalisation of companies to have a DCSS is not yet permitted in Australia.

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

The US vs Other Markets

The US falls behind Asian markets on DCSS given its lack of sunset requirements, with Hong Kong, Singapore, India, Japan and China all imposing some form of sunset clauses on companies. However, only the NSE in India imposes time-based provisions in line with the CII’s recommendations, with the other markets typically adopting transfer-based or triggering event-based restrictions.

Neither the [NYSE](#) nor the NASDAQ exchanges are as strict as the above markets, as they follow the permissive model of dual-class voting.

Conversely, the lack of requirements in the US does not differ materially from Europe and Canada. Although Canada’s CCGG recommends that companies adopt a time-based clause of five years or less, which is stricter than the CII’s recommendation of seven years, the TSE does not impose any sunset provision requirements on companies, similar to the NYSE and NASDAQ exchanges.

European markets generally follow the permissive model of DCSS and do not require listed companies to adopt sunset provisions. The exception to this is the UK, which requires premium companies to adopt time-based provisions of five years and transfer-based clauses, with the FCA also recommending the adoption of trigger-based provisions. The UK market’s requirements for premium companies demonstrates a stricter approach to dual-class voting structures than in the US, and the current five-year requirement for conversion is more stringent than the CII’s seven-year recommendation.

Conclusions

Dual-class share structures and sunset provisions have drawn increased attention in recent years. Investors, founders, and regulatory bodies are amongst the broader stakeholders who are considering how shares with multiple voting rights may affect corporate accountability and shareholder rights in the long-term.

Although such structures protect the strategic vision of companies by concentrating voting power in a select group, the lack of strong sunset clauses can prolong concentrated ownership and decrease the ability to respond to shareholder concerns.

International developments, including the EU's MVSD, and growing investor coalitions advocating for the transition to one share, one vote, signal an accelerating shift toward harmonised, shareholder-friendly governance standards.

As a result, the adoption of sunset provisions, particularly for companies in the US, introduces the challenge of balancing insider control with shareholder concerns, in addition to ensuring that governance frameworks evolve in step with market expectations to maintain investor confidence and sustainable value creation.

Minerva Custom Guidelines

At Minerva, we deliver bespoke voting guidelines that combine the precision of advanced technology with the insight of our dedicated team of ESG experts. This unique approach ensures our clients benefit from both sophisticated analytical tools and tailored human expertise, aligning voting strategies with their governance priorities.

Our framework integrates leading international standards and best practices, drawing from respected bodies such as the OECD Principles, TCFD, IFRS TPI, ICGN, as well as national corporate governance codes, company law, listing and local rules, and investor voting policies. This ensures each client's voting guidelines are both globally informed and locally relevant.

Minerva's voting framework gives investors a consistent, reliable, and forward-looking approach to governance issues, carefully assessing materiality, proportionality, and company-specific disclosures. In doing so, we enable clients to take a balanced, informed stance on governance-driven proposals.

Minerva's voting guidelines allows shareholders to take different voting approaches at companies with a dual-class structure in place; including holding individual directors accountable for deviations from the one share, one vote principle; opposing resolutions to introduce and/or extend a capital class with superior voting rights; and voting on shareholder proposals seeking recapitalisation plans or the disclosure of voting rights disaggregated by capital class.

With full flexibility, our clients maintain complete control over their voting approach, while benefiting from Minerva's deep expertise. We provide the clarity and guidance needed to identify meaningful opportunities for influence.

Minerva's Bespoke Guidelines approach: Where technology, expertise, and sustainability converge to empower investors to make a lasting impact.

About Minerva



Minerva Analytics, 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.

Minerva provides custom voting guidelines designed to enhance client value by fostering strong governance practices aligned with shareholder interests. These guidelines support effective responses to the increasing prominence of ESG issues, encompassing both traditional governance areas—such as board composition, executive remuneration, and shareholder rights—and broader sustainability concerns, particularly those related to climate change.

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.

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.

"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.

More about Solactive's tailor-made and multi-asset class index solutions, [here](#).