

## Calling all listed company secretaries and directors – will AI replace proxy voting advisers?

Last week JP Morgan Asset and Wealth Management announced that it would no longer be using external proxy advisers such as ISS and Glass Lewis for US company votes and instead would use an internally developed AI platform called Proxy IQ.

Push back against proxy voting agencies has been growing over the years, from the outsized impact their recommendations can have, to their recommendations following rigid rules not factoring the nuances and circumstances of the company, to the lack of engagement some agencies are willing to undertake with companies ahead of issuing their recommendations.

In many ways the analysis of vast quantities of information against set criteria to arrive at a voting conclusion seems a perfect example of the type of work AI can undertake, however for me the base concerns remain. On what algorithms will such an AI tool run, will the rigid application with no consideration for the specific circumstances of the company remain, will there still be a general lack of engagement between those making the voting decision and the company ahead of the vote being cast?

So far this is only being used by one asset manager for their US investments however it is only time before similar AI tools are adopted by others and are used for UK incorporated investments as well. In a week where AI has continued to make headlines for all the wrong reasons, from Grok to West Midlands police, I believe all stakeholders within the listed company sector should work together now to develop a robust transparent framework for the use of AI when making voting recommendations and decisions.

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