

PensionBee Voting Choice Report 2023

Introduction

Pensions have the collective power and potential to change the world for the better. Trillions of pounds are invested in companies that can improve or harm the planet and society through their business activities. At PensionBee we believe that companies that focus on their contribution to society and the planet have a better long term chance of being financially sustainable and will bring stronger returns for our members.

As part of our vision for helping our customers achieve a happy retirement we take our responsibilities as an asset owner to heart. We recognise we have an important role to play in driving positive change through our customers' ownership in some of the world's largest companies. We also engage regularly with the investment stewardship teams of our managers to articulate the views and expectations of our customer base, which we get from regular surveys and interviews.

We do this with the purpose of driving up levels of transparency and accountability around their direct engagement activities, applying scrutiny to their voting record and demonstrating our commitment to active ownership. We also seek to drive good corporate behaviour.

Voting Choice

As a result of our investing approach, our customers are investors and shareholders in thousands of companies around the world. Through their investments, our customers own voting rights that can be exercised at the annual general meetings (AGMs) of those companies and through these votes we can influence the future direction of those companies.

Historically, we were able to influence those AGMs' votes by regularly engaging with and influencing the stewardship teams of our money asset managers, as they hold the votes on behalf of our customers. Ensuring that shareholders have their voice heard through elected representatives is essential to drive positive change, therefore, PensionBee first began requesting voting rights from our asset managers in 2019, but at that point it was not technically possible to split the vote across pooled fund structures owing to a range of technological, legal and administrative barriers. Managers also said they had more sway when voting in a block across their asset base and didn't want to splinter their ability to influence management.

However, after many years of discussion, BlackRock and State Street Global Advisors granted us “Voting Choice” from the 2023 proxy voting season onwards. Voting Choice enables institutional clients, such as PensionBee, the ability to participate in voting decisions at the AGMs of the major global companies where they are asset owners.

From 2023 Voting Choice is offered in three PensionBee plans; the Tailored Plan, Tracker Plan and 4Plus Plan, which together represent c.86% of the asset base. Under Voting Choice we are offered the ability to vote using a standardised voting policy from [Institutional Shareholder Services \(ISS\)](#), a global proxy voting provider.

PensionBee has used [ISS’ Socially Responsible Investment \(ISS’ SRI\) voting policy](#) from 11 May 2023 onwards. We selected this voting policy as it best aligns with our customers interests and expectations, which we collect annually via survey.

Summary of proxy voting season 2023

PensionBee has a number of key areas of focus when it comes to active ownership of customer assets. We use surveys to get a deeper understanding of the areas of most importance to our customers. Data from our [2020](#), [2021](#), [2022](#), [2023](#) surveys of customers in the Tailored Plan gives us insight into the areas of most importance to our customers as investors, but also participants in UK society, the labour force and on this planet.

- **Climate change**, ensuring we hold the world’s biggest polluters to account
- **Halting deforestation**, habitat loss and ocean pollution
- **Respecting human rights**, ensuring the fair treatment of direct and supply chain workers
- **Diversity and inclusion**, closing gender and ethnicity pay gaps, ensuring companies truly reflect the societies they operate in at every level
- **Paying wages that represent the true cost of living**, the Living Wage and the London Living Wage.

ISS’ SRI voting policy has dual objectives: financial and social. Through this policy, shareholders who are concerned not only with sustainable economic returns and good corporate governance, but also with the ethical behaviour of investee companies and the social and environmental impact of their actions, are able to vote in a socially responsible manner, which can help secure better financial returns for pension savers.

On matters of social and environmental import, the voting policy guidelines seek to reflect a broad consensus of the socially responsible investing community, including, but not limited to, investment philosophies of leading globally recognised initiatives such as the United Nations Environment Programme Finance Initiative (UNEP FI), the United Nations Principles for Responsible Investment

(UNPRI), the United Nations Global Compact, and environmental and social European Union Directives.

On matters of corporate governance, executive compensation, and corporate structure, ISS' SRI voting policy guidelines are based on a commitment to create and preserve economic value and to advance principles of good corporate governance consistent with responsibilities to society as a whole¹.

In the tables below we look at trends and outcomes from the proxy voting season 2023². What you can observe from the vote examples used below, is that the ISS SRI policy has supported shareholder resolutions and voted against management recommendations in almost all instances. These examples were taken from the full [ISS SRI voting record for 2023](#)³.

Environmental shareholder resolutions

Company name	Industry / Sector	Proposed shareholder resolution	Company's management recommendation	SRI Policy voting result
Amazon.com	Retailing	Item #10 - Additional Reporting on Impact of Climate Change Strategy Consistent With "Just Transition" Guidelines	Against	For
JPMorgan Chase & Co.	Financial Services	Item #9 - Report on Climate - Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	Against	For
Morgan Stanley	Financial Services	Item #6 - Adopt Time-Bound Policy to Phase Out Underwriting and Lending for New Fossil Fuel Development	Against	For
Wells Fargo & Company	Financial Services	Item #8 - Report on Climate Transition Plan Describing Efforts to Align Financing Activities with GHG Targets	Against	For

¹ <https://www.issgovernance.com/file/policy/active/specialty/SRI-International-Voting-Guidelines.pdf>

² All asset managers are prevented from opening up certain investment products for voting due to market impediment. There are a number of countries that do not allow split or partial voting like in France, Denmark or Norway and countries that require shareblocking like Sweden and Switzerland. Therefore Voting Choice does not work in these markets.

³ Voting Choice went live for PensionBee on 11 May 2023. This means PensionBee assets were voted according to the policy from 12 May 2023. The examples used in the table contain a mix of AGMs that took place before and after 12 May 2023. The table is therefore for illustrative purposes only, to show how the SRI policy voted and is likely to vote in a range of different scenarios. You can find a breakdown of how PensionBee voted in 2023 via Voting Choice on our [PensionBee ESG Hub](#). If you wish to view the ISS SRI voting record from 1 January - 11 May 2023, please contact us directly and we would be happy to share it.

Social shareholder resolutions

Company name	Industry / Sector	Proposed shareholder resolution	Company's management recommendation	SRI Policy voting result
Apple Inc.	Technology	Item #8 - Report on Median Gender and Racial Pay Gap	Against	For
Alphabet Inc. (Google)	Technology	Item #10 - Report on Risks of Doing Business in Countries with Significant Human Rights Concerns	Against	For
Meta Platforms, Inc.	Technology	Item #5 - Report on Human Rights Impact Assessment of Targeted Advertising	Against	For
Mondelez International, Inc.	Food and Beverages	Item #7 - Report on Targets to Eradicate Child Labor in Cocoa Supply Chain	Against	For

Governance shareholder resolutions

Company name	Industry / Sector	Proposed shareholder resolution	Company's management recommendation	SRI Policy voting result
Alphabet Inc. (Google)	Technology	Item #18 - Approve Recapitalization Plan for all Stock to Have One-vote per Share	Against	For
Meta Platforms, Inc.	Technology	Item #12 - Report on Executive Pay Calibration to Externalised Costs	Against	For
McDonald's Corporation	Restaurants	Item #6 - Comply with World Health Organization Guidelines on Antimicrobial Use Throughout Supply Chains	Against	For
Amazon.com	Retailing	Item #11 - Publish a Tax Transparency Report	Against	For

Next steps

For our remaining plans, our managers will continue to use direct engagement before votes to advance material sustainability insights to enhance long-term risk-adjusted returns and then block vote across all the assets. We will continue to work with managers to expand the scope of this voting across all plans over time.

Each year we have the opportunity to feed back customer views to both BlackRock and ISS, to inform future changes to their thinking and vote policies. We invite customers to share their views with us at engagement@pensionbee.com in advance of the 2024 voting season.

Everything we do at PensionBee is shaped by the views of our stakeholders. We also welcome your thoughts and suggestions on this policy and on our evolving approach to ESG via the same email.