

PensionBee Voting Choice Report 2024

Overview

With trillions of pounds invested in companies that can either improve or harm our planet and society through their business activities, pensions have the collective power and potential to change the world for the better.

Through indexing, our customers are investors in thousands of these different companies around the world. The annual general meetings (AGMs) of those companies offer the opportunity for investors to hold them accountable for their actions, encourage good corporate behaviour and drive positive change.

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.

From 2023 onwards we changed our approach to voting. Historically, investors in pooled funds (like the ones PensionBee offer) had to vote in line with asset managers, since there was no capability to vote split. However, from last year we were given the ability to vote in line with our customers' views, using 'Voting Choice'. Voting Choice is active in three PensionBee plans; the Tailored Plan, the Tracker Plan and the 4Plus Plan, which together represent c.85% of our asset base.

For Voting Choice, PensionBee has selected the [ISS' Socially Responsible Investment \(SRI\) voting policy](#), as the policy that best represents the views of our customer base. Each year we survey customers to ensure that this policy continues to reflect their evolving interests and expectations.

In general our customers are very positive about voting, often expressing gratitude for being able to share views on how their money is invested. Some quotes from the 2023 surveys are below:

"Thanks for doing this survey in the name of good stewardship principles. Keep asking for voting input."

"I appreciate this survey and the opportunity to share my opinions in this way. I'm delighted that PensionBee is concerned about using its powers to help climate change, workers rights, etc."

"I had no idea about the points raised in this survey and I'm shocked that I didn't know these things as I consider myself aware. Please keep informing us of these issues."

"I'm in support of companies that take sustainability seriously."

"Keep on doing what you're doing, your organisation does a wonderful job."

Summary results of Voting Choice survey

Throughout the year PensionBee seeks the views of our customers on a range of topics, through interviews, focus groups and surveys. In addition, we conduct an annual survey of our customers' investment views. Surveys from past years can be found in the Engagement and Active Ownership section of our [ESG Policy](#).

In February 2024, we surveyed customers in the Voting Choice plans and extended the scope of this survey to include voting topics, as well as our usual questions on climate and fossil fuel investments. In order for us to hold companies to account on the issues that matter most to our customers, we need their views. Each year we ask which issues most concern PensionBee customers, and which they believe cause most harm to the planet and society.

Priority ESG issues

Over the years we've refined our list of the environmental, social and governance (ESG) issues of most importance to our customers. Each year we ask them to prioritise which of these they deem the most material and to challenge corporate behaviour.

In 2024, ending poverty wages to ensure that people are paid in line with the cost of living was ranked most highly for the second year running. This reflects long-held and deep concerns from savers that UK wages have not risen in line with inflation or the cost of basic goods and services. Tax avoidance also scores highly for the second year running.

Table 1: ESG priorities in 2024

Ranking	ESG Topic
1	Ending poverty wages, ensuring all workers are paid wages that represent true cost of living.
2	Tax avoidance, companies not paying proper tax in the markets in which they operate.
3	Climate change, ensuring we hold the world's biggest polluters to account.
4	Respecting human rights, ensuring the fair treatment of direct and supply chain workers.
5	Tackling deforestation, habitat loss and protecting biodiversity.
6	Public health, food & beverage companies harming people's health with their products.

Using shareholder resolutions to affect change

In 2024 we asked customers a new question. We asked them to tell us what action they think shareholders should take to express dissatisfaction to management teams in the companies their pension is invested in.

A majority of customers were clear that shareholder resolutions and AGMs are the best method by which to hold companies to account for their behaviour. 82% of respondents told us that shareholder

resolutions should be used to remind management of their wider social and economic responsibilities and that AGMs should be used to vote against directors who aren't properly managing these risks.

30% of customers told us to use all available levers to constrain management when the planet and society are coming to harm. 9% of customers suggested public pressure via social media or campaign groups. Additionally, 14% told us that management should be left alone to focus on profit generation, unless they are breaching international norms.

AGM voting

As part of our work to ensure that our voting policy continues to align with our customers' expectations ahead of the 2024 proxy voting season we presented customers with real examples of high profile shareholder resolutions on the topics of most importance to them from the 2023 and 2024 AGM season and asked them to tell us how they would vote in each scenario.

In the tables below, we share results from the survey on how our customers would have voted in these given vote scenarios. What can be observed from the results and data is that the voting record of our SRI voting policy, which has supported shareholder resolutions and voted against the management recommendations in most cases, is aligned with the voting views of our customer base.

1. [Walmart](#), Retail

2024 AGM item #7 - Set Compensation Policy that Optimizes Portfolio Value for Company Shareholders

In 2022, the living wage in the United States was \$25.02 per hour per worker. In 2023, Walmart, the biggest US retailer, paid \$14 per hour to its store associates, meanwhile, Walmart's CEO earned 933 times more than the company's median employee. By paying so many of its employees below a living wage, Walmart believes it'll increase its profit but this comes at the expense of society and general economic growth, which will ultimately result in financial risks for the company itself.

Shareholders are asking Walmart to provide workers with the minimum salary necessary to meet a family's basic needs because compensation practices that fail to provide a real living wage, causing inequality and disparity, are harmful to the economy and consequently to shareholders' returns.

Company's management recommendation	SRI Policy voting result	Voting result from PensionBee customers (% of respondents)	Official voting results ¹
Against	For	83 % FOR 17 % AGAINST	//

¹ Walmart's 2024 Annual Shareholders' Meeting will take place on 5 June 2024
<https://corporate.walmart.com/news/events/2024-annual-shareholders-meeting>

2. [Shell Energy](#), Oil & Gas

2023 AGM item #26 - Align existing 2030 greenhouse gas (GHG) emissions reduction with the Paris Agreement

Shareholders asked Shell to align its existing 2030 reduction target (covering the GHG emissions of the use of its energy products) with the goals of the Paris Climate Agreement: to limit global warming to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C.

Company's management recommendation	SRI Policy voting result	Voting result from PensionBee customers (% of respondents)	Official voting results ²
Against	For	74 % FOR 26 % AGAINST	20 % FOR 80 % AGAINST

3. [Mondelez International Inc.](#), Food and Beverage

2023 AGM item #7 - Adopt public targets to eradicate child labor in cocoa supply chain

Shareholders asked Mondelez to adopt targets and publicly report quantitative metrics to assess whether the company is on course to eradicate child labour and forced labour in all forms from the company's cocoa supply chain by 2025.

Company's management recommendation	SRI Policy voting result	Voting result from PensionBee customers (% of respondents)	Official voting results ³
Against	For	88 % FOR 12 % AGAINST	20 % FOR 80 % AGAINST

4. [McDonald's Corporation](#), Restaurants

2023 AGM item #6 - Comply with WHO guidelines on antimicrobial use throughout supply chains

McDonald's is the largest beef purchaser in the world; its policies thus have tremendous influence on the market as a whole. In 2018, McDonald's committed to reduce antibiotics use in all beef sold in its restaurants, and to announce reduction targets by the end of 2020. However, McDonald's has since weakened its antibiotics use commitments in its more recent statements, and recently dropped its commitment to reduction targets altogether.

Shareholders ask McDonald's to comply with the World Health Organization (WHO) guidelines on the use of medically important antimicrobials in food-producing animals throughout its supply chains.

² <https://www.shell.com/investors/shareholder-meetings>

³ <https://www.mondelezinternational.com/assets/Investors/ASM/2023/MDLZ-2023-ASM-QA.pdf>

Company's management recommendation	SRI Policy voting result	Voting result from PensionBee customers (% of respondents)	Official voting results ⁴
Against	For	83 % FOR 17 % AGAINST	18 % FOR 82 % AGAINST

5. [Alphabet Inc. \(Google\)](#), Technology

2023 AGM item # 12 - Improving Algorithmic Systems Disclosures

Shareholders call for Alphabet to go beyond its existing disclosures and provide more detailed information on how it uses algorithmic systems for targeted advertising. The rationale behind the proposal is rooted in the increasing need for transparency regarding how algorithmic systems can lead to discriminatory and harmful outcomes in various fields such as education, labour, medicine, criminal justice, and online platforms.

Company's management recommendation	SRI Policy voting result	Voting result from PensionBee customers (% of respondents)	Official voting results ⁵
Against	For	75 % FOR 25 % AGAINST	17 % FOR 83 % AGAINST

6. [Alphabet Inc. \(Google\)](#), Technology

2023 AGM item #18 - Equal shareholder voting rights

Alphabet has a multi-class voting structure where a Class B (founder) stock has 10 times the voting rights of a Class A (ordinary) stock. As a result, the founders; Larry Page and Sergey Brin, currently control over 51% of Alphabet's total voting power while owning less than 12% of the shares. This means they'll continue to retain voting control even though they've stepped down from leading the company, raising concerns that the interests of public shareholders may be subordinated to those of their co-founders.

Shareholder proposal calls for the abandonment of the dual-class voting rights, which prevents true shareholder democracy, to ensure that shares at Google have equal voting rights.

Company's management recommendation	SRI Policy voting result	Voting result from PensionBee customers (% of respondents)	Official voting results ⁶
Against	For	77 % FOR 23 % AGAINST	31 % FOR 69 % AGAINST

⁴ <https://corporate.mcdonalds.com/2023-Annual-Shareholders-Meeting-Voting-Results-Form8K.pdf>

⁵ <https://abc.xyz/investor/annual-meeting/>

⁶ <https://abc.xyz/investor/annual-meeting/>

In the survey, we asked customers to share any additional comments or feedback on both the topics and vote themes in the survey. Below are some examples of what they told us:

“Please keep up the pressure on these companies to find ways to invest to produce long-term profit from sustainable practices, rather than their current short-sighted, short-term returns. Thank you.”

“Excellent range of questions. I hope you can use our shares to bring pressure for common good.”

“I like this approach, it is unusual for pension savers to be consulted in this way and it’s important we act responsibly.”

“Excellent that PensionBee are bringing these issues to the fore to raise awareness. This is why I’m very happy to invest with you.”

“I think they’re very good topics to cover. There’s nothing I hate more than big companies taking liberties for a profit when it’s the people that suffer. Very against these situations and very happy to be involved in any way I can help. I also think PensionBee is a fantastic product to enable better futures for people and take back control of their destiny. I’ve recommended it to everyone I know.”

Conclusion

The survey results show us that our customers see PensionBee as a positive voice in the investment landscape. They recognise the importance of using our collective influence to drive positive change and increase long-term value for pensions through sustainable practices.

In 2024 our survey data has confirmed that the SRI voting policy continues to reflect how the majority of our respondents in the Tailored, Tracker and 4Plus; the Voting Choice plans, want PensionBee to hold the companies their pension is invested in accountable for their actions. We intend to check in each year with customers, to ensure this remains the right policy for the future too.

We’ll use the data from the 2024 Voting Choice surveys to keep advocating for sustainable and responsible practices within corporations, reflecting the values and concerns of the pension savers who entrust their investments to our platform. We’ll also use our voice to try to affect change across the investor landscape, to generate support for the issues our customers prioritise and to influence the misalignment we see between voting views of pension savers and the voting outcomes at AGMs.

We’ve used the priorities identified by customers to frame our approach to the 2024 AGM season and to enable us to focus on the topic and themes of most importance. In 2024 we’ve already worked with asset managers to raise awareness of voting issues related to health, climate and shareholder democracy and engaged a wide range of press and media to amplify the voices of our customers.

For our remaining plans, we’ll continue to use direct engagement with managers before votes with a focus on sustainable long-term returns. We’ll also continue to work with our managers to expand the scope of Voting Choice further across our plan range over time.

Thank you to all our customers who have participated in surveys, interviews and taken the time to write to us. Everything we do is shaped by your views and your feedback is invaluable to us.

We invite customers to continue to share their thoughts and suggestions on voting and on our evolving approach to ESG via email to engagement@pensionbee.com.