

Voting Matters 2022

Are asset managers using their proxy votes for action on environmental and social issues?

About ShareAction

ShareAction is an NGO working globally to define the highest standards for responsible investment and drive change until these standards are adopted worldwide. We mobilise investors to take action to improve labour standards, tackle climate change and address pressing global health issues. Over 16 years, ShareAction has used its powerful toolkit of research, corporate campaigns, policy advocacy and public mobilisation to drive responsibility into the heart of mainstream investment. Our vision is a world where the financial system serves our planet and its people.

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Acknowledgements

ShareAction gratefully recognises the financial support of the Children's Investment Fund Foundation (CIFF), IKEA Foundation, KR Foundation, and the Sunrise Project towards the work that contributed to the research, writing and publication of this report.

ShareAction would like to thank the reviewers who provided comments and suggestions on the report: Abhijay Sood, Aidan Shilson-Thomas (ShareAction), Catherine Howarth (ShareAction), Charlotte Lush (ShareAction), Danielle Vrubleviskis (ShareAction), Eve Gleeson (ShareAction), Fergus Moffat (ShareAction), Ignacio Vazquez (ShareAction), Isabella Salkeld (ShareAction), Isobel Mitchell (ShareAction), Jeanne Martin (ShareAction), Dr Jonathan Middleton (ShareAction), Kevin Chuah (Northeastern University), Marina Zorila (ShareAction), Niall Considine (ShareAction), Peter Uhlenbruch (ShareAction), Rachel Haworth (ShareAction), Sam Coates (ShareAction) and Stuart Laidler (ShareAction).

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Introduction



Introduction

Close on the heels of a pandemic, 2022 has shown we still face a host of intimidating challenges. Unprecedented high temperatures and lengthy droughts have occurred worldwide.¹ Biodiversity continues to decline at a catastrophic rate.² And inflation has soared, with consequences for human wellbeing around the world.³

We must address these issues at scale. The asset management sector – which holds more than \$103 trillion of the world’s wealth⁴ – is critical to achieve this. This wealth is invested in many of the world’s leading companies, which gives asset managers significant influence over company practices. How asset managers vote on company resolutions each year therefore determines the future of our planet.

In this 2022 edition of ShareAction’s Voting Matters report, we reveal how 68 of the world’s largest asset managers voted on 252 shareholder resolutions designed to address current [environmental](#) and [social](#) crises. We examine voting performance on environmental and social issues, and how it differs from our findings in 2021.⁵ For the first time, we also analyse shareholder-filed governance resolutions that directly relate to environmental and social issues, grouped together as [Pay and Politics resolutions](#).

Our annual Voting Matters publication forms part of our campaign to hold asset managers to account and empower their clients. It is intended to be used alongside ShareAction research on voting accountability and the asset management industry, including our [Voting Expectations](#) publication, list of [Resolutions to Watch](#) and our biannual [Global Asset Management Benchmark](#).

► [This is a pdf summary of the full report that can be viewed online here.](#)

Summary of findings

General findings

The world’s very largest asset managers continue to block progress on environmental and social issues, while the sector more broadly shows mixed performance.

- 1 [The four largest asset managers backed fewer shareholder resolutions](#) on environmental and social issues in 2022 than they did in 2021.
- 2 [49 additional resolutions would have received majority support](#) if the largest asset managers had voted in favour of them.

- 3 Voting performance has been stagnant in the US and the UK compared to 2021, while European asset managers have shown a large improvement.
- 4 Asset managers across the board are hesitant to back action-oriented resolutions, which would have the most transformative impact on environmental and social issues.

Findings on environmental resolutions

Environmental issues continue to gain more support from investors than social issues, but resolutions deemed important by voluntary initiatives are not receiving support from many of their members.

- 1 Members of the Net Zero Asset Managers Initiative (NZAMI) and Climate Action 100+ (CA100+) failed to back a third of climate resolutions on average.
- 2 Five CA100+ members repeatedly voted against CA100+ flagged shareholder resolutions.
- 3 Some asset managers are using their voting power to show strong support for biodiversity issues, although very few environmental resolutions currently target global biodiversity loss.

Findings on social resolutions

Shareholder concerns about social issues are considerable, with 117 resolutions in our analysis, but support from asset managers is still lacking.

- 1 Rationales for opposing action-oriented social resolutions are inconsistent with international human and labour rights standards.
- 2 Asset managers are slowing down progress on diversity within their own sector.
- 3 There are pioneering asset managers supporting the passage of progressive health-related resolutions.

Findings on pay and politics resolutions

Company compensation and political spending policies are powerful tools for driving action on climate change and inequality, but many asset managers have not supported resolutions to use them.

- 1 European asset managers vote much more strongly in favour of healthcare companies aligning their political spending with their publicly stated values than North American asset managers.
- 2 There is limited investor interest in incorporating climate considerations into executive compensation.

Ranking asset managers' voting performance



Ranking asset managers' voting performance

We ranked the 68 asset managers by their overall voting score. This score shows how many shareholder-sponsored resolutions each manager voted 'for', as a percentage of the total number of resolutions the manager was able to vote on. Asset managers were therefore not penalised for not having holdings in companies. We also calculated scores for each of the environmental, social, and pay and politics resolutions, of which there were 88, 117 and 47 respectively.

The resolutions on which the asset managers were assessed were all resolutions we believe investors should support. The selection process for the asset managers and resolutions is detailed in the [methodology](#). The full list of the 252 shareholder resolutions on which asset managers were scored and ranked is given in the [List of Resolutions](#).

Table 1: Ranking of asset managers based on their performance on key metrics

Heat-map key: section % scores

- 87.5 > 100
- 75 > 87.5
- 62.5 > 75
- 50 > 62.5
- 37.5 > 50
- 25 > 37.5
- 12.5 > 25
- 0 > 12.5

Asset Manager	Rank	Overall score	Environmental Score	Social Score	Pay & politics score
Achmea Investment Management	1	100%	100%	100%	100%
Impax Asset Management Group	1	100%	100%	100%	100%
BNP Paribas Asset Management	3	99%	97%	100%	100%
MN	4	99%	98%	99%	100%
Candriam	5	98%	97%	99%	100%
PGGM Investments	6	97%	93%	100%	97%
Man Group	7	96%	98%	94%	98%
Robeco	8	95%	94%	94%	100%
Aviva Investors	9	93%	88%	96%	100%
Amundi Asset Management	10	93%	93%	92%	98%
Nordea Asset Management	11	91%	93%	89%	90%

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- 0 > 12.5

Asset Manager	Rank	Overall score	Environmental Score	Social Score	Pay & politics score
Aegon Asset Management	12	90%	85%	94%	90%
Federated Hermes	13	89%	88%	87%	90%
Pictet Asset Management	14	88%	85%	90%	91%
Legal & General Investment Management	15	86%	84%	84%	98%
Credit Suisse Asset Management	16	86%	81%	88%	91%
Vontobel Asset Management	16	86%	86%	88%	85%
HSBC Global Asset Management	18	86%	80%	88%	96%
Allianz Global Investors	19	86%	80%	91%	85%
DWS Group	20	86%	86%	80%	100%
Schroders	21	85%	81%	87%	87%
UBS Asset Management	22	83%	84%	80%	87%
Northern Trust Asset Management	23	83%	83%	78%	96%
Swisscanto	24	82%	79%	84%	82%
Union Investment	25	82%	82%	74%	100%
SEB Investment Management	26	81%	65%	86%	84%
Royal London Asset Management	27	76%	69%	73%	95%
Comgest	28	75%	86%	76%	63%
Manulife Investment Management	28	75%	77%	68%	89%
Generali Insurance Asset Management	30	74%	91%	88%	11%
Fidelity International	31	74%	74%	67%	92%
AXA Investment Managers	32	73%	69%	68%	95%

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Asset Manager	Rank	Overall score	Environmental Score	Social Score	Pay & politics score
APG Asset Management	33	72%	89%	57%	83%
Coronation Fund Managers	34	70%	80%	58%	93%
Eurizon Asset Management	35	69%	80%	63%	68%
Swiss Life Asset Managers	36	69%	67%	68%	76%
Deka Investment GmbH	37	68%	69%	66%	70%
Morgan Stanley Investment Management	38	64%	64%	65%	63%
M&G Investments	39	64%	53%	64%	85%
Newton Investment Management	40	64%	66%	58%	76%
Mondrian Investment Partners	41	60%	50%	59%	73%
Nuveen Asset Management	42	59%	57%	52%	79%
EFG Asset Management	43	58%	45%	63%	63%
Jupiter Asset Management	44	58%	61%	50%	76%
MFS Investment Management	45	57%	61%	49%	69%
Liontrust Asset Management	46	57%	38%	57%	92%
abrdn	47	57%	58%	47%	77%
Franklin Templeton*	48	56%	53%	53%	67%
American Century Investments	49	54%	63%	44%	58%
Swedbank Robur	50	52%	43%	53%	66%
Veritas Asset Management	51	49%	33%	39%	100%
Wellington Management	52	48%	63%	41%	36%
Invesco	53	47%	54%	37%	61%
Ninety One	54	46%	41%	40%	73%
Capital Group	55	45%	37%	47%	58%
AllianceBernstein	56	43%	40%	39%	60%

Heat-map key: section % scores

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- 0 > 12.5

Asset Manager	Rank	Overall score	Environmental Score	Social Score	Pay & politics score
Columbia Threadneedle Investments	57	37%	43%	25%	53%
J.P. Morgan Asset Management	57	37%	43%	25%	53%
Goldman Sachs Asset Management	59	35%	56%	24%	24%
Baillie Gifford	60	31%	29%	29%	45%
State Street Global Advisors	61	29%	30%	31%	22%
BlackRock	62	24%	28%	24%	15%
T. Rowe Price	63	17%	26%	11%	18%
Fidelity Investments	64	17%	23%	19%	2%
Vanguard	65	10%	12%	9%	9%
Dimensional Fund Advisors	66	4%	6%	5%	0%
Santander Asset Management	67	4%	0%	5%	6%
Walter Scott & Partners	68	3%	0%	6%	0%

* Franklin Templeton is a multi-boutique asset manager, and as such has not provided voting data at the group level. The voting data reflects Franklin Templeton's US Mutual Funds, which are representative of their voting activity globally. Despite not reflecting 100% of Franklin Templeton's assets under management, it provides a good representation of how Franklin Templeton funds voted.

** Columbia Threadneedle Investments acquired BMO Global Asset Management EMEA in November 2021. The legacy BMO Global Asset Management EMEA voted independently in 2022. For the purposes of this analysis Columbia Threadneedle Investments has been assessed based on Columbia Threadneedle Investments voting record alone, excluding the legacy BMO Global Asset Management EMEA, as the voting policies and practices are in the process of being combined.

Recommendations



Recommendations

Recommendations for asset managers

The findings of this report are relevant to all asset managers (including those not featured in this report) for assessing their own voting performance and identifying areas for improvement.

We recommend that asset managers:

- 1 Use this analysis to assess where their voting performance is more conservative than peers and how they may be able to improve to meet clients' expectations.
- 2 Develop, strengthen and regularly update voting policies that explicitly cover material environmental, social and governance (ESG) themes and that are designed to appropriately mitigate impacts on people and planet.
- 3 Explicitly commit to support shareholder resolutions that help resolve environmental and social problems by default, and provide a public explanation whenever this commitment is not met (i.e., 'comply or explain'). This enables asset managers to identify ESG shareholder resolutions that do not try to resolve environmental and social problems, and to ensure their votes benefit people and planet.
- 4 Improve transparency on proxy voting by publishing voting policies, voting records, and voting rationales in a manner that is timely and user-friendly ([Box 1](#)).
- 5 Commit to voting at all AGMs, regardless of geography or the level of holdings.
- 6 Pre-declare voting intentions for important and/or contentious ESG resolutions to encourage others to vote and to increase understanding of the issues at hand.
- 7 Disclose data on follow-up engagement for all instances where they have opposed management on environmental and social resolutions.
- 8 Escalate at companies failing to make sufficient progress on ESG issues, using tools such as co-filing resolutions, voting against directors and reducing investment.
- 9 Engage with filers to optimise resolution wording where the asset manager is sympathetic to the aim but considers its phrasing problematic.

Box 1: Important elements of transparent and user-friendly voting disclosure



Voting records on all resolutions are disclosed as soon as possible after meetings, or at least monthly



Voting records are available in a digital format that can be easily downloaded and processed



Voting records are disclosed in a format that is easy to search and filter



Summary statistics of voting data are published with important and/or contentious votes highlighted



Rationales for all votes against and abstentions on shareholder resolutions and standing items are published

Recommendations for asset owners

As stewards of capital for beneficiaries, asset owners have a duty to monitor the engagement activities and proxy voting records of their asset managers. In particular, pension funds must be prepared to explain why their asset manager's voting record is in their beneficiaries' interests or, if not, to state what they are doing to change this.

We recommend that asset owners:

- 1 Use this research to inform selection, monitoring and review of asset managers.**
Integrate key asks (such as the publication of voting records) into tendering processes and review voting decisions as part of regular performance reviews.
- 2 Ask their asset manager to publish voting records if they do not already do so (Box 1).**
- 3 Ask their asset manager to disclose data on follow-up engagement** for all instances where they have opposed management on environmental and social resolutions.
- 4 Consider engaging collaboratively with other asset owners who share their asset manager.** When multiple clients engage an asset manager on a specific topic, it can enhance their effectiveness by demonstrating the strength of feeling among their clients.
- 5 Challenge asset managers to vote at all AGMs and to do so on a comply or explain basis.**

Recommendations for investment consultants

Asset owners often draw on the advice and expertise of investment consultants to support their responsible investment activity and selection of asset managers. The following recommendations are designed to be complementary to those for asset owners.

We recommend that investment consultants:

- 1 Develop a system to monitor and review asset managers' votes, and provide feedback to clients.**
- 2 Ask asset managers to publish voting records in line with best practice (Box 1).**
- 3 Engage with asset managers to vote on all shareholder resolutions that help resolve environmental and social issues on a comply or explain basis.**

Recommendations for policymakers

Regulation can have a powerful influence over the behaviour of asset managers, including how they steward the capital they manage. Different jurisdictions have different regulations on the asset management industry and proxy voting, but all policymakers can take steps to improve voting accountability on important environmental and social issues.

We recommend that policymakers:

- 1 **Strengthen regulation to enhance proxy voting transparency** and the standardisation of proxy voting disclosure ([Box 1](#)).
 - 2 **Use analysis of proxy voting to evidence where asset managers have made sustainability commitments** but have voted inconsistently with those commitments, thereby substantiating claims of greenwashing.
- ▶ [View the full report online here.](#)

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All links accessed November 2022.

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