

Proxy voting best practices: how Dutch pension funds lead by example

Our latest study reveals precisely how Dutch pension funds turn sustainability commitments into real-world change through their approach to proxy voting.

By Siyana Gurova and Eleanor Willi

With sustainability moving from niche concern to mainstream expectation, pension funds face increasing pressure to demonstrate that their stewardship genuinely makes a difference. Beneficiaries, regulators, and stakeholders demand more than lofty promises – they expect clear evidence of action. Proxy voting is one of the most powerful tools available to institutional investors, yet true best practices in this area have been difficult to define – until now.

In our comprehensive analysis, we examined proxy voting practices across six major European pension markets: Germany, Denmark, Sweden, Switzerland, the United Kingdom, and the Netherlands. While Swedish pension funds emerged with the highest overall sustainability alignment scores, Dutch pension funds stood out strongly in several key thematic areas, systematically embedding sustainability into actionable and enforce-

able voting guidelines. Here's how they are setting an industry benchmark.

Behind our analysis: a three-step approach

We approached our research through a structured, rigorous three-step methodology:

1. Assessing transparency

We first evaluated the transparency of 122 European pension funds by reviewing their publicly disclosed formal voting policies, and detailed, company-level voting records. Dutch pension funds led the pack, with 70% publicly sharing formal voting policies and 75% providing granular, company-level voting disclosures – significantly higher than the European average (48%).

2. Analyzing voting behavior quantitatively

Next, we assessed whether transparency translates into actual sustainability-aligned voting choices. Using our 'voting for sustainability'

methodology, we scored pension funds' votes across a carefully selected set of 428 key environmental and social proposals from the 2024 proxy season. This set of management and shareholder proposals, flagged by leading responsible investment organizations like ClimateAction 100+ and ShareAction, offered a robust benchmark defining the set of sustainability-relevant votes. Dutch pension funds consistently scored well, especially on issues related to diversity and human rights, lobbying transparency, and non-climate environmental and social proposals (on topics such as biodiversity).

3. Identifying best practices qualitatively

Building on this analysis, we closely reviewed the voting policies of the top-performing pension funds identified by our quantitative analysis. This deep dive allowed us to pinpoint the key elements in voting policies contributing

to specific funds' sustainability outperformance. Dutch pension funds stood out by explicitly embedding clear, enforceable guidelines into their voting practices, turning policy into action.

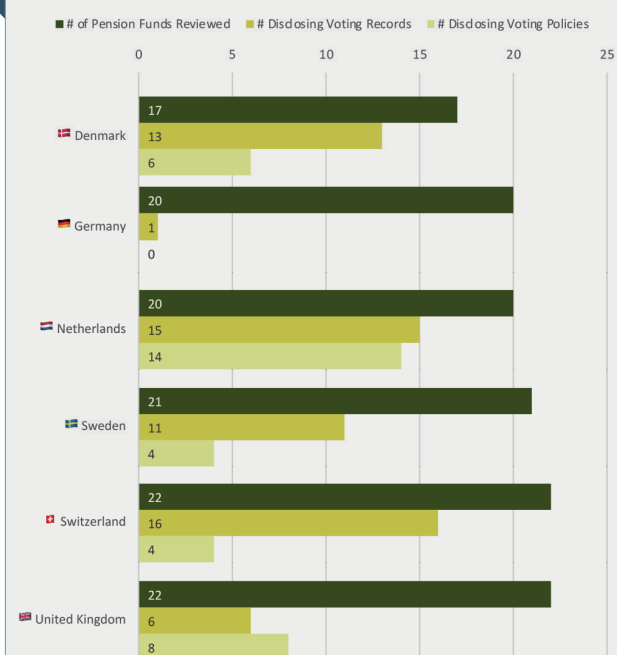
Best practices from leading Dutch pension funds

Several Dutch pension funds exemplify best-in-class voting practices, including Pensioenfond Horeca & Catering (PH&C), Pensioenfond Vervoer, Pensioenfond Metaal en Techniek (PMT), Pensioenfond Zorg en Welzijn (PFZW), Pensioenfond Medewerkers Apotheken (PMA), and Pensioenfond van de Metalektro (PME). Here's what sets their voting apart:

1. Gender diversity with teeth

For Dutch funds, gender diversity isn't just nice to have – it's mandatory. PH&C's policy explicitly states: 'We vote against the

FIGURE 1: DISCLOSURE PATTERNS BY COUNTRY



Source: rezonanz

reappointment of nomination committee chairs when there are no female board members.' PME similarly uses explicit voting thresholds to enforce gender diversity. Such clear criteria remove ambiguity, compelling companies toward meaningful boardroom diversity.

2. Rigorous human rights standards

Human rights voting policies among Dutch funds align directly with global standards. Pensioenfond Vervoer consistently supports shareholder proposals demanding detailed human rights disclosures aligned with the UN Guiding Principles on Business and Human Rights. PMT explicitly commits to voting against companies where forced or child labor risks are inadequately managed, directly embedding international norms into corporate accountability.

3. Lobbying transparency and accountability

Dutch pension funds recognize opaque lobbying as a major sustainability risk. On behalf of PFZW, PGGM systematically votes in favor of full transparency regarding corporate lobbying activities, political contributions, and membership in industry associations. PH&C reinforces this with clear voting criteria: 'We vote in favor of all proposals to disclose political donations.' These explicit voting stances reinforce consistency between corporate actions and public sustainability claims.

4. Concrete environmental action beyond climate

Dutch pension funds explicitly embed broader environmental concerns – such as biodiversity protection and sustainable resource use –

into their voting practices. PH&C consistently votes to demand corporations eliminate deforestation risks in their supply chains. PMA actively supports initiatives such as the Business Coalition for a UN Plastic Treaty, advocating for robust action on plastic pollution. By explicitly integrating these environmental criteria into voting guidelines, pension funds constructively steer their portfolio companies toward more meaningful alignment with sustainability.

Practical lessons for the industry

From our analysis, clear lessons emerge that other pension funds both inside and outside the Netherlands can adopt to improve sustainability voting outcomes:

- **Set explicit, measurable targets:**
Vague promises won't drive real change. Clear targets, like diversity thresholds or TCFD-aligned climate disclosure standards, make voting actionable and impactful.
- **Leverage global standards:**
Incorporating recognized global frameworks (TCFD, UNGPs, OECD Guidelines) enhances consistency and credibility across markets.
- **Make accountability explicit:**
Clearly state the voting consequences for inadequate corporate action – such as escalating via votes against directors – to significantly strengthen corporate accountability.

Why the Netherlands leads

Why are Dutch pension funds ahead of peers in proxy voting practices in

many respects? A unique combination of regulatory environment, peer accountability, and cultural expectations drives their leadership. The Dutch Stewardship Code, largely integrated into the Dutch Corporate Governance Code, has further nurtured a culture in which explicit sustainability goals translate directly into enforceable voting action.

Yet, it remains important to acknowledge that Swedish pension funds, driven partly by strong legislative sustainability mandates for public pension funds (AP Funds) and robust industry norms, set the highest overall standard. Their consistent leadership across diverse sustainability categories demonstrates that effective proxy voting is best achieved through integrated, ambitious policy frameworks, a systematic approach to corporate accountability, and clear sustainability mandates.

Looking ahead: raising the bar

Proxy voting, when done effectively, can drive significant corporate sustainability improvements. Dutch pension funds have set an exemplary standard by turning explicit sustainability goals into clear voting outcomes, providing a replicable blueprint for pension funds globally.

Ultimately, proxy voting is a powerful lever to catalyze real-world sustainability transformation. Dutch pension funds are showing that clearly articulated, actionable, and enforceable voting practices can genuinely reshape corporate behavior. Their approach sets a benchmark that all responsible investors would do well to follow. ■



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SUMMARY

Dutch pension funds lead in sustainable proxy voting by embedding clear, enforceable policies.

They excel in transparency, gender diversity mandates, human rights, lobbying accountability, and environmental action.

Dutch leaders include PFZW, PH&C, PME, PMT, PMA, and Pensioenfond Vervoer.

Their approach sets measurable targets and aligns with global standards like the UNGPs.

Strong regulation and peer accountability drive Dutch leadership, offering a blueprint for global pension funds.