Press Release

Pass-through voting raises important questions for stewardship, accountability and engagement, new research finds.

London, 13 July 2026 **-** The Investor & Issuer Forum (I&IF) announces its publication of "Connecting or Dividing? The Stewardship Implications of Pass-Through Voting", an evidence-based research report exploring how different participants across the investment chain view the opportunities, challenges and practical implications of pass-through voting. This research was conducted in partnership with the London School of Economics and Political Science (LSE).

The research

The Investor & Issuer Forum's first major research project examines the growing interest, curiosity, and differing interpretations across the chain regarding pass-through voting.

Differences in voting outcomes are not new. Asset managers often manage assets on behalf of clients with different objectives and voting preferences, meaning shares in the same company may not always be voted in a single way. The growth of pass-through voting could make this more common in pooled funds, raising important questions about how stewardship is exercised across the investment chain.

Pass-through voting enables asset owners to direct how votes attached to their holdings in pooled funds are cast by asset managers. Interest in pass-through voting has grown in response to several shifts in the investment landscape, including changes in ownership structures, the rise of index investing, the increasing importance of shareholder voting and increasingly diverse stewardship expectations across the investment chain.

The research explores why interest in pass-through voting is increasing, how different stakeholders across the investment chain are approaching it in practice and the opportunities and challenges it may create for stewardship and engagement.

Findings

Drawing on interviews with 33 participants across the investment chain, including asset owners, asset managers, listed companies, regulators and service providers, the report highlights a wide range of perspectives and concludes that there is no consensus on whether pass-through voting ultimately strengthens or fragments the voting process.

Key benefits identified

Supporters believe pass-through voting can:

- Improve alignment between asset owners' values and voting outcomes
- Give end investors a stronger voice in stewardship

- Increase choice and flexibility for clients
- Encourage more direct dialogue across the investment chain

Some asset owners also see it as helping them meet stewardship and regulatory responsibilities.

Key concerns identified

Critics worry pass-through voting could:

- Separate voting from company engagement, weakening stewardship effectiveness
- Increase complexity and fragmentation for companies
- Lead to greater reliance on proxy advisors and automated voting
- Reduce predictability of voting outcomes
- Encourage more politicised or less informed voting decisions

Companies interviewed for the study were particularly concerned about reduced transparency around who ultimately controls votes.

Implications

This suggests that views on pass-through voting remain mixed across the market. Some stakeholders see it as a way to improve alignment between investment beliefs and voting outcomes, increase client choice and broaden participation in stewardship. Others are concerned that it could weaken the connection between voting and company engagement, increase fragmentation and create greater complexity for issuers and investors alike.

The research also finds that while pass-through voting remains relatively limited in the UK market today, its importance could grow over time, particularly through large global index managers and evolving client expectations.

Rather than advocating for or against pass-through voting, the report focuses on the practical realities of implementation, identifying four areas that may support effective market practice:

- *Clarity of purpose* – asset owners should have clarity and consistency over what they are trying to achieve in their stewardship approach.
- *Policy oversight* – asset owners and asset managers should jointly take responsibility for oversight of policy development, being clear on how their policy selections meet fiduciary standards.
- *Communication* – asset managers should clearly communicate voting policies to clients, enabling fully informed choices.
- *Transparency* - asset owners and asset managers should work to ensure maximum possible levels of transparency for issuers.

The research concludes that the impact of pass-through voting is likely to depend less on the mechanism itself and more on how it is implemented and integrated into broader stewardship approaches.

Tom Gosling, Professor in Practice at the Financial Markets Group said:
"Pass-through voting in the UK has emerged in response to a combination of factors including the fall in domestic ownership, rise in prominence of US index managers, divergent views on environmental and social topics and increased pressure on pension funds to show they are taking ownership of stewardship.

Pass-through voting is neither entirely bad nor entirely good - investors adopting it need to be clear on how it supports their stewardship approach and to be aware of the trade-offs. The market as a whole needs to look at how transparency around pass-through voting can be increased to maintain the quality of dialogue between investors and issuers."

Suren Gomtsian, Assistant Professor at the LSE Law School said:
"Pass-through voting enables asset owners to ensure that voting is aligned with their views, especially on matters where they diverge from their asset managers. But there are potential downsides: separating voting from engagement with companies could weaken stewardship overall, and corporate boards are concerned that it could become more complex and costly to manage dialogue with investors in the run-up to annual meetings."

Sallie Pilot, Managing Director of the I&IF, said:
"Pass-through voting is a strong example of an issue that sits at the intersection of the investment chain and aligns closely with the purpose of the Investor & Issuer Forum and our broader work. There is growing interest in this area, along with strongly held views across different parts of the market and, until recently, relatively limited shared understanding of how these developments are being experienced in practice.

We hope this research helps to improve understanding by bringing together perspectives from across the market in a way that is practical, objective, and grounded in real-world experience."

The full report is published on the I&IF's website, available here:
Pass-through Voting Research - The Investor & Issuer Forum

Notes to Editors
The Investor & Issuer Forum is a collaborative initiative bringing together asset owners, asset managers and listed companies to improve the effectiveness of engagement and alignment across the UK equity investment chain. It operates with the support of the Investor Forum as Secretariat and works closely with market participants, regulators and industry bodies.