



The Impact of Voting

Presentation to LB of Islington Pension Fund

23 July 2024

Why pension funds vote at company meetings

- Good company governance alongside adequate environmental and social approaches can be critical to enhancing shareholder value
- Through voting shareholders can express support for management or highlight areas for improvement on such issues.
- This can drive up standards at companies and across the market.
- Voting is part of investor responsibilities as good stewards of capital to vote
- Rather than passively take their asset manager perspective, asset owners with own policy can exercise their vote aligned to their principles and priorities (including now in pooled funds).
- This can help deliver funds stewardship goals and enables them to be consistent with their wider stewardship activities

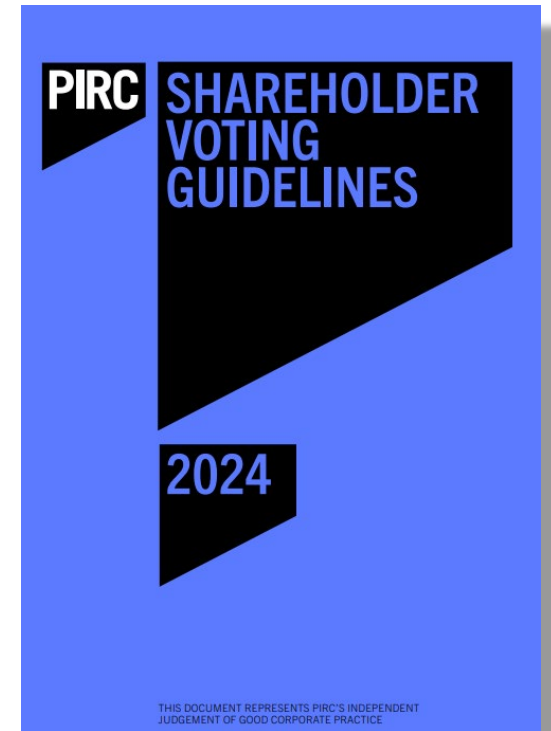
**Your voice
in the market
can now be
consistently
aligned to your
principles and
priorities...**



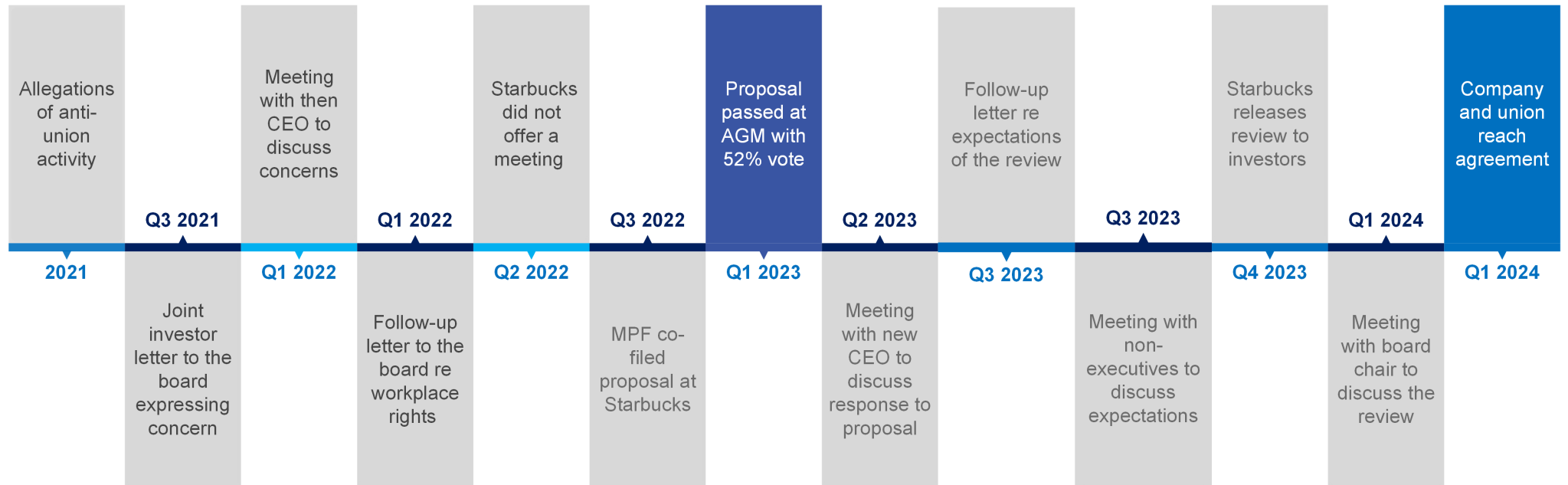
PASS-THROUGH
VOTING SOLUTIONS
FOR POOLED FUNDS

What votes and issues to focus on?

- Investor's voting policies cover a wide range of environmental, social and governance issues. Typically guidelines in headline terms will cover:
 - Board composition
 - Remuneration
 - Accounts and audit
 - Shareholder rights and capital authorities
 - Environmental and social factors
- Policies ensure that there are expectations for each standing item but also for shareholder proposals.
- Where asset owners are in a pooled fund (and PTV available) there is the option to focus on areas they feel are most misaligned with their manager.



Voting impact: Starbucks and labour issues



Expressing opposition on high pay

- Concerted effort by some companies to pay executives more. But have been notable high votes against companies:
- Smith & Nephew's proposed 30% increase to the remuneration package was met with 43% opposition from shareholders (the company has underperformed against peers).
- Spirent Communications sought to double the potential long-term incentive award and was met with 43% opposition.
- In the US, majority of shareholders opposed 3M executive pay awards at a company facing legal challenges and declining sales.
- Ahead of a contentious remuneration vote at their AGM, Boohoo executives waived their bonus and withdrew the item from the agenda.

Rio Tinto, high pay and social factors

- 2020 Rio Tinto blew up 46,000 Aboriginal site
- Investor concern resulted in the short term incentive payment being cancelled but investors pushed for more accountability
- CEO resigned
- However, CEO still awarded bonus
- Huge shareholder revolt (60% opposition) to pay report
- Following year the chair did not seek re-election

Voting pressure on climate

- After shareholder concerns (expressed through voting) about climate transition plans we are now starting to see improvements at some companies, including at Barclays.
- Concerns about the row back at BP & Shell. However, continued pressure on the companies with support from around one in five shareholders for improved practices on climate.
- Woodside Energy, one of Australia’s largest oil and gas companies, 58% of the share capital was cast in opposition to the company’s transition plan.

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Woodside investors vote down climate plan, rebuking Australia's top gas producer

By Lewis Jackson

April 24, 2024 8:00 AM GMT+1 · Updated 2 months ago



SYDNEY, April 24 (Reuters) - Shareholders rejected Woodside Energy's (WDS.AX) climate plan on Wednesday, marking a symbolic victory for activists who have called for Australia's biggest gas producer to stop new fossil fuel projects, but its chairman survived a push to oust him.

Following a lengthy campaign by activists, 58% of the votes opposed Woodside's climate transition plan in a demonstration of the growing unease over its strategy for curbing carbon emissions which critics say is unambitious and vague.

Climate & Energy | Energy | Sustainable Markets | ESG Investors | Shareholder Activism

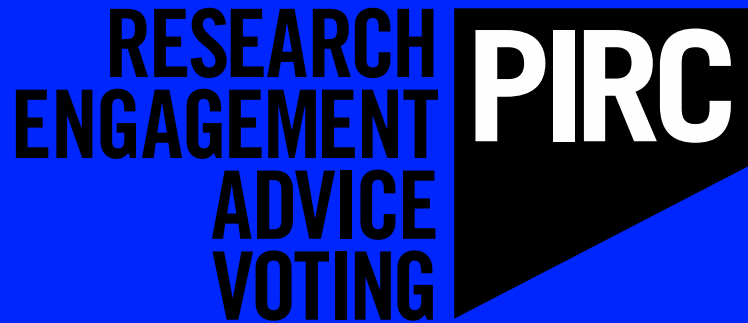
Barclays to adopt fresh curbs on oil and gas financing

By Simon Jessop and Sinead Cruise

February 9, 2024 7:57 PM GMT · Updated 5 months ago



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PIRC protects and enhances the long-term returns of major investors by promoting the highest corporate standards. Our expert and experienced team work closely with clients to understand their responsible investment principles and deliver their responsible investment priorities.

Paul Hunter

Director of Policy

paul.hunter@pirc.co.uk