

## Voting report (Q2 2024)

### Summary

The following summary includes votes cast on the fund's equity holdings managed by Brunel and Ninety One during quarter 2 of 2024:

- We voted at **1,073** meetings on **15,449** separate resolutions.
- We only abstained on **170** resolutions (1.1%), demonstrating that we exercised our rights to vote the vast majority of the time.
- We voted in favour of **12,279** resolutions (79%), demonstrating that we upheld our intention to be supportive of management to help them continue to run successful businesses, but also exerted pressure on companies when needed.

The voting update for this quarter is longer than usual, as the second quarter of the year is typically when most publicly traded companies hold annual general meetings (AGMs), which is where shareholders with voting rights have the opportunity to vote on company matters.

### Glencore plc

Glencore is one of the world's largest producers and marketers of commodities. We hold the company in our "Global High Alpha Equities" portfolio, which is managed by Brunel Pension Partnership, and our holding in the company is worth ~£525k, representing <0.05% of Wiltshire Pension Fund's equity holdings (as at 30 June 2024).

2024 has continued to be testing for Glencore on the ESG front. In June of this year Legal & General's investment management division (LGIM) announced that they will be selling any Glencore shares held in their workplace pension funds and ESG funds. This was due to concerns relating to the company's production of thermal coal and a lack of disclosure with regards to how its projected thermal coal production aligns with efforts to limit global temperature increases to 1.5°C above pre-industrial levels (as per the Paris Agreement).

At Glencore's 2024 AGM, which preceded LGIM's announcement, there was a vote on the company's "2024-2026 Climate Action Transition Plan". This newer climate action plan represented an improvement on the climate report outlined in 2023, however there remains a feeling that the plans don't go far enough. While their Transition Plan outlines the company's ambition to achieve net zero industrial emissions by 2050 and a desire to responsibly phase down thermal coal operations, we would've liked to have seen a firmer commitment with regards to the disposal of thermal coal assets as well as enhanced disclosures with regards to the company's thermal coal operations. Additionally, there are concerns that the baseline year against which Glencore's emission targets are set (2019) is a year where the company experienced inflated carbon emissions. As a result, reductions achieved against this baseline may not align well with the Paris Agreement's 1.5°C scenario.

As a result of the concerns outlined above, as well as in [our 2024 Climate and Nature Report](#), we support the vote against the resolution for Glencore's "2024-2026 Climate Action Transition Plan", however the majority (90.07%) voted for the resolution. While we recognise that the recent climate action plan is an improvement on the climate report outlined in 2023, we're still not convinced of

Glencore's ability to transition to a low carbon economy and therefore will continue to request that Brunel sell this holding.

### **Tesla Inc**

We hold Tesla in both our "Global High Alpha Equities" and "Paris-Aligned Benchmark Passive Global Equities" portfolios with Brunel. As of 30 June 2024, our holdings in Tesla were worth £16.7m (representing 1.4% of Wiltshire Pension Fund's equity holdings).

One of the most contentious proposals from Tesla's 2024 AGM was the vote to ratify the 100% performance-based stock option award to CEO, Elon Musk. This amounted to a payout to Musk worth ~\$56bn (as at early June 2024), more than three times Tesla's net income in the financial year ending December 2023. We want to be supportive of management in order to help them run the business effectively, however we're willing to support a vote in opposition to management's recommendations where we don't believe that the resolution is beneficial to shareholders and other stakeholders. In this instance, we feel that the pay package is excessive and hasn't had its intended effect, which was to focus Musk on the interests of Tesla shareholders. On the contrary, earlier this year when a Delaware judge ruled that Musk's pay package was excessive, Musk testified that the money would be used to finance interplanetary travel - suggesting that his attention would further be split between Tesla, SpaceX and his other endeavours. While we supported the vote against the proposal, the proposal received the support of the majority (72%) of voting shareholders.

In addition to the pay deal, the two proposals that we found interesting, which didn't receive as much attention: a proposal regarding annual reporting on anti-harassment and discrimination efforts; and a proposal regarding adoption of a freedom of association and collective bargaining policy. We voted for both proposals, in opposition to management's recommendations and to the majority of shareholders.

### **Shell plc**

We hold Shell in our "Global High Alpha Equities" portfolio with Brunel. Our holding is worth ~£2.7m (as of 30 June 2024), representing 0.23% of Wiltshire Pension Fund's equity holdings.

In Shell's 2024 AGM, the company's "energy transition strategy 2024" took centre stage. In the document, the company announced that by the end of 2023 they were 60% of the way toward halving scope 1 and 2 emissions\* by 2030. Shell also announced that they're expecting to invest \$10-15bn into low carbon energy solutions between 2023-2025. While Shell dedicated a proportion of their energy transition strategy document to explaining what they've done so far to reduce scope 1 and 2 emissions and how they plan to achieve their 2030 goal, Shell didn't go into much detail with regards to how it will achieve its 2050 goal of being net-zero (including scope 1, 2 and 3 emissions\*). Despite Shell's claims that their targets are aligned with the Paris Agreement, [Climate Action 100+](#) suggest that Shell's greenhouse gas emissions targets aren't aligned. Some other criticisms of Shell's strategy are that they've not committed to cutting oil production levels until 2030 and their plan

seems to partly rely on the company producing Liquefied Natural Gas (LNG) with lower carbon intensity in the future and an uptick in demand for LNG.

Second to Shell's own energy transition strategy resolution, a shareholder resolution (23) calling for Shell to align its medium-term emissions targets with the Paris Agreement received some attention. This resolution sought to address the criticism that "no third-party source indicates that Shell's medium-term targets are aligned with a 1.5°C warming scenario. This resolution was put forward by >25 investors, including the Brunel Pension Partnership (which we're both a client and shareholder of).

Given the concerns outlined above, most of which we touched on in [our 2024 Climate and Nature Report](#), we supported a vote against Shell's 2024 energy transition strategy, however, the resolution was approved by 78.03% of shareholders. We also supported a vote in favour of the shareholder resolution (23), calling for alignment with the Paris Climate Agreement, however the resolution was rejected, with 18.62% of votes in favour (down from 20.19% in favour in 2023).

\*Scope 1 emissions are those that the company own/controls directly. Scope 2 emissions are those that the company causes indirectly from the production of the energy that the company purchases and uses. Finally, Scope 3 emissions include all other indirect emissions that occur as a result of the upstream and downstream activities of a company.

### **Conclusion(s) and next steps**

[As a proud signatory of the UK Stewardship Code](#), we believe that it is important that we engage with the companies that we own in order to maintain or enhance the value of our assets. Additionally, engaging with the companies that we invest in means that we can seek to influence their behaviour in order to bring about better environmental and social outcomes, something that [our members told us was important to them](#) and is aligned with our goal to be net zero by 2050.

As outlined in the examples discussed here, sometimes our voting and engagement doesn't lead to the result that we would like. However, as seen in the example of Glencore, the pressure created by the process of voting can result in incremental change and improvement, leading to better outcomes for both shareholders and stakeholders. There are some instances where we may feel that our voting and engagement is ineffective and, in those instances, we will discuss next steps and the possibility of divestment with our investment managers, as per our divestment policy (which you can read more about in [our 2024 Climate and Nature Report](#)).