

# Stewardship

# Avon Pension Committee meeting

Vaishnavi Ravishankar, Head of Stewardship

June 2024

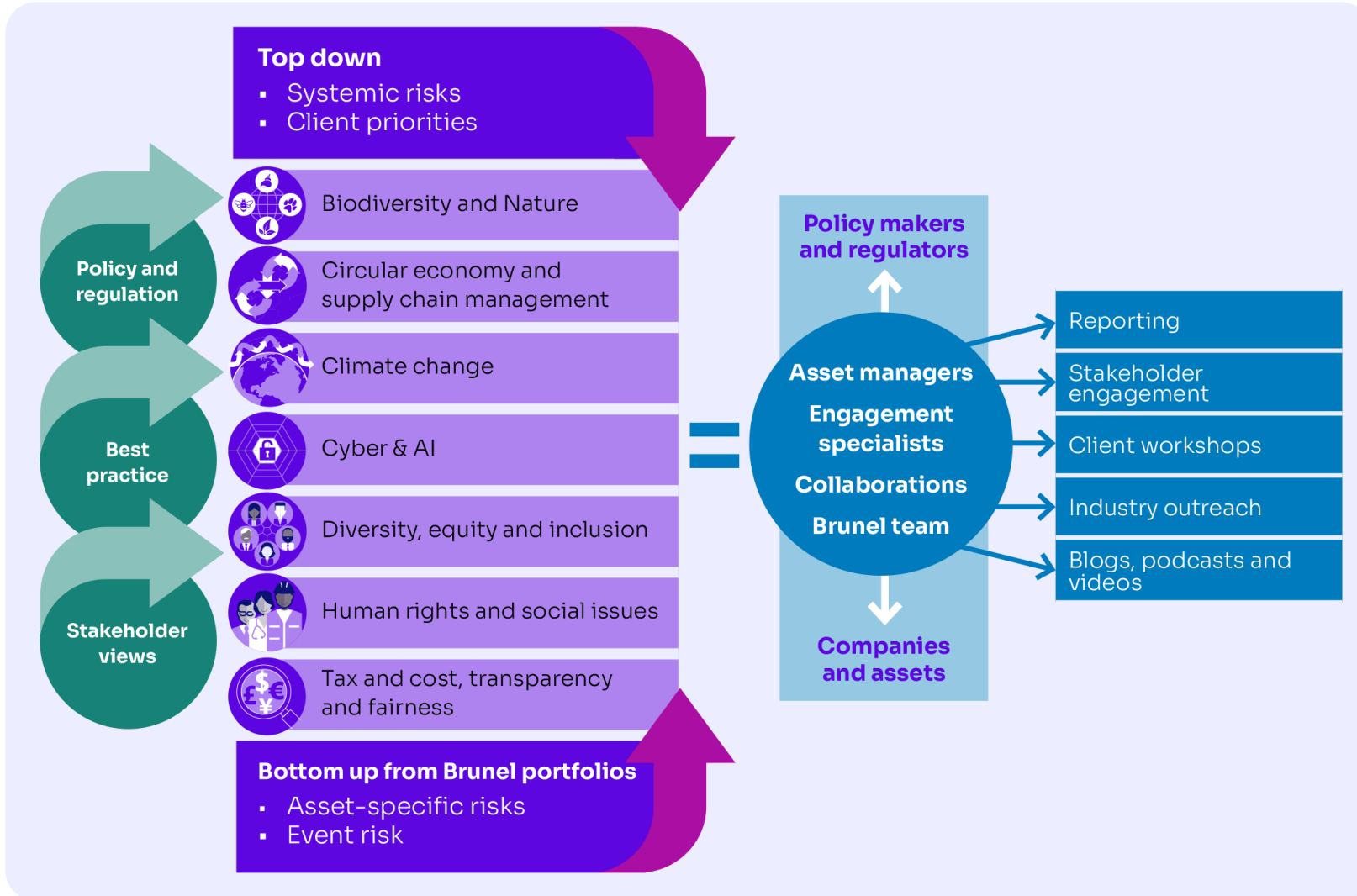
# Approach to Stewardship

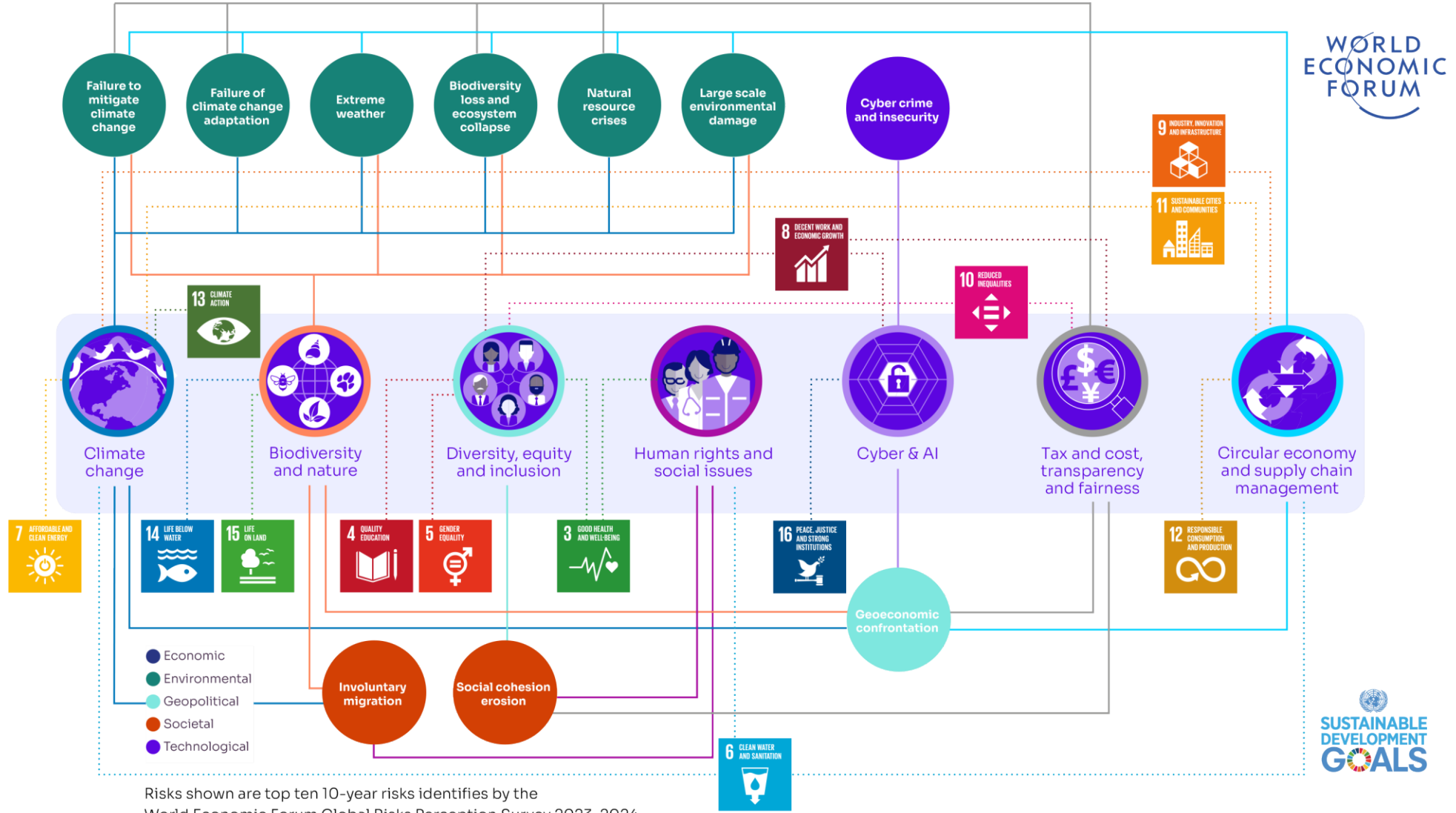
Asset  
managers

Service  
provider

Collaborative  
initiatives

Direct  
engagement





Risks shown are top ten 10-year risks identifies by the World Economic Forum Global Risks Perception Survey 2023-2024

## Voting process

- Full voting rights in segregated active accounts – implemented by Hermes EOS
- Overrides of Hermes' recommendations part of the process
- Passive index tracked investments – Brunel can exercise split votes in some circumstances. For e.g. Exxon Mobil

# At a glance

805

companies engaged

115

companies featured engagements with the CEO or chair

401

companies featured engagements with senior management or board members

121

public policy interactions including consultation responses, letters, meetings and discussions

1,331

meetings instructed

Co-filed three resolutions:

- Charter Communications on diversity
- Barclays on financing new oil and gas infrastructure
- Shell on scope 3 emission reduction targets

**IIGCC**

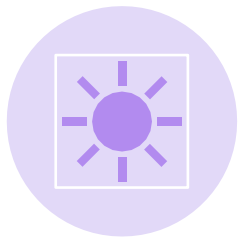


**TPT** Transition Plan Taskforce



**AO** asset owner diversity charter

# Voting guidelines refresh 2024



CLIMATE



BIODIVERSITY



BANKS



ARTIFICIAL  
INTELLIGENCE



TAX

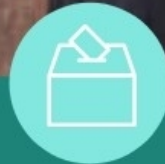
# Climate

- CA100+ companies
  - decarbonisation strategy (incl. ambition and targets)
  - TCFD or equivalent climate disclosure
- Companies scoring below TPI Level 4
  - select sectors
- Greater scrutiny on climate lobbying, capex and climate accounting disclosures



# Voting guidelines – implementation on tax

## Votes to note



In 2023, we supported shareholder proposals asking for greater transparency in line with the GRI tax standard. Companies facing proposals on tax transparency included Amazon, Microsoft, Exxon Mobil, Chevron and ConocoPhillips and Brookfield Corporation.

- Engage with companies on tax transparency – aligned with Global Reporting Initiative (GRI) tax standard
- Votes against Chair of the audit committee or other relevant directors in 2025

# Example on deforestation

- Engage on improving disclosure and management of deforestation risks.
- Votes against the re-election of the company chair where:
  - Companies score below 20 on the Forest 500 ranking
  - Financial institutions that score 0 on Forest 500 ranking

## Votes to note



### **AGM: WH Group**

**Date: 6 June 2023**

We vote against relevant directors where companies have scored poorly in the Forest 500 ranking. Forest 500 identifies 350 companies and 150 financial institutions with the greatest exposure to tropical deforestation risk, and annually assesses them on the strength and implementation of their commitments on deforestation, conversion of natural ecosystems and associated human rights. In 2023, we voted against an executive director at WH group due to concerns around deforestation, reinforcing vote against a director, the previous year for the same reason. We will continue to engage with the company to clarify our asks around deforestation and nature, more broadly.

# Next steps

Circular economy

- Mining 2030
- Enhance approach to natural resource stewardship

Climate change

- Escalate climate alignment expectations with managers
- Champion the disclosure of scope 3 emissions

Tax & cost transparency  
and fairness

- Progress and participate in the collaborative engagement on tax
- Support peer learning through the PRI tax reference group

Diversity, equity and  
inclusion

- AODC – improve response rates from managers and industry
- Support socialisation and industry use of the Fair reward framework

Human rights and social  
issues

- Develop our human rights strategy
- Empower PMs with tools and frameworks to enable manager monitoring

Biodiversity and nature

- Data integration and assessment needed to progress TNFD reporting in 2026
- Work with EOS to ensure that the topic remains a priority for policymakers

Cyber and AI

- Continue to use AI to enhance stewardship
- Participate in RLAM engagement on cyber security

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