

Report



meeting	PENSIONS INVESTMENT SUB COMMITTEE		
date	13 June 2008	agenda item number	

REPORT OF THE STRATEGIC DIRECTOR OF RESOURCES

PROXY VOTING 2008

Purpose

- 1.1 To report on the voting of equity holdings in quarter one of 2008.

2. Background

- 2.1 The Myners principles require pension funds to have an explicit strategy towards their holdings voting on issues that may affect the value of the Fund's investments. The revised statement on responsible investment in the statement of investment principles (SIP) states that "the Fund continues to exercise its ownership rights by adopting a policy of actively voting stock it holds".
- 2.2 The Fund retains responsibility for voting (rather than delegating this to investment managers) and votes are cast for the majority of its equity holdings in the UK, Europe, US and Japan. Voting is implemented by Pensions Investment Research Consultants (PIRC) based on their Shareholder Voting Guidelines.

3. Voting

- 3.1 Votes were submitted to 79 meetings in quarter one as shown in the table below.

	UK		Europe		US		Japan		Total	
Meetings voted	30	86%	26	90%	22	100%	1	100%	79	91%
Meetings not voted	5	14%	3	10%	0	0%	0	0%	8	9%
	35		29		22		1		87	
Meetings with 1 or more oppose or abstain votes	21	60%	22	76%	21	95%	1	100%	65	75%

3.2 It can be seen that 75% of the meetings had at least one oppose or abstain recommendation. The full analysis of resolutions is shown in the table below.

	UK		Europe		US		Japan		Total	
For	212	75%	209	69%	116	58%	30	97%	567	69%
Oppose	34	12%	58	19%	13	7%	1	3%	106	13%
Abstain	37	13%	36	12%	5	3%	0	0%	78	10%
Withhold	0	0%	0	0%	64	32%	0	0%	64	8%
	283		303		198		31		815	

3.3 In the UK, the main areas of concern were directors' remuneration, questions over the independence of directors and inappropriate non-audit fees paid to auditors. In Europe, 56 of the oppose and abstain votes were in relation to the election or discharge of directors. Of these, 33 were at the Siemens AGM and related to the ongoing corruption investigations at the firm.

3.4 In the US, the withheld votes relate to the election of directors. The most common concerns were over aggregate time commitments or lack of independence. There was only one meeting in Japan in the period and the oppose vote was concerning the availability of a stock option plan.

4. Statutory and Policy Implications

4.1 This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder, human rights and those using the relevant service. Where such implications are material, they have been described in the text of the report.

5. Recommendations

5.1 That the report be noted.

A L DEAKIN
DIRECTOR OF RESOURCES

Background Papers Available for Inspection
None