



<u>Committee and Date</u>
Pensions Committee
23 November 2011
10.15am

<u>Item</u>
10
Public

CORPORATE GOVERNANCE MONITORING

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1. Summary

- 1.1 The report is to inform members of Corporate Governance and socially responsible investment issues arising in quarter 1st July 2011 to 30th September 2011.

2. Recommendations

- 2.1 Members are asked to accept the position as set out in the report, PIRC Quarterly Report at Appendix A and F&C Responsible Engagement Overlay Viewpoint Reports at Appendix B.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 Risk Management is part of the Pension Fund's structured decision-making process by ensuring that investment decisions are taken by those best qualified to take them.
- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.3 The Fund's Corporate Governance Policy enables it to influence the environmental policies of the companies in which it invests.
- 3.4 There are no direct Equalities or Community consequences.

4. Financial Implications

- 4.1 There are no direct financial implications arising from this report.

5. Background

- 5.1 The Shropshire County Pension Fund has been actively voting for over ten years at the Annual General Meetings and Extraordinary General Meetings of the UK and US companies in which it invests, using independent best practice advice from Pensions Investment Research Consultants Ltd (PIRC). The Fund is also addressing its social responsibility through a strategy of responsible engagement with companies. F&C Asset Management provide this responsible engagement overlay on the Funds' UK equities portfolio.

6. PIRC Voting Activity

6.1 Since the last Pensions Committee, PIRC have voted at 16 UK and 12 US Annual and Extraordinary General Meetings. Details of voting during the quarter have been received and reviewed by officers. Voting has been conducted in line with the PIRC guidelines on every occasion this quarter.

6.2 Attached to this report (Appendix A) is PIRC's Proxy Voting Review which outlines the main corporate governance issues over the quarter. The report highlights the meetings where the largest 'oppose' votes were registered and explains why shareholders were unhappy about particular resolutions.

6.3 Should members wish to see details of specific company meeting resolutions or voting outcomes, they can be obtained from the officer noted above.

7. Responsible Engagement Activity

7.1 During the last quarter F&C have continued to actively engage with companies on the Fund's behalf. An update on the engagement activities for the quarter is attached at Appendix B in the REO Viewpoint reports.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Corporate Governance Monitoring report, Pensions Committee 15 September 2011

Cabinet Member

N/A

Local Member

N/A

Appendices

A. PIRC Proxy Voting Review July to September 2011.

B. F&C Responsible Engagement Overlay Viewpoint Reports.