



# Shropshire County Council Pension Authority

Proxy Voting Review  
January 2012 – March 2012

April 2012  
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# UK Voting Review

## easyJet plc - AGM 23<sup>rd</sup> February

Remuneration was an issue at easyJet.

PIRC advised shareholders that our concerns with remuneration policy were specific to the way in which executives were remunerated and did not necessarily constitute a comment on confidence in the board.

Our concerns related to both the scope and nature of the remuneration policy at easyJet. Principally, the policy appeared to continue to be too heavily weighted in favour of retention. In PIRC's assessment, executive pay is an inappropriate tool to mitigate the risk associated with having an active, controlling shareholder. The mitigating activities as cited in the Business Review for dealing with this principal risk had been largely ineffectual.

There were concerns relating to an undue level of complexity surrounding incentive arrangements, owing to an inadequacy of disclosure. The committee did not provide sufficient justification for the decision to change from ROE to ROCE as the sole LTIP performance criterion. LTIP grants made prior to the 2012 AGM were not disclosed within the annual report. There were three vesting scales in place for outstanding awards, each of which applied a dual structure for awards below and beyond 100% of salary. This was considered to be unnecessarily complicated and made it difficult to arrive at any straightforward assessment of year-on-year performance. The figures used to measure ROCE were subject to dispute and the Company had raised the possibility of adjusting ROCE performance targets going forward. This added further complexity to incentive arrangements at the Company and also suggested that the targets used for outstanding awards were inadequate.

The LTIP applied a single, absolute performance measure, which was considered to be inadequate. The matching share component of the LTIP applied the same performance measure, which potentially rewarded executives twice for achieving the same performance. Maximum awards were granted under the LTIP during the year. Salaries were considered to be high and as a result, maximum awards had the potential to be excessive in aggregate terms. The CEO received awards equivalent to some 390% of salary, including matching share awards. Contract policy met best practice and mitigation was applied.

We recommended that shareholders oppose the remuneration report.

# UK Voting Analysis

Table 1: Top Oppose Votes

	Company	Type	Date	Resolution	Proposal	Funds Vote	Oppose %
1	EASYJET PLC	AGM	23 Feb 12	2	Approve the Remuneration Report	Oppose	44.30
2	EASYJET PLC	AGM	23 Feb 12	20	Meeting notification related proposal	For	44.02
3	EASYJET PLC	AGM	23 Feb 12	12	Re-Elect Keith Hamill	For	42.88
4	EASYJET PLC	AGM	23 Feb 12	6	Re-Elect Sir Michael Rake	Abstain	42.77
5	EASYJET PLC	AGM	23 Feb 12	13	Appoint the auditors and allow the board to determine their remuneration	For	42.66
6	EASYJET PLC	AGM	23 Feb 12	15	Issue shares with pre-emption rights	For	42.66
7	EASYJET PLC	AGM	23 Feb 12	10	Re-Elect Professor Rigas Doganis	For	42.65
8	EASYJET PLC	AGM	23 Feb 12	5	Elect Adèle Anderson	For	42.62
9	EASYJET PLC	AGM	23 Feb 12	18	Issue shares for cash	For	42.61
10	BELLWAY PLC	AGM	13 Jan 12	3	Re-elect Mr H C Dawe	For	12.50

Note: Levels of opposition percentage represent opposition votes cast as a percentage of all votes cast either in favour or against a resolution.

Table 2: Votes by Resolution

Resolution Type	For	%	Abstain	%	Oppose	%	Withdrawn	%	Total
All Employee Schemes	0	0	0	0	0	0	0	0	0
Annual Reports	1	16	2	33	3	50	0	0	6
Articles of Association	1	100	0	0	0	0	0	0	1
Auditors	3	75	1	25	0	0	0	0	4
Corporate Actions	2	100	0	0	0	0	0	0	2
Corporate Donations	1	100	0	0	0	0	0	0	1
Debt & Loans	1	100	0	0	0	0	0	0	1
Directors	21	87	3	12	0	0	0	0	24
Dividend	4	100	0	0	0	0	0	0	4
Executive Pay Schemes	0	0	0	0	0	0	0	0	0
Miscellaneous	3	100	0	0	0	0	0	0	3
NED Fees	0	0	0	0	0	0	0	0	0
Non Voting	0	0	0	0	0	0	0	0	0
Say On Pay	0	0	0	0	0	0	0	0	0
Share Capital Restructuring	0	0	0	0	0	0	0	0	0
Share Issue/Re-purchase	9	90	1	10	0	0	0	0	10
Shareholder Resolution	0	0	0	0	0	0	0	0	0
Undefined	0	0	0	0	0	0	0	0	0

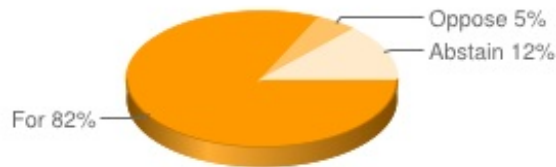
# UK Voting Charts

These graphs include meetings where the client held a voting entitlement exercisable by PIRC according to portfolio details communicated to PIRC prior to execution of the vote.

Total Resolutions	
For	46
Oppose	3
Abstain	7
Withdrawn	0
Total	56

Meetings	AGM	EGM	Total
Total Meetings	3	3	6
1 (or more) oppose or abstain vote	3	0	3

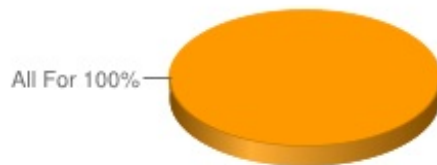
## UK Voting Record



## UK AGM Record



## UK EGM Record



## UK Voting Timetable Q1 2012

List of meetings held throughout the period in the fund's portfolio.

### Voted Meetings

Table 3: Meetings voted in the quarter

	Company	Meeting Date	Type	Date Voted
1	ANGLOAMERICAN PLC	06 Jan 12	<b>EGM</b>	2011-12-16
2	MICRO FOCUS INTL PLC	06 Jan 12	<b>EGM</b>	2011-12-22
3	BELLWAY PLC	13 Jan 12	AGM	2011-12-20
4	DS SMITH PLC	03 Feb 12	<b>EGM</b>	2012-01-23
5	EASYJET PLC	23 Feb 12	AGM	2012-02-13
6	CHEMRING GROUP PLC	21 Mar 12	AGM	2012-03-05

## UK Upcoming Meetings Q2 2012

List of meetings scheduled to be held throughout the period by UK companies currently in the fund's portfolio.

Table 4: Upcoming Meetings

	Company	Meeting Date	Type
1	BP PLC	12 Apr 12	AGM
2	SMITH & NEPHEW PLC	12 Apr 12	AGM
3	STHREE PLC	19 Apr 12	AGM
4	ANGLO AMERICAN PLC	19 Apr 12	AGM
5	ASTRAZENECA PLC	26 Apr 12	AGM
6	BERENDSEN PLC	26 Apr 12	AGM
7	JARDINE LLOYD THOMPSON GROUP	26 Apr 12	AGM
8	PEARSON PLC	27 Apr 12	AGM
9	BARCLAYS PLC	27 Apr 12	AGM
10	RENTOKIL INITIAL PLC	01 May 12	AGM
11	INTERNATIONAL CONSOLIDATED AIRLINES GROUP SA	01 May 12	AGM
12	MARSHALLS	01 May 12	AGM
13	STANDARD LIFE PLC	01 May 12	AGM
14	LMS CAPITAL PLC	01 May 12	AGM
15	ROYAL DUTCH SHELL PLC	01 May 12	AGM
16	LLOYDS BANKING GROUP PLC	01 May 12	AGM
17	BAE SYSTEMS PLC	02 May 12	AGM
18	AVIVA PLC	03 May 12	AGM
19	ARM HOLDINGS PLC	03 May 12	AGM
20	GLAXOSMITHKLINE PLC	03 May 12	AGM
21	LANCASHIRE HOLDINGS LTD	03 May 12	AGM
22	UNILEVER PLC	09 May 12	AGM
23	ITV PLC	09 May 12	AGM
24	CENTRIC PLC	11 May 12	AGM
25	SERCO GROUP PLC	14 May 12	AGM
26	BG GROUP PLC	16 May 12	AGM
27	AMLIN PLC	17 May 12	AGM
28	HSBC HLDGS PLC	25 May 12	AGM
29	ROYAL BANK OF SCOTLAND GROUP	30 May 12	AGM
30	MEARS GROUP PLC	01 Jun 12	AGM
31	KINGFISHER PLC	01 Jun 12	AGM
32	WHITBREAD PLC	01 Jun 12	AGM
33	PREMIER FARNELL PLC	01 Jun 12	AGM
34	HOME RETAIL GROUP PLC	01 Jun 12	AGM
35	MORRISON (WM) SUPERMARKETS	01 Jun 12	AGM

# **US Corporate Governance Review**

## **US corporate influence challenge**

A number of US states have already begun to launch an attack against corporate personhood and any associated rights, such as corporate political spending.

Vermont became the first state to call for a constitutional amendment to the US Supreme Court decision that gave corporations the same rights as people. Since Vermont's resolution, created with the help of 2004 Green Party presidential candidate David Cobb, California, the New York City Council and the Los Angeles City Council have followed suit by voting in favour of similar resolutions. However, 75% of states' legislatures must ratify the amendment before a constitutional convention can come into effect.

Meanwhile, a recent ruling by the Montana Supreme Court reinstated the state's 100 year-old ban – the Corrupt Practices Act - on corporate political spending. The Court stated that the US Supreme Court's decision to allow for political spending by corporations does not invalidate Montana's law.

## **US golden parachutes top \$100m**

21 US CEOs have received golden parachutes worth over \$100 million since 2000, according to a report by GovernanceMetrics International (GMI).

These large severance packages known as “walk-away” packages generally include actual and potential stock option profits, full-value stock awards, salary and bonus continuation, benefit and perquisite continuation, executive pension benefits and other deferred compensation. Such walk away packages, which were originally meant to work in the best interest of shareholders by ensuring executive decisions were made in the long-term interest of the company and/or mergers and acquisitions, were applied too widely. GMI added that, the enormity of these packages, regardless of their original intention, now only seem to benefit departing executives and provide very little or no value for shareholders.

## **AFSCME governance campaign**

21 shareholder proxy proposals were filed by the American Federation of State, County and Municipal Employees Pension Plan.

The proposals seeking independent board chairs, annual director elections and disclosure of corporate lobbying expenditures and tax strategies were filed at some of America's largest corporations such as Bank of America, Coca-Cola, Goldman Sachs and JPMorgan Chase. The aim of the proposals was to “increase corporate management's accountability and transparency and better align the interests of management with those of shareholders,” at this season's AGM, added AFSCME.

## **Siemens pushed on lobbying links**

Change to Win Investment Group (CtW) called on German conglomerate Siemens to sever its ties with the US Chamber of Commerce.

In a letter, the 5.5 million member union coalition asked CEO Peter Löscher and supervisory board chair Gerhard Cromme to halt the company's contributions and relinquish its position on the US Chamber's board, stating that it undermines Siemens' 2008 pledge to establish “state of the art” anticorruption measures. According to CtW, the US Chamber has engaged in an expensive lobbying campaign to weaken the Foreign Corrupt Practices Act (FCPA).

Unlike Germany, membership is not compulsory in the US and many prominent companies have already left the US Chamber over its extreme positions, added CtW. CtW has been engaging with Siemens for almost two years now over its relationship with the US Chamber. Siemens defended its



membership at last year's AGM stating that by being a member, it could "mould the Chamber's position from within." Siemens' AGM was on 24 January.

## **Lobbyists target voting advisers**

As the battle over regulating proxy advisers heated up in the USA various interests were making their views known to the SEC. The latest was the Shareholder Communications Coalition, representing, the corporate community, or 'issuers' in US parlance.

They published their views in a letter to SEC chair Mary Shapiro, setting out several policy positions that were beginning to sound familiar in this debate. Some of their suggestions will resonate with a UK audience: proxy advisory firms (as the debate labels firms like PIRC, ISS etc) should be regulated by the SEC (or the FSA in a UK context); there should be increased transparency by proxy firms and there should be requirements for 'accuracy of factual information' used by firms.

The devil, however, was in the detail. Proxy firms SCC said should meet the following conditions: requiring minimum standards of professional and ethical conduct; these standards should address conflicts of interest (particularly where a firm provides services to issuers as well as proxy advice on the same issuers annual meeting proposals ( and whether a shareholder proposal is being submitted by a client of the proxy service); and proxy advisory firms should be regulated by the SEC in the way that the rating agencies are or will be.

Greater transparency was proposed in relation to procedures, guidelines, standards, methodologies, and assumptions used in the development of voting guidelines. This, the Coalition argued was particularly important where "they apply policies without taking into account company-specific or industry-specific facts and circumstances in making such voting recommendations." Also, they advocated that proxy firms should "be required to maintain a public record of all their voting recommendations. Consideration also should be given to requiring disclosure of the underlying data. Information and rationale used to generate specific voting recommendations. These disclosures could have been made at a reasonable time after the recommendation had been made and would still have been relevant and useful to companies, academics, and others who study the influence of such firms." This presumably included the Shareholder Coalition itself, how handy would that be?

These proposals, emanating from a lobby group serving the interests of corporations, deserve consideration. As they represent a weakening of the proxy advisory function in the face of corporate interests, proxy firms must respond and defend themselves. The flaw in the origin of such criticism is that the clients of a proxy firm are not corporations, but investors. Getting that right puts into perspective such proposals and necessarily weakens their case. With so much human and capital resource at the disposal of big business, proposals that weaken proxy firms and compromise their services to the institutional investor community would be a considerably large nail in the coffin of shareholder democracy. The debate has begun.

## **Insurers face climate disclosure**

Insurance commissioners in three US states must now handle the risks to insurers posed by climate change.

California, one of the three states, has been issuing the Climate Risk Survey since it was first established by the National Association of Insurance Commissioners (NAIC) in 2009 but only now has participation of insurers been made mandatory. New York and Washington State are the other two states that have agreed to make it mandatory for insurers writing policies worth over \$300 million nationally to reply to the survey. Ceres, the Boston-based coalition of investors, environmental organisations and other public interest groups, has hailed this as a victory. The group has been working for over five years to get this measure passed.

## **CalSTRS pokes Facebook**

The California State Teachers' Retirement System (CalSTRS) wrote to Facebook, asking the social media giant to improve its board diversity ahead of its \$5 billion initial public offering (IPO) in May.

Currently, the board has no female representation. In the letter, Anne Sheehan, director of corporate governance at CalSTRS asked Facebook founder Mark Zuckerberg to strengthen its governance by diversifying its all male board to better reflect the company's user demographics. Diversity isn't the only concern at Facebook. The company has a dual-class structure with Zuckerberg holding the largest stake (28%), which, in effect, gives him 56.9% of voting power. And, in its IPO filing, Zuckerberg has announced further governance setbacks, which include running Facebook as a controlled company with a classified board. So, Facebook will sidestep governance best practice by giving Zuckerberg alone decision making power over everything from electing the company's board of directors to determining executive remuneration. He will also remain as both CEO and chairman, and hold exclusive decision over his replacement. This all sounds like a 'poke' in the eye for shareholder rights. As one commentator put it: "we want your money, not your interference."

## **NY funds pull clawback motions**

Shareholders agreed to withdraw resolutions on clawbacks at two investment banking giants.

The coalition of five New York City pension funds, New York City Employees' Retirement System, the New York City Fire Department Pension Fund, the New York City Teachers' Retirement System, the New York City Police Pension Fund and the New York City Board of Education Retirement System, had jointly filed the clawback provision resolution at Morgan Stanley and Goldman Sachs. The group decided to withdraw the proposal after the banks agreed to "broaden the scope of their policies, hold managers and supervisors accountable to clawbacks and provide public disclosure about clawbacks," reported the Financial News. In exchange, both banks withdrew their filings with the Securities and Exchange Commission seeking permission to block the proposals from their proxies.

## **Yahoo board shake-up**

Yahoo's chairman and three other long-time board members planned to step down as the search engine company began some much need housecleaning.

The company had undergone a series of changes, including the announcement of co-founder Jerry Yang's resignation, the recent appointment of former PayPal executive Scott Thompson to CEO and talks of selling its Asian holdings, reported the New York Times. So far, the board has elected two new directors, Maynard Webb Jr and Alfred Amoroso with plans to add more. The shake-up should give some satisfaction to Yahoo's shareowners who have been putting increasing pressure on the company to overhaul its board after a series of missteps have contributed to its drop in share price and for failure to keep up with competitors Google and Facebook.

## **US union fund targets auditors**

One of North American's largest unions filed shareholder proposals at over a dozen US companies requesting that they reveal how long they have used the same external auditor, according to Reuters.

The United Brotherhood of Carpenters (UBC), with \$45 billion in assets, sought similar proposals on auditor rotation last year but failed to gain enough support. The audit related proposals are in three parts, requesting that companies disclose if they cyclically rotate auditors and if not, why; how much auditors have been paid over the years; and if the board's audit committee considers potential risks from having a long-term auditor, added Reuters.

As well, the union petitioned the Securities and Exchange Commission to make auditor rotation mandatory on company ballots last year. The SEC denied the request stating that companies could continue to omit auditor rotation proposals on the grounds of "ordinary business" matters. Ed Durkin, director of corporate affairs at UBC called the SEC's ruling "erroneous." He argued audit rotation is a public interest issue because "it's about auditor independence – not the annual selection of an audit firm."

The issue of auditor rotation has been the subject of much debate in both the US and the UK with accounting regulators on both sides of the Atlantic calling for increased scrutiny of auditor independence. In the US, the Public Company Accounting Oversight Board (created by the Sarbanes-Oxley Act to oversee company auditors) announced last August that it would consider mandatory auditor firm rotation as a means to increasing auditor independence, said Reuters.

## **Blood and Gore and capitalism**

In a recent white paper, entitled Sustainable Capitalism, former US vice president Al Gore and former Goldman Sachs chief executive David Blood called for investors to embrace a more long-term and responsible form of capitalism.

The paper consisted of a series of key recommendations that they believe will accelerate sustainable investment by 2020, including aligning remuneration to long-term sustainable performance and encouraging long-term investments with loyalty-driven securities. The founders of Generation Investment Management also suggested an end to quarterly earnings guidance by chief executives. This default practice, they argued, incentivises executives to view the business in the short term. They would also like to see a new framework that shifts away from a singular focus on profit maximisation to one that considers the cost of all externalities like water and carbon into the balance sheet.

## **US drive for board diversity**

A “Critical Mass Campaign” was launched by a coalition of 27 US industry thought leaders to push CEOs, investors and other stakeholders into action to address the lack of diversity in US corporate boardrooms.

The group stated that the aim of the campaign was to secure a minimum of 30% multicultural women on every US-based publicly listed company board of directors by the end of 2015. The rate of progress has been glacial in the US. Statistics from Catalyst’s 2011 census of Fortune 500 companies showed that the number of female held board seats between 2010 and 2011 increased by just 0.4%, and that female executives and top earners are no further along the corporate ladder than they were six years ago. The group pointed to other nations like Europe that have taken significantly more strides to help women reach the upper echelons by opting in favour of quotas and other “demand-side initiatives” to push companies to change their board composition to include more women.

## **Apple agrees to majority voting**

Technology giant Apple gave in to pressure from shareholders by agreeing to adopt majority voting.

The California Public Employees’ Retirement System (CalPERS) hailed the move as a victory for shareholders. The US’ largest public pension fund had filed the non-binding proposal at both the company’s 23 February AGM as well as last year’s where a similar proposal earned over 73% shareholder support. Though not mandatory, nearly 80% of the companies in the S&P 500 and 60% in the Russell 1000 have some form of majority voting standard. Anne Simpson, senior portfolio manager in charge of corporate governance at CalPERS, said “We strongly commend the board for adopting this good corporate governance measure and for giving its shareowners a voice in the election process.”

## **Janus bows to investors on pay**

Investment firm Janus Capital Group gave in to shareholder pressure over excessive fees paid to executives, announcing it will set up a new pay scheme.

The US-based group revealed the changes in its proxy statement, which was released at the beginning of March. Janus attributed the changes to: last year’s AGM where the company’s pay policy was backed by only 40%, recommendations by the compensation committee’s consultants and

discussion with shareholders. Under the new pay scheme, CEO Richard M. Weil's remuneration will be capped at \$10 million – a 40% reduction compared to 2010. Other changes include the replacement of time-vesting equity grants with more performance-based awards that are contingent on stock price.

#### As You Sow proxy season preview

Energy and political spending lead investor concerns this coming proxy season, found shareholder advocates As You Sow in its analysis of hundreds of environmental and social resolutions filed in the US.

According to the US-based group's eighth edition of Proxy Preview, shareholder proposals concerning political spending and lobbying comprised almost a third of the 349 social environmental resolutions filed thus far. The inclusion of resolutions on lobbying during this year's proxy season for the first time exemplifies the growing concern among investors about corporate influence on politics and the economy.

The comprehensive review noted that environmental advocates have broadened their definition of climate change risk to requests in terms of energy efficiency and renewable energy more than in past years. It also found that coal and hydraulic fracturing continue to dominate natural resource management proposals. In contrast, the research showed the number of resolutions on labour and human rights have decreased compared to previous years.

## James Murdoch going, going, gone

James Murdoch will not stand for re-election to the board of Sotheby's this May, the auction house has announced.

In an SEC filing, the company said that Murdoch had indicated that he would not be standing for re-election as he wanted to focus on his core responsibilities at News Corp. His decision to step down follows a similar decision to relinquish a non-executive post at Glaxosmithkline. His position at Sotheby's had been vocally challenged by US union shareholder activists, led by Change To Win. It is understood that further pressure on his Sotheby's role was expected ahead of the AGM.

Separately, James Murdoch wrote an unsolicited seven-page letter to the Department of Culture, Media and Sport select committee defending his role at News International. Whilst he accepted that he could have done more to question, he stressed that he was not aware of the extent of phone-hacking, as alleged by other former NI executives. He also sought to give the DCMS committee his own reading of the June 2008 email that appears to provide enough information to conclude that hacking might have gone beyond jailed Royal reporter Clive Goodman.

The committee's report has been delayed as more evidence piles up. Critically for Murdoch more criminal activity at NI has been exposed that appears to have taken place whilst he was in post. Further arrests appeared to relate to the attempt to destroy evidence of knowledge of hacking. So Murdoch may have failed to spot the cover-up as well as the crime. Spin-watchers might also note that Murdoch's letter was trailed in the FT before it appeared on the committee website. This has led some to speculate that a committee member supportive of Murdoch leaked it.

## Muppets of the universe

A departing Goldman Sachs executive has issued a stinging rebuke to the firm.

Greg Smith was with the firm for over a decade, with his most recent position being executive director and head of the firm's US equity derivatives business in Europe, the Middle East and Africa. In a New York Times op-ed, Smith described a thriving culture of greed and power where both clients and integrity have been sidelined in pursuit of profit. He went on to describe a replacement of the "secret sauce" he once knew – a place where teamwork, humility and serving the client thrived- with a "slow decline in the moral fibre" where leaders are selected based on their ability to callously rip off "muppets" (clients) in order to increase Goldman's profit. Smith said his moment of truth came when he could no longer look students in the eye and say that Goldman's is a great place to work. He claimed that the firm was on a downward trajectory with morally bankrupt staff taking too many shortcuts and not caring enough about

achievement. “People who only care about making money will not sustain this firm – or the trust of its clients – for very much longer,” warned Smith.

## **NY funds seek board reforms**

New York City Comptroller John C. Liu and the New York City Pension Funds filed resolutions at 13 companies seeking more independent directors.

Together they were seeking access to the proxy at companies like Chesapeake Energy and Nabors Industries to nominate directors, independent chairs, declassify boards and encourage majority voting in director elections. Should they be adopted, the bylaws would enable shareholders to avoid the high cost of issuing their own proxy cards when they are dissatisfied with a board and want to run their own candidates for election as directors. Since filing, the Comptroller has withdrawn the board declassification resolution at Juniper Networks and majority voting resolutions at both HollyFrontier and Hersha Hospitality after they agreed to adopt the shareholder proposals.

## **‘Jobs bill’ is a governance problem**

The US Senate recently passed a bill that strips away any corporate governance requirements for companies with annual sales of up to \$1 billion, said Global Proxy Watch.

In effect, the provision will allow 90% of all IPOs to be exempt from basic transparency, accountability and disclosure requirements such as say-on-pay enforced under the Sarbanes-Oxley Act. Supporters of the so-called ‘jobs bill’ claim the legislation will increase jobs and economic growth. Sceptics like the Council of Institutional Investors argue that whether or not the bill will create jobs is debatable but it is clear that the passage of it will increase risks for investors by dismantling many investor protections put in place by Congress a decade ago after the dotcom bubble. Obama is expected to sign the bill.

## **McPackaging goes green**

McDonald’s took its first step toward sustainable packaging after a 2011 shareholder proposal asked the company to assess the environmental impacts of its beverage containers.

The proposal, put forward by US-based responsible investment group As You Sow at last year’s AGM, also asked the global food chain behemoth to develop packaging recycling goals. The shareholder advocacy group said in a press release that the vote had earned almost 30% investor support – the highest vote to date for any of As You Sow’s proposals on container recycling. McDonald’s has agreed to test its replacement paper cups at 2,000 or 15% of its US West Coast-based restaurants this year to see how consumers respond and the overall performance of the new double-walled fibre hot cups. As You Sow plans to urge other companies such as Yum! Brands, Tully’s, and Peets to implement recycling measures as well.

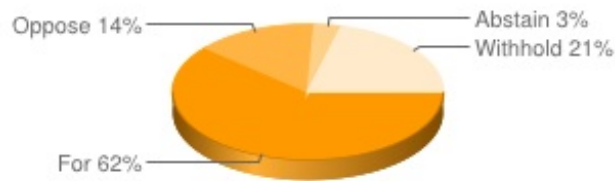
## US Voting Charts

These graphs include meetings where the client held a voting entitlement exercisable by PIRC according to portfolio details communicated to PIRC prior to execution of the vote.

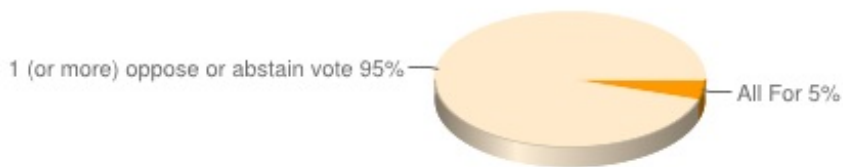
Total Resolutions	
For	141
Oppose	32
Abstain	7
Withhold	47
Withdrawn	0
Total	227

Meetings	AGM	EGM	Total
Total Meetings	19	1	20
1 (or more) oppose or abstain vote	18	1	19

### US Voting Record



### US AGM Record



### US EGM Record



## US Voting Timetable Q1 2012

List of meetings held throughout the period in the fund's portfolio.

### Voted Meetings

Table 5: Meetings voted in the quarter

	Company	Meeting Date	Type	Date Voted
1	ACE LTD	09 Jan 12	EGM	2012-01-03
2	WALGREEN CO.	11 Jan 12	AGM	2012-01-03
3	FAMILY DOLLAR STORES INC	19 Jan 12	AGM	2012-01-03
4	AIR PRODUCTS & CHEMICALS INC	26 Jan 12	AGM	2012-01-16
5	COSTCO WHOLESALE CORP.	26 Jan 12	AGM	2012-01-16
6	HORMEL FOODS CORP.	31 Jan 12	AGM	2012-01-16
7	TYSON FOODS INC	03 Feb 12	AGM	2012-01-23
8	EMERSON ELECTRIC CO.	07 Feb 12	AGM	2012-01-23
9	ROCKWELL AUTOMATION INC.	07 Feb 12	AGM	2012-01-23
10	ACCENTURE PLC	09 Feb 12	AGM	2012-01-25
11	APPLE INC	23 Feb 12	AGM	2012-02-07
12	APPLIED MATERIALS INC	06 Mar 12	AGM	2012-02-21
13	TYCO INTERNATIONAL LTD	07 Mar 12	AGM	2012-02-20
14	WHOLE FOODS MARKET INC	09 Mar 12	AGM	2012-02-22
15	WALT DISNEY CO.	13 Mar 12	AGM	2012-02-27
16	FRANKLIN RESOURCES INC	14 Mar 12	AGM	2012-02-27
17	HEWLETT-PACKARD CO	21 Mar 12	AGM	2012-03-05

### Not Voted Meetings

Table 6: Meetings not voted in quarter

	Company	Meeting Date	Type	Reason Not Voted
1	APOLLO GROUP INC.	24 Jan 12	AGM	Non voting shares
2	VISA INC	31 Jan 12	AGM	Did not hold on record date
3	QUALCOMM INC.	06 Mar 12	AGM	No longer a holding

## US Upcoming Meetings Q2 2012

List of meetings scheduled to be held throughout the period by US companies currently in the fund's portfolio.

Table 7: Upcoming Meetings

	Company	Meeting Date	Type
1	ADOBE SYSTEMS INC	12 Apr 12	AGM
2	LILLY (ELI) & CO	16 Apr 12	AGM
3	M&T BANK CORP.	17 Apr 12	AGM
4	CITIGROUP INC.	17 Apr 12	AGM

5	T. ROWE PRICE GROUP INC	17 Apr 12	AGM
6	L-3 COMMUNICATIONS HOLDINGS INC	24 Apr 12	AGM
7	METLIFE INC.	24 Apr 12	AGM
8	WELLS FARGO & CO	24 Apr 12	AGM
9	AMEREN CORPORATION	24 Apr 12	AGM
10	INTERNATIONAL BUSINESS MACHINES CORP	24 Apr 12	AGM
11	PNC FINANCIAL SERVICES GROUP INC	24 Apr 12	AGM
12	NEWMONT MINING CORP. (HLDG CO.)	24 Apr 12	AGM
13	GENERAL ELECTRIC CO	25 Apr 12	AGM
14	GRAINGER (W.W.) INC.	25 Apr 12	AGM
15	BALL CORP.	25 Apr 12	AGM
16	DUPONT E I DE NEMOURS & CO	25 Apr 12	AGM
17	EATON CORP.	25 Apr 12	AGM
18	COCA-COLACO.	25 Apr 12	AGM
19	PFIZER INC.	26 Apr 12	AGM
20	LEXMARK INTERNATIONAL INC.	26 Apr 12	AGM
21	AT&T INC.	27 Apr 12	AGM
22	SOUTHWESTERN ENERGY CO.	01 May 12	AGM
23	EXXON MOBIL CORP	01 May 12	AGM
24	WYNN RESORTS LTD	01 May 12	AGM
25	MOLSON COORS BREWING CO.	01 May 12	AGM
26	FIDELITY NATIONAL INFORMATION SERVICES INC.	01 May 12	AGM
27	UNUM GROUP.	01 May 12	AGM
28	DEAN FOODS CO	01 May 12	AGM
29	BIG LOTS INC.	01 May 12	AGM
30	COMCAST CORP	01 May 12	AGM
31	MERCK & CO.	01 May 12	AGM
32	VERISIGN INC	01 May 12	AGM
33	CONSOLIDATED EDISON INC	01 May 12	AGM
34	DENTSPLY INTERNATIONAL INC.	01 May 12	AGM
35	LOWES COMPANIES INC	01 May 12	AGM
36	ACE LTD	01 May 12	AGM
37	SOUTHERN CO.	01 May 12	AGM
38	EMC CORP.	01 May 12	AGM
39	LORILLARD, INC.	01 May 12	AGM
40	RAYTHEON CO.	01 May 12	AGM
41	EXPEDITORS INTERNATIONAL OF WASHINGTON INC.	02 May 12	AGM
42	HESS CORPORATION	02 May 12	AGM
43	PEPSICO INC.	02 May 12	AGM
44	FLUOR CORP.	03 May 12	AGM
45	UNITED PARCEL SERVICE INC	03 May 12	AGM
46	DIRECTV Class A	03 May 12	AGM
47	TESORO CORP	03 May 12	AGM
48	DUKE ENERGY CORP.	03 May 12	AGM
49	EASTMAN CHEMICAL CO.	03 May 12	AGM
50	VERIZON COMMUNICATIONS INC	03 May 12	AGM
51	BEMIS COMPANY INC	03 May 12	AGM
52	OCCIDENTAL PETROLEUM CORP.	04 May 12	AGM
53	ROBERT HALF INTERNATIONAL INC	04 May 12	AGM



54	ALCOA INC.	04 May 12	AGM
55	ILLINOIS TOOL WORKS INC.	04 May 12	AGM
56	MARRIOTT INTERNATIONAL INC.	04 May 12	AGM
57	ENTERGY CORP.	04 May 12	AGM
58	BERKSHIRE HATHAWAY	05 May 12	AGM
59	BOSTON SCIENTIFIC CORP	08 May 12	AGM
60	DANAHER CORP.	08 May 12	AGM
61	PRUDENTIAL FINANCIAL INC.	08 May 12	AGM
62	CAPITAL ONE FINANCIAL CORP	08 May 12	AGM
63	3M COMPANY	08 May 12	AGM
64	LOEWS CORP.	08 May 12	AGM
65	AUTONATION INC.	09 May 12	AGM
66	BANK OF AMERICA CORP.	09 May 12	AGM
67	MURPHY OIL CORP.	09 May 12	AGM
68	PHILIP MORRIS INTERNATIONAL INC.	09 May 12	AGM
69	CONOCOPHILLIPS	09 May 12	AGM
70	LEGGETT & PLATT INC.	10 May 12	AGM
71	NUCOR CORP.	10 May 12	AGM
72	INTEGRYS ENERGY GROUP INC.	10 May 12	AGM
73	GILEAD SCIENCES INC	10 May 12	AGM
74	SEMPRAENERGY	10 May 12	AGM
75	CF INDUSTRIES HOLDINGS, INC.	10 May 12	AGM
76	COLGATE-PALMOLIVE CO.	11 May 12	AGM
77	QUEST DIAGNOSTICS INC	11 May 12	AGM
78	PG&E CORP.	14 May 12	AGM
79	BOSTON PROPERTIES INC.	15 May 12	AGM
80	J.P. MORGAN CHASE & CO	15 May 12	AGM
81	TIME WARNER INC.	15 May 12	AGM
82	NISOURCE INC.	15 May 12	AGM
83	SPRINT NEXTEL CORP.	15 May 12	AGM
84	MORGAN STANLEY	15 May 12	AGM
85	NORTHROP GRUMMAN CORP.	16 May 12	AGM
86	DR PEPPER SNAPPLE GROUP, INC.	17 May 12	AGM
87	COVENTRY HEALTH CARE INC	17 May 12	AGM
88	DIAMOND OFFSHORE DRILLING INC.	22 May 12	AGM
89	JUNIPER NETWORKS INC	22 May 12	AGM
90	AVALONBAY COMMUNITIES INC.	23 May 12	AGM
91	CME GROUP INC.	23 May 12	AGM
92	AMGEN INC.	23 May 12	AGM
93	MCDONALD'S CORP.	24 May 12	AGM
94	CHEVRON CORP.	30 May 12	AGM
95	HOME DEPOT INC	01 Jun 12	AGM
96	WAL MART STORES INC	01 Jun 12	AGM
97	DEVON ENERGY CORP.	01 Jun 12	AGM
98	CHESAPEAKE ENERGY CORP.	01 Jun 12	AGM
99	BIOGEN IDEC INC.	01 Jun 12	AGM
100	SAIC INC	01 Jun 12	AGM
101	Google Inc.	01 Jun 12	AGM

102	BEST BUY CO INC.	01 Jun 12	AGM
103	AMAZON COM INC.	01 Jun 12	AGM
104	CELGENE CORPORATION	01 Jun 12	AGM

## **PIRC Summary Report Appendices**

### **UK**

Analysis and final proxy results on "Oppose" and "Abstain" votes for resolutions at UK meetings for companies held by the fund during the period.

### **US**

Analysis for "Oppose", "Withhold" and "Abstain" votes for resolutions at US meetings for companies held by the fund during the period.

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