



<u>Committee and Date</u>
Pensions Committee
29 November 2012
10.00am

<u>Item</u>
9
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 the quarter 1st July 2012 to 30th September 2012.

2. Recommendations

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

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). Following a decision of Pensions Committee on 2nd July 2012, the individual managers will now vote on Shropshire County Pension Fund's behalf rather than PIRC.

This change came into effect on 1st September 2012 and applies to all segregated equity portfolios.

- 5.2 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 Fund's UK equities portfolio.

6. PIRC Voting Activity

- 6.1 Since the last Pensions Committee, PIRC have voted at 15 UK and 6 US Annual and Extraordinary General Meetings. Details of voting during July and August 2012 have been received and reviewed by officers. Voting has been conducted in line with the PIRC guidelines on every occasion in this period.
- 6.2 Attached to this report (Appendix A) is PIRC's Proxy Voting Review which outlines the main corporate governance issues over the period. 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. Manager Voting Activity

- 7.1 Details of managers voting activity during the quarter relating to segregated equity portfolios are attached (Appendix B).
- 7.2 The regions covered by these managers and voting activity during the quarter are detailed in the appendix.

8. Responsible Engagement Activity

- 8.1 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 C in the REO Viewpoint reports.

<p>List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)</p>
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<p>Corporate Governance Monitoring report, Pensions Committee 13 September 2012</p>

<p>Cabinet Member</p>

<p>N/A</p>

<p>Local Member</p>

<p>N/A</p>

<p>Appendices</p>

<p>A. PIRC Proxy Voting Review July to August 2012.</p>

<p>B. Manager Voting Activity Reports.</p>
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<p>C. F&C Responsible Engagement Overlay Viewpoint Reports.</p>
