



West Yorkshire Pension Fund

Proxy Voting Review
October 2011 – December 2011

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UK Voting Review

Hays Plc AGM 9th November

Remuneration was an issue at Hays.

The EPS target was not considered sufficiently challenging in light of brokers' forecasts. We noted the reduced weighting of the cash conversion for FY 2011 as compared to the previous year. Also, the Company reported that it set its EPS targets using market consensus at a range of +/- 4% around the consensus forecast EPS as the starting point for the three-year cycle. It was unclear why the Company would consider a range that includes a target that was slightly below the consensus EPS, i.e. up to -4% below. Furthermore, it was unclear as to what the Company considers to be a "cycle."

It is considered best practice that two or more performance measures be used in a concurrent fashion. The TSR targets were equally considered unchallenging. Variable pay was potentially excessive in PIRC's view as were the awards made during the year. Average salaries were high for the comparator group. HAYS PLC switched from Cumulative EPS + Cumulative Cash Conversion in FY 2008, to Total Shareholder Return in FY 2009, and back to Cumulative EPS + Total Shareholder return in FY 2010. These radical changes to the performance criteria had not been adequately justified in our opinion, which raised concerns about the overall policy surrounding the long-term incentive plan and its intrinsic link to the Company's long-term objectives.

Disclosure of remuneration and pension arrangements was acceptable. The Company provided an expected breakdown between fixed and performance based elements of remuneration. There was evidence that pay elsewhere in the Company was considered in relation to executive remuneration. Performance targets and maximum awards were adequately disclosed for the long-term incentive schemes.

Bonus measures were described and targets relative to consensus were given, except for the personal objectives criteria. The Company had stated that key shareholders were consulted in respect of the changes to executive remuneration policy, which we welcomed.

We also noted that the Company had excluded IT capital expenditure in its calculation of cumulative cash conversion, and no justification was provided for such a treatment.

Directors had one year rolling contracts that allow for compensation that represents one year's salary and contractual benefits. The Company considered that directors have a responsibility to mitigate their loss. The remuneration committee also had discretion to pay a predetermined sum in lieu of notice. PIRC does not consider it acceptable for unearned bonuses or other awards to be included in compensation payments and noted that past practices of the Company with regard to termination provisions were not in line with best practice.

We recommended that shareholders oppose the remuneration report.

Close Brothers Plc AGM 17th November

Remuneration was an issue at Close Brothers.

Overall disclosure, particularly in relation to annual bonus arrangements, was very complex. The Company advised PIRC that the relative complexity arose following the adoption of the new 2011 FSA Code on Remuneration. Whilst we appreciated the effort to adopt the new code and the Company's efforts to justify the complexity of the existing awards, the operation of the annual bonus scheme remained confusing. The expected values of awards made under the LTIP were not disclosed and the TSR element of the LTIP was measured in absolute terms, which would appear to preclude comparator group performance. The Company explained that it did not have any obvious direct comparators thus making relative return based TSR a poor proxy for performance.

The SMP applied the same performance criteria as those set for the LTIP, which effectively rewarded directors twice for achieving the same results. Executives were required to accumulate holdings in the Company, which represented some 200% of salary. Further, directors were required to mitigate their loss.

EPS targets for the LTIP were not challenging based on brokers' forecasts. The levels of actual combined awards made during the year were excessive. Further, the potential level of combined remuneration was wholly excessive and offered directors the opportunity to earn about 700% of salary based on the operation of cumulative incentive awards. This was compounded, in terms of the nominal amounts, by increases made to executive salaries going forward, which in the case of Stephen Hodges, represented a 17% year-on-year increase.

We recommended that shareholders oppose the remuneration report.

BSkyB Plc AGM 29th November

The role of the chair and a lack of independent representation on the board were issues at BSkyB.

Chairman James Murdoch was not independent upon appointment as he was the former chief executive of the Company, and son of Rupert Murdoch, the ultimate controlling shareholder, through News Corporation. James Murdoch was serving as deputy chief operating officer and director at News Corp. PIRC did not support the appointment of a chairman linked to the controlling shareholder.

In addition, James Murdoch's involvement in the News Corp phone hacking inquiry raised concerns over whether he was fit to fulfil the role of chairman at the Company. His testimony before the Department of Culture Media and Sport Select Committee relating to his knowledge of phone hacking had been queried by former colleagues, though he had subsequently denied these allegations. The Company, in the corporate governance section of this year's annual report, stated that he had a duty as chairman to 'enhance the Company's public standing and image overall.' Mr Murdoch's involvement in the phone hacking inquiry increased the risk that the Company's 'public standing and image overall' would have been damaged. In our view that undermined his ability to continue to fulfil the role of company chairman at that time.

Furthermore, there were questions of whether Mr Murdoch's service as a full-time US-based executive at News Corp and his involvement in the ongoing phone hacking inquiry left sufficient time to devote to the leadership of BSkyB's Board. Mr Murdoch continued to hold two other demanding non-executive positions outside of the group.

Based on these concerns, an oppose vote was recommended.

We also recommended shareholders oppose the re-election of a number of non-executive directors.

David DeVoe was not independent as he served as a director and CFO of News Corp, the controlling shareholder. In addition, he had served on the board for more than nine years.

Arthur Siskind was not independent as he was an advisor to the controlling shareholder and had been on the board for more than nine years.

Thomas Mockridge was not independent as he was the CE for the European Television division of News Corp, the controlling shareholder. On 15 July 2011, he took the role of chief executive officer of News International, following the resignation of Rebekah Brooks over the phone hacking scandal.

There was insufficient independent representation on the board in our view. Therefore we recommended that shareholders oppose the re-election of all three directors.

Spirit Pub Company Plc AGM 16th December

Remuneration was an issue at Spirit Pub Company.

Cash payments and share awards, along with pension payments and entitlements had been clearly disclosed. Expected values of share previously awarded had not been estimated by the company. The company did not clearly describe the link between its remuneration structure and its objectives. The intended balance of the fixed versus the variable portion of the total package was another area where the company should have elaborated. One third of the bonus was to be deferred into shares, subject to clawback provisions, which was welcomed.

The performance targets had been disclosed only for the company's long term incentive. The criteria for the annual bonus remained vague and were described as "Group Financial Performance" and "Personal targets". The past targets had also not been discussed, showing how the present bonus awards were calculated. The bonus had an underlying profit performance underpin, which we welcomed, however this threshold had not been disclosed.

The company operated a short term incentive plan (Annual Bonus) and a Long Term one (2011 LTIP). It also had some legacy plans from Punch Taverns in which no future awards were to be made. The potential aggregate awards under the bonus and the LTIP were considered excessive, as were the awards for the year under review. Based on brokers' forecast and the maximum levels regarding the LTIPs, the EPS targets chosen for the company were considered challenging, however the TSR targets were not. It was also noted that, although the company reported a net loss, it rewarded the previous CEO a full bonus of one year's salary and had stated that it would award a grant of shares to the new CEO, representing 200% of his annual salary. The rationale behind such practice was elusive and had not been commented on by the company in its Remuneration report.

Contracts were on a 12 month rolling basis. There were no provisions for termination payments on a change of control and a statement of mitigation had been made.

An oppose vote was recommended.

UK Corporate Governance Review

Pressure builds on News Corp

There were increasing calls for reform of the board of News Corp from institutional investors in response to the hacking scandal that had engulfed the company.

The powerful Australian Council of Superannuation Investors (ACSI) issued its voting advice to members. It recommended that they oppose the election of both James and Lachlan Murdoch, along with fellow directors Arthur Siskind, Andrew Knight, David De Voe and Natalie Bancroft. ACSI CEO Ann Byrne said the board was responsible for the ethical tone throughout News Corp.

Other hacking developments included the news that James Murdoch's PR adviser had resigned, and that former News of the World chief reporter Neville Thurlbeck was to take News International to an employment tribunal. Thurlbeck had intimated that he was willing to name those at News International with knowledge of illegal activity.

More worrying for News Corp and its shareholders was the growing sense that, far from being over, the hacking scandal may yet have further shocks in store. Labour MP Tom Watson told his party's conference that he believed that The Sun would also be shown to be implicated in phone hacking. Watson had also stated that that computer hacking may be the next phase of the scandal.

ABI reports on pay and boards

The Association of British Insurers (ABI) had released an updated version of its Principles of Executive Remuneration and a report on Board Effectiveness.

In the first revision since 2007, the UK trade body for insurance companies underlined its views on executive remuneration with five key principles: the role of shareholders, role of the board and directors, remuneration committee, remuneration policies and remuneration structures. The revised principles warned of excessive pay and have, for the first time, introduced "clawback provisions" as a means to "prevent executives receiving rewards that were undeserved." ABI emphasised the pivotal role non-executive directors play in determining executive pay, adding that shareholders should take an active approach without micromanaging companies.

The report on Board Effectiveness works as a best practice guide for UK companies by setting out its views on three main areas: board diversity, succession planning and board evaluation. ABI believes increased company focus and transparency on these issues can help ensure an effective board and contribute to the success of the company.

Where the pay debate goes next

We noted that widening the membership of remuneration committees appeared to be a popular reform proposal. Was it indicative of a wider shift in views in how executive pay works, and should be constructed?

Let's consider some of the points that seemed to be widely accepted in the debate. First, most agreed that executive remuneration has become overly complex, both in terms of its structure and the way that it is reported, principally to shareholders. This raised questions both about the extent to which directors can really be incentivised by such arrangements, and the ability of shareholders to exercise meaningful oversight.

Second, there was growing scepticism about 'performance-related' reward. Actually this scepticism affected both aspects of tying rewards to performance. First, there was a continuing concern that the linkages between reward and performance are weak, and only really kick in on the upside. Executives

make out like bandits in the good years, but do not fall too far, even in the depths of a major financial crisis. Big payouts for median on-target performance are the most obvious manifestation of this.

But there was an emerging question about whether performance related rewards actually served to motivate directors above and beyond what they would do anyway. This was not to dispute that companies need to pay to secure the services of executives. Rather, that once they are in the job it seems a bit ludicrous to argue that tweaking their targets, or increasing the percentage of salary available as a bonus is likely to elicit a significantly greater effort. The ever upwards march of executive reward, driven largely by the performance-related element, implied that directors must have been delivering seriously sub-optimal levels of effort previously. Again, it seemed a bit unlikely.

In fact, as we've written previously, there is plenty of academic evidence that would suggest that tying rewards to performance is probably a pretty hopeless idea unless the task concerned is simple, measurable and the individual contribution easily identifiable. It was not obvious that this applied to running public companies. In addition, incentives appeared to work best when the individual concerned was not motivated to do the job concerned. Again, we hoped that wasn't the case for most directors.

Finally, of course, it was the explosion in performance-related reward that has played a major part in the growing pay gap in the UK and other markets. The executive class is detached from the working population as a whole. A director of a big company whose employment is terminated for doing a poor job can end up with a payout greater than some will earn in their working life. Particularly in the current environment this is incredibly divisive.

But there is a growing sense that business knows there is a problem too. We've found chairs of remuneration committees of large PLCs who believe pay has got out of control, and that the performance-related element of reward plays no valuable role. There is, for example, some sympathy with the view that reward for directors should be stripped right back to salary and bonus. The problem that companies have is the fear that institutional investors remain obsessed with performance-linkage and will not give them the space to move.

Taken together, these various emerging themes seem to us to point to a fairly obvious conclusion. Since no-one seems to gain from the complexity of existing remuneration policies (except perhaps pay consultants) some form of radical simplification looks likely to find support from a number of the key players. It seems worth a shot to us.

FRC Code adopts diversity policy

UK-listed companies are now required to disclose annually their boardroom diversity policy, including gender, according to an announcement by the Financial Reporting Council (FRC).

Under the revised provision listed companies must report on any measurable objectives that the board has set for implementing policy and the progress made to achieve the objectives. A revision to the Code also included board diversity, including gender, as one of the factors to consider when evaluating its effectiveness, add the FRC.

Companies will have until 1 October 2012 to comply.

FTSE100 firms exploit tax havens

An inquiry into tax dodging revealed that 98 businesses out of the FTSE100 own a combined total of 8,942 tax haven-registered companies.

In fact, just two companies, Fresnillo and Hargreaves Lansdown, didn't use tax havens to avoid paying taxes. ActionAid's report, Addicted to tax havens, found a quarter of all businesses set up by FTSE100 companies are located in Jersey (600+), Cayman Islands (400) and Luxemburg (300) - jurisdictions generally known as tax havens.

ActionAid called on the UK government to close loopholes that allow multinationals to siphon profits out of developing countries and into tax havens. Tax avoidance by Britain's largest companies is forcing developed countries to bear the "brunt of debilitating losses," added ActionAid. The report found that advertising giant WPP uses more tax havens than the entire FTSE100 with the 'big four' banks following

closely behind. Barclays alone was found to have 174 companies in the Cayman Islands.

Fit and proper: an investor issue

Whilst all the focus was on News Corp itself, the company also faced a battle on a second front in respect of BSkyB.

One of BSkyB's biggest shareholders, Franklin Templeton, told the FT that it believed James Murdoch should stand down as chair. Other investors, who were not willing to be named, struck a similar note, arguing that Murdoch had failed to extricate himself from the hacking scandal. The intervention was particularly significant because Franklin Templeton rarely makes public statements of this kind.

The bigger issue lurking here was Ofcom's consideration of whether BSkyB was a 'fit and proper' organisation to hold a broadcasting licence. BSkyB itself had not, of course, been implicated in the hacking scandal, but Ofcom's remit runs wider. The regulator published an FAQ in July that made clear that it would "take account of News Corporation's conduct in assessing whether BSkyB was and remained fit and proper as a licence holder, as well as the conduct of BSkyB itself." We understood that Ofcom can also take account on individual behaviour in this regard.

Another point that seemed to have escaped public attention was that Ofcom wrote to the DCMS committee once the hacking scandal broke in July to ask to be kept updated on investigations and to be provided with "any further information that may assist us in the discharge of our duties."

This, we suspected, may be beginning to worry investors. At some point the DCMS committee will report on the hacking inquiry, and that report could make comment on James Murdoch's testimony and the challenges to it from Tom Crone and Colin Myler. It was not difficult to guess how some committee members would come down on this question. If, and it is just an 'if', the committee reaches an unfavourable conclusion about James Murdoch's role this could become a bigger factor in Ofcom's assessment.

We believe it is these types of calculations that are beginning to harden some investor thinking about the current chair. Perhaps the risk of Ofcom finding BSkyB is not 'fit and proper' is low. But it was clear that two significant factors that increased that risk are the News Corp shareholding and the fact that the chair is still embroiled in the hacking scandal. We may now be reaching a point where mainstream investors consider that the risk he brings to the board outweighs the benefit.

FTSE100 directors pay up, again

A strong recovery in bonuses had pushed up average FTSE100 director pay, according to research firm Incomes Data Services.

Findings showed that FTSE 100 director pay rose 49% last year, taking their average per annum total earnings to just under £2.7 million. The median increase was a less racy 16%, suggesting some enormous awards at the top end were pulling the average up significantly. Total earnings include fixed pay, salary and benefits, bonus value earned during the year, both cash and deferred, long term incentive plan (LTIP) awards and any nominal gains made from exercising share options cashed-in throughout the year. Of these, the IDS survey found that a 23% increase in FTSE 100 directors' LTIPs and bonus payments made up for a 3.2% growth in base salary over the last year. CEOs fared slightly worse last year, averaging a 43% increase in total earnings. Though nothing to scoff at, financial directors, on average, saw a 34.1% increase.

FTSE100 constituents might, in turn, retort that shareholders don't generally seem to have a problem with what they get paid. In 2010 the average vote against a FTSE100 remuneration report was just 5.6%, and no companies in the index were defeated. Despite an uptick in opposition this year, with WPP, for example, receiving a vote of almost 42% against, once again there have been no defeats. And, as we've noted before, companies tend to believe that "a win is a win".

This was important, because, faced by evidence such as the IDS survey, politicians may conclude that Something Must Be Done. But strengthening shareholders' powers, as some suggested, will not be

enough on its own. Whilst it is often argued that remuneration is solely a matter for shareholders, it is important to recognise that there are usually two agency relationships involved. Directors are, in theory, the agents of the shareholders, but those casting a large number of votes at company meetings, asset managers, are also agents of pension funds, for example. So it is typically not the case that those voting are voting on the use of their own capital.

Asset managers also work in a sector that is not too shabbily paid itself, so amounts of money that draw gasps from Joe Public may be seen as understandable, if not entirely justifiable. And where asset managers run portfolios of hundreds of companies, they may not be able to engage with all of them effectively. For all these reasons it may be that they will never take a particularly tough line on executive reward.

Therefore if policymakers are tempted to have another crack at investor oversight of remuneration, they also need to be thinking about how to toughen investors up. A simple reform would be to require asset managers to disclose their full voting record (many still don't). That way those managers that still support the large majority of remuneration-related resolutions can be held accountable by their own principals.

The church speaks out on pay

A number of recent developments suggested that the Church of England appeared to be increasingly restive about executive pay and ethics in the City.

The Church has struggled to find an appropriate way of responding to the Occupy London demonstrators (holding camp in front of St Paul's Cathedral). However, this was clearly in part because the Church is itself concerned by issues the protestors have raised, such as the ever-growing pay gap. The Bishop of London, Dr Richard Chartres, called on shareholders to "step up their oversight on executive pay," at an investor meeting according to Responsible Investor.

Separately, the Archbishop of York, John Sentamu, suggested that, to attack high pay, in the future the Queen's honours should not be given to "those who have already rewarded themselves most handsomely." He said this would require people to choose between two forms of honour and prestige. He also suggested that there could be employee representation on company boards.

The Saint Paul's Institute also had released a survey, Value and Values: Perceptions of Ethics in the City Today, which revealed that an overwhelming majority of financial service professionals believe that City bond traders, FTSE chief executives and stock brokers are paid too much. 70% of them also thought teachers are paid too little. It also found that 75% of City professionals agreed that the gap between the rich and poor in the UK is too big and that salary and bonuses are the most important motivating factors in 2 out of 3 survey participants. Enjoyment came in at a distant second, according to the report.

The Church of England had also offered its position on the Christian ethics vs. capitalism conundrum. Through a series of questions and answers CoE Archbishops proffered preliminary thoughts to guide faith based investors on ethical and theological reflection in regard to economic issues.

Sharman report undermined IFRS

The publication of the Sharman Inquiry report dealt a devastating blow to International Financial Reporting Standards (IFRS).

We welcomed the fact that key parts of its analysis had been cited in the Sharman Report, which included explicit criticism of IFRS. The report recognised that the IFRS accounting exaggerated the capital of Northern Rock by erroneously including the capital of separate Granite Master Trust, but excluded the claims on the capital of the bank by Granite. The report read: "A number of investors raised specific concerns about the consolidation of Master Trusts into the balance sheets of stand-alone legal entity accounts of banks under IFRS. They believe that this practice resulted in capital in those trusts being treated as equity of the bank and that this masked the risk of a "margin call" under covenants granted to the trust by the sponsoring bank."

We also held that, if prepared on a going concern basis, the accounts, and the auditors, should take

account of the business model. The report read: “The going concern assessment should focus on the risks the entity takes and faces that are critical to its success or which could cause its business model to fail.”

We also pointed out the weakness in IAS 1 on going concern. PIRC believes that this is not only relevant to the collapse of certain banks, but the precarious business model and financing model of Southern Cross plc. The report read: “The FRC should engage with the IASB to seek amendments to IAS 1 to accord with the resulting position in the Code and FRS 18.

Cameron: diversity can tackle pay

More female board representation could help tackle excessive executive pay, the Prime Minister David Cameron claimed in a House of Commons debate on remuneration for FTSE100 directors.

His response followed Labour Democrat Simon Hughes’ question on whether or not the Prime Minister was “committed to the transfer of power over pay from the boardroom to the shareholders.”

Cameron said: “I think [women] would have a thoroughly good influence,” to decrease the typical “rotating list of men patting each other’s backs and increasing the level of remuneration,” he added.

Separately, in an opinion piece in *The Times*, Labour frontbenchers Chris Leslie MP and Chuka Umunna MP suggested that greater shareholder engagement can play a positive role in corporate governance, including executive pay.

Bonus link to risk-taking queried

Research questioned claims that UK financial sector bonuses and risk exposures are linked.

A detailed analysis of bonus arrangements of the top 40 UK-based financial services firms’ CEOs by Nottingham University’s business school instead suggested payouts were predominately influenced by a firm’s profitability and the amount of targets on which the awards were based. In light of the recent financial crisis, bonuses were widely condemned by both political leaders and regulators.

However, what did emerge from the study was that “payouts were principally influenced by firms’ profitability and the number of targets on which awards were based,” according to Professor Alistair Bruce, one of the authors. These findings, claimed Bruce, suggested real risk management, such as increasing banks’ capital requirements in terms of capital ratios, is needed rather than modifying pay structure incentives. He also noted the difficulty in imposing effective discipline within the UK financial sector, pointing to the possible correlation between tougher regulation and an upward adjustment in base salaries. He added that recent trends in changes to bonus structure may have more to do with obfuscation than transparency.

Murdoch at the select committee

There was no killer blow dealt to James Murdoch in front of the select committee in November, but the bad news kept on coming.

Essentially Murdoch sought to turn the allegation that he misled Parliament, because he understood the implications of the Gordon Taylor settlement, back on his accusers. Former News International legal manager Tom Crone and former News of the World (NOTW) editor Colin Myler told the committee in September that Murdoch understood that the details of the case revealed that more than one journalist had been hacking phones. Murdoch in turn claimed that Crone and Myler’s evidence was incorrect (which, inevitably, drew a further rebuke from Crone).

However, in claiming that he was never told and never asked about details such as what was in the “for Neville” email, or the legal opinion used to inform the response in the Taylor case, Murdoch exposed himself to charges of incompetence. On this point he was attacked by Conservative MPs on the committee Damian Collins and Philip Davies.

The only new revelations came from Labour MP Tom Watson. He revealed that he had spoken to former NOTW chief reporter Neville Thurlbeck, of “for Neville” email fame. According to Watson, Thurlbeck

said he had conversations with Tom Crone both before and after the crucial meeting with James Murdoch. Thurlbeck said that Crone told him that he had shown Murdoch the email. Circumstantial evidence, but it does tilt the balance further against the News Corp and BSkyB director. Watson also revealed that he had been contacted by police to inform him that his computer may have been hacked.

If Murdoch at least held the line on Thursday, by Friday the story moved on once more. First, two investor groups – the Association of British Insurers and the Local Authority Pension Fund Forum – raised concerns about Murdoch's chairmanship of BSkyB. The company in turn wrote out to shareholders setting out the reasons why the board backed him.

On Friday evening a Daily Mail story appeared alleging that police may question Murdoch following the discovery of new email evidence. On Saturday evening Andrew Neil, former editor of The Sunday Times, tweeted: "Source close to R Murdoch tells me emails discovered in India... potentially 'devastating' for James..." Make of that what you will.

Pay growth invites intervention

Financial service professionals' juxtaposition of morality and greed has left a void that can only be filled by external intervention, claims CCLA's Dr James Corah in a submission to St Paul's Institute.

While on the one hand financial service professionals believe bankers, stock brokers, FTSE 100 chief executives, lawyers and city bond traders earn too much, 2 out of 3 City workers say monetary incentives are their chief motivators. This, said Corah, exemplifies the need for "governments, shareholders, and bodies such as St Paul's Institute to constantly monitor the balance between motivation and reward." Corah pointed to the inherent flaws of a system where executive packages are determined by benchmark (even if the comparator group resides on the other side of the globe) rather than on individual successes. This has caused a "ratchet" of perpetually increasing median levels of executive pay.

Pay Commission issues challenge

The High Pay Commission's final report should be required reading for anyone with a serious interest in the oversight and reform of executive pay.

As we have argued frequently in the pages of PIRC Alerts over the past couple of years, the pressure for radical reform of executive pay is mounting and ideas that until recently would have been beyond the pale now seem relatively modest. The Commission's report demonstrates just how far the debate has moved and leaves threads hanging that others will surely tug at. The Commission's press release on the report listed six key recommendations –

- A radical simplification of executive pay
- Putting employees on remuneration committees
- Publishing the top ten executive pay packages outside the boardroom
- Forcing companies to publish a pay ratio between the highest paid executive and the company median
- Companies to reveal total pay figure earned by the executive
- Establishing a new national body to monitor high pay

To take the first two proposals alone, they both pull away from dominant ideas about executive remuneration in recent years – that carefully-designed incentive schemes are needed to motivate directors to do the job, and that pay is a matter only for boards and shareholders. In stark contrast, the Commission believes that remuneration policy design has created complexity that serves no purpose, and that other stakeholders need to be involved in remuneration policy if pay is to be kept under control.

The idea of radical simplification should have gone down well with shareholders, who often complain about the impenetrable nature of remuneration reports. Employee reps on remuneration committees will be far less popular, as evidenced by a quick review of submissions to the Coalition's first stab at short-termism. But this is an area where public policy may move ahead of the centre of gravity in the institutional investor community because of the frustration at the failure of many shareholders to oppose

more than a fraction of pay policies in a given season.

In fact, digging a little deeper in the Commission's report there is a thread of argument that questions the extent to which shareholder oversight of remuneration is likely to be effective. Again, the significance of this point seemed lost on some in the investment community. If we don't make shareholder oversight work in respect of pay, it will inevitably lead to questions about other aspects of governance. Finally, the Commission's recommendation that a standing body to analyse top pay should be set up was a clear sign that this issue is not going away any time soon.

TUC: investors back bankers' pay

Institutional investors gave overwhelming support to UK bank remuneration policies in 2010, according to the TUC's annual fund manager voting survey.

Results from the ninth annual survey, which included the remuneration reports from all five major UK-listed banks, revealed that remuneration was the most frequent topic of engagement and the issue over which most respondents opposed company management.

However, bank remuneration reports received the highest level of support of those featured in the survey. An analysis of the fund manager voting also revealed that there was a significant divide in voting stances with four respondents supporting over 70% of resolutions and five respondents supporting less than a third, analogous to previous years.

The survey showed an increase in voting record disclosure, with 13 respondents now fully disclosing, compared to only nine last year. Although several fund managers continue to limit voting disclosure to votes against and abstentions or headline statistics, the TUC views this improvement in voting disclosure as good news for pension trustees and pension scheme members. While some attributed the uptake in disclosure to the Stewardship Code, the TUC report, however, claimed that the Code has done little to influence institutional investor voting stances on pay.

Investors push for board diversity

A group of seven major institutional investors spearheaded by the 30% Club had joined together to push the diversity envelope at FTSE 100 companies.

Together the group was working towards increasing awareness of the investment case for more diversified boards, encouraging all investment firms to engage on the issue of board diversity with chairmen and management teams and to consider the issue when voting on the appointment and re-election of board members. Jupiter's head of sustainable investment and governance, Emma Howard Boyd, was leading the initiative that included big names like Aviva Investors and Railpen.

The launch of the initiative came in the wake of November figures that showed female board membership among the FTSE 100 remained relatively low at 14.6%. 12 FTSE 100 boards continue to have no female representation, although it was a significant improvement compared to 21 in 2010.

Shifting terms of the pay debate

It's rare that PIRC finds itself shocked at something in corporate governance policy, so we doffed our collective caps to the Institute of Directors this week.

The IoD published its response to the BIS discussion document on executive pay. The line that had us picking our jaws up off the floor was the recommendation that there should be "engagement of remuneration committees, on a voluntary basis, with employee representatives as part of the remuneration setting process."

This didn't go as far as we would, but it was certainly a further demonstration that the parameters of the debate over executive remuneration are shifting dramatically. Even a year ago the idea that employees should have any say in remuneration policy would have been seen as cranky. Now it is in a government consultation document and a weak version of the idea was supported by one of the leading business lobby groups.

Similarly the IoD backed the idea of making votes on remuneration policy binding, rather than advisory. Notably, this took the IoD beyond the position of the investor representative bodies such as the ABI and NAPF. In fact binding votes on remuneration reports seemed to be some people's Big New Idea. After years of being told this is impractical or could be legally difficult to administer due to contractual terms, now it is being seriously proposed as part of the solution. Once more we see that what was considered 'radical' only a couple of years ago is now being seriously entertained.

Again, PIRC supports the idea of binding votes, but they won't make a significant difference unless shareholders (and that means mainly asset managers) show that they are willing to exercise challenge more often. And that in turn may require that they can be held accountable, which makes the reluctance to push for mandatory voting disclosure a bit odd.

The question we posed is whether the investment community is keeping pace with the changing nature of the debate. If the IoD is willing to float radical ideas, why do the investor representative bodies simply repeat historical policy positions ad nauseam? What is the seemingly dormant Institutional Investor Committee for if not to provide leadership on questions just such as this?

Ex-IMA chair blasts bank lobbying

Lobbying by banks is dishonest and potentially damaging to the economy, according to Robert Jenkins, former Investment Management Association chair and member of the interim Financial Policy Committee.

In a speech, Jenkins sought to provide insight into the myopic vision of banks and their uses of lobbyists to singlehandedly undermine "pundits, public and politicians." With the employment of fear mongering and obfuscation tactics, bank lobbyists have been trying to convince the public that increased regulation is the thread that will unravel the financial industry. This, said Jenkins, is "intellectually dishonest and potentially damaging."

Regulatory measures like Basel could be abandoned without changing the banking landscape—though doing so would erode any remaining confidence in the banking system, added Jenkins. What banks can do to strengthen their balance sheets and leave the economy unscathed is cut bonuses, curtail intra-financial risk-taking and raise term debt and equity – something most bank executives are reluctant to do.

UK board diversity improving

There was a marked improvement in board diversity at top UK companies, according to Spencer Stuart.

The proportion of boardrooms opening their doors to foreign directors rose by 33%, finding that nearly half of FTSE 100 CEOs (40%) and 27% of chairman are now non-UK nationals. However, gender diversity progress remained incremental. The report found that the number of female board appointments increased by a mere 0.8% compared to last year. Though it found that female non-executives comprised 17.5% compared to 14.4% last year, this number still falls far short of Lord Davies' recommendation. This, said Spencer Stuart, can be attributed to a thin pipeline of female senior executives that has resulted in an inadequate supply of female non-executives to meet the 2015 requirements.

Other emerging trends suggested an increase in risk committees (19) within the financial sector and a near doubling (46%) of boards using outside facilitators for their annual elections. It also found that more CEOs were sitting on external boards while the number of CFOs doing so had declined to 27% from 41% last year. This year's highlights also included essays on corporate governance in the UK, chairman succession planning and female director trends in Europe.

LAPFF links accounting to crisis

Flawed accounting standards were a significant factor in the financial crisis, according to the Local Authority Pension Fund Forum (LAPFF).

LAPFF said International Finance Reporting Standards (IFRS) caused UK and Irish banks to overstate their solvency and directly contributed to banking losses of more than £150 billion. LAPFF

published a study into the failures of UK and Irish banks during the financial crisis. It found that IFRS had a negative impact on financial governance and regulatory oversight. It also led to a 'misdiagnosis' of the initial phase of the banking crisis, attributing the problem to one of liquidity rather than solvency.

The report entitled, UK and Irish banks capital losses – post-mortem, argued that, in practice, IFRS has run contrary to the 'true and fair' view in accounting, and has painted a false picture of the solvency of financial institutions. The Forum's analysis suggested that UK and Ireland were at risk because they adopted IFRS more comprehensively than other parts of the EU.

Pension funds and stewardship

An optimistic headline stat from the National Association of Pension Funds (NAPF) suggested that schemes are starting to back stewardship, but was it a true picture?

The NAPF's annual Engagement Survey found that of the 40 funds that responded, 55%, or 22, had signed up to the Stewardship Code, while 20% committed to doing so in the future. A quick read of the asset owner statements on the FRC's Stewardship Code revealed that so far 27 pension funds had produced a public statement. So it looked like the NAPF's survey respondents overlapped considerably with existing Code signatories. That likely meant first that they are predominantly bigger schemes, and second that the numbers were probably boosted by local authority pension funds, who account for the majority of scheme signatories to date.

Unfortunately, there is still a long way to go.

FSA report signals important shift

Hostile bank takeovers should be banned or require regulatory approval, according to the Financial Services Authority's long-awaited report in the failure of RBS.

The recommendation, along with suggestions that the liability of directors of banks for bad decisions should be changed, seemed to point to a further shift away from a significant reliance on market oversight to ensure financial institutions are not wrecked by their own management. The report also acknowledged that there was a failure in the capital adequacy regime, adding significant weight to growing criticism of International Financial Reporting Standards (IFRS) and the contributory role they played in the crisis.

The idea of a requirement for regulatory approval for hostile takeovers was particularly interesting as it was a clear indication that the FSA believed that potentially self-destructive systemically risky deals would not be stopped by the owners of banks. A blanket ban on hostile bank takeovers would be a significant change to the market for corporate control in the financial sector. Meanwhile, the proposal to make directors "strictly liable" for bad decisions (intended to make it easier for the regulator to bring enforcement actions against them) would surely change the nature of the accountability of management.

These were not insignificant issues, and should be seen in the context of an argument (mistaken in our view) frequently made that the threat of regulatory intervention comes principally from Europe. There was a great deal of huffing and puffing in the UK investment community about the EC Green Paper on financial institutions but it's worth noting that it did not recommend any changes to the market for corporate control. Nor did it suggest that regulators might get a say – ahead of shareholders – on whether a given takeover should proceed.

Importantly, the FSA report also tacitly agreed that the picture of the capital position of RBS provided by IFRS was misleading and that some market participants were correct to not accept it. Under IFRS poor loan quality is disguised, and this inflated the strength of RBS. The FSA said: "Trading losses are recognised immediately under fair value accounting. As a result, major losses on credit securities are recognised even if the securities are not yet in actual default. Loan impairments, in contrast, are only taken on evidence of borrower delinquency or default."

However, some investors took a more sceptical view of the quality of much of the RBS loan book and, the FSA admitted, they were subsequently proved right. In contrast to the picture that had been provided under IFRS, the FSA noted that during the financial crisis, the market simply did not believe, on a forward-looking basis, that RBS had enough capital to cover the potential losses.

The FSA said: "The anticipation that large loan loss provisions might arise, and extreme uncertainty about the potential scale of those losses was, however, highly relevant to the collapse in confidence in RBS in autumn 2008. ...RBS was particularly affected because of market concerns that its loan portfolio might be of relatively poor quality. This perception of relatively poor loan quality... was confirmed post facto by the scale of RBS's provisions in 2009 and 2010."

The language in the report corresponded very closely with recent criticism of IFRS, most notably in the 'post-mortem' of UK and Irish banks published by the Local Authority Pension Fund Forum. We expected to see reform of accounting standards attract increasing shareholder interest next year.

Finally, the report would also have been uncomfortable reading for Shadow Chancellor Ed Balls as it was critical of the "light touch" regulatory regime adopted by the previous Labour government. Whilst Labour underwent a Damascene conversion to tougher standards once the financial crisis hit, it remains the case that the banking failures took place on its watch, and under a regulatory regime that it defended immediately prior to the crisis. The FSA was clearly not unaware of the political dynamics of the financial crisis and has helpfully handed a stick with which to beat the opposition.

Senior bank execs to reveal pay

Banks will be required to disclose reward structures for the eight most senior below-board executives, under proposals issued by the Treasury.

The disclosure of the eight highest-paid non-board executives' remuneration will affect banks with funds in excess of £50 billion operating in the UK. The disclosures were intended to assist shareholders in holding boards to account; improve the quality of board oversight of remuneration policy and its links to risk management; and enhance public scrutiny of board oversight of risks to financial stability from remuneration decisions. The Government has said that these additional disclosures will be provided on an unnamed basis to avoid any impact on competitiveness and privacy. However, banks will have to provide details about top-level employee pay, split up into fixed, variable, deferred variable, long-term incentive scheme vesting, pension accruals, joining benefits and severance benefits. Feedback is due by February 2012 when the consultation ends.

However, the proposals still fell short of the Walker Review recommendations that remuneration for those earning of more than £1m should be disclosed. This would have captured more individuals and thus provided more data for shareholders.

Annual elections now the norm

Three quarters of FTSE350 companies now require their entire board to face election every year, according to PIRC analysis.

Having crunched the numbers for the year so far, of the 320 companies in the FTSE350 where we have data, at least 237 (74%) have introduced annual elections. Amongst the FTSE100 alone at least 82 have introduced annual elections. We believed that compliance would increase even further in 2012.

The reform was not without controversy, and the Financial Reporting Council took something of a risk in introducing it in the Corporate Governance Code last year. Some investors have said that the boardroom coup at Eurasian Natural Resources early this year was only possible due to annual elections, although two of the directors deposed would have faced election this year in any case. In addition, cases like BSKyB indicate the value in shareholders being able to vote on the re-election of a director in the same year that a major issue of concern arises.

FTSE backs free float increase

FTSE Group announced its intentions to increase the minimum free float requirements for the FTSE UK Index Series to 25% starting 1 January 2012.

The policy committee confirmed the decision after respondents to the market consultation showed a clear preference for the move. The consultation was undertaken after concerns amongst some index users

about the quality of the governance of some constituents with limited free floats. The new FTSE requirements relate to the UK Listing Authority (UKLA) rules on premium listings. The UKLA allows exceptions for premium listing for companies with less than a 25% free float provided that they appear sound in terms of liquidity. However, FTSE has said that it will not allow for such exceptions thus forcing firms like Eurasian Natural Resources Corporation, Essar Energy and Fresnillo to increase their free float within 24 months if they wish to remain in the All-Share.

PIRC welcomes FTSE's move but we believe that the bigger problem is the UKLA rules. An increasing chunk of the FTSE100 now have controlling shareholders, which is likely to increase the governance risk of investing in the UK's most high-profile index. Invoking "Caveat emptor" is not a strong enough argument to defend this erosion of governance standards.

UK Voting Analysis

Table 1: Top Oppose Votes

	Company	Type	Date	Resolution	Proposal	Funds Vote	Oppose %
1	SMITHS GROUP PLC	AGM	22 Nov 11	2	Approve the Remuneration Report	Abstain	26.27
2	ASHMORE GROUP PLC	AGM	27 Oct 11	16	Approve Rule 9 Waiver	For	22.98
3	CLOSE BROTHERS GROUP PLC	AGM	17 Nov 11	2	Approve the Remuneration Report	Oppose	22.63
4	DIAGEO PLC	AGM	19 Oct 11	2	Approve the Remuneration Report	Oppose	19.71
5	BRITISH SKY BROADCASTING GRP	AGM	29 Nov 11	9	Re-election of James Murdoch	Oppose	17.42
6	BRITISH SKY BROADCASTING GRP	AGM	29 Nov 11	16	Approve the Remuneration Report	Oppose	14.58
7	CHARTER INTERNATIONAL PLC	EGM	14 Nov 11	1	Approve the Acquisition by Colfax UK Holdings Ltd	For	12.33
8	SMITHS GROUP PLC	AGM	22 Nov 11	17	Meeting notification related proposal	For	10.31
9	BRITISH SKY BROADCASTING GRP	AGM	29 Nov 11	13	Re-election of Arthur Siskind	Oppose	10.06
10	WOLSELEY PLC	AGM	29 Nov 11	16	Issue shares with pre-emption rights	For	9.85

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	21	47	6	13	17	38	0	0	44
Articles of Association	0	0	0	0	0	0	0	0	0
Auditors	28	75	5	13	4	10	0	0	37
Corporate Actions	4	80	1	20	0	0	0	0	5
Corporate Donations	4	50	3	37	1	12	0	0	8
Debt & Loans	0	0	0	0	0	0	0	0	0
Directors	114	81	17	12	9	6	0	0	140
Dividend	18	100	0	0	0	0	0	0	18
Executive Pay Schemes	5	83	1	16	0	0	0	0	6
Miscellaneous	21	100	0	0	0	0	0	0	21
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	62	87	6	8	3	4	0	0	71
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.

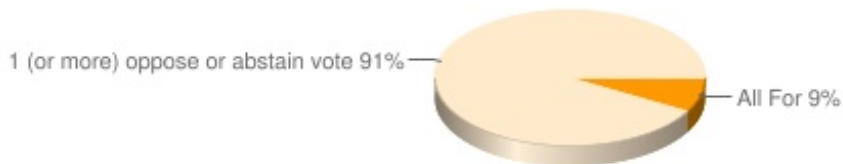
Total Resolutions	
For	277
Oppose	34
Abstain	39
Withdrawn	0
Total	350

Meetings	AGM	EGM	Total
Total Meetings	23	5	28
1 (or more) oppose or abstain vote	21	1	22

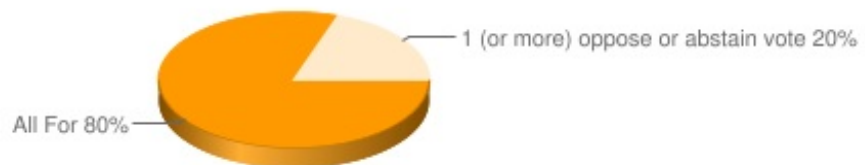
UK Voting Record



UK AGM Record



UK EGM Record



UK Voting Timetable Q4 2011

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	Proxy Edge	Postal Voting
1	STANDARD LIFE UK SMALLER COMPANIES TRUST PLC	11 Oct 11	AGM	26 Sep 11		X
2	DIAGEO PLC	19 Oct 11	AGM	05 Oct 11		X
3	BHP BILLITON GROUP (GBR)	20 Oct 11	AGM	05 Oct 11		X
4	GO-AHEAD GROUP PLC	27 Oct 11	AGM	18 Oct 11		X
5	ASHMORE GROUP PLC	27 Oct 11	AGM	18 Oct 11		X
6	EVOLUTION GROUP PLC	27 Oct 11	EGM	18 Oct 11		X
7	EVOLUTION GROUP PLC	27 Oct 11	COURT	18 Oct 11		X
8	GENESIS EMERGING MARKETS FUND LTD	28 Oct 11	AGM	18 Oct 11		X
9	G4S PLC	02 Nov 11	EGM	24 Oct 11		X
10	WETHERSPOON (JD) PLC	03 Nov 11	AGM	18 Oct 11		X
11	DECHRAPHARMACEUTICALS PLC	04 Nov 11	AGM	24 Oct 11		X
12	EURASIAN NATURAL RESOURCES	07 Nov 11	EGM	27 Oct 11		X
13	A & J MUCKLOW GROUP PLC	08 Nov 11	AGM	24 Oct 11		X
14	HAYS PLC	09 Nov 11	AGM	24 Oct 11		X
15	CHARTER INTERNATIONAL PLC	14 Nov 11	EGM	04 Nov 11		X
16	CHARTER INTERNATIONAL PLC	14 Nov 11	COURT	04 Nov 11		X
17	HENDERSON EUROTRUST PLC	15 Nov 11	AGM	01 Nov 11		X
18	CLOSE BROTHERS GROUP PLC	17 Nov 11	AGM	04 Nov 11		X
19	SMITHS GROUP PLC	22 Nov 11	AGM	11 Nov 11		X
20	INTERNATIONAL FERRO METALS	23 Nov 11	AGM	11 Nov 11		X
21	JPMORGAN SMALLER CO'S I.T. PLC	28 Nov 11	AGM	14 Nov 11		X
22	WOLSELEY PLC	29 Nov 11	AGM	14 Nov 11		X

23	BRITISH SKY BROADCASTING GRP	29 Nov 11	AGM	14 NOV 11		X
24	TOWN CENTRE SECURITIES PLC	30 Nov 11	AGM	14 Nov 11		X
25	CITY NATURAL RESOURCES HIGH YIELD TRUST PLC	06 Dec 11	AGM	21 Nov 11		X
26	ASSOCIATED BRITISH FOODS PLC	09 Dec 11	AGM	28 Nov 11		X
27	HENDERSON FLEDGLING TRUST PLC	12 Dec 11	AGM	28 Nov 11		X
28	KESAELECTRICALS PLC	15 Dec 11	EGM	05 Dec 11	X	X
29	PUNCH TAVERNS	16 Dec 11	AGM	01 Dec 11		X
30	SPIRIT PUB COMPANY PLC	16 Dec 11	AGM	01 Dec 11		X

UK Upcoming Meetings Q1 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	BELLWAY PLC	13 Jan 12	AGM
2	EUROPEAN INVESTMENT TRUST	17 Jan 12	AGM
3	ABERDEEN ASSET MANAGEMENT PLC	19 Jan 12	AGM
4	WH SMITH PLC	25 Jan 12	AGM
5	MITCHELLS & BUTLERS PLC	26 Jan 12	AGM
6	EUROMONEY INSTITUTIONAL INVESTOR PLC	26 Jan 12	AGM
7	LONMIN PLC	26 Jan 12	AGM
8	MARSTONS PLC	27 Jan 12	AGM
9	JPMORGAN INDIAN I.T. PLC	31 Jan 12	AGM
10	IMPERIAL TOBACCO GROUP PLC	01 Feb 12	AGM
11	BARING EMERGING EUROPE PLC	01 Feb 12	AGM
12	COMPASS GROUP PLC	02 Feb 12	AGM
13	TUI TRAVEL PLC	07 Feb 12	AGM
14	GRAINGER PLC	08 Feb 12	AGM
15	DAILY MAIL & GENERAL TRUST	08 Feb 12	AGM
16	ENTERPRISE INNS PLC	09 Feb 12	AGM
17	SHAFTESBURY PLC	10 Feb 12	AGM
18	RM PLC	11 Feb 12	AGM
19	MEDICX FUND LTD	17 Feb 12	AGM
20	ELECTRAPRIVATE EQUITY PLC	23 Feb 12	AGM
21	VICTREX PLC	24 Feb 12	AGM
22	SAGE GROUP PLC	29 Feb 12	AGM
23	THROGMORTON TRUST PLC	01 Mar 12	AGM
24	SAFESTORE HOLDINGS PLC	01 Mar 12	AGM
25	DOMINOS PIZZAUK & IRL PLC	01 Mar 12	AGM
26	ABERFORTH SMALLER COMPANIES TRUST PLC	07 Mar 12	AGM
27	DOMINO PRINTING SCIENCES PLC	15 Mar 12	AGM

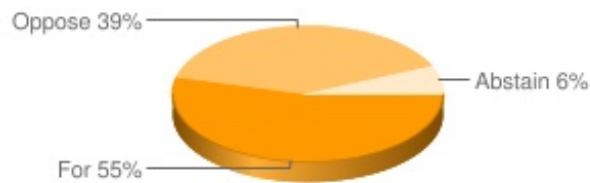
AIM UK Market Voting Charts

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	17
Oppose	12
Abstain	2
Withdrawn	0
Total	31

Meetings	AGM	EGM	Total
Total Meetings	4	0	4
1 (or more) oppose or abstain vote	4	0	4

AIM UK Market Voting Record



AIM UK Market AGM Record



AIM UK Market EGM Record

There were no EGMs during the last period in the client's portfolio.

AIM UK Market Voting Timetable Q4 2011

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	Proxy Edge	Postal Voting
1	CAMBIUM GLOBAL TIMBERLAND	12 Oct 11	AGM	22 Sep 11		X
2	ARGOS RESOURCES LTD	13 Oct 11	AGM	03 Oct 11		X
3	HARGREAVES SERVICE	07 Nov 11	AGM	01 Nov 11		X
4	CERAMIC FUEL CELLS LTD	23 Nov 11	AGM	14 Nov 11		X

AIM UK Market Upcoming Meetings Q1 2012

There are no upcoming meetings for this region.

Fledgling UK Market Voting Timetable Q4 2011

There were no meetings held by the client during the period.

Fledgling UK Market Upcoming Meetings Q1 2012

There are no upcoming meetings for this region.

European Corporate Governance Review

Tobin Tax to become reality?

The Tobin Tax edged closer to reality as the European Commission (EC) presented a proposal for the financial transaction tax to Member States.

The decision to go forward with the so-called “Robin Hood” tax was based on the need to ensure a fair contribution from the financial sector and an EU level framework to strengthen the EU single market. The new law would place a tax on all transactions on financial instruments between financial institutions when at least one party to the transaction is located in the EU, noted the EC in a press release. Derivative contracts would be charged 0.01% and shares and bonds at 0.1%, raising approximately € 57 billion. It will come into effect 1st January 2014 should it pass.

The tax has received no support from the City and banks have already warned of a possible exile. In a letter to the Financial Times, former chairman of the Financial Services Authority Howard Davies warned of “further damage to transatlantic relations” since US Treasury Secretary Tim Geithner has said the US will reject the tax. However, with Bill Gates throwing his weight behind the measure US opposition could soon change.

Eurosif pension fund survey

The first European-wide survey of corporate pension funds found that 56% now have a responsible investment policy, revealed the pan-European network think-tank European Sustainable Investment Forum (Eurosif).

Of the 169 pension fund respondents, 60% believe environmental, social and governance factors affect the fund's long-term performance. 66% of pension funds from the Corporate Pension Funds and Sustainable Investment survey said a sustainable and responsible investment (SRI) policy is a fiduciary duty. In this context, according to Eurosif, a number of pension funds, in their own estimation, are not meeting their fiduciary duty.

Participants ranked governance as the most important ESG factor followed by social and environmental. No clear trends emerged as to why funds failed to have an SRI policy. SRI policies were most commonly applied to equity and bonds with real estate/property in third place.

Turning to SRI implementation methods, the report showed most pension funds used a combination of voting, negative screening and integration. Although methods vary by country, the use of negative screening proved the most common method. The majority of pension funds delegate SRI policies to fund managers (62%) and in-house management (49%). Although some European legislature requires pension funds to disclose their SRI policy and activities, most are not externally revealed.

Lawson backs EC on audit reform

Former Chancellor of the Exchequer and leading Eurosceptic Lord Lawson commended European commissioner Michel Barnier's position on auditing in the leaked audit reform paper.

In very similar language to Lawson, Barnier proposed a number of initiatives to reform the audit industry across the European Union from top to bottom such as mandatory audit rotation. However, it was his more radical suggestion calling for audit firms to halt non-audit services- something mostly banned in the US under the Sarbanes-Oxley financial reform but not yet widespread in the EU -that gained most attention and a warm welcome from Lawson.

Should his proposal pass, audit firms would be forced to redesign their business models.

Another shared concern the commissioner's document revealed was why auditors gave a clean bill of health to the banks just before governments bailed them, reported Accountancy Age.

European Commission rejigs CSR

The European Commission (EC) has redefined its definition of corporate social responsibility (CSR) to include a greater emphasis on “shared value.”

This was the first time the Commission had updated its definition of CSR in ten years, making it more in line with internationally recognised frameworks like the Organisation for Economic Co-operation and Development and the ISO 26000 Guidance Standard on Social Responsibility.

The aim of the Commission was to strengthen European Union global leadership on CSR by encouraging companies in the EU to consider externalities like broader society and climate change matters into their core business strategies as well as their annual reports. The Commission deemed disclosure of such non-financial information vital to company longevity and reduced risk for shareholders along with other stakeholders. Of the eight CSR areas covered, one proposal the Commission was considering was a requirement on all investment funds and financial institutions to inform all their clients about any ethical or responsible investment criteria. The EC believes this approach could foster renewed public trust in enterprises. These modifications are part of Europe’s 2020 strategy for smart, sustainable development and growth.

Currently, only 15 of 27 EU Member States have national policies that promote CSR. The Commission will continue to work with Member States, enterprises and other stakeholders to monitor progress ahead of a review meeting scheduled for mid 2014.

RI lacks definition says Novethic

Though European asset owners have begun to incorporate environmental, social and governance (ESG) risks into their asset management criteria, few agreed on the definition of responsible investment.

According to Novethic’s second annual review of over 250 European asset owners, European investors, in general, tend to view responsible investment as a “tritych” that includes issuer selection based on ESG criteria, a focus on their sustainable development practices and ethical exclusions. The study found that ethical exclusions varied significantly across Europe with over 75% of German, Dutch, Danish and Swedish investors making reference to this practice while less than 40% of French or UK respondents did.

43% of respondents ranked the exclusion of companies or sectors because of the ESG risks they represent second, particularly in Nordic countries like Denmark (73%) and Finland (75%) but less so in France (28%). Evidence in the study also found that between 2010 and 2011, contributions to sustainable development and long-term risk management were two of the major motivators to incorporate ESG criteria – a clear sign that investors recognise the importance of ESG analysis to financial analysis, said Novethic. In fact, over half of respondents agreed that all issuers should be subject to ESG analysis to gain a better understanding of risks and opportunities, added Novethic. According to the survey, few investors were influenced by major issues like BP’s Gulf of Mexico disaster or the explosion of the nuclear power plant in Fukushima.

German regulator criticises IFRS

The International Financial Reporting Standards (IFRS) is too “complex” and largely “subjective” said Deutsche Prüfstelle Für Rechnungslegung (DPR), the German financial reporting enforcement panel.

In a letter to the International Accounting Standards Board, the German accounting regulator claimed the complexities of the IFRS led to a number of incorrect financial statements with error rates as high as 26%, reported Bloomberg. The standard, which is mandatory in the European Union, uses a “values” based strategy rather than hard numbers, noted DPR.

Sweden gets tough on bonuses

A second round of interventions by the Swedish Financial Supervisory Authority, Finansinspektionen (FI), found that the number of financial companies demonstrating deficiencies in their bonus structures had increased.

Both Nordea Bank AB and Nordea Investment Management AB were cited by the FI for not deferring parts of their variable remuneration to risk-takers as required under regulation. Consequently, each was issued a remark and must pay administrative fines of SEK 3 million. The FI began investigating the bonus structures of financial institutions earlier this year following an assignment from the Swedish government to report on the implementation of European Union recommendations among the financial services sector. The survey found that of the 41 companies reviewed, less than half had sufficiently adapted to the remuneration regulations.

France bursts soap bubble

Four major international consumer brands were exposed for price fixing laundry soap in France for nearly a decade, French watchdog Autorité de la Concurrence revealed.

The cartel, which included leading household brands Proctor & Gamble, Henkel, Colgate-Palmolive and Unilever, were found to have set the prices to “stifle competition,” despite already controlling over 90% market share.

The members, using code names, met in secret talks around Paris where they would determine prices and promotion policies, reported the Autorité de la Concurrence. According to the Financial Times, the investigation began after an employee at Unilever disclosed an anti-competitive agreement to the company’s legal department, thus prompting Unilever to submit a leniency application. The move gave Unilever immunity from the €361.3 million fine.

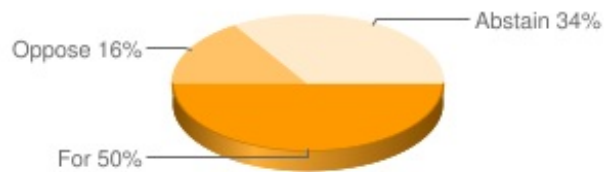
European Voting Charts

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	44
Oppose	14
Abstain	30
Withdrawn	0
Total	88

Meetings	AGM / Combined	EGM	Total
Total Meetings	2	15	17
1 (or more) oppose or abstain vote	2	10	12

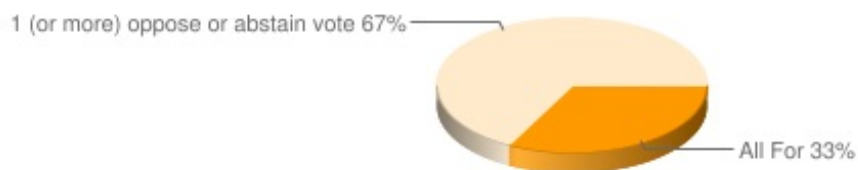
European Voting Record



European AGM Record / Combined



European EGM Record



European Voting Timetable Q4 2011

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

Voted Meetings

Table 6: Meetings voted in the quarter

	Company	Meeting Date	Type	Date Voted	Proxy Edge	Postal Voting
1	EFG EUROBANK ERGASIAS SA	24 Oct 11	EGM	13 Oct 11	X	
2	DE SAMMENSLUTTEDE VOGNMAEND	25 Oct 11	EGM	13 Oct 11	X	
3	KONINKLIJKE (ROYAL) KPN NV	07 Nov 11	EGM	25 Oct 11	X	
4	BANCO ESPIRITO SANTO SA	11 Nov 11	EGM	31 Oct 11	X	
5	PERNOD RICARD SA	15 Nov 11	AGM	31 Oct 11	X	
6	BANCO POPOLARE SCRL	25 Nov 11	AGM	14 Nov 11	X	
7	INTESASANPAOLO SPA	30 Nov 11	EGM	18 Nov 11	X	
8	MILLICOM INTL CELLULAR SA	02 Dec 11	EGM	14 Nov 11	X	
9	SNAM RETE GAS SPA	05 Dec 11	EGM	18 Nov 11	X	
10	BANK OF CYPRUS PUBLIC CO LTD	05 Dec 11	EGM	25 Nov 11	X	
11	SANDVIK AB	12 Dec 11	EGM	29 Nov 11	X	
12	SYNTHES INC	15 Dec 11	EGM	02 Dec 11	X	
13	UNICREDIT SPA	15 Dec 11	EGM	02 Dec 11	X	
14	BANCO POPULAR ESPANOL	19 Dec 11	EGM	06 Dec 11	X	
15	BANCO POPULAR ESPANOL	20 Dec 11	EGM	09 Dec 11	X	
16	NATIONAL BANK OF GREECE	22 Dec 11	EGM	15 Dec 11	X	

Not Voted Meetings

Table 7: Meetings not voted in quarter

	Company	Meeting Date	Type	Reason Not Voted
1	ORKLAASA	03 Nov 11	EGM	No ballot received

European Upcoming Meetings Q1 2012

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

Table 8: Upcoming Meetings

	Company	Meeting Date	Type
1	THYSSENKRUPP AG	20 Jan 12	AGM
2	SIEMENS AG	24 Jan 12	AGM
3	NOVARTIS AG	23 Feb 12	AGM
4	SVENSKA HANDELSBANKEN	01 Mar 12	AGM
5	SWEDBANK AB	01 Mar 12	AGM
6	ZURICH FINANCIAL SERVICES	01 Mar 12	AGM
7	CARLSBERG AS	01 Mar 12	AGM

8	VESTAS WIND SYSTEMS AS	01 Mar 12	AGM
9	ROCHE HOLDING AG	01 Mar 12	AGM
10	ENAGAS SA	01 Mar 12	AGM
11	FIAT SPA	01 Mar 12	AGM
12	NOVOZYMES AS	01 Mar 12	AGM
13	NORDEABANK AB	01 Mar 12	AGM
14	METSO OYJ	01 Mar 12	AGM
15	BANCO BILBAO VIZCAYAARGENTARIA SA(BBVA)	01 Mar 12	AGM
16	SKANDINAVISKAENSKILDABANKEN (SEB)	01 Mar 12	AGM
17	KONINKLIJKE (ROYAL) PHILIPS ELECTRONICS NV	01 Mar 12	AGM
18	NOVO NORDISK A/S	01 Mar 12	AGM
19	ELISACORP	01 Mar 12	AGM
20	LVMH (MOET HENNESSY - LOUIS VUITTON) SA	01 Mar 12	AGM
21	DE SAMMENSLUTTEDE VOGNMAEND	01 Mar 12	AGM
22	DANSKE BANK AS	01 Mar 12	AGM
23	MAPFRE	01 Mar 12	AGM
24	OUTOKUMPU OY	01 Mar 12	AGM
25	FERROVIAL	01 Mar 12	AGM
26	KONE CORP	05 Mar 12	AGM
27	HOLMEN AB	29 Mar 12	AGM

US Corporate Governance Review

Performance and 'Say on Pay'

A disconnect between pay and performance was the leading reason why investors voted against executive compensation, according to a study by the Council of Institutional Investors (CII).

Commissioned by CII, Farient Advisors analysed what motivated investors to vote against say-on-pay (SOP) at companies where the proposal failed to earn majority support at 2011 annual meetings in light of the inaugural year for the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Poor pay practices (57%) ranked second followed by poor disclosure (35%) and inappropriately high level of compensation for the company's size, industry and performance (16%) among the 37 companies where SOP failed. Farient suggested investors should not use total absolute shareholder return as the only criteria to determine which company pay plans merit the most scrutiny and that assessing performance-adjusted pay, particularly performance-adjusted value of equity, is more appropriate than the grant date value of equity incentives.

Companies that failed to win majority support for SOP were advised to engage with key investors about executive remuneration, how it aligns to company performance and the "magnitude" of remuneration amendments in response to performance.

AFSCME backs auditor rotation

The American Federation of State, County and Municipal Employees (AFSCME) backed mandatory auditor rotation in a letter in to the Public Company Accounting Oversight Board (PCAOB).

In the letter responding to the PCAOB's Concept Release on Standards Related to Reports on Audited Financial Statements AFSCME president Gerald W. McEntee stressed that some of the Board's objectives could not be fully realized in the absence of mandatory auditor rotation due to long auditor-client relationships that are likely to impair auditor independence.

AFSCME also suggested four areas to improve the auditing report's usefulness to investors: estimates and judgements; financial statement and audit risk; unusual transactions, restatements and other significant changes; quality of accounting policies and practices.

Occupy Wall Street goes global

What began as a loosely organised grassroots movement in New York's financial district, Occupy Wall Street had grown and spread to other American cities, and similar protests were planned overseas.

The leaderless resistance movement said they represent the 99% who will no longer tolerate the social and economic inequality, corporate greed and the influence of corporate money and lobbyists on government of the 1%. While the number of major labour unions and congressional progressives throwing their weight behind the nascent movement steadily increased, some sympathy also came from the most unlikely of places.

In a C-Span interview, chairman of the Federal Reserve Ben Bernanke said, "They blame, with some justification, the problems in the financial sector for getting us into this mess, and they're dissatisfied with the policy response here in Washington. And at some level, I can't blame them."

Similar protests were planned worldwide.

Staff owned chain wins CSR prize

Florida-based supermarket Publix Super Markets won the top spot in the 2011 corporate reputation and social responsibility rankings.

The employee-owned chain beat out heavy weight contenders like Google and Amazon. The consumer survey was conducted by the Boston College's Center for Corporate Citizenship in conjunction with the Reputation Institute. Data was collected from US consumers and analysed to capture public perception of companies in three key areas: citizenship, governance and workplace. Of the 285 companies analysed, 50 made the 2011 CSR Index. The results suggested an overall drop in ratings of companies' social responsibility while, at the same time, consumer demand had increased.

Wall Street want their bonuses

A perpetual shaky global economy and predictions that more financial doom was still to come had done very little to squash Wall Street's outlook on bonuses.

More than 60% of Wall Street employees expected their bonus to rise or remain the same as last year revealed a survey by eFinancialCareers. While still a majority, the number had dropped compared to 2010 when 71% of survey participants thought their bonus would stay the same or increase from 2009 levels.

The survey attributed the decline in bonus expectations, in part, to employees at large banks (38%) who believed that their bonuses would decrease. Over half of respondents (52%) attribute recent layoffs and reduced bonuses to the Dodd-Frank Act.

US pay consultants league table

Legislative changes under Dodd-Frank transformed pay policies by allowing shareholders to vote on pay packages. This had kept remuneration in the spotlight.

In this context, Equilar, a provider of executive compensation data, published its 2011 Consultant League Table Report on executive compensation consulting engagements and, for the first time, success in say-on-pay votes. Key findings from the report showed Frederic W. Cook and Co. held the top position for engagement among the Russell 3000 Index (14.2%), the Fortune 1000 (20.9%) and the S&P 1500 (16.2%). The consulting firm with the highest percentage of new engagements went to Pearl Meyer & Partners (15.3%) followed by Towers Watson (12.7%). Total Rewards Strategies received the highest average percentage of votes in favour of clients' pay packages (95.7%) while Radford held the highest median percentage of those votes (97.2%).

Newsweek's greenest companies

Overwhelmed by the complexities in doing right by the environment while trying to remain economically robust, few companies have integrated sustainable solutions into their business model.

Nowhere is this more prevalent than the US. While burdened with an ominous economic forecast and a paternalistic government reluctant to take any meaningful steps towards 'green' legislature, the majority of corporate America has found taking the road most travelled the surest bet.

Results from Newsweek's 2011 survey of the 500 Greenest US and global companies supported this accusation whereby just one US Company, IBM, won a place in the global top ten. Notwithstanding tighter government regulations, European companies stood in stark contrast by earning four places in the top ten alone.

Environmental-research firms Trucost and Sustainalytics collaborated with Newsweek to assess companies' environmental footprint; management; and disclosure. German reinsurance company Munich Re claimed the top spot among the global companies with IBM coming in first in the US company comparison.

CEO pay targeted

In demonstration of its dissatisfaction with compensation practices, The California State Teachers' Retirement System (CalSTRS), the second largest pension fund in the US, sent 122 individual letters to

CEOs.

The \$146 billion pension fund had, at this point, issued twenty two personalised letters to CEOs from a variety of industries, including retailer Abercrombie Fitch and oil and gas driller Nabors Industries. In the letter, CalSTRS provided an explanation for why it voted against the company's pay plan during the 2011 proxy season. The aim of the letter initiative was to open a platform for discussion between the pension fund and the companies in which it invests ahead of the 2012 proxy season. At this point, none of the recipients have responded.

Although most pay packages were rejected for similar reasons, CalSTRS preferred to contact each company individually to address specific concerns rather than issuing "form letters," added Anne Sheehan, CalSTRS director of corporate governance.

CalSTRS warned that if its concerns were ignored and companies refused to modify their pay practices, there is a strong possibility it will vote down company remuneration packages again. With holdings in 3,500 to 3,600 companies headquartered in the US, CalSTRS is a force to be reckoned with.

Starbucks galvanizes US lending

Starbucks chairman and CEO Howard Schultz joined forces with Opportunity Finance Network (OFN) to launch a project aimed at helping small businesses, social enterprises and individuals in the US who struggle to get finance.

Create Jobs for USA, akin to a microlending programme, pools donations from Starbucks customers, employees, and concerned citizens into a "nationwide fund for community business lending." To deliver the programme, the Starbucks Foundation sought out non-profit Community Development Financial Institutions (CDFIs), specialised in underserved communities. Donations could be made online or at Starbucks since 1 November. Donors who contribute \$5 or more will receive a red, white and blue wristband with the message "Indivisible."

Starbucks, assuming the role of "middleman," agreed to pay for all costs involved, including the wristbands, as well as an upfront \$5 million donation. Every \$5 donation will result in \$35 in financing to support community business.

Ceres water risk management tool

Investors now have a tool by which they can cut through corporate 'greenwash' to see how companies are truly responding to water risk management.

Ceres Aqua Gage, the first ever water risk tool, introduced a new framework and methodology that enables investors to assess how companies are managing their water risks. Ceres, the US-based coalition of investors, environmental groups and other public interest organisations, created the roadmap to enhance water stewardship in collaboration with the World Business Council for Sustainable Development and the Investor Responsibility Research Institute as well as 50 investors, companies and public interest groups.

The tool was launched in conjunction with Ceres' new report entitled "The Ceres Aqua Gauge: A Framework for 21st Century Water Risk Management." The report found that even accelerated water efficiency and improved water resource management efforts at companies have done little to thwart intensifying water pressures. "Water risks are urgent today and, given population and climate trends, can only grow increasingly more so," said Ceres president Mindy Lubber.

A step-by-step framework to help companies develop robust water strategies is included in the report. As well, the report has identified the following four areas of activity as key: measurement, governance and management, stakeholder engagement and transparency and disclosure.

CBO highlights US wealth divide

After-tax household income in the US was more equal in 1979 than 2007, according to a study on wealth distribution by the Congressional Budget Office (CBO).

After-tax income comprises income after federal taxes and government transfers to Social Security and Unemployment Insurance have been deducted. While real average household income grew in the US by 62% in the years under review, only the top 1% has benefited, claimed CBO. The top earners (1%) saw their after-tax income grow by 275% while the bottom 20% of the US population's (the lowest earners) after-tax income increased by just 18% since 1979. The after-tax income grew for the second highest earning 20% by 65%. For America's middle class, who comprise 60% of the population, real average growth was just under 40%. CBO found that an increase in concentration of market income (before government taxes and transfers) favouring higher income households, due to a greater share of market income in 2007 (50%) than 1979 (60%), was a major contributing factor to the uneven distribution of after-tax income. The market share for all other quintile declined.

CBO said the two main factors behind the shift in wealth distribution were an increase in concentration of each source of market income (labour, business, capital gains, capital income, and other income) and a change in the composition of that income (the share of income from business and capital gains increased while share of income from labour and capital decreased).

The boardroom of the future

In a briefing on boardrooms of the future, Professor Richard W. Leblanc gave a glimpse into how he believes board changes will reshape corporate governance, reported CorpGov.net.

He predicted that the "unprecedented intrusion" into companies' governance practices will increase the democratisation of governance by which shareholders will nominate and elect directors (based on their accomplishments and track records) via electronic voting directly on company websites. Women will comprise nearly half of boards with the number of CEOs declining in approximately five to seven years. Directors will be independent experts and board tenure will not extend beyond nine years. An Office of the Board, comprised of independent staff, will be established at the request of the directors. Shareholder-directors will determine executive compensation, which will be fully risk-adjusted and linked to performance.

CPA exposes political spending

Investors seeking to evaluate an S&P listed company's political spending policies and practices now have a tool at their disposal.

The Center for Political Accountability in collaboration with Zicklin Center for Business Ethics Research has designed the CPA – Zicklin Index to rank companies in the S&P 100 based on their disclosure and accountability for political spending. Corporate political spending has been a major concern for US shareholders and other stakeholders since the Supreme Court's decision to allow companies to donate unbridled sums to political candidates. Data taken from the Index has shown three-fifths of the largest publicly traded US companies disclose their corporate political spending, have adopted board oversight or have outright prohibited corporate political spending. While this depicted significant progress, political spending at some big name corporations like Nike and Walt Disney remains opaque.

Separately, a constitutional amendment was introduced by a number of US Democratic Senators that would hand over control of corporate political spending to Congress. Should it pass, three-quarters of the states would have to comply within seven years. Corporate political spending is set to top the US shareholder agenda for the forthcoming proxy season.

Action on political expenditure

Increased transparency has done very little to curb US corporate political expenditure found a landmark study commissioned by the Investor Responsibility Research Center (IRRC).

Sustainable Investments Institute, which commissioned Corporate Governance of Political Expenditures: 2011 Benchmark Report on S&P 500 Companies, claimed that evidence of clear inconsistencies between companies' stated political expenditure policies and what is actually spent emerged from the study. It found that while 57 of S&P 500 companies stated that they will not make political contributions, research into federal and state records revealed just 23 of these did not contribute to political parties, proving otherwise. Further research showed that the largest 40% of companies spend approximately \$915 million of \$1.1 billion while the average S&P 500 company spends \$144 for political purposes per million dollars of revenue. Of the industries reviewed, utilities and health care companies spent the most.

Trends from the report also found a 10% increase in corporate oversight of indirect spending policies since last year. While half the largest 100 companies have incorporated these policies, only 14% of S&P 500 companies offered a numerical report on the percentage of trade association dues spent for political purposes. The research noted a 7% increase among the S&P now identifying who at the company is responsible for making political expenditure decisions.

Model proxy access proposal

The United States Proxy Exchange issued a model shareowner proposal for proxy access.

The non-profit shareholder organisation created the model proposal to assist shareowners with their votes under Securities and Exchange Commission Rule 14a-8 "to ensure that long-term shareowners have a reasonable, but not necessarily easy, means for including board nominations in the proxy materials those corporations distribute – so called proxy access." Alternative ways for both large and small shareowners to qualify were included.

WPP funds Republican senator

WPP was linked to hefty political donations for one of the most austere Republican senators, Jeff Sessions.

The Independent reported that Washington-based research group The Center for Responsive Politics listed WPP as the sixth-largest donor for Sessions' 2005-2010 electoral cycle. Total donations for Sessions affiliated with WPP amounted to \$35,900, of which \$34,400 came from individuals linked to WPP and another \$1,500 from political action committees (PACs). It also revealed that WPP spends a total \$840,000 in US lobbying.

Sessions has long been considered radical even among US conservatives for his strong backing for the Tea Party movement. However, he has also received financial backing from other major US corporations like Boeing and telecommunications giant AT&T. In the wake of the landmark case Citizens United, which allowed US-listed corporations to inject limitless contributions to a political party, corporate political donations are set to be one of the biggest governance topics in the upcoming US AGMs.

US exec pay continues to rise

While the majority of Americans faced hardship, a study revealed that US CEO remuneration at large companies rose by 36.5% last year.

A breakdown of the results showed that total realised remuneration for all CEOs included in the survey grew by 27% and increased by 13% in total annual remuneration. Improved company performance played no part in the increase in awards found the GovernanceMetrics International's (GMI) 2011 Pay Review. Instead, growth in CEO pay was chiefly attributed to a substantial increase in the number and value of cash bonuses. The cost of perks, which were supposed to be in decline, had also increased, noted GMI.

The four largest remuneration pay-outs went to exiting executives, two of whom worked in the health care industry. The highest paid CEO, also from the health care industry was John H. Hammergen of McKesson Corporations whose total realised remuneration in 2010 was a staggering \$145,266,971 (£93,644,968).

Results were drawn from an analysis of over 2,000 proxy statements from the Russell 3000 and S&P 500.

Little progress on board diversity

The US corporate landscape has changed very little in terms of diversity over the past six years found the InterOrganization Network (ION).

In fact, the alliance of 14 US women's business organisations found numerous examples of missed opportunities for company boards to fill vacancies with females – only 87 of a possible 542 board positions were extended to women. The report entitled, Gender Imbalance in the Boardroom: Opportunities to Change Course, also noted that women comprised just 16.1% of board seats at Fortune 500 companies in 2011.

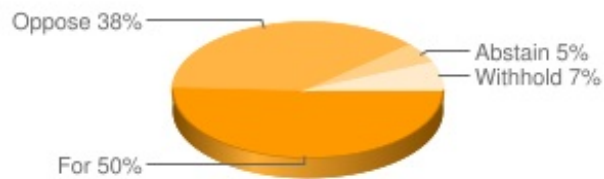
US Voting Charts

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	52
Oppose	39
Abstain	5
Withhold	7
Withdrawn	0
Total	103

Meetings	AGM	EGM	Total
Total Meetings	7	2	9
1 (or more) oppose or abstain vote	7	2	9

US Voting Record



US AGM Record



US EGM Record



US Voting Timetable Q4 2011

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

Voted Meetings

Table 9: Meetings voted in the quarter

	Company	Meeting Date	Type	Date Voted	Proxy Edge	Postal Voting
1	PROCTER & GAMBLE CO	11 Oct 11	AGM	21 Sep 11	X	
2	ORACLE CORP.	12 Oct 11	AGM	26 Sep 11	X	
3	ARCHER DANIELS MIDLAND CO.	03 Nov 11	AGM	20 Oct 11	X	
4	ESTEE LAUDER COMPANIES INC.	11 Nov 11	AGM	26 Oct 11	X	
5	MICROSOFT CORP.	15 Nov 11	AGM	01 Nov 11	X	
6	AMERICAN TOWER CORP	29 Nov 11	EGM	18 Nov 11	X	
7	EXPRESS SCRIPTS INC.	21 Dec 11	EGM	06 Dec 11	X	

Not Voted Meetings

Table 10: Meetings not voted in quarter

	Company	Meeting Date	Type	Reason Not Voted
1	NEWS CORPORATION	21 Oct 11	AGM	Did not hold on record date
2	CARDINAL HEALTH INC.	02 Nov 11	AGM	No ballot recieved

US Upcoming Meetings Q1 2012

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

Table 11: Upcoming Meetings

	Company	Meeting Date	Type
1	JOHNSON CONTROLS INC	25 Jan 12	AGM
2	AIR PRODUCTS & CHEMICALS INC	26 Jan 12	AGM
3	EMERSON ELECTRIC CO.	07 Feb 12	AGM
4	QUALCOMM INC.	01 Mar 12	AGM
5	COVIDIEN PLC	01 Mar 12	AGM
6	WALT DISNEY CO.	01 Mar 12	AGM
7	HEWLETT-PACKARD CO	01 Mar 12	AGM

Japanese Voting Timetable Q4 2011

There were no meetings held by the client during the period.

Japanese Upcoming Meetings Q1 2012

There are no upcoming meetings for this region.

Global Corporate Governance Review

Investors want CC policy increase

A coalition of 285 investors with over \$20 trillion in assets called on governments and international policy makers to increase their efforts in the fight against climate change.

The statement and report, which were issued to the G20 and other governments ahead of the Durban United Nations Framework Convention on Climate Change in November/December, were based on findings in the report that underscore the importance of “investment-grade policy which will enable institutional investors to allocate capital towards climate change solutions, including appropriate government incentives to compensate for heightened risk and sufficient scale of technology deployment.” The criticalness of long-term policy stability was also emphasised in the report.

Despite doubling of investor support since November 2008, levels of low-carbon technology and infrastructure investments remain far lower than the \$500 billion per year necessary to maintain global temperatures below 2 degrees Celsius. The target was set by the International Energy Agency and was agreed on at last year’s meeting in Cancun.

What was the largest ever joint investor statement urging policy action on climate change was coordinated by the US-based Investor Network on Climate Risk, the European Institutional Investors Group on Climate Change and the Australian and New Zealand Investors Group on Climate Change, along with the United Nations Environment Programme Finance Initiative and the Advisory Council of the Principles for Responsible Investment.

Firms back Integrated Reporting

More than 40 multinationals agreed to become guinea pigs for the International Integrated Reporting Committee’s (IIRC) Pilot Programme initiative.

The programme attracted influential heavy weights like Microsoft and Coca-cola as well as Russia’s State Nuclear Energy Corporation ROSATOM. Over the next two years, the companies will work with peer group organisations to exchange knowledge and experience that will help build the integrated reporting (IR) Framework. The objective of the Programme is threefold; encourage organisations to innovate in their reporting practices; inform the future evolution of reporting and investor practices; and drive convergence in international reporting guidance.

ACSI research on corruption

While more countries are adopting stringent anti-corruption policies, little progress had been made at large Australian companies according to research commissioned by the Australian Council of Superannuation Investors (ACSI).

ACSI’s research suggested that the number of ASX100 companies operating in a sector or country considered high-risk for corruption increased to 75% in 2011, up from 56% in 2006. These companies also fell behind the top 100 companies in the UK, US and Europe in prohibiting the giving and receiving of bribes. It also found 40% of the 126 ASX200 companies operating internationally have no public policy forbidding bribery or facilitation payments.

The report Anti-corruption and Bribery Practices in Corporate Australia: A review of the S&P/ASX200, offers an insight into the bribery and corruption practices across ASX200 companies. Comparison of the largest 100 companies anti-bribery policies in Australia, the UK and UK were also provided in the report.

Olympus chair goes over payouts

Olympus' president and chairman Tsuyoshi Kikukawa resigned over allegations in respect of payments worth hundreds of millions of dollars tied to past acquisitions.

The pay-outs, including \$687 million in payments made to a financial adviser for the \$2 billion purchase of British medical equipment maker Gyrus, fell under Kikukawa's ten year reign as head of the company. They were largely unknown until Olympus fired British chief executive, Michael Woodford. Woodford claimed he discovered the payments in question after taking over as president in April and had confronted Kikukawa about the transactions. Since his departure, he has taken the case to the US Federal Bureau of Investigation and to the UK's Serious Fraud Office. Olympus set up a committee, including a former Japanese supreme court justice, to investigate past M&A deals.

Olympus clearout continues

The casualties piled up at Olympus as the company sought to steady itself in the wake of damaging allegations about past payments and reporting.

Since former chief executive Michael Woodford blew the whistle on questionable payments by then Olympus president and chairman Tsuyoshi Kikukawa, two more Olympus board members were dismissed over alleged involvement. The board announced its decision to remove director and executive vice president Hisashi Mori for his involvement in the deferral in posting of company losses since the 1990s. In addition, standing corporate auditor Hideo Yamada, also involved, declared his resignation. Although the company has agreed to third party investigation, it had, at this point, failed to release its fiscal second-quarter earnings despite threats of delisting by the Tokyo Stock Exchange. Olympus shares fell 80% since October when news of the fraudulent acquisitions first emerged.

Responsibility reporting beds in

A global study confirmed that corporate responsibility (CR) reporting has become the de facto law for companies.

KPMG's International Survey of Corporate Responsibility Reporting 2011 is a survey of corporate reporting practice trends of the Global Fortune 250 to date. A review of 3,400 companies worldwide reveals that CR reporting has now been undertaken by 95% of the G250, with the top 100 companies (N100) in each country surveyed reporting 64% overall, an 11% increase since 2008. Of the 34 countries and 15 industry sectors reviewed, nearly half claimed that their CR initiatives led to increased financial gain. While the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines are utilized by 80% of the G250 and 69% of the N100, and fast becoming the de facto reporting standard, the need for consistency and accessibility to material data was highlighted in the report. The UK and Japan led the group under review with reporting at 100% and 99%, respectively.

Unions launch global vote probe

To encourage pension fund trustees to become proactive in their voting, the Global Unions Committee on Workers' Capital (CWC) issued the Proxy Review 2011.

The project identified trend-setting shareholder votes on environmental, social and corporate governance (ESG) matters deemed relevant for pension investors with global equity portfolios. Key proxy votes at large multinationals like Rio Tinto, Apple and JP Morgan Chase from a small sample of countries, including Canada, the UK and the US, were provided to enable pension trustees to evaluate how such votes were cast on their behalf and to ensure that the votes cast adhere to standards determined by their respective pension funds.

The intended audience of the report is primarily employee and trade-union trustees; however, the CWC hoped the global focus of the project will be of interest to other trustees who are concerned with responsible investment issues.

GRI sustainability database

Investors, analysts and other stakeholders interested in accessing data on the sustainability and environmental, social and governance (ESG) transparency of more than three thousand companies across the globe now have a tool at their disposal.

The Sustainability Disclosure Database, a new sustainability performance hub of the Global Reporting Initiative (GRI), provides users with a myriad of sustainability data from thousands of company reports. Information gained from the sustainability database will enable users to evaluate and compare companies' sustainability strategy and performance, long-term viability and impacts on society and nature, said the GRI. "We may be witnessing the most important transformation in corporate transparency and disclosure in recent decades," added José Luis Blasco Vázquez, partner in charge of climate change and sustainability services at KPMG for EMA region.

Companies ignoring water risk

The reality of near term detrimental water –related impacts has done little to influence boardroom behaviour, found the latest report by the Carbon Disclosure Project (CDP).

Conclusions drawn from the 2011 report showed that while boardroom oversight of climate change has increased to 94%, just 57% of the 190 publicly listed companies that participated in the survey reported board-level commitment to water related issues. That said, over half (59%) of respondents reported that they were already exposed to flooding, scarcity and reputational damage – all consequences of water risks. Of these risks, 64% occur in near term direct operations and 66% will arise in the supply chain within the next four years. While the urgency is high, the amount of boardroom attention given to water-risk is surprisingly low, said the CDP.

According to the CDP, 63% of respondents admitted that water mitigation does present commercial opportunities, with water efficiency, revenue from new water-related products or services and improved brand value being the most cited. The results revealed that energy companies have significantly high levels of risk (72%) but have the least board oversight of policies, strategies, or plans (36%). Key trends from the report also suggested that the biggest water risk facing businesses in their direct operations is water stress or scarcity (41%), followed by flooding (24%), reputational damage (23%), and higher compliance costs (21%).

Cayman Islands jumbo directors

An investigation by the Financial Times proved tax havens are not the only lucrative business in the Cayman Islands.

Through its investigation, the FT identified a system by which hedge funds can purchase independent board directors for \$5,000 - \$30,000 per year. The enquiry also revealed that at least four independent directors appointed via this process hold over 100 non-executive directorships each, 14 have over 70 and one has been listed on 567 boards, most of which were hedge funds.

In the wake of the financial crisis critics have been pushing for increased transparency about the appointments of these directors although this information is not typically disclosed by the Cayman Islands Monetary Authority despite the Cayman's being home to two-thirds of the hedge fund industry. While these directors defend their numerous appointments, results from a survey of hedge fund investors by Carne Global revealed that 58% of respondents thought an individual should hold no more than 30 directorships.

Canadian proxy disclosure

Toronto-based Canadian Coalition for Good Governance issued its latest addition of proxy circular disclosure.

The 2011 best practices include updated guidance for reporting issuers on effective disclosure related to corporate governance and executive compensation. For the majority of shareholders, according to CCGC,

a company's proxy circular is the main communication link with the board. As such, the disclosure assists with shareholder assessment of board performance and its ability to work with management as well as understanding corporate strategy and a company's risk management strategy.

The report stressed the need for plain language disclosure. CCGC defines plain language as "issuer disclosure of all the information shareholders need in a manner that is understandable and user-friendly, regardless of its complexity." This, said CCGC, will enable both existing and potential shareholders to understand regulatory filings in a "quicker and shorter space."

Fosters chair backs annual polls

Foster's chairman David Crawford expressed his support for annual boardroom elections, reported the Herald Sun.

Should the measure be adopted it would mean the end of automatic three year reigns for independent directors as they would all be required to stand for annual elections. Though this rule has received sharp criticism in the UK (opponents believe it would lead to board destabilisation) Crawford said it's just a matter of time before it becomes common practice among Australian companies. Proponents like Crawford and Vas Kolesnikoff of Australian Shareholders Association said that it will increase accountability at annual elections by increasing good corporate governance. Although annual elections are not yet officially forced in the UK, the Code does recommend it as best practice.

Climate bonds initiative

A screening tool for 'green' investors and governments was launched by the Climate Bonds Initiative.

The Standard aids in the transition to a low-carbon economy by offering bonds known as 'Climate Bonds' that provide investment opportunities in renewable energy generation projects. Over the course of the coming year, the Standard will address the eligibility criteria as well as the traceability and types of bonds that can be certified. The investor backed initiative seeks to develop a tripartite agreement between industry, investors and government under the Climate Bonds concept. The CBI claimed that these bonds will "provide for large scale issuance of long-term debt to overcome medium term investment barriers to achieving economies of scale in low-carbon industry sectors."

Proponents believe the Climate Bonds will enable the growth of "green debt" by offering institutional investors the opportunity to invest in long-term low-carbon investments.

Deloitte global diversity survey

Figures from Deloitte's latest global study showed that though the pace of change has increased, companies still have a long way to go to bridge the boardroom diversity gap.

The country by country breakdown presented in Women in the boardroom once again demonstrated that countries like Norway and France, where legislative measures have been put in place, yield the highest number of female board members, 31.9% (largest ASA company boards) and 20.8% (CAC 40), respectively. Of the countries where no quotas have been instilled, those with the highest number of female board members are the US with 15.7% women serving on Fortune 500 boards, Canada with 12.9% women serving on 131 listed companies and FTSE 100 where 12.5% women serving on UK-listed company boards. Italy had the least female board appointments serving on listed companies (3.7%) of all the countries included in the study, followed by India (4.8%).

Olympus board set to walk

The scandal at Olympus has culminated in the entire board promising to step down after an external investigation uncovered 13 years' worth of fraudulent activities by the camera maker's senior management.

After announcing his own departure at a press conference, company president Shuichi Takayama said that all other executives responsible for hiding the £1.08 billion losses would leave soon after issuing their second-quarter earnings. An extraordinary meeting of shareholders, expected to take place in February,

would be the earliest possible date for the boards' departure, according to reports.

The announcement came after the publication of a 200-page report by an internal investigative panel that stated that "The core part of management was rotten and the parts around it were also contaminated by the rot." Senior executive director Makoto Nakatsuka was found to have helped former employees, internal auditor Hideo Yamada and vice president Hisashi Mori, key figures in the scheme, with the cover up. Ousted chief executive Michael Woodford, who exposed the fraud, offered to return.

Aus RI funds eclipse benchmark

Responsible investment funds in Australia surpassed their benchmarks, according to the Responsible Investment Association Australasia (RIAA).

Australian funds with responsible investment policies grew at a much faster rate compared to other mainstream funds over one, three, five and seven years as well as across all 12 categories included in the latest report by the RIAA. This growth was attributable to an increase in the level of environmental, social and governance integration by fund managers into their investment process and due to a higher amount reporting their funds under management. Responsible investment in core areas like community finance and responsible investment portfolios of charities rose by 8% in 2010-2011.

Diversity: a cross border concern

Companies in the Far East have a long way to go to achieve boardroom diversity, according to CSR Asia. In Malaysia and Singapore women comprise just 7.8% and 6.4% of board director positions in PLCs, respectively. Of these, many are appointed due to familial ties to the main shareholder or as executive directors. Rarely are women offered independent non-executive positions, added CSR Asia. The Malaysian Securities Commission chairman Tan Sri Zarinah Anwar recently announced that a 30% target could be integrated into Bursa Malaysia's listing rules next year. But most markets are not making progress.

MNCs increase focus on climate

Awareness of climate change risks at global corporations has reached a tipping point, claimed non-profit climate change campaign group.

According to Climate Counts, a significant portion of multinationals now consider sustainability reporting and risks associated with climate change part of the "new normal." Results from the review showed that 17 of the 20 largest companies, which represent 21% of the US Gross Domestic Product, have demonstrated "strident" approaches to climate leadership – a 54% improvement since the 2007 review.

The aim of the Climate Counts review, spearheaded by New Hampshire organic yogurt maker Stonyfield CEO Gary Hirshberg, is twofold: to offer consumers a user friendly method for making informed purchase decisions and to offer companies an environmental peer benchmark review. Unilever took the top spot, unseating former three year champion Nike that came in third position. AstraZeneca scored second and Siemens won fourth place.

The scorecard rates companies on a 100-point scale, categorising them into stuck, starting and striding. 136 companies across 16 sectors were measured by how well they are preparing for a low-carbon future by committing to emissions reductions. Electronics represented the highest scoring sector while toys/children's equipment fared the worst.

Global 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	109
Oppose	88
Abstain	38
Withdrawn	0
Total	235

Meetings	AGM	EGM	Total
Total Meetings	28	17	45
1 (or more) oppose or abstain vote	28	13	41

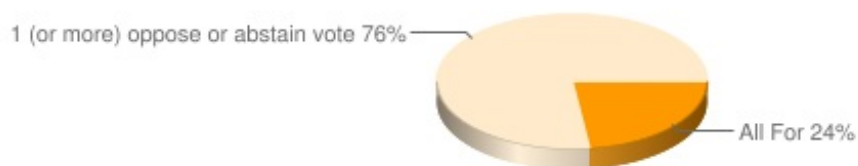
Global Voting Record



Global AGM Record



Global EGM Record



Global Voting Timetable Q4 2011

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

Voted Meetings

Table 12: Meetings voted in the quarter

	Company	Meeting Date	Type	Date Voted	Proxy Edge	Postal Voting
1	HYPERMARCAS SA	10 Oct 11	EGM	30 Sep 11	X	
2	JB HI-FI	12 Oct 11	AGM	03 Oct 11	X	
3	FBD HOLDINGS	17 Oct 11	EGM	06 Oct 11	X	
4	TELSTRACORP LTD	18 Oct 11	AGM	10 Oct 11	X	
5	CSL LTD	19 Oct 11	AGM	06 Oct 11	X	
6	TRANSFIELD SERVICES LTD	19 Oct 11	AGM	06 Oct 11	X	
7	ORIGIN ENERGY LTD	24 Oct 11	AGM	10 Oct 11	X	
8	JBS SA	25 Oct 11	EGM	13 Oct 11	X	
9	TOLL HOLDINGS LTD	26 Oct 11	AGM	17 Oct 11	X	
10	SUNCORP GROUP LTD	27 Oct 11	AGM	17 Oct 11	X	
11	NEWCREST MINING LTD	27 Oct 11	AGM	17 Oct 11	X	
12	AGL ENERGY	27 Oct 11	AGM	18 Oct 11	X	
13	TATTS GROUP LTD	27 Oct 11	AGM	14 Oct 11	X	
14	FORTHNET SA	27 Oct 11	EGM	17 Oct 11	X	
15	APAGROUP	27 Oct 11	AGM	18 Oct 11	X	
16	ALTUS RESOURCE CAPITAL LTD	28 Oct 11	AGM	18 Oct 11	X	
17	COMMONWEALTH BANK AUSTRALIA	08 Nov 11	AGM	26 Oct 11	X	
18	FORTESCUE METAL GROUP	09 Nov 11	AGM	31 Oct 11	X	
19	LEND LEASE GROUP	09 Nov 11	AGM	31 Oct 11	X	
20	WESFARMERS LTD	09 Nov 11	AGM	31 Oct 11	X	
21	ASCIANO LTD	10 Nov 11	AGM	31 Oct 11	X	
22	FAIRFAX MEDIA LTD	10 Nov 11	AGM	31 Oct 11	X	
23	LEIGHTON HOLDINGS LTD	11 Nov 11	AGM	01 Nov 11	X	
24	RAMSAY HEALTH CARE LTD	15 Nov 11	AGM	01 Nov 11	X	
25	THE INDIAFUND INC	16 Nov 11	EGM	10 Nov 11	X	
26	SYDNEY AIRPORT	24 Nov 11	EGM	14 Nov 11	X	
27	WOOLWORTHS LTD	24 Nov 11	AGM	14 Nov 11	X	
28	LINC ENERGY LTD	24 Nov 11	AGM	14 Nov 11	X	
29	KUNLUN ENERGY CO LTD	01 Dec 11	EGM	25 Nov 11	X	
30	SYDNEY AIRPORT	02 Dec 11	COURT	16 Nov 11	X	
31	BB BIOTECH AG	02 Dec 11	EGM	14 Nov 11	X	

32	SEABIRD EXPLORATION LTD	09 Dec 11	EGM	29 Nov 11	X	
33	WESTPAC BANKING	14 Dec 11	AGM	05 Dec 11	X	
34	NATIONAL AUSTRALIABK	15 Dec 11	AGM	05 Dec 11	X	
35	FORTHNET SA	15 Dec 11	EGM	02 Dec 11	X	
36	ANZ-AUSTRALIA& NEW ZEALD BK	16 Dec 11	AGM	05 Dec 11	X	
37	ELDERS LTD	20 Dec 11	AGM	06 Dec 11	X	
38	SARE HOLDING S.A.B. DE C.V.	20 Dec 11	EGM	06 Dec 11	X	
39	BRILLIANCE CHINA AUTOMOTIVE	20 Dec 11	EGM	12 Dec 11	X	
40	GEELY AUTOMOBILE HLDGS LTD	29 Dec 11	EGM	13 Dec 11	X	
41	METAGE SPECIAL EMERGING MARKETS FUND LTD	30 Dec 11	EGM	13 Dec 11	X	
42	TCL COMMUNICATION TECH HLDG	30 Dec 11	EGM	20 Dec 11	X	
43	HYPERMARCAS SA	30 Dec 11	EGM	20 Dec 11	X	
44	CHAODA MODERN AGRICULTURE	30 Dec 11	AGM	20 Dec 11	X	

Not Voted Meetings

Table 13: Meetings not voted in quarter

	Company	Meeting Date	Type	Reason Not Voted
1	INTERNATIONAL BIOTECHNOLOGY TRUST PLC	07 Dec 11	AGM	No ballot received
2	PETROBRAS-PETROLEO BRASILIER	19 Dec 11	EGM	Non voting shares

Global Upcoming Meetings Q1 2012

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

Table 14: Upcoming Meetings

	Company	Meeting Date	Type
1	NB DISTRESSED DEBT INVESTMENT FUND LTD	26 Jan 12	EGM
2	UNITED DRUG PLC	07 Feb 12	AGM
3	AXFOOD AB	01 Mar 12	AGM
4	DOUGLAS HOLDING AG	01 Mar 12	AGM
5	CARGOTEC CORP	01 Mar 12	AGM
6	NKT HOLDING A/S	01 Mar 12	AGM
7	AMER SPORTS CORP	08 Mar 12	AGM

Asian 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	62
Oppose	73
Abstain	31
Withdrawn	0
Total	166

Meetings	AGM	EGM	Total
Total Meetings	9	13	22
1 (or more) oppose or abstain vote	9	9	18

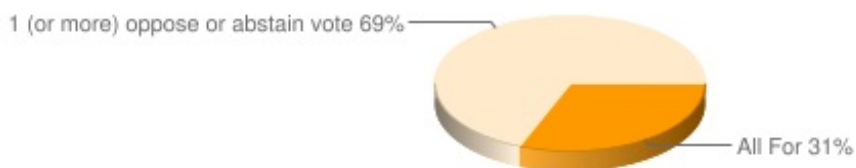
Asian Voting Record



Asian AGM Record



Asian EGM Record



Asian Voting Timetable Q4 2011

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

Voted Meetings

Table 15: Meetings voted in the quarter

	Company	Meeting Date	Type	Date Voted	Proxy Edge	Postal Voting
1	FUBON FINANCIAL HOLDING CO	06 Oct 11	EGM	26 Sep 11	X	
2	CHINALIFE INSURANCE (CHN)	14 Oct 11	EGM	03 Oct 11	X	
3	HANG LUNG PROPERTIES LTD	18 Oct 11	AGM	04 Oct 11	X	
4	PETROCHINACO LTD	20 Oct 11	EGM	06 Oct 11	X	
5	HOPEWELL HIGHWAY	20 Oct 11	AGM	10 Oct 11	X	
6	IOI CORP BHD	24 Oct 11	AGM	11 Oct 11	X	
7	LIANHUA SUPERMARKET HOLDINGS	03 Nov 11	EGM	20 Oct 11	X	
8	JIANGSU EXPRESSWAY CO LTD	09 Nov 11	EGM	27 Oct 11	X	
9	SIME DARBY BHD	10 Nov 11	AGM	31 Oct 11	X	
10	KEPPEL LAND LTD	10 Nov 11	EGM	31 Oct 11	X	
11	KEPCO-KOREAELEC POWER CORP	10 Nov 11	EGM	31 Oct 11	X	
12	BIG C SUPERCENTER PCL	17 Nov 11	EGM	11 Nov 11	X	
13	NWS HOLDINGS LTD	21 Nov 11	AGM	11 Nov 11	X	
14	NEW WORLD CHINALAND LTD	22 Nov 11	AGM	14 Nov 11	X	
15	INDUSTRIAL & COMM BANK CHINA	24 Nov 11	EGM	11 Nov 11	X	
16	SINGAPORE PRESS HOLDINGS LTD	01 Dec 11	AGM	18 Nov 11	X	
17	SUN HUNG KAI PROPERTIES LTD	08 Dec 11	AGM	28 Nov 11	X	
18	TENAGANASIONAL BHD	15 Dec 11	AGM	05 Dec 11	X	
19	S P SETIABHD	15 Dec 11	EGM	05 Dec 11	X	
20	DONGFANG ELECTRIC CORP LTD	22 Dec 11	EGM	09 Dec 11	X	
21	KULIM (MALAYSIA) BHD	22 Dec 11	EGM	12 Dec 11	X	
22	CHINABLUECHEMICAL LTD	30 Dec 11	EGM	13 Dec 11	X	

Asian Upcoming Meetings Q1 2012

There are no upcoming meetings for this region.

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.

AIM UK Market

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

European

Analysis for "Oppose" and "Abstain" votes for resolutions at European 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.

Global

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

Asian

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

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