



Lancashire Council

Proxy Voting Review
April 2013 – June 2013

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UK Corporate Governance Review

Aggreko Plc - AGM 25th April

Remuneration was an issue at Aggreko.

There were concerns over incentive award arrangements insofar as they are too narrowly focused on the Company's Diluted Earnings per Share (D-EPS) results. The long-term incentive plan(s) apply the same performance criteria, which potentially rewards executives twice for achieving the same outcomes and this was the case during the year. The LTIP does not incorporate a relative performance element, which is considered to be a minimum pre-requisite for all long-term incentives and should be applied along with an absolute measure in concurrent fashion. The LTIP applies a multiplier which, subject to a three-year performance hurdle, allows for potentially excessive awards, which was the case during the year under review. 2009 awards vested in full subject to the maximum multiplier of two-times and as was the case for 2008 awards. One-third of CIP awards are solely determined on the basis of a three-year shareholding requirement. Whilst salaries are below median for the sector, combined awards are considered excessive in both potential and actual terms. The CEO received variable pay during the year representing more than 1100% of salary, which is considered to be wholly excessive.

We recommended shareholders oppose the remuneration report.

Rolls Royce Holdings Plc - AGM 2nd May

Fees paid to the audit firm were an issue at Rolls Royce.

KPMG Audit was proposed as auditor. The total non-audit fees were approximately 27.66% of audit fees during the year under review, and the three year average is 16.18%. Additionally, KPMG billed the Company for internal audit support services valued at £600,000. It is considered highly inappropriate for the statutory auditors to undertake any work in relation to internal audit work. An oppose vote was recommended.

We also recommended shareholders oppose the election of Lewis Booth, chair of the audit committee. In financial year 2012, the committee approved non audit services of £600,000 in relation to internal audit support services provided by KPMG who were also involved in a new IT system. Any services provided by the statutory auditor in relation to the company's internal audit is considered inappropriate, and the IT work creates a self-review threat. Moreover, the audit committee report fails to describe the safeguards put in place to ascertain KPMG's independence following approval of these support services.

Prudential Plc - AGM 16th May

Regulatory criticism relating to the role of the chief executive was a concern at insurer Prudential.

Since the publication of the Annual Report Prudential was fined £30m in respect of two regulatory breaches that relate directly to its proposal to acquire the AIA business unit from AIG. The first of £14m, relates to not informing the UKLA part of the FSA of the proposed acquisition at an early stage. The second of £16m, relates to not informing FSA Supervision of a proposed acquisition which "had the potential to impact on the stability and confidence of the financial system in the UK and abroad". The transaction was in the end pulled due to intense opposition from shareholders. This resulted in a break fee of £153m.

That failed deal in itself would raise serious concerns about judgement of the CEO and the board. However, the regulatory breaches take those concerns to another level. The regulatory breaches relate to matters involving the CEO himself in a meeting where the information should have been but was not disclosed, and involving Prudential failing to follow the advice of the company Sponsor to disclose the

proposed acquisition to the UKLA at an early stage.

In PIRC's opinion any doubt about the suitability of Mr Thiam to continue in office as a result of the decision to acquire, were then reinforced by the regulatory breaches. PIRC expects a statement about Mr Thiam's future from the new chairman.

We recommended shareholders oppose Mr Thiam's re-election.

UK Corporate Governance Review

Listing rules: the party is over

Developments at both ENRC and Bumi in April may have significant long-term implications for the listing regime in the UK.

Most significantly, following recent speculation, the SFO confirmed that it was, indeed, beginning a criminal investigation into ENRC. The SFO said, simply: "The Director of the SFO has accepted ENRC Plc. for criminal investigation. The focus of the investigation will be allegations of fraud, bribery and corruption relating to the activities of the company or its subsidiaries in Kazakhstan and Africa."

Earlier in the month troubled Indonesian mining business Bumi Plc had suspended its shares, citing concerns about the balance sheet of subsidiary PT Berau Coal Energy. The company said that it was unable to publish audited full-year results by the end of April. As a result, and after consultation with the UKLA, it had agreed to suspend its shares.

Both ENRC and Bumi are examples of extractives businesses that are not UK companies in any meaningful sense, and are effectively controlled by major shareholders, but nonetheless have been allowed to list here. To state the obvious, problems at both companies are not a surprise to many.

To governance types these companies have raised more red flags than a May Day parade in North Korea. Both are dominated by controlling shareholders, and both have seen major fall-outs within their own boards, amidst allegations of irregularities of various kinds. The Bumi bust-up resulted in an EGM called by rebel shareholders earlier this year. At ENRC there had already been a boardroom coup in the summer of 2011, with Sir Richard Sykes one of those deposed. To a growing number of investors these companies represent the way that commercial interests trump investor protection in the UK listings regime.

To the vested interests in the system, the slam-dunk defence has always been 'caveat emptor'. It's up to investors to do the due diligence on companies and if they don't like what they see then they can simply not invest. It's an incredible attitude when you give it a minute's thought. We sell a London listing on the basis that it is some kind of mark of status, and that it provides access to international capital. Yet at the same time there is a get-out clause that a London listing shouldn't be taken, by investors, to say anything about quality. It's a bit Gerald Ratner isn't it?

But regardless of the cynicism of such an approach, last week we saw its practical consequences. Both domestic and foreign investors have been badly let down by the 'anything goes' approach to listing standards that has prevailed in recent years. London's reputation is damaged by these cases. The message we send out to the world is that, if the price is right, then we can probably do business with you, even if this means we squeeze our own standards a bit.

Something has to change. We remain hopeful that the Financial Conduct Authority's work on listings, taking over that already undertaken by its predecessor, will result in a positive outcome. As many readers may be aware, we have also suggested to the Business Secretary Vince Cable that he could also take action. Specifically we suggested that he use his powers under Section 1035 Companies Act 2006 to appoint independent inspectors and instigate an investigation under Part 14 Companies Act 1985 into both companies. The UK has the opportunity to demonstrate that it is serious about the quality of companies that are allowed to list here. In light of April's events it is imperative that it does so.

HBOS: a model of self-delusion

The corporate governance of Halifax Bank of Scotland (HBOS) was "a model of self-delusion, of the triumph of process over purpose", according to the Parliamentary Commission on Banking Standards (PCBS).

In a highly critical report on the failure of HBOS, the PCBS makes the vital point that its failure was

fundamentally one of solvency – not liquidity. The PCBS says that results have shown that HBOS would have become insolvent without capital injections from the taxpayer and Lloyds Banking Group. The PCBS is also extremely critical of the bank's governance. It says there was insufficient banking expertise in HBOS's top management. In consequence, they were incapable of understanding the risks some parts of the bank were running, let alone managing them.

The report says the non-executives lacked the experience or expertise to identify many of the core risks that the bank was running. The report says the board was composed in a manner which appeared suitable for a retail-oriented financial services company, but lacked the necessary banking experience among its non-executives, particularly in relation to higher risk activities, for a bank whose strategy and business model was posited on asset-led growth led by non-retail divisions of the bank.

The report states: "We are shocked and surprised that, even after the ship has run aground, so many of those who were on the bridge still seem so keen to congratulate themselves on their collective navigational skills."

Following the publication of the report, Business Secretary Vince Cable said he would investigate whether former HBOS board members could be barred from serving as company directors.

Church of England bonus cap

Directors should not receive bonuses of more than 100% of salary unless they have delivered exceptional performance, according to the Church of England's new executive remuneration policy.

The policy also stresses the importance of schemes prioritising long-term over short-term performance. It argues that companies should have long-term incentive plans for executive directors covering periods of five to seven years which should be paid in shares held for the long-term. Companies are encouraged to reward performance on ethical, social and environmental issues as well as financial issues.

National Express after its AGM

Employment standards in the US and executive pay policy in the UK were at the forefront of the National Express AGM in May. Voting results showed significant shareholder discomfort with the current management.

The AGM was dominated by criticism of its employment practices. Members of the US Teamsters union protested about the company's alleged anti-union stance and questionable labour standards at its US Durham business.

Shareholders showed disapproval of the company's management with one of the highest oppose votes this AGM season. Votes against the remuneration report amounted to 28 per cent and a further 5 per cent of votes were withheld. Moreover, there were 26 per cent votes against the amendments to LTIPs.

There was a 4 per cent vote cast against the annual report and accounts, which sounds low, but most of these resolutions pass without any opposition. The report and accounts had been targeted by those concerned by the company's employment policies. Whilst some shareholders are less alarmed by the company's labour policies than governance issues, a reputation for being anti-union can be problematic for a company that is dependent on good relationships with public bodies, which award it business.

The company came under fire from the Unite group of 80 UK Labour MPs, who wrote to shareholders to inform them about the ill-treatment of the drivers of the iconic yellow school buses. They raised concerns about a "systemic approach to deny workers their rights to freedom of association and to engage in collective bargaining for their working conditions". The group asked shareholders to vote down the company's reports and accounts. Jim Sheridan, the group's chairman argued that the move was needed to "signal the necessity for improved oversight and reporting of human capital policies and practices" and spoke at the AGM.

No, Mr Bond, we expect you to go

In one of the most notable meetings so far, Sir John Bond and three other directors were voted off the board of Glencore Xstrata at the company's AGM in May.

With a vote against his re-election of over 80%, Bond was the most unpopular of the directors facing re-election. Con Fauconnier, Peter Hooley and Ian Strachan were also voted off. As he acknowledged in a statement issued after the meeting, one of the reasons for Bond being put in the ejector seat was investor anger at retention awards provided to Xstrata directors. Bond's departure also means that former BP chief executive Tony Hayward becomes chair of the FTSE100 constituent on an interim replacement whilst a replacement is sought.

Gilbert to leave FirstGroup

Martin Gilbert will step down as chair of FirstGroup later this year, according to reports.

A number of press reports state that Gilbert will stay on until a successor has been found. His expected departure follows shareholder unease at his other commitments, as chief executive of Aberdeen Asset Management, and non-executive at BSkyB, a point PIRC has raised. The news that he is likely to step down also comes as the company is seeking to raise fresh capital, having cut its dividend as profits have slumped.

JKX survives billionaire battle

JKX Oil & Gas saw a major vote against its remuneration report and share issue authorities, driven by its two largest shareholders.

The company's figures show that there was a vote of just under 48% against its remuneration report, with votes of almost the same size against chief executive Dr Paul Davies, and three resolutions relating to share issue authorities. However the company also released the voting results excluding those cast by Eclairs' nominee and Glengary's nominee (its two major shareholders). This revealed overwhelming support from other investors. Ahead of the AGM the company had taken the unusual action of issuing notices to both Eclairs Group and Glengary Overseas Limited restricting each of them, amongst other things, from voting.

The company will consider the result to be a good one. It complained that Ukrainian duo Gennadiy Bogolyubov and Igor Kolomoisky wanted to take the company over by stealth. The Independent reports they had previously sought to oust some of the incumbent directors and appoint their own nominees, whilst at the AGM they directly targeted the current chief executive.

Afren and WPP: contrasting votes

Afren broke new ground in June, not only becoming the first company to lose its remuneration report vote this AGM season, but also becoming the first company to lose such a vote twice. But the ease with which WPP pushed through its pay plan suggests that shareholder activism really has tailed off this year.

Afren's AGM saw the highest level of shareholder opposition so far at this year's AGMs. Investors' anger was directed towards the company's remuneration policy and leadership. Many shareholders were opposed to the £3.4m pay package for the CEO and co-founder Osman Shahenshah. As a result, they cast a whopping 80% of votes against the company's remuneration report. Considering a further 8% abstained, this was one of the biggest ever shareholder revolts over executive pay in the UK.

PIRC had recommended investors oppose Afren's remuneration plans because it deemed the company's 2012 variable pay as excessive. Despite a historic shareholder revolt the vote remains non-binding. Mr. Shahenshah is, thus, expected to receive his full package, comprising a £625,000 basic salary, generous benefits and a pension pot, as well as a bonus of £1.3m and £1.3m in shares under Afren's long-term incentive scheme.

This was, of course, not a first for Afren, as it had previously lost the vote on its remuneration report

at its 2011 AGM. This makes it the first company to lose such a vote in the UK twice. And the company is a repeat offender. At the 2010 AGM its remuneration report barely passed with little more than 50 per cent approval, while 20 per cent of votes were withheld. Shareholder concerns' have clearly not been taken seriously. Unsurprisingly investors became fed up with Afren's management. At last week's AGM Peter Bingham, a non-executive director, scraped barely 56% approval for his re-election, while five other directors faced opposition in the range of 25-30%.

But if Afren demonstrated that some shareholders are still revolting, as it were, WPP's result was probably more indicative of the trend this year. A little less than 20% of voting shares were against the company's remuneration report, with abstentions pushing the total not in favour to 27%. This could be considered disappointing given that the advertising company had been defeated on its pay plans last year and has made few improvements since then. PIRC recommended shareholders oppose WPP's remuneration report because pay awards for 2012 remained high.

At WPP's AGM Deborah Gilshan, representing the Railways Pension Fund, which voted against the remuneration report, told the board and remuneration committee that they had not gone far enough to address shareholder concerns around either the size of pay awards or on succession planning. The company made some concessions but some shareholders still consider the potential awards under incentive schemes excessive. But whilst such concerns might have led to a defeat last year, this year the asset managers seem to have backed off. This does not bode well for the future.

UK Voting Analysis

Table 1: Top Oppose Votes

	Company	Type	Date	Resolution	Proposal	Funds Vote	Oppose %
1	CATLIN GROUP LTD	AGM	09 May 13	13	Approve new long term incentive plan	Oppose	24.21
2	ASTRAZENECA PLC	AGM	25 Apr 13	5.g	Re-election of Jean-Philippe Courtois	Abstain	24.17
3	PRUDENTIAL PLC	AGM	16 May 13	22	Issue shares with pre-emption rights	For	20.00
4	RECKITT BENCKISER GROUP PLC	AGM	02 May 13	2	Approve the Remuneration Report	Oppose	17.84
5	BRITISH AMERICAN TOBACCO PLC	AGM	25 Apr 13	17	Issue shares with pre-emption rights	For	17.13
6	ADMIRAL GROUP PLC	AGM	25 Apr 13	21	Meeting notification related proposal	For	16.54
7	ASTRAZENECA PLC	AGM	25 Apr 13	11	Meeting notification related proposal	For	16.24
8	REED ELSEVIER PLC	AGM	25 Apr 13	2	Approve the Remuneration Report	Oppose	14.49
9	BRITISH AMERICAN TOBACCO PLC	AGM	25 Apr 13	21	Meeting notification related proposal	For	13.52
10	RECKITT BENCKISER GROUP PLC	AGM	02 May 13	20	Meeting notification related proposal	For	12.96

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	3	100	0	0	0	0	0	0	3
Annual Reports	11	32	8	23	15	44	0	0	34
Articles of Association	1	100	0	0	0	0	0	0	1
Auditors	23	71	8	25	1	3	0	0	32
Corporate Actions	0	0	0	0	0	0	0	0	0
Corporate Donations	8	80	1	10	1	10	0	0	10
Debt & Loans	0	0	0	0	0	0	0	0	0
Directors	156	84	19	10	9	4	0	0	184
Dividend	14	100	0	0	0	0	0	0	14
Executive Pay Schemes	1	16	0	0	5	83	0	0	6
Miscellaneous	14	100	0	0	0	0	0	0	14
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	45	84	7	13	1	1	0	0	53
Shareholder Resolution	0	0	0	0	0	0	0	0	0
Undefined	0	0	0	0	0	0	0	0	0

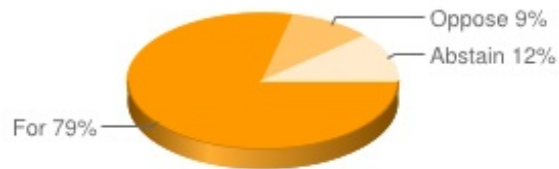
UK Voting Charts

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	279
Oppose	32
Abstain	43
Withdrawn	0
Total	354

Meetings	AGM	EGM	Total
Total Meetings	17	0	17
1 (or more) oppose or abstain vote	17	0	17

UK Voting Record



UK AGM Record



UK EGM Record

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

UK Voting Timetable Q1 2013

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

Voted Meetings

Table 3: Meetings voted in the quarter

	Company	Meeting Date	Type	Date Voted
1	BUNZL PLC	17 Apr 13	AGM	2013-04-03
2	AGGREKO PLC	25 Apr 13	AGM	2013-04-16
3	ADMIRAL GROUP PLC	25 Apr 13	AGM	2013-04-16
4	REED ELSEVIER PLC	25 Apr 13	AGM	2013-04-16
5	BRITISH AMERICAN TOBACCO PLC	25 Apr 13	AGM	2013-04-10
6	ASTRAZENECAPLC	25 Apr 13	AGM	2013-04-12
7	GLAXOSMITHKLINE PLC	01 May 13	AGM	2013-04-19
8	RECKITT BENCKISER GROUP PLC	02 May 13	AGM	2013-04-23
9	ROLLS-ROYCE HOLDINGS PLC	02 May 13	AGM	2013-04-18
10	BAE SYSTEMS PLC	08 May 13	AGM	2013-04-24
11	CRH PLC	08 May 13	AGM	2013-04-25
12	PROVIDENT FINL GROUP	09 May 13	AGM	2013-04-25
13	CATLIN GROUP LTD	09 May 13	AGM	2013-04-26
14	UNILEVER PLC	15 May 13	AGM	2013-05-01
15	NEXT PLC	16 May 13	AGM	2013-05-02
16	AMLIN PLC	16 May 13	AGM	2013-05-07
17	PRUDENTIAL PLC	16 May 13	AGM	2013-05-03

UK Upcoming Meetings Q3 2013

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	SAINSBURY (J) PLC	10 Jul 13	AGM
2	EXPERIAN PLC	17 Jul 13	AGM
3	VODAFONE GROUP PLC	23 Jul 13	AGM
4	SSE PLC	25 Jul 13	AGM
5	NATIONAL GRID PLC	29 Jul 13	AGM
6	GREENE KING PLC	04 Sep 13	AGM

AIM UK Market Voting Timetable Q1 2013

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

AIM UK Market Upcoming Meetings Q3 2013

There are no upcoming meetings for this region.

Fledgling UK Market Voting Timetable Q1 2013

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

Fledgling UK Market Upcoming Meetings Q3 2013

There are no upcoming meetings for this region.

European Corporate Governance Review

A virtuous banker?

In April the head of one of the biggest Austrian banks returned €2m (£1.2) of his pay because he believes that executives are sometimes overpaid.

Herbert Stepic, chief executive of Raiffeisen Bank, gave back the amount because he believes his total pay of €4.9m is "neither in accord with my own self-conception nor with the Raiffeisen banking group's foundation of values". Mr Stepic said that although his compensation was "market compliant" and "fair", repaying some of it was an "acknowledgement that remunerations can also turn out to be too high". While the bank's shares performed well from 2009 to 2012, its profits fell last year.

Since the financial crisis, several bank bosses have voluntarily waived the right to bonuses. However, it is very rare for a chief executive to return a portion of their pay that has been awarded. Stepic, explained that due to a share incentive plan, his pay had been inflated by a surge in Raiffeisen's share prices.

Second Swiss 'say on pay' defeat

The Swiss continued their hunt on excessive executive pay in April. Shareholders of the Swiss biotech firm Actelion rejected a \$5.6m pay award for the chief executive Jean-Paul Clozel after shareholder groups urged investors to oppose the compensation package.

Actelion became the second company in two weeks to have its pay plans voted down by shareholders, following the Swiss private bank Julius Baer. Shareholder groups Actares and Ethos opposed the company's pay policy leading to a 60 per cent vote against the biotechnology firm's remuneration plans. Despite protest, Mr. Clozel will receive his award, which is even 15 per cent higher than the previous year, because the vote is only advisory in nature. This will soon change once the Swiss regulator starts implementing one of the world's strictest controls on executive pay that the Swiss public backed in a referendum this March. Public anger and shareholder scrutiny of executive salaries is also continuing to run high after Switzerland had to rescue UBS from risky investments blamed on a lavish bonus culture.

Spanish banks breaking records

Spain continues to break the wrong kind of records as ongoing troubles in its financial sector make the UK's banking sector look almost respectable.

The country is currently seeing numerous criminal investigations, while prison sentences have been awarded for directors of Caixa Penedes. At the same time Banco Santander awarded the highest pension pot ever recorded to its departing chief executive, who stood down due to the possibility he could be banned from the industry as a result of a previous conviction.

There are currently nine ongoing trials against national banks, including Bankia, Caja Madrid, Banca Cívica, Caja Mediterráneo, Banco de Valencia, Eurobank and others. 74 bank executives are now on trial in various Spanish courts - a number that might soon reach 90. The alleged financial crimes span falsifying accounts, excessive remuneration practices, and failed IPOs, all of which endangered whole institutions for the benefit of a few.

Public outrage against the financial sector was further fuelled by the fact that many Spanish banks received bailouts of €37.7bn of public money and €39.5bn by the EU. A prime example of banking mismanagement of the worst kind has been CAM, which by riding the construction boom saw a meteoric rise and a catastrophic fall before being nationalised in 2011.

More recently Caixa Penedes, which has also received European bailout funds, underwent corporate crime investigations. Four of its executives, Ricard Pagès Font, Manuel Troyano Molina, Juan Caellas

Fernández, and Santiago José Abella Rodríguez were found guilty of misappropriation. They awarded themselves excessive severance payments of 31.6 million in total, which the court considered to be misappropriation of funds. The court sentenced Mr. Pages to 3.5 years in prison and the other three to 3 years in prison, while the payments must be returned in full.

With a controversial pension payout on the horizon the next bank to break a record is Santander. Chief executives' pensions have normally attracted little investor and public attention in contrast to bonus payouts. However the highest pensions can be much more generous than annual bonuses as Santander has now demonstrated.

Despite a 26 per cent fall in net profits in the first-quarter Santander plans to award Alfredo Sáenz, its departed chief executive, a €88.2m pension pot. This is the biggest retirement provision ever publicly disclosed by a large bank. The issue is controversial not only because of the astronomical sum but also because Mr. Sáenz resigned ahead of a decision by the financial regulator that could make him legally ineligible to serve as a banker. He had been convicted in 2004 on grounds of making false accusations and was only allowed to stay in his position due to a controversial pardon by the previous government and several law changes.

UBS breezes through pay vote

Swiss banking giant UBS saw a relatively peaceful AGM. Although there was some opposition to its remuneration report, support was higher than in 2012.

Given the widespread public support for regulating executive pay in Switzerland, expectations of shareholder opposition to UBS' pay policy were running high. The voting results, however, showed around 16 per cent opposition to the remuneration report, even though Switzerland's biggest bank by assets recorded a net loss of 2.5 billion Swiss francs in 2012. In comparison, last year there was a 37 per cent vote against the pay plan. PIRC recommended an oppose vote at both this year's and last year's AGM to oppose the remuneration reports.

Earlier this year, UBS disclosed that the bank's chief executive Sergio Ermotti received 8.9m Swiss francs in compensation for 2012, of which 2.5m francs was his regular salary, the remainder being performance awards. The Bern-based shareholder group Actares said last Wednesday that "big bonuses and a big (annual) loss do not go together." Some activist investors present at the AGM in Zurich, called for a split from UBS' investment bank and said pay levels for top managers were too high.

The annual report got strong support with only 0.5 per cent votes against. However shareholders showed some discontent with the management of the bank as around 10 per cent opposed the discharge of the members of the Board.

Deutsche Bank shareholder revolt

The biggest German bank witnessed significant opposition to its supervisory board and some other resolutions put to vote at its AGM.

The biggest oppose votes at Deutsche Bank's AGM were cast against the re-election of the prominent German industrialist Henning Kagermann. 26.5 per cent of shareholders objected to his re-election, which included several institutional investors such as Hermes. The vote represents a clear sign of shareholder discontent with the past performance of the bank's supervisory board.

Mr. Kagermann is one of a few remaining board members to have overseen the bank's haphazard search for a successor to Josef Ackermann, former CEO, as a result of which some strong candidates were deterred from applying for the position. Shareholders were also concerned that he sits on too many company boards. Also several other supervisory Board members received noticeable shareholder opposition: Dr Johannes Teyssen, for instance, received around 14 per cent against his re-election.

Investors also voiced concerns about the high levels of pay at Deutsche Bank for staff below board level in comparison with the level of dividends paid to shareholders. The compensation of the Management Board received 11 per cent opposition, while the management board received 6 per cent votes against.

Earlier in the year Deutsche Bank announced it would cap pay for co-chief executives. This

development follows a report by a panel which Deutsche set up to introduce changes to its pay policy. The report has revamped benchmarks for the bank's executive bonuses. It proposed to link bonuses better to earnings and to the bank cost structure, as well as demanding more "softer" indicators of executive performance such as employee satisfaction. For the first time, the management board are also required to buy Deutsche shares to twice the value of their base annual salary.

Deutsche Post DHL AGM protests

Logistics giant Deutsche Post DHL faced accusations at its AGM that it abuses workplace rights in some countries in which it operates.

The company saw a protest outside the meeting, whilst inside representatives of the International Transport Workers Federation (ITF) and UNI Global Union criticised the company's behaviour. Unions claim that it exhibits behaviour in some countries that it would "never dare" of allowing in Germany.

Specifically, the unions say they have evidence that the company has backed fake unions and unlawfully fired workers in Turkey; used lie detectors against staff in Colombia, Panama and South Africa; and relied on agency workers on lower wages and with no job security in the UK, Malaysia, Indonesia and India.

Employee directors and diversity

The proportion of females at board level is significantly higher amongst companies that have employee representation than those that don't, PIRC has found.

Looking at the FTSE Eurofirst, amongst those companies which do not have employee representation, the proportion of females at board level is 19%. However, amongst those companies that do have employee representation at board level, the proportion of females is over a third greater, at 26%. To be sure this wasn't just a quirk in the nature of the companies that have employee representation on the boards, we also looked at what proportion of employee representatives are female in the same sample. The answer is 25.7%. Notably this is even slightly higher than the proportion of female non-executives, at 23.8%.

Besides other benefits employee representation might bring, such as greater diversity of views, it seems that, in practice, it also leads to greater gender diversity.

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.

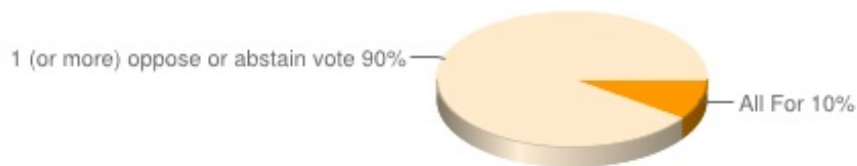
Total Resolutions	
For	294
Oppose	68
Abstain	25
Withdrawn	0
Total	387

Meetings	AGM / Combined	EGM	Total
Total Meetings	31	2	33
1 (or more) oppose or abstain vote	28	2	30

European Voting Record



European AGM Record / Combined



European EGM Record



European Voting Timetable Q1 2013

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

Voted Meetings

Table 5: Meetings voted in the quarter

	Company	Meeting Date	Type	Date Voted
1	SWISSCOMAG	04 Apr 13	AGM	2013-03-15
2	VOLVO AB	04 Apr 13	AGM	2013-03-15
3	SES SA	04 Apr 13	AGM	2013-03-18
4	FIAT INDUSTRIAL SPA	08 Apr 13	AGM	2013-03-20
5	DAIMLER AG	10 Apr 13	AGM	2013-03-19
6	JULIUS BAER GRUPPE AG	10 Apr 13	AGM	2013-03-20
7	NESTLE SA	11 Apr 13	AGM	2013-03-19
8	INVESTOR AB	15 Apr 13	AGM	2013-03-26
9	BELGACOM SA	17 Apr 13	AGM	2013-03-25
10	D.E MASTER BLENDEERS 1753	17 Apr 13	EGM	2013-04-02
11	SAMPO OYJ	18 Apr 13	AGM	2013-03-28
12	ADECCO SA	18 Apr 13	AGM	2013-03-28
13	LVMH (MOET HENNESSY - LOUIS VUITTON) SA	18 Apr 13	AGM	2013-04-10
14	HEINEKEN NV	25 Apr 13	AGM	2013-04-08
15	MUENCHENER RUECK AG (MUNICH RE)	25 Apr 13	AGM	2013-04-09
16	SWEDISH MATCH AB	25 Apr 13	AGM	2013-04-16
17	DANONE	25 Apr 13	AGM	2013-04-10
18	GJENSIDIGE FORSIKRING BA	25 Apr 13	AGM	2013-04-15
19	CREDIT SUISSE GROUP	26 Apr 13	AGM	2013-04-10
20	AKZO NOBEL NV	26 Apr 13	AGM	2013-04-15
21	ATLAS COPCO AB	29 Apr 13	AGM	2013-04-18
22	SANOFI	03 May 13	AGM	2013-04-18
23	KUEHNE + NAGEL INTERNATIONAL AG	07 May 13	AGM	2013-04-24
24	NORSK HYDRO ASA	08 May 13	AGM	2013-04-24
25	TERNA- RETE ELETTRICANAZIONALE SPA	14 May 13	AGM	2013-04-30
26	DEUTSCHE BOERSE AG	15 May 13	AGM	2013-04-30
27	DEUTSCHE TELEKOM	16 May 13	AGM	2013-05-01
28	TOTAL SA	17 May 13	AGM	2013-05-03
29	LEGRAND SA	24 May 13	AGM	2013-05-13
30	DEUTSCHE POST AG	29 May 13	AGM	2013-05-14
31	LINDE AG	29 May 13	AGM	2013-05-15
32	SAP AG	04 Jun 13	AGM	2013-05-21
33	RYANAIR HOLDINGS PLC	18 Jun 13	EGM	2013-06-10

European Upcoming Meetings Q3 2013

List of meetings scheduled to be held throughout the period by European companies currently in the

fund's portfolio.

Table 6: Upcoming Meetings

	Company	Meeting Date	Type
1	COMPAGNIE FINANCIERE RICHEMONT SA	05 Sep 13	AGM
2	SEADRILL LTD	21 Sep 13	AGM
3	RYANAIR HOLDINGS PLC	21 Sep 13	AGM

US Corporate Governance Review

HP revolt: board members quit

In April the board of Hewlett Packard acknowledged the scale of shareholder dissent expressed at its AGM, with two directors announcing their resignation and the chair will relinquishing his role.

HP's AGM in March was the first major event of the US proxy season and now looks to have been an important moment in shareholder activism. The board has taken significant flak from investors recently, particularly since the write-down on its takeover of Autonomy was announced. What has particularly irked shareholders has been the failure of board members, who were in place at the time of the deal, to take responsibility.

As a result the company was hit with a concerted push from shareholders against a number of directors, led by US public funds and US trade union shareholder activists CtW Investment Group. Those particularly in the frame were John Hammergren and G. Kennedy Thompson, who received votes against their re-election of 46% and 45% respectively. But HP chair Ray Lane also faced a 41% vote against.

HP clearly recognised the strength of shareholder opinion and Hammergren and Thompson announced they were stepping down as directors later this year. Lane will stay on the board but has given up his role as chair. He has been replaced by activist investor Ralph Whitworth, who sits on the board and who will act as interim chair.

Call for more US engagement

Directors of US companies should be more open to engagement with their shareholders, according to two leading governance practitioners.

In an online article for the Harvard Law School Forum on Corporate Governance and Financial Regulation, Deborah Gilshan of Railpen and Catherine Jackson of PGGM argued that sentiment about shareholder engagement is changing but that companies could develop better strategies. They called for independent director meetings with shareholders to become a routine part of a board's approach to outreach with its shareholders, rather than only in exceptional circumstances or in times of crisis.

News Corp Shareholder revolt

Several shareholder groups have filed two resolutions calling for an independent chairman and the elimination of News Corporation dual-class share structure.

In May, dissident shareholders from the UK, US and Canada filed a resolution demanding appointment of an independent chairman. Demands for the media mogul Rupert Murdoch to step down as chairman of News Corp attracted strong support at last year's AGM, when two thirds of independent shareholders supported a similar resolution. This year the joint shareholder proposal was filled by the Christian Brothers Investment Services and the British Columbia Investment Management Corporation. The resolution got also support from the Local Authority Pension Fund Forum.

The media company faces pressure from a separate resolution filled by the ethical investment group Nathan Cummings Foundation in which it proposes to end the dual class share structure. This allows the Murdoch family to exercise de facto control of its media empire despite owning only 14 per cent of the company's equity. Again, a similar resolution last year got 62 per cent support of the public shareholders.

Shareholders believe that by responding positively to these corporate governance issues, News Corporation can improve oversight of management, reduce business risk and better represent the interests of all shareholders. Pressure for corporate governance reforms has been increasing since the phone-hacking scandal at News Corp's UK newspapers.

JPM risk committee takes the hit

In the end, the vote to split the roles of chair and chief executive at JP Morgan, currently both held by Jamie Dimon, was lower than expected. But the scale of shareholder pressure on members of the board's risk committee is likely to herald a shake-up.

The vote in favour of the resolution, filed by US union AFSCME, the Connecticut Retirement Plans and Trust Funds, Hermes, and the NYC Pension Funds was 32%, lower than last year's result. However the media storm around the AGM and the high votes against several members of the bank's risk committee are likely to result in changes to the board.

Shareholders cast 47% votes against Ellen Futter, and 43% and 41% against James Crown and David Cote respectively. At last year's meeting the respective votes against were Cote 3%, Crown 3% and Futter 14%. The directors were targeted by shareholders who were seeking changes to the bank's risk management.

The results look to have already had an impact on JP Morgan's thinking, with lead director Lee R. Raymond reportedly telling the AGM: "In terms of the composition of the risk committee, you should stay tuned." Bloomberg also speculates that the bank might choose to strengthen Raymond's own role, presumably in an effort to counter-act concerns about concentration of power. It has also been suggested that the chair and chief executive roles could be split once Dimon leaves the board.

Walmart hit by rare AGM protest

Shareholders of Wal-Mart Stores Inc expressed significant opposition to the company's management at its annual meeting.

At its AGM 12% of voting shares were cast against Chief Executive Mike Duke. Board chairman Robson Walton, son of the founder Sam Walton, received a 10% vote against. Christopher Williams, chair of the audit committee, received a 12% vote against. The votes reflect shareholders dissatisfaction with Wal-Mart's response to allegations of violations of U.S. law prohibiting bribery in foreign countries, its treatment of workers and its safeguards to ensure that its products are made in humane conditions. There was also a vote of more than 17% in favour of a shareholder proposal to empower the board to call for a special shareowner meeting in order to vote on important matters. The request for this arose in the shadow of the recent disasters at textile factories in Bangladesh, which supply also Wal-Mart.

More News Corp news

News Corp's split into two separate businesses was approved in June. There's an interesting theory about one reason behind the split.

In a piece for New Republic this week, Peter Jukes (who has written a book on the hacking scandal) suggest that splitting new News Corp off from Fox allows the latter to remain clear of any legal or financial liabilities relating to the publishing business. Specifically, he suggests this may in part be intended to deal with a possible settlement with the Department of Justice relating to breaches of the Foreign Corrupt Practices Act. Given well-documented cases of News Corp titles paying for information, action under the FCPA has long been considered a possibility.

Separately, key figures in the hacking scandal soon face their day in court. The trial of former News International chief executive Rebekah Brooks will take place in September. Brooks faces charges relating to hacking phones, paying public officials for information and conspiring with others to hide information relating to hacking from the police. The Prime Minister's former director of communications, Andy Coulson, also faces a charge of phone hacking.

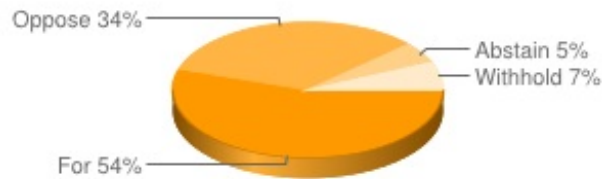
US Voting Charts

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	561
Oppose	346
Abstain	55
Withhold	68
Withdrawn	0
Total	1030

Meetings	AGM	EGM	Total
Total Meetings	81	0	81
1 (or more) oppose or abstain vote	81	0	81

US Voting Record



US AGM Record



US EGM Record

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

US Voting Timetable Q1 2013

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

Voted Meetings

Table 7: Meetings voted in the quarter

	Company	Meeting Date	Type	Date Voted
1	BANK OF NEW YORK MELLON CORP.	09 Apr 13	AGM	2013-03-25
2	MOODY'S CORP.	16 Apr 13	AGM	2013-04-10
3	SHERWIN-WILLIAMS CO	17 Apr 13	AGM	2013-04-02
4	eBAY INC.	18 Apr 13	AGM	2013-04-11
5	TEXAS INSTRUMENTS INC.	18 Apr 13	AGM	2013-04-10
6	HONEYWELL INTERNATIONAL INC.	22 Apr 13	AGM	2013-04-15
7	AMEREN CORPORATION	23 Apr 13	AGM	2013-04-15
8	PRAXAIR INC.	23 Apr 13	AGM	2013-04-15
9	AMERICAN ELECTRIC POWER CO INC	23 Apr 13	AGM	2013-04-15
10	LIFE TECHNOLOGIES CORP	24 Apr 13	AGM	2013-04-15
11	AT&T INC.	24 Apr 13	AGM	2013-04-16
12	HCP INC	25 Apr 13	AGM	2013-04-16
13	JOHNSON & JOHNSON	25 Apr 13	AGM	2013-04-16
14	INTUITIVE SURGICAL INC	25 Apr 13	AGM	2013-04-16
15	SNAP-ON INC.	25 Apr 13	AGM	2013-04-16
16	CENTERPOINT ENERGY	25 Apr 13	AGM	2013-04-16
17	PFIZER INC.	25 Apr 13	AGM	2013-04-16
18	FLIR SYSTEMS INC.	26 Apr 13	AGM	2013-04-17
19	CINCINNATI FINANCIAL CORP.	27 Apr 13	AGM	2013-04-18
20	HARLEY-DAVIDSON INC	27 Apr 13	AGM	2013-04-18
21	UNITED TECHNOLOGIES CORP	29 Apr 13	AGM	2013-04-19
22	TERADATA CORP	30 Apr 13	AGM	2013-04-22
23	INTERNATIONAL FLAV/FRAG INC.	30 Apr 13	AGM	2013-04-22
24	L-3 COMMUNICATIONS HOLDINGS INC	30 Apr 13	AGM	2013-04-22
25	THE HERSHEY COMPANY	30 Apr 13	AGM	2013-04-22
26	MEAD JOHNSON NUTRITION CO	30 Apr 13	AGM	2013-04-22
27	PEPSICO INC.	01 May 13	AGM	2013-04-23
28	DTE ENERGY CO.	02 May 13	AGM	2013-04-23
29	KIMBERLY CLARK CORP	02 May 13	AGM	2013-04-24
30	WISCONSIN ENERGY CORP.	02 May 13	AGM	2013-04-23
31	VERIZON COMMUNICATIONS INC	02 May 13	AGM	2013-04-23
32	UNITED PARCEL SERVICE INC	02 May 13	AGM	2013-04-23
33	EOG RESOURCES INC	02 May 13	AGM	2013-04-23
34	EQUIFAX INC.	02 May 13	AGM	2013-04-24
35	TENET HEALTHCARE CORP.	03 May 13	AGM	2013-04-24
36	ENTERGY CORP.	03 May 13	AGM	2013-04-24
37	LILLY (ELI) & CO	06 May 13	AGM	2013-04-24
38	ALTERA CORP.	06 May 13	AGM	2013-04-25

39	PHILIP MORRIS INTERNATIONAL INC.	08 May 13	AGM	2013-05-01
40	LABORATORY CORP. OF AMERICA	08 May 13	AGM	2013-05-02
41	WATERS CORPORATION	09 May 13	AGM	2013-05-03
42	REYNOLDS AMERICAN INC	09 May 13	AGM	2013-05-07
43	MATTEL INC.	10 May 13	AGM	2013-05-07
44	3M COMPANY	14 May 13	AGM	2013-05-02
45	NISOURCE INC.	14 May 13	AGM	2013-05-07
46	DISCOVERY COMMUNICATIONS INC	14 May 13	AGM	2013-05-07
47	PINNACLE WEST CAPITAL CORP	15 May 13	AGM	2013-05-09
48	NORTHROP GRUMMAN CORP.	15 May 13	AGM	2013-05-09
49	PPL CORP.	15 May 13	AGM	2013-05-10
50	WELLPOINT INC	15 May 13	AGM	2013-05-10
51	INTEL CORP	16 May 13	AGM	2013-05-03
52	DR PEPPER SNAPPLE GROUP INC.	16 May 13	AGM	2013-05-09
53	ALTRIAGROUP INC.	16 May 13	AGM	2013-05-10
54	UNION PACIFIC CORP.	16 May 13	AGM	2013-05-13
55	PROGRESSIVE CORP.	16 May 13	AGM	2013-05-13
56	CONSOLIDATED EDISON INC	20 May 13	AGM	2013-05-14
57	ALLSTATE CORP.	21 May 13	AGM	2013-05-13
58	GAP INC	21 May 13	AGM	2013-05-14
59	OMNICOM GROUP INC	21 May 13	AGM	2013-05-15
60	MONDELEZ INTERNATIONAL INC	21 May 13	AGM	2013-05-15
61	TERADYNE INC.	21 May 13	AGM	2013-05-15
62	AMGEN INC.	22 May 13	AGM	2013-05-16
63	XCEL ENERGY INC.	22 May 13	AGM	2013-05-16
64	CENTURYLINK INC	22 May 13	AGM	2013-05-16
65	NATIONAL OILWELL VARCO INC	22 May 13	AGM	2013-05-16
66	SOUTHERN CO.	22 May 13	AGM	2013-05-16
67	KRAFT FOODS GROUP INC	22 May 13	AGM	2013-05-16
68	THERMO FISHER SCIENTIFIC INC.	22 May 13	AGM	2013-05-16
69	HOME DEPOT INC	23 May 13	AGM	2013-05-16
70	NEXTERAENERGY INC	23 May 13	AGM	2013-05-16
71	AMAZON COM INC.	23 May 13	AGM	2013-05-16
72	DEVON ENERGY CORP.	05 Jun 13	AGM	2013-05-22
73	Google Inc.	06 Jun 13	AGM	2013-05-23
74	WAL MART STORES INC	07 Jun 13	AGM	2013-05-28
75	TJX COS INC	11 Jun 13	AGM	2013-05-30
76	MASTERCARD INC	18 Jun 13	AGM	2013-06-10
77	CARMAX INC	24 Jun 13	AGM	2013-06-18
78	YAHOO INC.	25 Jun 13	AGM	2013-06-18
79	BED BATH & BEYOND INC	28 Jun 13	AGM	2013-06-18
80	TRIPADVISOR INC -SPN	28 Jun 13	AGM	2013-06-18

Not Voted Meetings

Table 8: Meetings not voted in quarter

	Company	Meeting Date	Type	Reason Not Voted
1	MCCORMICK & CO	03 Apr 13	AGM	Non Voting Shares.

US Upcoming Meetings Q3 2013

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

Table 9: Upcoming Meetings

	Company	Meeting Date	Type
1	SMUCKER (JM) CO.	14 Aug 13	AGM
2	XILINX INC.	14 Aug 13	AGM
3	MEDTRONIC INC	23 Aug 13	AGM
4	H&R BLOCK INC.	13 Sep 13	AGM
5	NIKE INC.	20 Sep 13	AGM
6	CONAGRAFOODS INC.	21 Sep 13	AGM
7	FEDEX CORPORATION	24 Sep 13	AGM

Japanese 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.

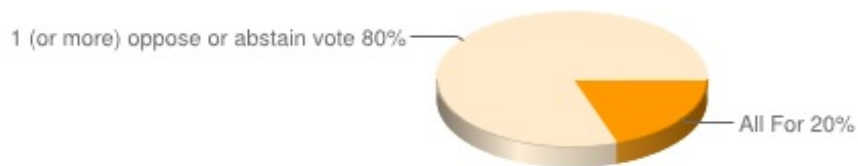
Total Resolutions	
For	274
Oppose	40
Abstain	1
Withdrawn	0
Total	315

Meetings	AGM	EGM	Total
Total Meetings	25	0	25
1 (or more) oppose or abstain vote	20	0	20

Japanese Voting Record



Japanese AGM Record



Japanese EGM Record

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

Japanese Voting Timetable Q1 2013

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

Voted Meetings

Table 10: Meetings voted in the quarter

	Company	Meeting Date	Type	Date Voted
1	LAWSON INC	21 May 13	AGM	2013-05-09
2	KEYENCE CORP	13 Jun 13	AGM	2013-06-03
3	TOYOTAMOTOR CORP	14 Jun 13	AGM	2013-06-04
4	NTT DOCOMO INC	18 Jun 13	AGM	2013-06-04
5	ASTELLAS PHARMA INC	19 Jun 13	AGM	2013-06-06
6	ITOCHU TECHNO-SOLUTIONS CORP	20 Jun 13	AGM	2013-06-06
7	OMRON CORP	20 Jun 13	AGM	2013-06-10
8	TOKYO ELECTRON LTD	21 Jun 13	AGM	2013-06-07
9	EISAI CO LTD	21 Jun 13	AGM	2013-06-10
10	KYOWAEXEO CORP	21 Jun 13	AGM	2013-06-13
11	NAMCO BANDAI HLDGS INC	24 Jun 13	AGM	2013-06-12
12	SANTEN PHARMACEUTICAL	25 Jun 13	AGM	2013-06-12
13	INPEX CORP	25 Jun 13	AGM	2013-06-13
14	SQUARE ENIX HLDGS CO LTD	25 Jun 13	AGM	2013-06-12
15	TAKEDAPHARMACEUTICAL CO	26 Jun 13	AGM	2013-06-14
16	ONO PHARMACEUTICAL CO LTD	26 Jun 13	AGM	2013-06-14
17	DAWASECURIITIES GROUP INC	26 Jun 13	AGM	2013-06-14
18	OLYMPUS CORP	26 Jun 13	AGM	2013-06-14
19	SHIONOGI & CO LTD	26 Jun 13	AGM	2013-06-14
20	HIROSE ELECTRIC CO LTD	27 Jun 13	AGM	2013-06-17
21	KAKEN PHARMACEUTICAL CO LTD	27 Jun 13	AGM	2013-06-17
22	KANSAI PAINT CO LTD	27 Jun 13	AGM	2013-06-17
23	ROHM CO LTD	27 Jun 13	AGM	2013-06-18

Not Voted Meetings

Table 11: Meetings not voted in quarter

	Company	Meeting Date	Type	Reason Not Voted
1	THK CO LTD	15 Jun 13	AGM	Shares not held at record date.
2	SMC CORP	27 Jun 13	AGM	No holdings at record date

Japanese Upcoming Meetings Q3 2013

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

Table 12: Upcoming Meetings

	Company	Meeting Date	Type
1	ORACLE CORP JAPAN	24 Aug 13	AGM

Global Corporate Governance Review

Factory collapse kills hundreds

In April the collapse of a factory, and a subsequent fire, killed over 1,000 workers in Bangladesh. The disaster should lead to renewed investor scrutiny of safety issues.

The collapse of the Rana Plaza building, which to date has claimed the lives of over 1,000 people, has already led to the arrest of the factory owner, Sohel Rana, who appears to have sought to flee the country. Around 3,000 workers were in the building when it collapsed, of whom over 2,400 are known to have escaped. However the disaster may yet claim more lives, especially given a subsequent fire caused by rescue equipment.

The building housed a number of garment factories which produced clothing for Western companies, including Primark, which has already offered to pay compensation, according to reports. The Rana Plaza collapse also comes less than six months after another factory fire when over 110 people died. In that case the factory was producing clothes for Walmart. As such the disaster may lead to further scrutiny of supply chains.

However, these disasters should prompt investors to devote more attention to the question of safety standards at investee companies. Ironically the factory collapse coincided with World Day for Safety and Health at Work, which seeks to draw attention to emerging trends in the field of occupational safety and health and the magnitude of work-related injuries, diseases and fatalities worldwide.

Investor initiatives around safety issues have been limited in recent years, despite some reactive work done in response to the BP Gulf of Mexico disaster. Canadian shareholder group SHARE produced useful guidance on health and safety in 2012, but such examples are rare. We noted previously in PIRC Alerts, the UK's attempt at a safety index, to allow investors and others to compare companies, called CHaSPI, was withdrawn last year.

However, cases like BP demonstrate that there is a real risk to shareholder value from getting safety wrong. So, if any good is to come out of the disaster in Bangladesh, greater investor scrutiny of these issues should be part of it.

Barrick bonuses badly battered

If the UK saw no repeat of its 'shareholder spring' in 2013, April did see a truly impressive shareholder revolt over pay in Canada.

At Barrick Gold a staggering 85% of votes were cast against the company on the resolution seeking approval for its executive compensation policy. There was considerable shareholder dissent as a result of the \$11.9 million signing-on bonus John Thornton received as part of his appointment as executive co-chairman. PIRC had recommended opposition.

First Female CEO at Tepco

Rieko Sato became the first female corporate officer at Tokyo Electric Power Company (Tepco).

Gender balance at Japan's company boards is still a far cry, with less than 5 per cent of listed company boards including female directors. The gender pay gap of 40 per cent in the workplace is one of the highest in the world.

Ms. Sato's calm manner and perfect posture is very much in opposition to other male senior executive stuff and seems to be a well needed attribute for a company that is in the midst of a major restructuring, cutting costs and seeking to restore public confidence. Tepco is, namely, still struggling to recover from the international infamy after its Fukushima power plant was severely damaged in the March 2011 earthquake and tsunami.

The female CEO remembers that at the beginning of her career she would never get challenging roles as men were always trying to be kind and spare her from doing “too hard work”. She believes that all women start their career with the same mentality as men but as they realise that companies do not expect so much from them they often lose their sense of ambition.

In Ms. Sako’s view women are responsible for the persistence of the salaryman culture. She says “women need to be bold and take responsibility and say, ‘I can do this’ and show the boss what they can do” if they want to avoid that men will keep getting all the roles.

China’s carbon trading scheme

China’s first pilot carbon-trading scheme will be launched next month. But the resulting carbon market may have little effect on the country’s carbon emissions as long as the State controls electricity prices.

China, which is responsible for the surge in CO₂ emissions since the 2000s due to its catch-up growth, has released details of its first pilot carbon-trading scheme in Shenzhen. The biggest country emitter of CO₂ plans to experiment with carbon trading schemes in the next three years as it seeks to cut emissions. The scheme in Shenzhen will be joined by an additional six in other Chinese cities by 2014. The schemes seek to cut emissions by encouraging companies to curb their carbon dioxide emissions, by distributing permits equal to one tonne of carbon to each emitter. This will create a price on carbon dioxide, the main man-made greenhouse gas considered to be responsible for climate change.

The seven schemes, which would in total cover around seven per cent of China’s total carbon emissions, are the first step towards what might become a nationwide scheme in the future. However, the whole initiative might have no effect on electricity producers, which account for the bulk of carbon emissions, because of the Chinese government’s control of electricity prices. A CO₂ trading scheme requires a functioning market in order to be effective.

Japan’s flood of investor props

There have been already more than hundred shareholder proposals in Japan this year, according to PIRC research.

More than 100 shareholder proposals have been filed at the largest Japanese companies, while more ballots are to be disclosed over the next few days. The majority of shareholder resolutions on a variety of issues were filed at electric companies, the same as last year, with 28 at Kansai Electric Power, 15 at Tokyo Electric Power Co Inc (TEPCO) and seven each at Chubu Electric Power Co Inc and Kyushu Electric Power Co Inc. The optical glass manufacturer HOYA Corp received 9 shareholder resolutions. Its investors propose, among others, individual disclosure of remunerations to directors and executive officers, separation of roles of chairman of the board and CEO, and a director nominee.

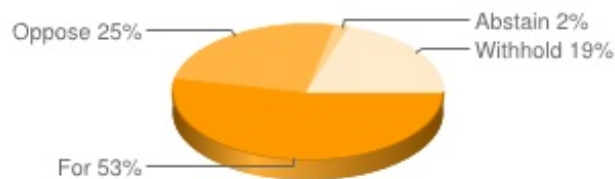
Global Voting Charts

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.

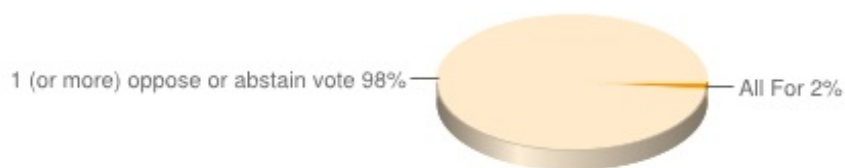
Total Resolutions	
For	304
Oppose	142
Abstain	14
Withhold	111
Withdrawn	0
Total	571

Meetings	AGM	EGM	Total
Total Meetings	57	2	59
1 (or more) oppose or abstain vote	56	2	58

Global Voting Record



Global AGM Record



Global EGM Record



Global Voting Timetable Q1 2013

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

Voted Meetings

Table 13: Meetings voted in the quarter

	Company	Meeting Date	Type	Date Voted
1	ODONTOPREV SA	02 Apr 13	AGM	2013-03-19
2	SYNOPTYS INC	03 Apr 13	AGM	2013-03-19
3	BANK OF MONTREAL	10 Apr 13	AGM	2013-03-25
4	FAIRFAX FINANCIAL HOLDINGS	11 Apr 13	AGM	2013-03-26
5	BM&F BOVESPASA	15 Apr 13	EGM	2013-04-08
6	BM&F BOVESPASA	15 Apr 13	AGM	2013-04-08
7	AMERICAMOVIL SADE CV	22 Apr 13	EGM	2013-04-15
8	AMERICAMOVIL SADE CV	22 Apr 13	AGM	2013-04-15
9	CANADIAN NATIONAL RAILWAY CO	23 Apr 13	AGM	2013-04-15
10	NATIONAL BANK CANADA	24 Apr 13	AGM	2013-04-16
11	CANADIAN IMPERIAL BANK	25 Apr 13	AGM	2013-04-16
12	RITCHIE BROS AUCTIONEERS INC	25 Apr 13	AGM	2013-04-16
13	HERBALIFE LTD	25 Apr 13	AGM	2013-04-22
14	NATIONAL HEALTH INVESTORS	29 Apr 13	AGM	2013-04-23
15	PETROBRAS-PETROLEO BRASILIER	29 Apr 13	AGM	2013-04-23
16	TURKIYE GARANTI BANKASI AS	30 Apr 13	AGM	2013-04-22
17	SCHIBSTED ASA	30 Apr 13	AGM	2013-04-22
18	DAVIDE CAMPARI SPA	30 Apr 13	AGM	2013-04-22
19	DRAGON OIL PLC	30 Apr 13	AGM	2013-04-23
20	BELL ALIANT INC	02 May 13	AGM	2013-04-25
21	GPT GROUP	02 May 13	AGM	2013-04-25
22	CHURCH & DWIGHT INC	02 May 13	AGM	2013-04-30
23	COCA-COLAAMATIL LTD	07 May 13	AGM	2013-04-30
24	MOHAWK INDUSTRIES INC	08 May 13	AGM	2013-05-07
25	CALLOWAY REAL ESTATE INVT TR	09 May 13	AGM	2013-05-06
26	MANITOBATELECOM SVCS INC	09 May 13	AGM	2013-05-06
27	MULLEN GROUP LTD	09 May 13	AGM	2013-05-06
28	BCE INC	09 May 13	AGM	2013-05-08
29	MARKEL CORP	13 May 13	AGM	2013-05-10
30	RHEINMETALL AG	14 May 13	AGM	2013-05-06
31	AIMI INC	14 May 13	AGM	2013-05-09
32	FIRST REPUBLIC BANK	14 May 13	AGM	2013-05-13
33	BIM BIRLESIK MAGAZALAR	15 May 13	AGM	2013-05-01
34	BIC SOCIETE	15 May 13	AGM	2013-05-02
35	CIMAREX ENERGY CO	15 May 13	AGM	2013-05-13
36	JARDINE MATHESON HLDGS LTD	16 May 13	AGM	2013-05-06
37	SYDNEY AIRPORT	16 May 13	AGM	2013-05-09
38	PARTNERRE LTD	17 May 13	AGM	2013-05-16

39	ULTRAPETROLEUM CORP	21 May 13	AGM	2013-05-15
40	ROYAL CARIBBEAN CRUISES LTD	22 May 13	AGM	2013-05-15
41	NATIONAL RETAIL PROPERTIES	23 May 13	AGM	2013-05-21
42	HEALTH NET INC	23 May 13	AGM	2013-05-21
43	VECTOR GROUP LTD	28 May 13	AGM	2013-05-22
44	WESTFIELD GROUP	29 May 13	AGM	2013-05-22
45	ILLUMINAINC	29 May 13	AGM	2013-05-24
46	SBERBANK OF RUSSIAOJSC	31 May 13	AGM	2013-05-20
47	ARES CAPITAL CORP	04 Jun 13	AGM	2013-05-31
48	TESLAMOTORS INC	04 Jun 13	AGM	2013-05-31
49	NEW YORK COMMUNITY BANCORP INC	06 Jun 13	AGM	2013-06-04
50	LIVE NATION ENTERTAINMENT	06 Jun 13	AGM	2013-06-04
51	OMEGAHEALTHCARE INVS INC	06 Jun 13	AGM	2013-06-04
52	FACEBOOK INC	11 Jun 13	AGM	2013-06-07
53	CI FINANCIAL CORP	13 Jun 13	AGM	2013-06-04
54	MAIN STREET CAPITAL CORP	13 Jun 13	AGM	2013-06-12
55	QIAGEN NV	26 Jun 13	AGM	2013-06-12

Not Voted Meetings

Table 14: Meetings not voted in quarter

	Company	Meeting Date	Type	Reason Not Voted
1	WEIGHT WATCHERS INTL INC	07 May 13	AGM	No shares available to vote
2	AMERICAN WATER WORKS CO INC	13 May 13	AGM	Admin error
3	MFAFINANCIAL INC	22 May 13	AGM	Shares bought after record date.
4	GENERAL MOTORS CO	06 Jun 13	AGM	Shares not held at record date.

Global Upcoming Meetings Q3 2013

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

Table 15: Upcoming Meetings

	Company	Meeting Date	Type
1	BAIDU INC -ADR	01 Aug 13	AGM
2	EMS-CHEMIE HOLDING AG	11 Aug 13	AGM
3	NASPERS LTD	31 Aug 13	AGM

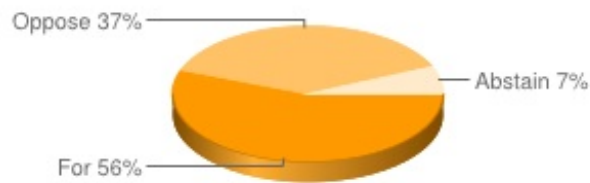
Asian Voting Charts

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.

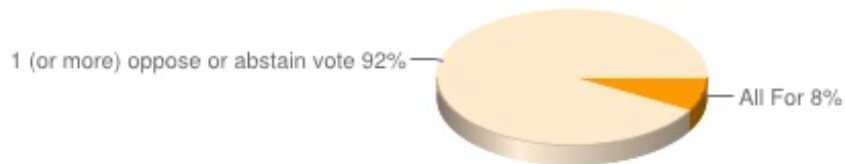
Total Resolutions	
For	76
Oppose	50
Abstain	9
Withdrawn	0
Total	135

Meetings	AGM	EGM	Total
Total Meetings	12	3	15
1 (or more) oppose or abstain vote	11	2	13

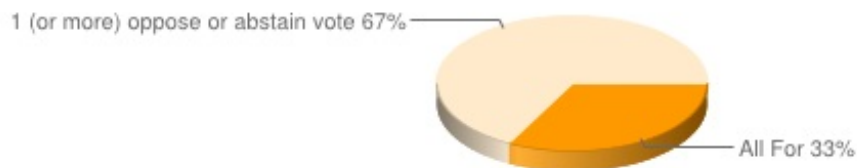
Asian Voting Record



Asian AGM Record



Asian EGM Record



Asian Voting Timetable Q1 2013

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

Voted Meetings

Table 16: Meetings voted in the quarter

	Company	Meeting Date	Type	Date Voted
1	M 1 LTD	05 Apr 13	AGM	2013-03-28
2	STARHUB LTD	15 Apr 13	AGM	2013-04-09
3	STARHUB LTD	15 Apr 13	EGM	2013-04-09
4	COMFORTDELGRO CORP LTD	26 Apr 13	AGM	2013-04-17
5	HANG SENG BANK LTD	16 May 13	AGM	2013-05-13
6	TELEVISION BROADCASTS LTD	22 May 13	AGM	2013-05-14
7	CHINARESOURCE ENTERPRISES	24 May 13	AGM	2013-05-21
8	CHINAMOBILE LTD	30 May 13	AGM	2013-05-17
9	SHANDONG WEIGAO GP MED POYL	31 May 13	AGM	2013-05-24
10	TAIWAN SEMICONDUCTOR MFG CO	11 Jun 13	AGM	2013-06-04
11	SINGAPORE PRESS HOLDINGS LTD	18 Jun 13	EGM	2013-06-10
12	TSINGTAO BREWERY CO LTD	25 Jun 13	AGM	2013-06-18
13	SINGAPORE POST LTD	28 Jun 13	AGM	2013-06-19
14	SINGAPORE POST LTD	28 Jun 13	EGM	2013-06-18

Not Voted Meetings

Table 17: Meetings not voted in quarter

	Company	Meeting Date	Type	Reason Not Voted
1	ICICI BANK LTD	24 Jun 13	AGM	No ballot

Asian Upcoming Meetings Q3 2013

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.

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.

Japanese

Analysis for "Oppose" and "Abstain" votes for resolutions at Japanese 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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