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RI Governance & Engagement, February 25: Shareholders lodge 360 US AGM resolutions

by **RI journalists** | February 25th, 2011

Shareholders in US companies have lodged 360 resolutions for vote at this year's corporate annual general meetings, according to the annual proxy season preview of the As You Sow foundation. Nearly 290 proposals are still pending meaning that they will usually go to an AGM vote. Of the total filed resolutions, 131 are either on environmental issues or requests for sustainability reports. A further 84 cover political contributions. Two other major issues —each with about 45 resolutions—are calls for workplace and corporate board diversity reforms and labour and human rights actions. Other resolutions lodged include health care issues (18), animal welfare (16), and mortgage foreclosures (15). SRI fund managers are the primary filers for 24% of resolutions this year, while pension funds are the primary filers for 19% or 68 resolutions. The New York State Common Retirement Fund has sponsored 33 proposals, followed by the New York City Pension Funds with 27. CalSTRS has sponsored five resolutions and the Connecticut Retirement Funds three. The US Interfaith Center on Corporate Responsibility (ICCR), was another primary filers of 55 proposals this year (15%). US labour unions are primary filers on 47 proposals (8%). Link

The European Corporate Governance Service, the joint venture of advisory firms Ethos, Proxinvest, DSW and Shareholder Support, says it intends to promote the UK's Stewardship Code for institutional investors with international clients. ECGS adds that it "encourages the development of a European Stewardship Code". The remarks come in the group's new corporate governance principles. Link

Trillium Asset Management has withdrawn a shareholder proposal for the Royal Bank of Canada's annual general meeting on March 3 on the financial risks of oil sands operations. Vancity Investment Management has withdrawn a proposal relating to aboriginal rights. Shareholder advocacy group Mouvement d'éducation et de défense des actionnaires (MEDAC) has submitted four proposals on women on the board, pay ratio, tax havens and peer comparisons of compensation. Link to proxy

The Finnish Shareholders Association and the Finnish state have proposed that the supervisory board of energy firm Fortum be dissolved and that the Articles of Association be amended at the AGM on March 31. There's also a proposal to appoint a Nomination Board to prepare proposals on board pay for the 2012 AGM.

Ethos, the Geneva-based foundation which looks after more than CHF2.3bn (€1.4bn) in assets for more than 100 pension funds and foundations, is recommending a no vote against the director remuneration package at Roche, the Swiss healthcare company, at its March 1 AGM in Basel. However, Ethos said it expected to have little influence on the vote because of Roche's share register. Roche has two classes of shareholders, bearer holders with voting rights held mostly by the company's founding families and 30% by Novartis. Most institutional investors at Roche hold only non-voting shares.

Twenty-four institutional investors with $1.6trn (€1.2trn) in assets under management have written to 30 of the world's largest stock exchanges calling on them to address corporate sustainability reporting. The group, coordinated by Aviva Investors, includes pension institutions such as Sweden's Sjunde AP-fonden (AP7), Canada's BC Investment Management Corp., the UK's Environment Agency Active Pension Fund and North East Scotland Pension Fund and France's Fonds de réserve pour les retraites (FRR).

A group of institutional investors including the Public Employees Retirement Systems of Mississippi, the UK's Mineworkers Pension Scheme, Norwegian fund firm Skagen AS and Denmark's Sampension are to receive $125m from Indi-

an software firm Satyam Computer Services Ltd, according to a Reuters report. They had litigated claiming the company had deliberately misled them about its performance.

There's both "consensus and dissonance" between investors and companies in the US, according to a new study for the Investor Responsibility Research Center Institute conducted by ISS. The State of Engagement between U.S. Corporations and Shareholders is the first ever benchmarking of the level of engagement between investors and issuers.

James McRitchie, the publisher of CorpGov.Net, has tabled a shareholder proposal ahead of the February 28 annual meeting US organic food retailer Whole Foods Market calling for an independent board chairman. The company says this proposal has been "soundly" rejected on each of the three previous times it has been submitted. Link to proxy.

Canadian proxy firm Kingsdale Shareholder Services has signed up two new clients recently. They are Canadian Oil Sands Ltd. and power generation giant TransAlta Corp. Link

Asset managers are reporting higher interest in environmental, social and governance (ESG) issues from their pension fund clients, according to a survey of over 30 investment managers in the UK conducted for Citigroup. The study, by consultant Peter Lloyd, a former director of Schroder Salomon Smith Barney, found a widespread view among managers that pressure for better engagement will come from underlying clients – "especially pension funds".

The London Borough of Croydon's pension fund investment committee is to tell its fund managers to vote against any board remuneration proposal at the April 27 AGM of UK bank Barclays, according to a report in Engaged Investor.

Investors in the US are continuing to support annual advisory votes on executive pay by a two to one margin, according to the latest ISS data, which includes voting results from 13 S&P 500 and 40 Russell 3000 companies.

Investor focus will now shift to CEO succession planning at Apple following the passing of CalPERS' proposal that the iPod maker adopt a majority vote standard for board candidates in uncontested elections. Proxy voting firms Egan-Jones Proxy Services, Glass Lewis and ISS had all backed the motion.

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