Global Proxy Review

A pension trustee's guide to key shareholder votes in 2014

committee on workers' capital

Global Unions Committee on Workers' Capital

About the CWC

The Global Unions Committee on Workers' Capital (CWC) is an international labour union network for dialogue and action on the responsible investment of workers' retirement savings. It is a joint initiative of the International Trade Union Confederation (ITUC), the Global Unions Federation (GUFs), and the Trade Union Advisory Committee to the OECD (TUAC).

The CWC works to educate union pension trustees on responsible investment issues, monitor global trends and policies related to corporate and financial market governance, and examine ways in which the responsible investment of workers' capital can yield economic and social value in our communities.

Acknowledgements

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The Global Proxy Review is compiled in collaboration with labour and responsible investment organizations across the globe. The following partners generously contributed data, time and expertise to this report:

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- **Canada:** Catherine Smith and Peter Chapman, Shareholder Association for Research and Education (SHARE)
- **France:** Éric Loiselet, Réseau des administrateurs pour l'investissement responsable (RAIR) and Emmanuel Mermet, Comité intersyndical pour l'épargne salariale (CIES)
- **The Netherlands:** Rients Abma, Eumedion
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- **United Kingdom:** Janet Williamson, Trades Union Congress; Tom Powdrill, International Transport Federation (ITF)
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1.0 Introduction

The Global Unions Committee on Workers' Capital (CWC) promotes the responsible investment of workers' retirement savings. Through the Global Proxy Review project we hope to provide employee and trade-union pension fund trustees with important information that can support dialogue with fund and proxy voting managers to address environmental, social, and corporate governance (ESG) issues that are important to the labour movement. The key vote information in this report allows trustees to evaluate how global proxy votes were cast on their behalf during 2014 and to review their fund manager's performance.

What is new for 2014

There are four novel elements in the 2014 edition:

1. Analysis of the challenges associated with proxy voting in different investment vehicles: section 4 of the report describes the differences between segregated and pooled funds and analyses the factors that constrain the ability of asset owners to effectively ensure that proxy votes are cast according to a pension plan's voting guidelines.
2. Spotlight on executive compensation: all partners agreed that comparing how one issue is dealt with in their respective jurisdiction would help understand similarities and differences across markets. Thus, for each country featured in the report, all partners selected at least one vote that dealt with the issue of executive compensation. This will be supplemented by national profiles to be released on an individual basis after the publication of the Global Proxy Review 2014 report.
3. Inclusion of market capitalisation figures in USD and main stock market indices on which featured companies figure.
4. The addition of France as a country featured in the report: Two France-based partners contributed to the French submission: The Comité Intersyndical de l'épargne salariale (CIES), an inter-union committee that oversees a socially responsible investing label, and the Réseau des administrateurs pour l'investissement responsable (RAIR).

The interactive web-based version of Global Proxy Review, found at www.workerscapital.org/proxyreview, has been updated to compile votes from multiple years.

What you will find in this report

This fourth *Global Proxy Review* report covers forty votes at company annual general meetings (AGMs) during the first through the third quarter of 2014 in nine countries.

In the following pages you will find:

- The project methodology; and
- An analysis of proxy voting in different investment vehicles.

Guidance for using the report:

- "Votes at a Glance" summary of the 2014 report findings;
- Country-by-country analysis of key votes;
- Introductions to the project partners and information about their selected votes;
- A detailed summary of each key vote; and
- A trustee vote checklist to use when communicating with proxy voting services and fund managers.

2.0 Methodology

Global Proxy Review takes a collaborative, qualitative case-study approach. Coordinated by the CWC Secretariat, project partners in each country followed three steps to gather and compile the key vote information.

Step 1: Development of Vote Selection Criteria

CWC staff developed criteria for vote selection, which was reviewed and approved by the project partners. Collaborators considered existing proxy voting surveys, proxy voting recommendations, and proxy voting guidelines published by project partners, as well as the United Nations-supported Principles of Responsible Investment (PRI) when developing the criteria. For 2014, partners adopted executive compensation as an overarching report theme; they were asked to select at least one vote that related to executive compensation.

Partners were asked to select votes:

- That occurred at widely-held, large cap companies likely to be included in international investment portfolios;
- For which the partner opposed management's recommendation;
- For which the partner recommendation can be supported with a concise, clear cut, and defensible rationale;
- Of significant importance to the labour movement and within the Environmental, Social and Governance (ESG) pillars of responsible investing.

Step 2: Application of Criteria to National Key Votes

Each partner had the exclusive responsibility to apply the criteria systematically and select five key proxy votes at companies based in their home countries.

Step 3: Review of Selected Votes and Final Report

Project partners and the CWC Secretariat reviewed the complete set of votes to ensure consistency with the vote selection criteria. Project partners and members of the CWC Working Group on Shareholder Activism reviewed the final report before publication.

Data about company finances and indices were retrieved primarily by accessing online company information from business news sources, or were included in partner submissions to the report.[1] Currency figures are rounded and expressed as millions in the original currency for readability and ease of use. Furthermore, they are converted in U.S. dollars and reported in italics with prevailing exchange rates in December 2014. Figures are rounded and expressed as millions of the appropriate currency for readability and ease of use.

3.0 Global proxy voting: exercising ownership rights in segregated and pooled funds

Workers' capital, active ownership and responsible investment

The term "workers' capital" primarily refers to employees' retirement savings. Pension funds are the predominant financial vehicles of employees' retirement savings. Given that occupational pension plans – linked to an employment relationship between the employees and the entity establishing the plan[2] – aggregate a large pool of savings under a common governance structure, they have the potential to be an important vehicle for active ownership. A significant part of pension fund assets are invested in the shares of publicly-traded companies in both home markets and those of other countries. Thus, as the ultimate beneficiaries and owners of retirement funds, workers are the indirect owners of a substantial portion of the world's equities.

The difference between segregated and pooled funds

An important role of pension trustees is to evaluate and select investment approaches in line with their fiduciary duty toward beneficiaries. One component of the investment approach is the selection of an investment vehicle that aligns with a plan's objectives. The two principal types of investment vehicles that are available to investors are segregated funds – or separately managed accounts –and pooled investment funds. Pension plans may use a mix of segregated and pooled funds in their investment strategy.

When a plan invests in segregated funds, it owns each individual security in companies in which the fund invests – segregated funds can be thought of as a 'fund for one'. Segregated funds are generally an option for larger investors because a minimum initial investment is often required.[3] One reason for this is that segregated funds are more expensive to administer given that asset owners have the ability to tailor a fund so that it meets their specific investment objectives.[4]

In pooled funds, a plan owns a slice of the whole pool that is invested according to a pre-determined investment strategy. Pooled funds include collective investment funds, mutual funds and exchange traded funds. Pooled funds tend to provide the benefits of diversification at a lower cost than segregated funds because expenses related to managing a fund are distributed among numerous investors. Investors thus benefit from economies of scale. However, investors forego a degree of control and transparency. For example, fund performance is usually reported quarterly and may only include a list of the largest holdings within the pool; there may be more difficulty determining the style focus of a fund manager.[5]

Complexities in investment chain regulation along with a lack of mandatory disclosure of certain types of funds make it difficult to identify a global pattern with respect to the preference of pension plans for segregated or pooled funds. For example, in the U.S., under the Employee Retirement Income Security Act (ERISA), regulators collect information about investments managers' asset under management but they do not routinely collect information about separate account holdings.[6]

The impact of investment vehicle selection on proxy voting

Active ownership and responsible investment include the exercise of shareholder rights. Shareholder voting is a primary way for investors to influence a company's operations, and its impacts on society at large. For pension funds, these voting rights are often exercised by proxy. Proxy voting is therefore a powerful opportunity for action to promote labour values, human rights, and ESG principles.[7] The type of investment vehicle – segregated or pooled – that is selected to invest funds has a significant impact on the ability of trustees to ensure that the holdings are voted in line with ESG principles.

Segregated funds tend to provide an easier route for trustees to exercise ownership rights. Indeed, given that a pension plan investing through segregated funds directly owns shares in specific companies, trustees may require that their fund manager follow specific proxy voting guidelines. In the case of pooled funds, where a pension plan does not own the individual securities, trustees generally do not have the ability to require that a fund manager change its proxy voting guidelines – because any given pension plan is one among other clients in the fund. Thus, there may be instances where the proxy voting guidelines adopted by a plan differ from the actual voting pattern of the pooled fund manager. This suggests the possibility of a misalignment between the best interest of a plan's beneficiaries – as articulated through the proxy voting guidelines adopted by the plan – and the actual proxy vote patterns of pooled fund managers who invest beneficiaries' retirement savings.

The scale of the gap that may exist between a pension plan's proxy voting guidelines and the actual voting patterns of pooled fund managers has yet to undergo substantial academic scrutiny and is beyond the scope of this report. However, the problem is starting to be recognised and solutions are starting to emerge. For instance, some fund managers in the UK have started to vote client's pooled fund holdings on a pro-rata basis and in line with the proxy voting guidelines issued by a plan. In 2015, the Committee on Workers' Capital will closely monitor developments on this matter and collaborate with trustees to identify and share practical solutions.

4.0 How to use the Global Proxy Review – a guide for trustees

Because proxy voting patterns can change corporate behaviour, monitoring how service providers exercise proxy voting rights is considered to be part of a trustee's fiduciary responsibility. To do this effectively and responsibly, pension trustees need correct and reliable information. While some trustees can access voting recommendations and surveys of voting records in their own national markets,[8] little comprehensive information is available to inform international proxy voting. Significant differences in national regulatory frameworks and corporate governance cultures can also make tracking and understanding proxy voting and vote outcomes on a global scale difficult.

The *Global Proxy Review* provides accurate and trustworthy information to help pension trustees evaluate the international proxy voting of their fund holdings and pursue the responsible investment of workers' capital. Using the information in the following pages, and the checklist in figure 1, trustees can:

- ✓ Evaluate performance when selecting and/or monitoring their plan's service providers;
- ✓ Initiate a dialogue with service providers about key ESG issues;
- ✓ Encourage service providers to disclose, update or develop specific investment and proxy voting guidelines based on ESG principles, or develop guidelines specific to their own pension funds; and
- ✓ Protect the long-term interests of pension investors and promote labour values in investment decision-making.

Figure 1: Trustee checklist

1. Determine whether your fund invests in pooled or segregated funds

Segregated funds	Pooled funds
2.1 Cross-reference the fund's holding list with the companies on the checklist in Section 7.	**2.2** Cross-reference the fund's holding list with the companies on the checklist. Alternatively, you may cross-reference the indices in Table 1 with the index funds in which your fund invests.

3. If your portfolio includes companies on the checklist, determine how votes were cast on behalf of your fund. You may receive this information from your fund manager or proxy voting service in quarterly or annual reports.

4.1 Contact your service provider(s) to discuss its voting decisions. In case of significant discrepancy with voting recommendations found in the report, require that the asset manager adopt international voting guidelines that are consistent with responsible investing parameters.	**4.2** Contact your service provider(s) to discuss its voting decisions. In case of significant discrepancy with voting recommendations found in the report, express your concern with the voting record of the pooled fund and encourage enhanced consideration of responsible investing parameters. Ask your fund manager about the possibility of voting shares according to your guidelines on a pro-rata basis.

5. Communicate with your plan's beneficiaries about your efforts to take an active role in proxy voting oversight.

5.0 Votes at a glance

Geographic scope

The 2014 *Global Proxy Review* report includes key votes submitted by project partners in Australia, Canada, France, the Netherlands, Spain, South Africa, Switzerland, the United Kingdom and the United States of America.

Main stock indices featured

The 44 companies featured in the report had a market capitalisation of USD 1.09 trillion as of October 2014. Table 1 presents the main stock indices on which companies featured in the report are listed. Given that companies may feature on more than one index, each partner identified the principal index with which each company is identified.

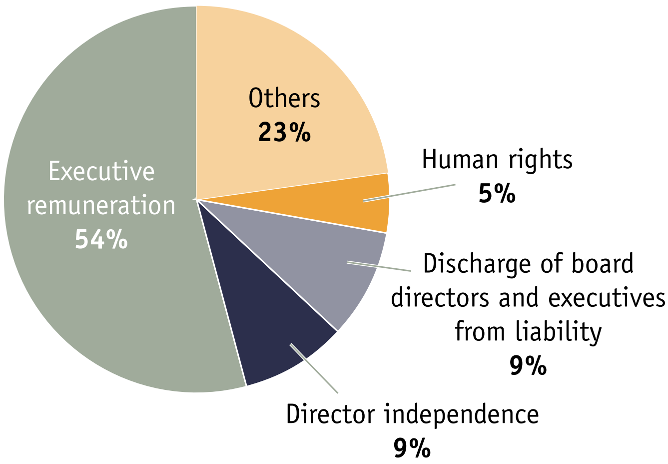
Table 1: Main indices on which companies present in the GPR figure

Country	Index	Number of companies featured	Market capitalisation of featured companies in USD billion (Oct 2014)
Australia	S&P/ASX 200	5	37.7
Canada	S&P/TSX 60	4	36.6
France	CAC 40	2	143.2
	Euronext 100	2	11.3
The Netherlands	Euronext 100	1	41.1
	NEXT 150	3	2.7
	AMX-Index	1	1.6
South Africa	JSE FTSE Top 40	2	23.7
	JSE FTSE Top 100	3	5.0
Spain	IBEX 35	5	285.3
Switzerland	SMI-Index	3	349.5
	SLI-Index	1	15.1
	SMI-Mid	1	5.6
United Kingdom	FTSE 100	3	60.1
	FTSE 350	1	2.0
United States	S&P 500	3	43.5
	Russell 1000	2	25.0

Key issues and themes

Although the *Global Proxy Review* is not a representative survey of proxy voting, some interesting trends can be noted in the votes selected by partners for the report. For 2014, each partner was asked to select at least one vote on executive compensation. Mirroring general patterns on the substantive content addressed at company AGMs, the chart below underlines the saliency of corporate governance issues for the key votes included this report.

Chart 1: Vote breakdown by theme



Of the votes selected by project partners, executive compensation issues were the most likely to garner significant against (for) votes when it came to management (shareholder) proposals. The management resolutions defeated and the shareholder resolutions passed took place in Anglo-Saxon countries: votes over executive compensation packages (Chipotle) and metrics used to evaluate executive performance (Nabors) in the USA; an advisory vote on the remuneration report (Burberry) and a binding vote (tri-annual) on the remuneration policy (Kentz) in the UK; a vote on executive equity share awards (Talisman Energy) in Canada and votes on the remuneration report (Alumina Limited and Aurizon) in Australia. In Australia, the votes represented a 'first strike' against the two companies' approaches to remuneration (see Key votes overview for Australia for details). In the UK, Kentz had committed to review its remuneration policy in response to the vote but the company has since been acquired by Canada's SNC Lavalin.

Indeed, there is variation among countries in the level of voting that is in line with the ESG standards upheld by project partners. Out of the votes presented, less than 10% of investors voted in line with project partners at 3 out of 5 companies in Spain and 2 out of 4 companies in France; and less than 25% of investors voted in line with project partner recommendations in 4 out of 5 votes in South Africa and 2 out of 5 votes in Switzerland. This suggests that investors in the companies of the Continental European countries covered in the report and those of South Africa may place less emphasis on ESG matters – as upheld by GPR partners - when voting proxies at companies in these countries.

Table 2: Breakdown of vote results for resolutions featured in the GPR

Voting result against (for) on management (shareholder) resolution	Number of proposals featured in the report
More than 50%[9] - resolution passed	7
Between 25%-50% - resolution did not pass	16
Between 10%-25% - resolution did not pass	12
Less than 10% - resolution did not pass	7
Others[10]	2
Total	44

The two votes featured in the report that touch on human rights issues were filed by shareholders in the United States and in the United Kingdom. In the UK, where shareholder proposals are not common, a proposal was filed at National Express asking for improved oversight of employment issues by the board. This was in response to long-standing anti-union activity in its US schoolbus business. The vote garnered 13% overall, and around 20% once controlling interests are removed. In the US, the shareholder proposal asking for a human rights impact assessment at T-Mobile was also filed in response to the company's alleged labour rights abuses. However, Deutsche Telekom which holds 67% of the T-Mobile US shares, voted against this proposal.

Finally, differences in regulation, pension systems, the size of funds and the culture of corporate relations are all factors that affect the substance and results of shareholder votes in different countries. For example, while shareholders in North America have a long history of filing proposals, regulations in other countries either do not permit shareholder proposals or establish prohibitive threshold requirements for filing rights. Comparing these differences and their effects on responsible investment issues is beyond the scope of this report, but warrants further study.

Canada

KEY VOTE ISSUES

- Executive equity awards
- Executive remuneration
- Director attendance
- Director independence

Spain

KEY VOTE ISSUES

- Director independence
- Long-term compensation
- Variable compensation
- Executive compensation

The Netherlands

KEY VOTE ISSUES

- Breach of board policy line
- Share grant
- Vesting of long-term variable grant
- Amending of remuneration policy

France

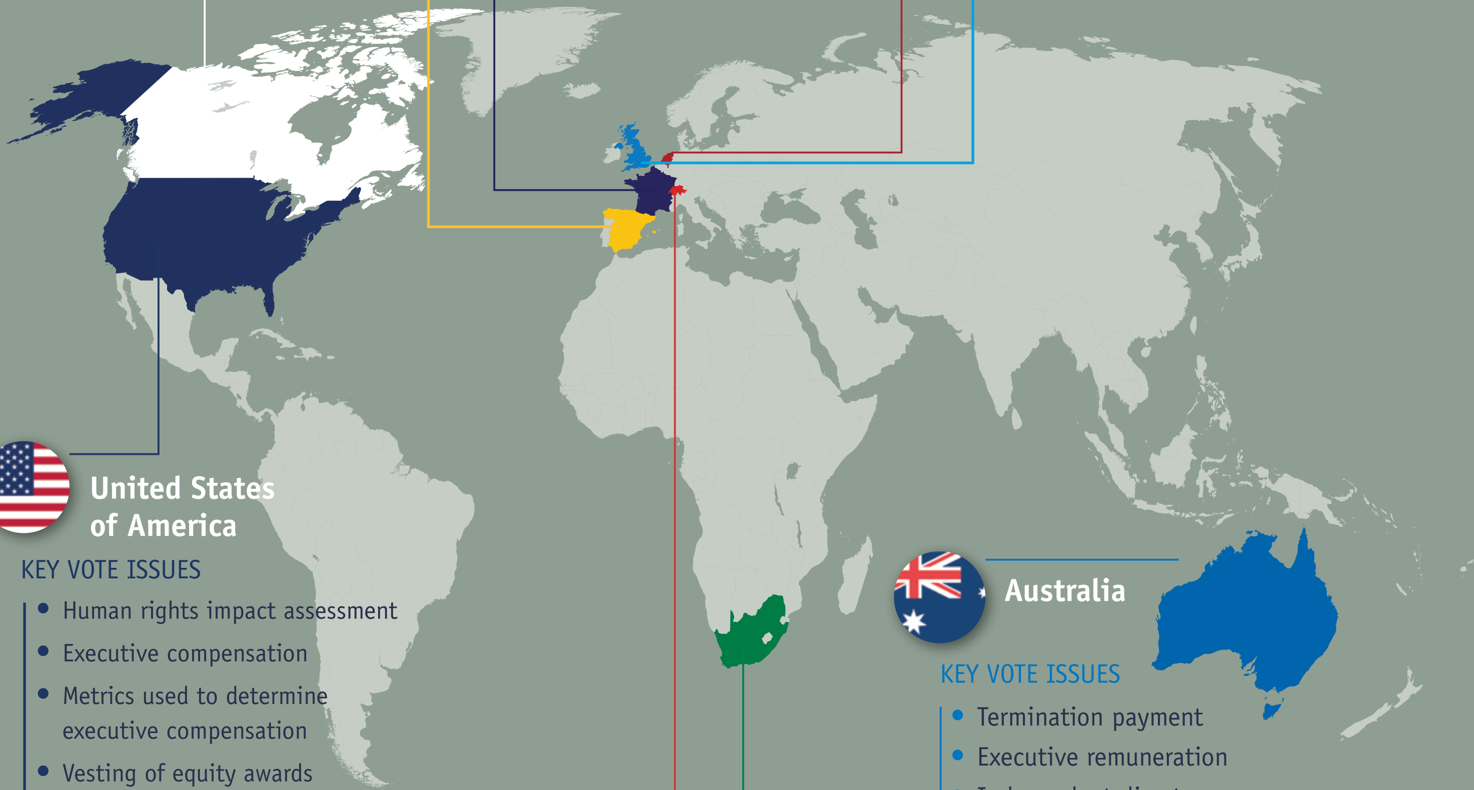
KEY VOTE ISSUES

- Retirement pledge for CEO
- Stock based portion of CEO comp.
- CEO remuneration
- Excessive profit allocation

United Kingdom

KEY VOTE ISSUES

- Oversight of human capital practices
- Remuneration report
- Remuneration policy
- Bonus share scheme



United States of America

KEY VOTE ISSUES

- Human rights impact assessment
- Executive compensation
- Metrics used to determine executive compensation
- Vesting of equity awards
- Proxy access

Australia

KEY VOTE ISSUES

- Termination payment
- Executive remuneration
- Independent directors
- Board performance

Switzerland

KEY VOTE ISSUES

- Executive compensation
- Election to board committee
- Amending articles of association
- Renewal of authorised share capital

South Africa

KEY VOTE ISSUES

- Executive remuneration
- Remuneration of non-executive director
- Share purchase

6.0 Key votes in 2014

6.1 AUSTRALIA

About the Australian Council of Superannuation Investors (ACSI)

ACSI represents 38 profit-for-members superannuation (pension) funds collectively managing over AUD400 billion in investments on behalf of over 8 million Australian superannuation fund members. ACSI's membership also includes five major international pension funds.

ACSI works to assist its members in the management of environmental, social and corporate governance (ESG) risks in the entities in which they invest.

ACSI's work includes providing research, advocacy, proxy-voting services and engaging directly with the boards of S&P/ASX200 companies to influence change.

ACSI's vision is to achieve genuine, measurable and permanent improvements in the ESG performance of entities in which its members invest, and in the ESG investment practices of its members and their investment managers and advisers.

ACSI selected key votes at these Australian companies:

- Alumina Limited (AWC)
- Aurizon Limited (AZJ)
- Newcrest Mining (NCM)
- QBE Insurance (QBE)
- Sonic Healthcare (SHL)

Key votes overview

Director elections

Australian listed company directors are required to seek re-election at least once every three years. Shareholders' opposition to the re-election of directors can be split into board composition and board performance reasons.

Regarding board composition, the foremost expectation of Australian investors is of a majority of independent directors. Among other things an independent director is non-executive, unaligned with a particular shareholder, has no material outside relationships with the company and does not receive incentive pay. Almost all large Australian companies satisfy this criterion for their boards. Sonic Healthcare's AGM provided one such example.

Regarding board performance, directors should be held accountable if the performance of the company is poor. Newcrest Mining's AGM provided an example.

Executive compensation

The Australian market has had a 'say-on-pay' regime since 2005 through a non-binding vote on executive compensation.

In 2011, a 'two strikes' rule was introduced. Broadly, the rule says that if a company receives a 25% or more vote against its executive pay plan for two consecutive years, it must put up a board spill resolution. The board spill resolution gives shareholders the opportunity to convene a meeting where every director must stand for re-election (otherwise Australian directors typically stand for re-election every 3 years in scattered terms).

In practice, Australian investors have experienced far greater engagement and willingness to improve pay practices as a result of the 'two strikes' rule.

Aurizon Limited and Alumina Limited are two examples of the 'two strikes' rule at play, with both examples demonstrating companies' willingness to engage with shareholders and improve their practice.

Termination payments

Australia has had a statutory limit on termination payments (or 'golden parachutes') since 2009 following some excessive market practices. The rule is that termination payments must not exceed the equivalent of the relevant executive's annual fixed salary unless shareholder approval is sought. Many Australian investors generally oppose payments beyond this limit unless the link to shareholder value is made clear. The key vote below gives an example of a company seeking such approval.

QBE Insurance had a notable termination payments approval resolution in 2013.

ALUMINA LIMITED (AWC)

Company profile	
Sector	Basic resources
Market Capitalisation – Oct 2014 (M)	AUD 4,630 *(USD 3,963)*
Index	S&P/ASX 200
Annual Revenue in 2013 (M)	USD 0.3

Proposal	Management proposal: Approve the Remuneration Report
Partner recommendation	Oppose
Rationale for recommendation	Perhaps the most controversial, and widely covered, remuneration report vote was at ASX100 member Alumina Limited. The company is a 40% shareholder in Alcoa World Alumina and Chemicals (AWAC). The other shareholder, Alcoa of the US, is the manager of AWAC. Despite not being an operational company, the costs of the senior executive team of Alumina, which account for a quarter of Alumina's total corporate expenses, had risen steadily over the past five years. Annual bonuses of around A$1m on average were also steadily paid despite very poor shareholder returns, which demonstrated a misalignment of outcomes.
Voting results	FOR: 49.61% / AGAINST: 49.79% / ABSTAIN: 0.60% The resolution was defeated.
Explanation of results	Alumina's remuneration report was the first in over a year to be defeated in the ASX200, with just over 50% of shareholders (who did not abstain) opposing the resolution. Pleasingly, the company responded well and made numerous positive changes. In the recently held 2014 AGM only 10% of shareholders continued to oppose the remuneration structure and outcomes. The company is widely held, although CITIC had a 13% shareholding as at the 2013 AGM.

FOR	AGAINST	ABSTAIN
49.61%	49.79%	0.60%

AURIZON LIMITED (AZJ)

Company profile	
Sector	Industrial goods and services
Market Capitalisation – Oct 2014 (M)	AUD 9,790 *(USD 8,381)*
Index	S&P/ASX 200
Annual Revenue in 2013 (M)	AUD 3,811.9 *(USD 3,264.4)*

Proposal	Management proposal: Approve the Remuneration Report
Partner recommendation	Oppose
Rationale for recommendation	For the past year years, many shareholders had concerns at Aurizon (a Queensland-based rail operator, formerly known as QR National) regarding board oversight of remuneration, particularly through the adjustment of incentive targets which made short term bonus targets easier to meet. Additionally, the increasing cost of executive management to investors was a concern with the collective cost of the 12 person senior management in 2013 being more than AUD 26 million. Trustees should be wary of companies appearing to make incentive targets easier, because it misaligns shareholder and executive interests.
Voting results	FOR: 70.74% · AGAINST: 27.59% · ABSTAIN: 1.67% The resolution passed.
Explanation of results	Aurizon suffered a 'first strike' vote of 28% against its remuneration report (see above for an explanation of the so-called 'two strikes' regime in Australia). As with many other companies to receive a 'first strike', the company has responded proactively and sought to engage with its shareholders. Ahead of the 2014 AGM, it appears that Aurizon is addressing concerns. The company is widely held and there were no shareholders with more than a 15% holding as at the AGM.

FOR	AGAINST	ABSTAIN
70.74%	27.59%	1.67%

NEWCREST MINING (NCM)

Company profile	
Sector	Basic resources
Market Capitalisation – Oct 2014 (M)	AUD 6,700 *(USD 5,734)*
Index	S&P/ASX 200
Annual Revenue in 2013 (M)	AUD 4,040 *(USD 3,232)*

Proposal	Management proposal: Re-election of Richard Lee
Partner recommendation	Oppose
Rationale for recommendation	Many Australian investors were concerned about the board's accountability for the performance of Newcrest Mining, a large gold miner listed in Australia. The large shareholder vote against three longstanding directors (including Mr. Lee) came after the company failed to meet successive forecasts of production and profitability which had underpinned the rationale for its large 2010 takeover of Lihir Gold. While responsibility for poor performance generally rests with the executives, in egregious cases poor oversight of the company's performance, strategy and acquisitions should alert pension trustees to consider opposing director elections.
Voting results	FOR: 69.33% · AGAINST: 29.00% · ABSTAIN: 1.68% The resolution passed.
Explanation of results	Despite the large number of votes against, which were among the highest recorded for large Australian companies in 2013, all of the directors were ultimately re-elected to the board. However, the 2013 AGM coincided with an announcement of a change in both the chairman and CEO of Newcrest. To its credit, the company appears to be cognizant of shareholder concerns and is being proactive. The company is widely held and there were no shareholders with more than a 15% holding as at the AGM.

QBE INSURANCE (QBE)

Company profile	
Sector	Insurance
Market Capitalisation – Oct 2014 (M)	AUD 15,450 *(USD 13,224)*
Index	S&P/ASX 200
Annual Revenue in 2013 (M)	USD 16,173

Proposal	Management proposal: Approve termination payment to former CEO
Partner recommendation	Oppose
Rationale for recommendation	One of the most contentious votes for many Australian investors was QBE Insurance's approval of a A$2.34 million so-called "retirement allowance" for its departing CEO, Frank O'Halloran. This payment was made despite Mr. O'Halloran's departure being described by the company as "a genuine retirement", his accrual of over $35 million in cash pay during his 8 year tenure as CEO, and being entitled to a bonus awarded just before a profit downgrade. Large, seemingly voluntary termination payments to retiring executives hold little benefit for shareholders.
Voting results	FOR: 58.84% · AGAINST: 37.81% · ABSTAIN: 3.35% The proposal passed.
Explanation of results	The resolution was passed, but opposed by almost 40% of those QBE shareholders who voted at the company's AGM. The new CEO of the company has termination provisions that appear more aligned with shareholder interests although other retiring executives have also had controversial termination payments made to them. The company is widely held, although Aberdeen Asset management had just under a 14% shareholding as at the 2013 AGM.

SONIC HEALTHCARE (SHL)

Company profile	
Sector	Healthcare
Market Capitalisation – Oct 2014 (M)	AUD 7,461 *(USD 6,389)*
Index	S&P/ASX 200
Annual Revenue in 2013 (M)	AUD 3,913.5 *(USD 3,350)*

Proposal	Management proposal: Re-election of Philip Dubois
Partner recommendation	Oppose
Rationale for recommendation	Shareholder opposition to Philip Dubois, an executive at Sonic Healthcare, was not based on Mr. Dubois' individual capability but on the composition of the board. Sonic Healthcare's board consists of four executive and four non-executive directors, which does not meet Australian investors' expectation of a majority of independent directors. Rather than giving formal board seats to executives, it is common practice for large Australian companies, such as Sonic Healthcare, to request the attendance of executives at board meetings as and when their expertise is required. Pension trustees, who generally represent minority shareholders in listed companies, need independent directors to represent their collective interests.
Voting results	FOR: 63.90%; AGAINST: 35.98%; ABSTAIN: 0.12% The resolution passed.
Explanation of results	In 2012 there was a 27% vote against that year's executive candidate, and in 2013 the figure rose to 36%. Hopefully this increasing vote will be a catalyst for increasing shareholder engagement and discussions of board succession and selection. The company is widely held and there were no shareholders with more than a 15% holding as at the AGM.

FOR	AGAINST	ABSTAIN
63.90%	35.98%	0.12%

6.2 CANADA

CWC Partner: The Shareholder Association for Research and Education (SHARE)

SHARE is a Canadian leader in responsible investment services, research and education for institutional investors.

SHARE offers proxy voting, shareholder engagement and responsible investment consulting services, courses and conferences, policy advocacy and timely research that help investors integrate environmental, social and governance issues into their investment management process. SHARE's clients include pension funds, mutual funds, foundations, faith-based organizations and asset managers across Canada.

SHARE's leadership on responsible investment is both national and international. SHARE is a signatory to the United Nations Principles for Responsible Investment (UN PRI) and a Global Reporting Initiative (GRI) Organizational Stakeholder. SHARE also hosts the Secretariat of the Global Unions Committee on Workers' Capital (CWC).

SHARE selected key votes at these Canadian companies:

- Blackberry Ltd
- Crescent Point Energy
- IMAX Corporation
- Power Corporation of Canada
- Talisman Energy Inc.

Key votes overview

Three proposals on executive compensation that highlight various aspects of executive pay were chosen: hiring and severance bonuses, the treatment of share-based compensation when a company is acquired or merges with another, and the link between executives' bonuses and their performance.

Most widely-held large Canadian public companies allow shareholders to have an advisory vote on executive compensation. In 2014, the average vote against executive compensation at Canadian companies was 8%.

Also included are two elections of directors. In Canada, shareholders do not have the option of voting against the directors and auditors proposed by a company. Instead, they can only vote "For" or "Withhold". However, votes to withhold are generally regarded as votes against, especially at companies that have adopted majority elections of directors.

BLACKBERRY LTD (BB)

Company profile	
Sector	Technology
Market Capitalisation – Oct 2014 (M)	CAD 6,149 *(USD 5,383)*
Index	S&P/TSX 60
Annual Revenue in 2013 (M)	USD 11,073

Proposal	Management proposal: Accept the company's approach to executive compensation
Partner recommendation	Oppose
Rationale for recommendation	SHARE had many concerns with this compensation plan. Blackberry's compensation was excessive, especially considering its ongoing poor performance. We were especially alarmed by the severance and hiring arrangements awarded to the outgoing and incoming CEOs, Thorston Heins and John Chen. Mr. Heins was hired to reverse Blackberry's poor performance, but failed to do to so. Under his leadership, shareholder value continued to fall significantly. However, his severance pay was CAD 49.7 million. Blackberry's practice of offering lucrative pay continues with the newly hired CEO, Mr. Chen. Mr. Chen was given a hiring bonus of restricted shares worth CAD 85 million. These shares have no performance requirements and vest solely through the passage of time. While we agree that Blackberry needs to attract strong leaders to improve its performance, because there are no performance requirements for the bonus, Mr. Chen could be handsomely rewarded for failure, like his predecessor.
Voting results	FOR: 66.62% · AGAINST: 33.38% · ABSTAIN: – The proposal passed.
Explanation of results	We believe this high vote against Blackberry's executive compensation plan reflects shareholders' frustration with the top executives, who are highly paid but have not restored the company's profitability.

CRESCENT POINT ENERGY CORPORATION (CPG)

Company profile	
Sector	Oil and gas
Market Capitalisation – Oct 2014 (M)	CAD 16,435 *(USD 14,385)*
Index	S&P/TSX 60
Annual Revenue in 2013 (M)	CAD 2,884 *(USD 2,524)*

Proposal	Management proposal: Accept the company's approach to executive compensation
Partner recommendation	Oppose
Rationale for recommendation	Crescent Point Energy's executive compensation was excessive. Its cost-of-management ratio (COMR) was 21%, which is very high and indicates that executives' pay is not tied to performance. A company with a good link between pay and performance will have a COMR of about 1%. Crescent Point structures its executives' total compensation so that it reaches the 75th percentile of its peer group, a practice that often contributes to excessive levels of compensation.
Voting results	FOR: 56.67%; AGAINST: 43.33%; ABSTAIN: - The proposal passed.
Explanation of results	In the past four years, the average vote against executive compensation at Canadian companies has been 7% to 10%. This is an unusually high vote against an executive compensation plan.

Voting results:

FOR	AGAINST	ABSTAIN
56.67%	43.33%	-

The proposal passed.

IMAX CORPORATION (IMX)

Company profile	
Sector	Travel and leisure
Market Capitalisation – Oct 2014 (M)	CAD 2,192 *(USD 1,919)*
Index	
Annual Revenue in 2013 (M)	CAD 306 *(USD 279)*

Proposal	Management proposal: Elect Garth M. Girvan as a director
Partner recommendation	Oppose
Rationale for recommendation	Mr. Girvan is not independent of IMAX because he is a partner of a law firm that provides legal services to IMAX. He also serves on the board's nominating committee, which should be made up entirely of independent directors.
Voting results	FOR: 54.3%; AGAINST: -; WITHHOLD: 45.7%. The proposal passed.
Explanation of results	This is an unusually high vote to “withhold” for a director.

POWER CORPORATION OF CANADA (POW)

Company profile	
Sector	Financial services
Market Capitalisation – Oct 2014 (M)	CAD 11,984 *(USD 10,490)*
Index	S&P/TSX 60
Annual Revenue in 2013 (M)	CAD 29,644 *(USD 25,950)*

Proposal	Management proposal: Elect Laurent Dassault as a director
Partner recommendation	Oppose
Rationale for recommendation	Mr. Dassault attended less than 75% of the board's meetings last year. Although attendance at board meetings is not the sole determinant of a director's performance, poor attendance makes it difficult for a director to fulfill his or her responsibilities to the board.
Voting results	FOR: 81.35%; AGAINST: –; WITHHOLD: 18.65% See our comments on voting for directors of Canadian companies, on page 20.
Explanation of results	This vote result is unusual. Votes to "withhold" for directors are usually no more than 5% at Canadian companies. However, it is common for shareholders to vote "withhold" for directors whose attendance is poor. The high "withhold" vote on Mr. Dassault is even more remarkable because Power Corporation is controlled by the family of the founder, Paul Desmarais. The Desmarais family and some directors hold shares that have 10 votes per share, and they control just under 60% of the voting rights.

TALISMAN ENERGY INC. (TLM)

Company profile	
Sector	Oil and gas
Market Capitalisation – Oct 2014 (M)	CAD 7,242 *(USD 6,339)*
Index	S&P/TSX 60
Annual Revenue in 2013 (M)	USD 4,652

Proposal	Shareholder proposal: Amend the policy on executive equity awards in the event of a change in control of the company
Partner recommendation	Support
Rationale for recommendation	This proposal asked Talisman Energy to change how executives' share-based bonuses are treated if their employment is terminated because the company merges with or is acquired by another entity. Currently, these bonuses vest in full under these circumstances. The proposal asked Talisman to pay executives only as much of the bonus as would have vested pro rata at the time the executive is laid off. This is entirely fair; it gives executives the bonus they would have received at the point when their employment with the company ends, instead of the full amount that they might have received at the end of the performance period. It would also help to reduce the substantial amounts that Talisman's executives could be paid if the company merged or was acquired.
Voting results	FOR: 47.55% · AGAINST: 52.45% · ABSTAIN: - The proposal did not pass.
Explanation of results	Votes in favour of shareholder proposals at Canadian companies are typically 10% or less. A vote this high in favour of a shareholder proposal is quite unusual.

Voting results:

FOR	AGAINST	ABSTAIN
47.55%	52.45%	-

6.3 FRANCE

CWC partners: Réseau des administrateurs pour l'investissement responsable (RAIR) and Comité intersyndical pour l'épargne salariale (CIES)

Established in 2013, the RAIR regroups trustees of retirement plans in the public and private sectors such as the French Public Service Additional Pension Scheme (ERAFP), the scheme in charge of French non-statutory public employees (Ircantec) and the complementary public service scheme (PREFON). Its purpose is to exchange best practices among trustees to develop responsible investment practices within French funds. The RAIR draws on the work of the Committee on Workers' Capital and shares its broad orientation.

The Comité Intersyndical de l'épargne salariale (CIES) is an inter-union committee that aims to promote socially responsible investment in the workers saving schemes of French workers. The CIES was founded in 2002 by four French unions: the CFDT, CFE-CGC, CFTC and CGT. The CIES develops socially responsible investing guidelines and criteria – including for proxy voting - which are turned into a 'label' that asset managers can acquire if they follow CIES guidelines. As of January 2014, the CIES labelled worker savings funds – managed by various asset managers – amounted to EUR 12 billion.

The RAIR selected key votes at these French companies:

- Rexel
- Sanofi

CIES selected key votes at these French companies:

- Renault
- ST Microelectronics

Key votes overview

RAIR:

For the 2014 season, RAIR selected and analysed votes under ERAFP's voting policy. The RAIR, which includes members who contributed to elaborating the policy, shares the orientations of the ERAFP policy. The priorities of this policy are:

- continuing to promote the concept of the responsible dividend, by weighing dividend growth against the company's self-financing capacity and the evolution of payroll expenditure;
- strengthening its criteria for evaluating executive pay practices: these notably include a new benchmark;
- defining the maximum socially acceptable level of remuneration as the equivalent of 50 times a company's median salary;
- aligning its recommendation on increasing the proportion of women on boards with that of the European Commissioner for Justice, Viviane Reding (30% by 2015 and 40% by 2020), with an intermediate target of 25% for 2014;
- calling for the publication of detailed, exhaustive extra-financial reporting; and
- adopting the principle that resolutions of an environment or social nature should be analysed.

CIES:

For the 2014 season, the CIES paid close attention to the entrance of employee representatives on boards of directors following the adoption of the Loi de Sécurisation de l'emploi in 2014. The CIES was wary of the possibility that asset managers would count employee representatives on the board as non-independent; in the end, asset managers did not include employee representatives in their calculation of the independence of the boards. The CIES alerted asset managers that certain companies tried to bypass the new legislation by modifying their legal structure or by reducing the number of employees within the parent entity to a number under 50.

The votes selected for the Report relate to executive compensation at ST Microelectronics and the pay package and retirement benefits allotted to Carlos Ghosn, CEO of Renault-Nissan.

REXEL (RXL)

Company profile	
Sector	Industrial goods and services
Market Capitalisation – Oct 2014 (M)	EUR 4,000 *(USD 4,971)*
Index	Euronext 100
Annual Revenue in 2013 (M)	EUR 13,000 *(USD 16,163)*

Proposal	Management proposal: Profit allocation
Partner recommendation	Oppose
Rationale for recommendation	**Financial results** In 2013, sales have reached EUR 13 012 M, a 3.3% decrease compared with 2012. Over two years, sales have however increased by 2.3%. The operating result has decreased by 19.5% over the past year. The net profit group share has decreased by 36% over the past year and by 36% over the past two years on average. At the time of the AGM, the share price had decreased by 2% since year-end 2013 and had improved by 41% compared with year-end 2011. Shareholder value, as measured by the total shareholder return (TSR), reaches 28% over the past three years. **Payout policy** The payout ratio stands at 99% compared with a sector average of 58%. Profit distribution accounts for 5% of consolidated shareholders' equity. The payout policy of the group is to allocate at least 40% of its recurrent net income to dividends. For 2013, the dividend represents 64% of the recurrent net income of the group. Despite these rather disappointing financial results, the group does not provide any justification for maintaining a dividend of EUR 0.75 per share. In terms of trend, the group did not pay any dividend any 2008 and 2009, after what the dividend per share has increased continuously before stabilizing in 2013: EUR 03.4 in 2010, EUR 0.65 in 2011, and EUR 0.75 in 2012 and 2013. **Debt** On the debt side, the situation is not alarming since the group's gearing ratio stands at 0.5. Yet, net debt represents more than 5 years of cash flows. **Social aspects** With regard to employment and human resources, employees' remuneration has increased by 21% over the past five year, by 8% over three years and a decrease of 1% is observed over the year. The workforce, as measured by the number of employees at year-end, has increased almost continuously between 2008 and 2012 before decreasing last year, partly due to restructurings. **Conclusion** As regards the excessive payout ratio, the high net debt / operating cash flows (above 5 years), and the social impacts linked to the 2013 restructurings, maintaining the 0.75 euro per share dividend did not appear to be responsible.

(continued)

Voting results	FOR: 98.8% · AGAINST: 1.2% · ABSTAIN: 0% The resolution passed.
Explanation of results	It is very rare that the resolutions on the dividend proposed by management are not approved almost unanimously. This is true even if the financial characteristics of the company could and should justify even a more moderate dividend. This is seen here: Rexel's shareholders, although disappointed with the financial performance of the group, expected at least a stable dividend in line with their forecast performance of the company, even though the forecast did not materialise. Corporate management of the company estimated that maintaining the dividend would be satisfactory for shareholders and could help retain them in the short term.

FOR	AGAINST	ABSTAIN
98.8%	1.2%	0%

Main shareholders	% of votes
Ray Investment	16,54
The Capital Group	10,01
BlackRock	9,60
Employes	0,88
Treasury shares	0
FCPE Rexel	0,32
Executive officers	0,18

SANOFI (SAN)

Company profile	
Sector	Healthcare
Market Capitalisation – Oct 2014 (M)	EUR 98,899 *(USD 122,993)*
Index	CAC 40
Annual Revenue in 2013 (M)	EUR 32,950 *(USD 40,927)*

Proposal	Management proposal: Consultative resolution regarding Mr. Viehbacher's (CEO) remuneration
Partner recommendation	Oppose
Rationale for recommendation	The recommendation to vote against the proposal was driven by the following reasons: **Global amount:** the global remuneration of Mr. Viehbacher represents 498 times the French legal minimum wage, largely excessing ERAFP's ceiling (100 times the French legal minimum wage). **Short-term bonus:** the expected performance for quantitative financial criteria and qualitative criteria (including CSR/ESG criteria) is not disclosed for reasons of confidentiality. Therefore, shareholders cannot verify whether performance objectives have been reached. **Long-term remuneration:** The performance objectives and the weightings of long-term criteria are known but the actual success rates are not communicated, impeding again any verification of the long-term remuneration adequacy. **Remuneration structure:** The annual bonus may represent 200% of the CEO's fixed remuneration, which significantly exceeds our threshold (100% or 150% in case of exceptional performance). The overall variable remuneration represents more than 450% of the fixed remuneration, which exceeds our threshold (300%). **Severance pay:** It represents 24 months of remuneration (fixed + variable) which we consider to be excessive since the CEO has been working at Sanofi for five years only. Furthermore, the CEO benefits from a "defined benefits" additional retirement scheme which is contrary to our recommendations. **Conclusion** Based on this multi-criteria analysis, we conclude that we should vote against the remuneration of Mr. Viehbacher. Since the vote was held, Mr. Viehbacher has resigned and left the company on 29 October 2014.

(continued)

Voting results	FOR: 94.44% / AGAINST: 5.52% / ABSTAIN: 0.05% The resolution passed.
Explanation of results	No particular explanation.

FOR	AGAINST	ABSTAIN
94.44%	5.52%	0.05%

The resolution passed.

Main shareholders	% of votes
L'Oréal	16.17
Amundi	2.99
State Street	1.38
Caisse des Dépôts	1.74
Franklin Ressources	1.79
Natixis AM	2.05
Employees	2.25

RENAULT SA (RNO)

Company profile	
Sector	Automobiles and parts
Market Capitalisation – Oct 2014 (M)	EUR 16,300 *(USD 20,260)*
Index	CAC 40
Annual Revenue in 2013 (M)	EUR 40,932 *(USD 50,848)*

Proposal	Management proposal: Approval of retirement pledge for Mr. Carlos Ghosn under article L. 225-42-1 of the French commercial code ("Code du commerce")
Partner recommendation	Oppose
Rationale for recommendation	The supplementary retirement benefits allotted to Mr. Ghosn do not respect the recommendations of the Association Française de la gestion financière.[11] Mr. Ghosn's benefits are indexed according to his fix and variable remuneration contrarily to the AFG's recommendations that benefits be indexed according to changes in fix remuneration.
Voting results	FOR: 66.79%; AGAINST: 33.16%; ABSTAIN: 0.04% The resolution passed.
Explanation of results	With 33% of shareholders voting against this resolution, although approved, it is the one that received the most opposition in 2014 among "say on pay" votes presented at general meetings of the CAC 40 companies. However, there are still a majority of shareholders, often represented by the asset managers, who are content to rubber stamp resolutions submitted to them. There is still much work to do to ensure that those shareholders put in place guidelines for the exercise of voting rights that demonstrate their commitment to responsible investment.

ST MICROELECTRONICS (STM)

Company profile	
Sector	Technology
Market Capitalisation – Oct 2014 (M)	EUR 5,064 *(USD 6,294)*
Index	Euronext 100
Annual Revenue in 2013 (M)	USD 8,082

Proposal	Management proposal: Approval of the stock-based portion of the compensation of the president and CEO
Partner recommendation	Oppose
Rationale for recommendation	This resolution would have granted 100,000 shares to the CEO. The proxy circular mentions the performance indicators related to the share grants but the assessment period is fixed to 1 year. This goes against the Association Française de la gestion financière's recommendations which state that shares be granted based on the analysis of performance indicators over 3 years.
Voting results	FOR: 82.82% · AGAINST: 17.18% · ABSTAIN: - The resolution passed.
Explanation of results	Gradually shareholders are breaking with the unanimity that characterized issues of executive compensation so far in French AGMs. However, there is a long way to go for the "say on pay" advisory votes to provoke an analysis at the company level on all elements of executive compensation that would lead to choices that favor social cohesion and no longer constitute excesses, which are already sanctioned in "voluntary codes" by employers.

6.4 THE NETHERLANDS

CWC partner: Eumedion

Eumedion represents institutional investors' interests in the field of corporate governance and related sustainability performance. It is the objective of Eumedion to maintain and further develop good corporate governance and sustainability performance of Dutch listed companies. Eumedion currently has 70 Dutch and non-Dutch institutional investors as members. Around 50% of the members are pension funds.

As part of its services, Eumedion sends alerts to all its members based on the recommendations of the Eumedion Investment Committee. The committee, in which a large number of Eumedion members are represented, recommends sending an alert when a proposal on the AGM agenda at a Dutch listed company is (flagrantly) contrary to the provisions of i) Dutch legislation and regulations, ii) the Dutch corporate governance code and/or iii) the Eumedion Corporate Governance Manual. The alert does not advise members on how to vote, but provides extra information to consider when deciding about their voting behaviour.

Eumedion selected key votes at these Dutch companies:

- AMG
- Corbion
- Heineken
- Sligro Food Group
- TomTom

Key votes overview

Eumedion chose five key votes for which it sent out corporate governance alerts in 2014. Three out of the five votes selected are on proposals related to granting discharge to the supervisory or non-executive directors. Adopting such proposals by the AGM means – under Dutch law – that the company renounces any actual or potential claims against the supervisory directors. In recent years, shareholders have regularly used this voting item to send a clear signal that they are not satisfied with the supervision exercised and/or the policy pursued by the supervisory directors, for example with regard to the implementation of the remuneration policy. The implementation of the remuneration policy, as reflected in the remuneration report, is only a discussion item on the agenda of AGMs of Dutch listed companies; shareholders do not have the opportunity to vote on the remuneration report.

One of the other votes selected relates to the proposal to amend the remuneration policy for the executive directors. Shareholders of Dutch listed companies have a binding vote on (amendments to) the executive remuneration policy. Especially since 2008 shareholders of Dutch listed companies have become more critical on the structure of executive remuneration policies.

The last vote selected relates to a proposal intended to diminish the rights of shareholders. Such a proposal is the reflection of a political debate in the Netherlands that the movement to strengthen the position of shareholders in 2004 has gone too far and resulted in the takeover of a number of large and middle-sized Dutch companies (the number of listed companies decreased from 169 in 2000 to 98 in 2014). Legal reforms in 2004 gave shareholders increased rights, including the right to approve major transactions that will have a material impact on the nature of the company and the right for shareholders with a holding of at least 1% of share capital or shares with a market value of at least € 50 million to submit items for the agenda of the general meeting. Since July 2013, listed companies are allowed to increase the threshold to 3% of the share capital. For such a decision to occur, the articles of association need amendment. This requires a decision at the general meeting of shareholders.

AMG ADVANCED METALLURGICAL GROUP (AMG)

Company profile	
Sector	Industrial goods and services
Market capitalization – Oct 2014 (M)	EUR 180 *(USD 159)*
Index	NEXT 150
Annual revenue in 2013 (M)	USD 1,158.4

Proposal	Management proposal: Discharge of the members of the Supervisory Board.
Partner recommendation	Consider major corporate governance issues when voting.
Rationale for recommendation	The Supervisory Board made binding nominations for the re-appointment of two members of the Supervisory Board and for the appointment of an additional member of the Supervisory Board. This was not in line with the Supervisory Board's policy in the past few years, when it did not use the binding nomination right for nominating supervisory directors for appointment or for reappointment. Using a binding nomination right can be regarded as a protective measure for the company, since there is a special quorum requirement in that case. In fact, binding nominations at AMG may be overruled by a majority of votes cast at the shareholders' meeting, only if these represent more than one third of the issued share capital.
Voting results	FOR: 45.2% · AGAINST: 36.1% · ABSTAIN: 18.7% The proposal passed, as abstentions are not counted as votes cast.
Explanation of results	Some shareholders were discontent with the use of the binding nomination rights by the Supervisory Board, but believed that voting against the discharge only for that reason would not be proportional.

CORBION (CRBN)

Company profile	
Sector	Food and beverage
Market capitalization – Oct 2014 (M)	EUR 796 *(USD 992)*
Index	NEXT 150
Annual revenue in 2013 (M)	EUR 743.6 *(USD 927)*

Proposal	Management proposal: Discharge of the members of the Supervisory Board.
Partner recommendation	Consider major corporate governance issues when voting.
Rationale for recommendation	Corbion's Supervisory Board granted a transaction bonus to the former executives for a divestment, by exercising its discretionary authority. The transaction bonus was paid in shares (with a total value of € 811,474). The Supervisory Board did not ask the Corbion AGM for approval to grant the transaction bonuses. However, according to the Dutch Civil Code any grant in shares needs shareholder approval. Moreover, the possibility of granting extraordinary bonuses in shares was outside the scope of the remuneration policy as adopted by the AGM and outside the scope of the Supervisory Board's discretionary authority. Besides that, divestment opportunities should be part of the regular activities of executives. These activities should therefore not be rewarded separately.
Voting results	FOR: 71.9%; AGAINST: 25.8%; ABSTAIN: 2.3% The proposal passed.
Explanation of results	After an intense dialogue with shareholders before the AGM, the Supervisory Board decided (20 days before the regular AGM) to convene an EGM to ask shareholder approval for granting the transaction bonus in shares. The EGM rejected the granting of the transaction bonus with an 89.4% vote majority. Corbion's Supervisory Board is currently reviewing its options to retrieve the shares granted to the former executives.

HEINEKEN (HEIO)

Company profile	
Sector	Food and beverage
Market capitalization – Oct 2014 (M)	EUR 33,229 *(USD 41,117)*
Index	Euronext 100
Annual revenue in 2013 (M)	EUR 19,203 *(USD 23,768)*

Proposal	Management proposal: Discharge of the members of the Supervisory Board.
Partner recommendation	Consider major corporate governance issues when voting.
Rationale for recommendation	Heineken's Supervisory Board, by using its discretionary power, "recalibrated" (meaning: lowered) the performance conditions for the vesting of the 2012-2014 and 2013-2015 long-term variable grants, in order to restore the effectiveness of these awards. As a result of the downward revision of the performance conditions, the expected value of the unvested performance shares for the executives increased from 0 to €1.6 million (2012-2014 series) and to €1.3 million (2013-2015 series). "Recalibration" of the performance conditions for share plans is not in line with the spirit of the provisions of the Dutch corporate governance code, which state that performance conditions should not be modified during the performance period. Moreover, Heineken's track record regarding remuneration issues is not impeccable: in 2013 Heineken granted an acquisition bonus to the CEO and CFO and a retention bonus to the CEO, despite serious concerns of minority shareholders (approx. 75% of them voted against these proposals). In 2011 approx. 75% of the minority shareholders voted against the amendments of the remuneration policy, because they were not in favour of granting matching shares for free and because of the lack of transparency of target setting for the long-term variable awards. In 2009, the Supervisory Board decided to withdraw a proposal to amend the remuneration policy as a result of strong objections by minority shareholders. Besides that, in the past few years Heineken's performance – in terms of market value – lagged behind its most important competitors. It is therefore questionable whether the "recalibration" was in line with the "pay for performance" principle.
Voting results	FOR: 78.7% · AGAINST: 20.6% · ABSTAIN: 0.7% The proposal passed.
Explanation of results	Approximately 77% of the minority shareholders represented at the general meeting voted against the discharge of Heineken's Supervisory Board. The proposal was only formally approved due to the support of Heineken's major shareholders Heineken Holding (holding 50.005% of the Heineken shares) and FEMSA (12.53%), both of which are also represented on the Supervisory Board.

SLIGRO FOOD GROUP (SLIGR)

Company profile	
Sector	Retail
Market capitalization – Oct 2014 (M)	EUR 1,288 *(USD 1,604)*
Index	AMX-INDEX
Annual revenue in 2013 (M)	EUR 2,498.4 *(USD 3,113)*

Proposal	Management proposal: Amendment of the Articles of Association.
Partner recommendation	Consider major corporate governance issues when voting.
Rationale for recommendation	The company proposed to increase the threshold for submitting shareholder resolutions from 1% of the issued capital to 3% of the issued capital. If the proposal passed, minority shareholders would have diminished possibilities to table resolutions for the agenda of any future Sligro Food Group AGM because of the higher thresholds.
Voting results	The proposal was withdrawn (see below).
Explanation of results	Just before the start of the AGM, the Executive Board announced that the proposal was withdrawn, after some large, long-term oriented, shareholders had expressed their discontent with the proposal in the dialogues before the AGM.

TOMTOM (TOM2)

Company profile	
Sector	Technology
Market capitalization – Oct 2014 (M)	EUR 1,282 *(USD 1,595)*
Index	NEXT 150
Annual revenue in 2013 (M)	EUR 963.5 *(USD 1,200)*

Proposal	Management proposal: Amendment of the remuneration policy for the Management Board.
Partner recommendation	Consider major corporate governance issues when voting.
Rationale for recommendation	TomTom's Supervisory Board proposed to amend the remuneration policy for the Management Board with regard to (a.o.) the long-term incentive component. The proposal was to refrain from setting long-term performance criteria, and to grant unconditional options to the executives subject to a vesting period of three years and continued employment. This implied a material deviation from the provisions of the Dutch corporate governance code. This provision states that the number of options to be granted shall be dependent on the achievement of challenging targets specified beforehand. Moreover, a long-term incentive plan without any performance condition is not in line with the "pay for performance" principle.
Voting results	FOR: 82.6% / AGAINST: 17.4% / ABSTAIN: - The proposal passed.
Explanation of results	Approximately 86% of the minority shareholders represented at the general meeting voted against the proposal. The proposal was only formally approved due to the support of the company's founders (jointly holding approximately 47.3% of the TomTom shares) and major shareholder Flevo Participations (10.2%), who is also represented on the Supervisory Board.

FOR	AGAINST	ABSTAIN
82.6%	17.4%	-

6.5 SOUTH AFRICA

CWC Partner: Government Employees Pension Fund (GEPF)

The GEPF is Africa's largest pension fund with approximately 1.3 million active members and 360 000 pensioners and beneficiaries. We have more than ZAR 1.2 trillion ($120bn) in assets under management and are the single largest investor in Johannesburg Stock Exchange (JSE)-listed companies. GEPF's core business is to manage and administer pensions and other benefits for government employees in South Africa.

GEPF's mission is to:

- Ensure timely and efficient delivery of the benefits provided in the rules, and protect pensions against inflation to the maximum extent possible, while maintaining the Fund's financial soundness;
- Invest responsibly by engaging with organisations in which we invest to encourage good governance, social equity and sound environmental practices;
- Empower our members, pensioners and other stakeholders through adequate communication; and
- Champion retirement industry initiatives

GEPF selected key votes at these South African listed companies:

- Barclays Africa
- Exxaro Resources
- Gold Fields
- Investec
- Pick n Pay

Key votes overview

All the votes provided as examples by GEPF were votes of a governance nature linked to deteriorating operational performance, excessive remuneration, or remuneration policies that were not linked to the long term strategy and performance of the company. We also found poor director attendance of board and board committee meetings in some instances and exercised our right to vote against directors that attended less than 75% of board and committee meetings.

BARCLAYS AFRICA GROUP (BGA)

Company profile	
Sector	Financial services
Market capitalization – Oct 2014 (M)	ZAR 135,220 *(USD 12,015)*
Index	JSE FTSE Top 40
Annual revenue in 2013 (M)	ZAR 52,357 *(USD 4,646)*

Proposal	Management Proposal: Advisory endorsement of the remuneration policy
Partner recommendation	Oppose
Rationale for recommendation	The GEPF is concerned with the lack of transparency regarding the remuneration policy. Despite the fact that we are still waiting for the business to show material earnings recovery after FY'12. We have noted remuneration significant increases with regards to the variable pay's component. Furthermore we are not aware of how the executive directors performed against target ranges of RoRWA and credit loss ratio that determine their long term incentives, as well as the group and individual performance measures (non-financial) that determine variable cash remuneration. Although the targets for the long term incentive plans are clear little information is given as to how the quantum of long term incentive payments are determined and the percentage of each targets weighting towards determining the award. It would be advisable for the determination and calculation of the variable remuneration to be more detailed and explicit in order to more clearly indicate how key executives performed against these targets. There is also a need for increased transparency relating to how the performance benchmarks are determined. While the CEO's huge increase in total remuneration is predominately related to a significant increase in the bonus and share based payment from previous years, this again highlights the weakness of the remuneration structure - significant increases in the variable component of the remuneration instead of fixed remuneration.
Voting results	FOR: 81.56% / AGAINST: 18.44% / ABSTAIN: - The resolution passed.
Explanation of results	All the resolutions set out in the notice of AGM sent to shareholders together with the integrated report for the year ended 31 December 2013 were passed by the requisite majority of votes. A total of 768,618,019 shares were voted at the meeting, representing 90,67% of the Company's total issued ordinary share capital.

EXXARO RESOURCES LIMITED (EXX)

Company profile	
Sector	Basic resources
Market capitalization – Oct 2014 (M)	ZAR 42,930 *(USD 3,814)*
Index	JSE FTSE Top 100
Annual revenue in 2013 (M)	ZAR 13,568 *(USD 1,204)*

Proposal	Management proposal: Re-Election of Mr. NL Sowazi as a director
Partner recommendation	Oppose
Rationale for recommendation	The GEPF has been monitoring Mr. Sowazi's attendance record for the past 3 years and it has been less than the required 75% attendance.
Voting results	FOR: 87.4%; AGAINST: 10%; ABSTAIN: - The proposal passed.
Explanation of results	–

GOLD FIELDS LIMITED (GFI)

Company profile	
Sector	Basic resources
Market capitalization – Oct 2014 (M)	ZAR 31,500 *(USD 2,799)*
Index	JSE FTSE Top 100
Annual revenue in 2013 (M)	ZAR 27,900 *(USD 2,476)*

Proposal	Management proposal: Approval of the remuneration of non-executive directors
Partner recommendation	Oppose
Rationale for recommendation	Non-executive directors board fees at R 848,610 appear high relative to a JSE Top 40 average of R 489,000 for both local and offshore listed companies given that Goldfields is no longer a Top 40 company. The board chairman fee of R 2,584,050 while still high is relatively less concerning. Alan Hill (ex Barrick Gold) currently appears to be the only director physically based outside the African continent. Acquisition of the Company's own shares - the acquisition of own shares of up to 20% of the company shares appears excessive as the net debt to equity has increased to 42.9% from around 20% the prior year (pre-unbundling). While the company share price may be depressed given a volatile gold price, a maximum limit should not be more than 10% as a maximum.
Voting results	FOR: 87.56% / AGAINST: 12.44% / ABSTAIN: - The proposal passed.
Explanation of results	–

INVESTEC PLC (INL)

Company profile	
Sector	Financial services
Market capitalization – Oct 2014 (M)	ZAR 89,070 *(USD 7,913)*
Index	JSE FTSE Top 40
Annual revenue in 2013 (M)	GBP 1,768 *(USD 2,806)*

Proposal	Management proposal: To approve the DLC directors' remuneration policy in the DLC remuneration report
Partner recommendation	Oppose
Rationale for recommendation	King III recommends that the remuneration policy be tabled to shareholders for a non-binding advisory vote at each AGM. Investec's remuneration policy is predominantly consistent with King III. Due to the CRD IV EU regulations regarding PRA Code staff (39 employees currently), Investec are proposing the following changes to executive pay: • Increase the variable pay to 200% of fixed pay (Ordinary resolution 36), • Introduce a fixed allowance of c.GBP1m per executive director payable in shares (with clawback provisions), • Discontinue the long-term incentive award, • Decrease the short-term incentive sharing percentage of the profit pool, • Increase the deferral period of the short-term incentive, and • Reduce the overall quantum of the total payable to the three executive directors relative to current remuneration arrangements. The proposal effectively replaces the existing performance based long term incentive scheme with a retention share only scheme as it reduces the value of the award based on the CRD IV regulations. While the retention share scheme's clawback provision does improve the alignment with shareholders' interests, it is not fully compliant with King III in our opinion. The short term incentives with pool of 1.3% of operating profit (previously, 1.45%) at the 100% threshold appear to be a reasonable target for management, given the historical trend and our FY '15 and FY '16 expectations (ROE of 10.8% and 12.3%, respectively). We highlight however that these performance criteria are more relevant to capital intensive businesses and do not adequately reflect the group's shift towards a greater diversification between capital light and capital intensive businesses. In our opinion growing capital light businesses will result in upward ROE drift and will make targets easier for management to achieve without making tough decisions regarding the specialist bank.
Voting results	FOR: 90% / AGAINST: 10% / ABSTAIN: - The proposal passed.
Explanation of results	–

PICK N PAY STORES LIMITED (PIK)

Company profile	
Sector	Retail
Market capitalization – Oct 2014 (M)	ZAR 25,060 *(USD 2,226)*
Index	JSE FTSE Top 100
Annual revenue in 2013 (M)	ZAR 63,117 *(USD 5,608)*

Proposal	Management proposal: General approval to repurchase Company shares
Partner recommendation	Oppose
Rationale for recommendation	The GEPF views the share buybacks within Pick n Pay as risky. They can be used to maintain the family control structure and offset the effect of share option dilution.
Voting results	All the resolutions, as set out in the notice and proposed at the meeting, were passed by the requisite majority of shareholders present or represented by proxy.
Explanation of results	-

6.6 SPAIN

CWC Partner: Confederación Sindical de Comisiones Obreras (CCOO), Unión General de Trabajadores (UGT)

CCOO and UGT are the two largest trade unions in Spain. They are democratic, working class organizations joined voluntarily in solidarity to defend the collective interest of workers, pensioners, the unemployed, immigrants, and youth. They have presence in all sectors of activity and in all Spanish communities.

CCOO/UGT selected key votes at these Spanish companies:

- Banco Santander
- BBVA
- Enagás
- Iberdrola
- Telefónica

Key votes overview

In 2014, CCOO and UGT selected issues related to current legislation and the requirement of approval by the shareholders of the increase in the cap of the variable remuneration of directors in certain entities. They also focused on the independence relation and duration of mandates of the directors. Other issues analyzed are high remuneration of directors and the dependency links with the executive director of 5 "independent" directors, whose appointment was proposed at the same meeting this year.

In the first case, the Law 14/2013, incorporates some new features on the limitation of the variable remuneration. Fundamentally, to limit it to a maximum of one hundred percent over the fixed remuneration, unless it is authorized by the shareholders or equivalent body, in which case it may reach two hundred percent (only for listed financial institutions). UGT and CCOO recommended voting against this extension, as it encourages excessive risk taking, which can be detrimental to long-term sustainability of these entities.

Another issue discussed is the inadequacy of the re-election as an independent director when the director exceeds 12 years in charge, in line with the Bill to improve the corporate governance that amends the Corporations Act. This is also another example of the failure of self-regulation (this limitation was introduced as a recommendation by the Spanish Corporate Governance Code in 2006) versus regulation (the new Bill included this issue in its development given the scant success of the recommendation).

In relation to the remuneration of the directors, CCOO and UGT chose two of the highest remuneration received by boards of directors of the IBEX 35 Index: Iberdrola and Telefonica. Both are clearly excessive. In the first company, a vote against the Annual Report on the Compensation Policy of the Board was recommended, pointing out that the vote is only advisory and non-binding and that is an element to improve (the new Bill that was mentioned earlier provides a binding vote every three years). In the case of Telefónica a critical and unfavorable analysis was done to the proposal of a new plan to deliver shares to the directors. This scheme means another significant increase in the remuneration of the directors. The maximum amount of the scheme is much higher than the total amount considered for the scheme for all employees, also voted in that meeting.

Lastly, a negative assessment of five nominations, where the profiles of the candidates have a direct connection with the executive director, who has been re-elected at the same meeting at which they were appointed. In this case, the link is because they all belong to the same political party.

BANCO SANTANDER, S.A.

Company profile	
Sector	Financial services
Market capitalization – Oct 2014 (M)	EUR 82,300 *(USD 102,557)*
Index	IBEX 35
Annual revenue in 2013 (M)	EUR 30,421 *(USD 37,908)*

Proposal	Management proposal: Re-election of non-executive director – Rodrigo Echenique Gordillo.
Partner recommendation	Oppose
Rationale for recommendation	He was CEO of Banco Santander from 1988 to 1994 and has been a board member since 1988. In our opinion, for these reasons he cannot be re-elected as an independent director. He also exceeds the maximum period of 12 years recommended by the Spanish Corporate Governance Code.
Voting results	FOR: 79.97% · AGAINST: 15.61% · ABSTAIN: 0.53% The resolution passed.
Explanation of results	–

FOR	AGAINST	ABSTAIN
79.97%	15.61%	0.53%

BBVA (BBVA)

Company profile	
Sector	Financial services
Market capitalization – Oct 2014 (M)	EUR 53,700 *(USD 66,917)*
Index	IBEX 35
Annual revenue in 2013 (M)	EUR 13,032 *(USD 16,231)*

Proposal	Management proposal: To approve that the variable component of remuneration may be up to 200% of the fixed component.
Partner recommendation	Oppose
Rationale for recommendation	The Law 14/2013, incorporates some new features on the limitation of the variable remuneration. Fundamentally, to limit it to a maximum of 100% over the fixed remuneration, unless it is authorized by the shareholders or equivalent body, in which case it may reach 200%. This limitation only affects the financial sector. Indeed, Banco Santander, Bankinter and CaixaBank have made the same proposal. In our opinion, 100% is already a far too high percentage and encourages the assumption of greater short-term risks. 200% is totally inappropriate and may jeopardize the sustainability of the company in the long run, since could lead the plan beneficiaries to assume excessive risks. To justify this proposal, BBVA relies on its own report and a consultant report. The plan affects 163 people.
Voting results	FOR: 97.81%; AGAINST: 1.97%; ABSTAIN: 0.22% The proposal passed.
Explanation of results	–

FOR	AGAINST	ABSTAIN
97.81%	1.97%	0.22%

ENAGAS (ENG)

Company profile	
Sector	Energy
Market capitalization – Oct 2014 (M)	EUR 6,100 *(USD 7,597)*
Index	IBEX 35
Annual revenue in 2013 (M)	EUR 1,278.6 *(USD 1,592)*

Proposal	Management proposal: Re-election of independent director – D. Antonio Hernandez Mancha.
Partner recommendation	Oppose
Rationale for recommendation	In our opinion, he cannot be appointed as an independent director because of his link with the executive director, who is also proposed to be re-elected at the same Annual General Meeting. Furthermore, it is proposed to re-elect 4 other directors with the same link (they all belong to the same political party).
Voting results	FOR: 96.47% · AGAINST: 2.74% · ABSTAIN: 0.77% The proposal passed.
Explanation of results	–

IBERDROLA (IBE)

Company profile	
Sector	Oil and gas
Market capitalization – Oct 2014 (M)	EUR 34,500 *(USD 42,968)*
Index	IBEX 35
Annual revenue in 2013 (M)	EUR 32,807 *(USD 40,859)*

Proposal	Management proposal: Advisory vote on the remuneration policy of the board of Iberdrola.
Partner recommendation	Oppose
Rationale for recommendation	The remuneration of the board of directors of Iberdrola is very high. Two independent directors earn more than € 500,000; 5 more than € 300,000. These amounts may affect their independence since they are substantially significant. The average remuneration of executive directors (€ 4,894,000) is much higher than the industry average (€ 2,167,000). The average remuneration of senior management (€ 1,259,000) is higher than the average of Ibex (€ 835,000). Special mention deserves the compensation of the CEO and Chairman: € 2.250.000 (remuneration) + € 567,000 (fixed remuneration) + € 140,000 (allowances) + € 3,146,000 (variable remuneration) + € 61,000 (other items) + € 1.279. 000 (amount of shares granted) = € 7,443,000. Furthermore, the ratio of the average and maximum remuneration of an executive director and the average wage of a worker in Iberdrola is very high (62 and 96 times higher respectively).
Voting results	FOR: 75.68% – AGAINST: 1.37% – ABSTAIN: 22.92% The proposal passed.
Explanation of results	On the positive side it is important to emphasize that the variable remuneration is linked to ESG issues. This may have changed the vote from opposition to abstention. However, in our opinion, it should go beyond the presence in sustainability indices and the reduction of CO_2 emissions and include more social criteria.

FOR	AGAINST	ABSTAIN
75.68%	1.37%	22.92%

TELEFONICA (TEF)

Company profile	
Sector	Telecommunications
Market capitalization – Oct 2014 (M)	EUR 51,600 *(USD 64,265)*
Index	IBEX 35
Annual revenue in 2013 (M)	EUR 57,061 *(USD 72,057)*

Proposal	Management proposal: Long-term Scheme for executives.
Partner recommendation	Oppose
Rationale for recommendation	The number of beneficiaries is small and limited. In addition, plans overlap each other (in 5 years there are 3 cycles of 3 years). The maximum amount for the plan is high (€ 350 million) in contrast to the € 60 million dedicated to all employees of the group and it is not known the maximum amount to be paid individually, except in the case of directors (it will only be communicated once the plan is finalized in accordance with current legal provisions, i.e., not voluntarily. This last item is a key issue to assessing the fairness and proportionality of the scheme, in which CSR criteria are not considered. It is also important to note that the remuneration of the executive directors of Telefónica is higher than the average of Ibex 35. In a comparison of the share delivery program with previous schemes, it is possible to observe that there is a substantial improvement of the conditions of the beneficiaries. Finally, the degree of achievement is always high, resulting in practice in an automatic delivery of shares.
Voting results	FOR: 91.43% · AGAINST: 2.10% · ABSTAIN: 6.47% The proposal passed.
Explanation of results	–

6.7 SWITZERLAND

CWC Partner: Ethos

The Ethos Foundation is composed of about 140 Swiss pension funds and non-profit institutions. Ethos was founded in 1997 and aims at promoting socially responsible investment as well as a stable and prosperous socio-economic environment.

The Ethos Foundation is signatory of the Principles for Responsible Investment (PRI) and the Charter of the Swiss Association of Pension Funds (ASIP), as well as the UK Stewardship Code. In 2009, Ethos received the award of the International Corporate Governance Network (ICGN).

Ethos owns the company Ethos Services SA, which conducts asset management and advisory mandates in the field of socially responsible investment (SRI). Ethos Services offers institutional investors a wide range of SRI-funds. The company also provides proxy voting reports with voting recommendations, a shareholder engagement programme, as well as sustainability and corporate governance ratings and analyses of listed companies. Ethos Services is owned in majority by the Ethos Foundation, the rest of the capital being held by several major Swiss pension funds.

The association Ethos Académie allows private individuals to take part in the activities of Ethos. This non-profit and tax-exempt organisation was launched in 2012 by the Ethos Foundation and has currently about 200 members. It conducts outreach activities in the field of socially responsible investment, including an electronic news service, organising conferences and debates, supporting the exercise of shareholders' voting rights and the funding of studies.

Ethos selected key votes at these Swiss companies:

- ABB
- Dufry
- Novartis
- Schindler
- UBS

Key votes overview

Three of the five votes selected by Ethos (ABB, Schindler and Novartis) are directly or indirectly linked to board and executive remuneration. The Swiss legal context concerning shareholder competencies with regard to executive pay has rapidly evolved since March 2013, when Swiss citizens approved the popular initiative against excessive remuneration (so-called Minder initiative). In November 2013, the Swiss Federal Council published the ordinance of application of the initiative, which entered into force on 1 January 2014. Consequently, companies incorporated under Swiss law that are listed in Switzerland or abroad must propose the following new votes at the general meeting:

- Election of the chairman of the board;
- Election of the members of the remuneration committee.

In addition, starting at the latest in 2015, Swiss listed companies will have the following new obligations:

- The amounts remuneration of the board of directors and the executive management must be approved annually by shareholders by separate and binding votes.
- The articles of association must stipulate, among others, the principles governing variable and equity-based remuneration, as well as the modalities for the remuneration votes. In fact, companies are allowed to choose whether they put the remuneration amounts for the board and the executive management to an ex ante (prospective) or an ex post (retrospective) vote of the shareholders.

2014 was a transitional year, where shareholders had no legal right to vote on the remuneration of directors and executives. However, a few companies held binding votes on remuneration in anticipation of the requirements of the Minder ordinance and more than 50% of the companies voluntarily proposed an advisory vote on the remuneration report. In addition, approx. two thirds of the companies already adapted their articles of association to the requirements of the ordinance.

The other two votes selected relate to an authority to issue shares potentially without pre-emptive rights (Dufry) and the discharge of directors and executives from liability for the management of the company (UBS).

ABB (ABBN)

Company profile	
Sector	Industrial goods and services
Market capitalization – Oct 2014 (M)	CHF 46,900 *(USD 48,561)*
Index	SMI-Index
Annual revenue in 2013 (M)	USD 41,848

Proposal	Management proposal: Advisory vote on the remuneration report
Partner recommendation	Oppose
Rationale for recommendation	Ethos had serious concerns over the special retention payment of more than CHF 3 million made to Ms. Diane de Saint Victor (General Counsel of the company). The other members of the executive committee did not receive this type of extraordinary payment in 2013. Ethos saw no reasons to grant a special retention payment specifically to Ms. de Saint Victor, who has been a member of the executive committee since 2007, with an annual ordinary remuneration varying between CHF 2.8 million and CHF 3.9 million since her appointment. Furthermore, the retention payment was made in shares with a 2-year vesting period only.
Voting results	FOR: 52%; AGAINST: 43%; ABSTAIN: 5%. The proposal passed.
Explanation of results	ABB's remuneration report received the lowest approval rate among remuneration reports submitted to an advisory vote by Swiss listed companies in 2014. This very low score shows that shareholders are strongly opposed to special payments without justification from the company.

FOR	AGAINST	ABSTAIN
52%	43%	5%

The proposal passed.

DUFRY (DUFN)

Company profile	
Sector	Retail
Market capitalization – Oct 2014 (M)	USD 5,600
Index	SMI-Mid
Annual revenue in 2013 (M)	CHF 3,572 *(USD 3,696)*

Proposal	Management proposal: Renewal of authorised share capital
Partner recommendation	Oppose
Rationale for recommendation	Under Swiss law, in addition to their issued capital, companies can create a pool of authorised capital of at most 50% of the issued capital, which allows the board to proceed to successive capital issuances during a period of no more than two years without convening an extraordinary general meeting every time that a capital increase is needed. Pre-emptive rights can be waived in case the capital is used for specific reasons, such as to purchase a company or a stake in a company. Dufry requested an authorised capital of 30% of the issued capital, without indicating any precise intention of making use of this authority. Ethos considers that an extraordinary general meeting (EGM) should be called for important capital issuances, so that shareholders can evaluate the intended use of the shares. Ethos' limit is 20% per authority to issue capital without pre-emptive rights for general financing purposes. Therefore, Ethos opposed the proposal.
Voting results	Proposal rejected: For: 61% Two third affirmative votes are required to create a pool of authorised capital in Switzerland.
Explanation of results	This score shows that many investors are unwilling to accept excessive potential dilution without knowing the intended use of the shares. One month after the authorised capital was rejected, Dufry announced the acquisition of Nuance for CHF 1.55 billion and called an EGM to request an ordinary capital increase with pre-emptive rights of up to 35% of the issued capital to finance the acquisition. The ordinary capital increase was accepted by 99.8% of the votes.

NOVARTIS (NOVN)

Company profile	
Sector	Healthcare
Market capitalization – Oct 2014 (M)	CHF 231,520 *(USD 239,000)*
Index	SMI-Index
Annual revenue in 2013 (M)	USD 57,920

Proposal	Management proposal: Election of Ulrich Lehner to the remuneration committee
Partner recommendation	Oppose
Rationale for recommendation	Ulrich Lehner has served in the remuneration committee for 8 years. In particular, he was a member of the remuneration committee when it approved the remuneration contract of Dr. Vasella in 2009, which provided for a 5-year non-compete clause resulting in a payment in excess of CHF 70 million. Eventually, Dr. Vasella waived his entitlement to this remuneration. Ethos however believes that Ulrich Lehner should no longer sit on the remuneration committee. Therefore, Ethos opposed the proposal.
Voting results	FOR: 66%; AGAINST: 33%; ABSTAIN: 1%. The resolution passed.
Explanation of results	Ulrich Lehner's re-election to the remuneration committee was backed by a much smaller majority than his re-election to the board of directors, which was supported by 86% of the votes.

FOR	AGAINST	ABSTAIN
66%	33%	1%

The resolution passed.

SCHINDLER (SCHN)

Company profile	
Sector	Industrial goods and services
Market capitalization – Oct 2014 (M)	CHF 14,600 *(USD 15,111)*
Index	SLI Index
Annual revenue in 2013 (M)	CHF 8,813 *(USD 9,121)*

Proposal	Management proposal: Amend articles of association to implement the Minder ordinance
Partner recommendation	Oppose
Rationale for recommendation	According to the Minder ordinance, the principles governing performance- and equity-based remuneration must be included in the articles of association, otherwise such remuneration cannot be paid. The principles governing remuneration included in the articles of association proposed by Schindler are very vague and give full discretion to the board in determining the performance targets, the type of payments, as well as the terms and conditions of the variable remuneration plans. In addition, the proposed articles of association stipulate that the non-executive board members can receive the same type of remuneration as the members of the executive management, which is against best practice. Therefore, Ethos opposed the proposal.
Voting results	FOR: 92%; AGAINST: 7%; ABSTAIN: 1% The resolution passed.
Explanation of results	Schindler's capital comprises 2 classes of securities: 61% of the capital consists of registered shares, while the remaining 39% is made of dividend rights certificates without voting rights. The Schindler and Bonnard families hold 67% of the registered shares. In total, 78% of the registered shares were represented at the AGM. In light of the shareholder structure, the proposal was supported only by 44% of the votes of the minority shareholders.

UBS (UBSN)

Company profile	
Sector	Financial services
Market capitalization – Oct 2014 (M)	CHF 59,890 *(USD 61,987)*
Index	SMI-Index
Annual revenue in 2013 (M)	CHF 27,732 *(USD 28,701)*

Proposal	Management proposal: Discharge board members and executive management
Partner recommendation	Oppose
Rationale for recommendation	Under Swiss law, the discharge is among shareholders inalienable rights and is almost always included as an agenda item at AGMs. It constitutes a formal assurance that no legal proceedings shall be instituted against the discharged body for its conduct of business. Discharge is only valid for facts revealed at the moment it is granted and exempts the discharged members from prosecution by the company for gross negligence. Ethos considers that ongoing legal proceedings, as well as serious failures in respect of governance, social or environmental matters justify opposing the discharge. In 2013, UBS had to book new provisions for litigation in a total amount of CHF 1.8 billion. In addition, various authorities (including the Swiss Financial Market Supervisory Authority, the Swiss Competition Commission, the US Department of Justice and the UK Financial Conduct Authority) started investigations in 2013 concerning possible manipulation of foreign exchange rates. Simultaneously, several class actions have been filed against UBS and several other banks. Therefore, Ethos considered it was not in the shareholders interests to grant the discharge and recommended to oppose.
Voting results	FOR: 87% · AGAINST: 12% · ABSTAIN: 1% The resolution passed.
Explanation of results	The proposal received a strong opposition despite the fact that many shareholders view the discharge as a routine item.

6.8 UNITED KINGDOM

CWC Partner: The Trades Union Congress (TUC)

The TUC is the UK's national trade union centre, representing more than 6 million workers in 55 unions. Its members work in all sectors of the economy, and include factory workers and computer programmers; office staff and shop workers; bus drivers and airline pilots; teachers, soap stars and fashion models. The TUC's mission is to raise the quality of working life and promote equality for all by campaigning for trade union aims and values, helping unions to increase membership and effectiveness, cutting out wasteful rivalry and promoting trade union solidarity.

In 2013, the TUC and its two largest affiliates, Unison and Unite, launched Trade Union Share Owners (TUSO), to provide a voice for the labour movement in the capital markets. Fund participating in TUSO vote in line with TUSO Voting and Engagement Guidelines, which reflect trade union values. The votes included this year reflect TUSO's voting positions.

The TUC selected key votes at these UK companies:

- Burberry
- Kentz Corporation
- National Express
- Sports Direct
- Standard Chartered

Key votes overview

The votes selected this year include a shareholder resolution and four management proposals, and cover both labour practices and executive remuneration.

At National Express, a group of shareholders including the Teamsters, three UK local authority pension funds and over 100 individual investors filed a resolution calling on the board to improve oversight and reporting of employment issues. This was in response to long-standing anti-union activity in its US schoolbus business Durham.

One of the focal points of the Trade Union Share Owners voting and engagement guidelines is executive remuneration. New powers for shareholders came into force in the UK this year, giving them a binding vote on remuneration policy.

In 2014, only one company, Kentz Corporation, lost the binding vote on its remuneration policy.

Remuneration at UK-listed banks also continues to be a source of friction with shareholders. There was a very large vote against the remuneration policy at Standard Chartered, indicating continuing shareholder frustrations at the way bankers are paid.

One company, Burberry, lost the advisory vote on its remuneration report, reflecting widespread shareholder concern about an award of 500,000 shares, valued at around £7m, for the new CEO.

At Sports Direct the board proposed a new incentive scheme, having being defeated in several previous attempts. However only small minority of employees (many of whom are on zero hours contracts) were eligible for the scheme, and the company did not provide details on the allocation that the controlling shareholder would receive.

BURBERRY (BRBY)

Company profile	
Sector	Retail
Market capitalization – Oct 2014 (M)	GBP 6,623 *(USD 10,500)*
Index	*FTSE 100*
Annual revenue in 2013 (M)	GBP 2,329 *(USD 3,694)*

Proposal	Management proposal: To approve the Directors Remuneration Report
Partner recommendation	Oppose
Rationale for recommendation	There was particular concern about a one-off award of 500,000 shares to the new CEO, valued at around £7m. In addition, both the ratio of CEO to employee pay and the ratio of variable to fixed pay breached TUSO guidelines. This vote was an opportunity for shareholders to oppose the use of 'golden hellos' for new executives.
Voting results	FOR: 47% / AGAINST: 52.5% / ABSTAIN: 0.05% The resolution was defeated.
Explanation of results	This was the only FTSE100 company to lose the advisory vote on its remuneration report this AGM season. The use of a 'golden hello' was particularly controversial with some UK shareholders, which contributed to the defeat. The company chair has defended the decision, claiming it needs to pay well to attract the best talent.

FOR	AGAINST	ABSTAIN
47%	52.5%	0.05%

KENTZ CORPORATION

Company profile	
Sector	Industrial goods and services
Market capitalization – Oct 2014 (M)	–
Index	Acquired by SNC Lavalin (Canada)
Annual revenue in 2013 (M)	–

Proposal	Management proposal: Remuneration Policy
Partner recommendation	Oppose
Rationale for recommendation	There were numerous shareholder concerns with the remuneration policy, including: • The annual incentive scheme has no cap on awards to be granted to the directors • The remuneration committee has discretion to make one-off payments under the annual bonus scheme (the CEO was awarded a transaction-related bonus in FY2013). • Performance measures for the Long Term Incentive Plan (LTIP) are not appropriately linked to non-financial KPIs. • Directors are not required to build up a significant shareholding. • The CEO's total potential rewards under all incentive schemes are considered to be excessive. • The Company's recruitment policy allows for the replication of new appointees' forfeited schemes at their previous employers. In addition, both the ratio of CEO to employee pay and the ratio of variable to fixed pay breached TUSO guidelines. This resolution was an important test of how shareholders would use the new binding vote on remuneration policy.
Voting results	FOR: 48.5% · AGAINST: 51.5% · ABSTAIN: 13% The resolution was defeated. Excluding abstentions, there was a 48.5% vote in favour and a 51.5% vote against. Almost 13% actively abstained. However, since abstentions are not counted as votes in law the proposal was defeated.
Explanation of results	To date, this is the only case of a UK-listed company losing the new binding vote on its remuneration policy. Kentz has committed to consult with its shareholders and propose a revised remuneration policy in due course.

NATIONAL EXPRESS (NEX)

Company profile	
Sector	Travel and leisure
Market capitalization – Oct 2014 (M)	GBP 1,249 *(USD 1,982)*
Index	*FTSE 350*
Annual revenue in 2013 (M)	GBP 1,891 *(USD 2,998)*

Proposal	Shareholder proposal: Expand the responsibility of the Board's Safety and Environmental Committee to improve oversight of and reporting on management of human capital
Partner recommendation	Support
Rationale for recommendation	The resolution called on the board to improve independent oversight and reporting of employment issues. This was in response to long-standing anti-union activity in its US schoolbus business Durham. The resolution was co-filed by investors, including the Teamsters, three UK local authority pension funds and over 100 individual investors. This was the only resolution in the 2014 UK AGM season specifically addressing labour rights.
Voting results	FOR: 13%, AGAINST: 85%, ABSTAIN: 2% The resolution was defeated.
Explanation of results	Once the holdings of the Cosmen family (who are represented on the board) are taken into account, around one in five shares were either voted in favour or abstained. Although the resolution did not pass, it achieved the highest vote in favour of any shareholder proposal on environmental or social issues filed in the UK in the last ten years. Several of the largest institutional investors voted in favour. It has already led to further shareholder engagement with the company over labour rights.

SPORTS DIRECT (SPD)

Company profile	
Sector	Retail
Market capitalization – Oct 2014 (M)	GBP 3,771 *(USD 5,978)*
Index	*FTSE 100*
Annual revenue in 2013 (M)	GBP 2,706 *(USD 4,291)*

Proposal	Management proposal: To implement the 2015 Bonus Share Scheme
Partner recommendation	Oppose
Rationale for recommendation	There were concerns that the rules of the proposed plan fail to impose an individual limit on the quantum of award that may be made to any individual under the plan. In particular the company did not make clear how much founder and controlling shareholder Mike Ashley could receive. The scheme was also restrictive in nature. Of 24,000 employees, only around 3,000 were eligible to participate in the scheme. TUSO policy is to only support incentive schemes for directors, including share schemes, which are open to all staff on the same basis.
Voting results	FOR: 60%; AGAINST: 40%; ABSTAIN: - The resolution passed.
Explanation of results	Having defeated several previously-proposed schemes, many UK institutional investors once again opposed the proposal. However, the largest shareholder, Odey Asset Management, was publicly supportive. Founder and controlling shareholder Mike Ashley subsequently decided not to participate in the scheme.

STANDARD CHARTERED (STAN)

Company profile	
Sector	Financial services
Market capitalization – Oct 2014 (M)	GBP 27,516 *(USD 43,623)*
Index	*FTSE 100*
Annual revenue in 2013 (M)	GBP 11,492 *(USD 17,031)*

Proposal	Management proposal: To approve the directors' remuneration policy
Partner recommendation	Oppose
Rationale for recommendation	The company made changes to its remuneration policy during the year, introducing a fixed pay allowance to circumvent the EU 'bonus cap' and shifting to a more short-term focus. It tweaked its total variable compensation, which will provide for shares paid upfront (20%), deferred shares over three (55%) and five years (25%). Because vesting occurs "over" five years instead of "after" five years, the long-term element of variable pay reduces. In addition, both the ratio of CEO to employee pay and the ratio of variable to fixed pay breached TUSO guidelines. The vote was an important test of attitudes to bank remuneration policies not in line with either long-term shareholder interests or regulatory objectives
Voting results	FOR: 59% · AGAINST: 40.5% · ABSTAIN: 0.05% The resolution passed, but there was a significant vote against.
Explanation of results	Standard Chartered received one of the largest votes against an executive remuneration policy at a UK-listed company this season. This was largely driven by concerns amongst institutional investors about the shift to more variable pay being based on short-term results. The bank has said it will seek to address concerns raised.

6.9 UNITED STATES OF AMERICA

CWC Partner: American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)

The American Federation of Labor and Congress of Industrial Organizations (AFL-CIO) is the umbrella federation for U.S. unions, with 56 unions representing 12.5 million working men and women.

The AFL-CIO's Office of Investment gives workers a voice in the capital markets by leading corporate governance shareholder initiatives and advocating for legislative and regulatory reform.

The AFL-CIO selected key votes at these U.S. companies:

- Abercrombie & Fitch
- Boston Properties
- Chipotle Mexican Grill
- Nabors Industries
- T-Mobile US

Key votes overview

The five key votes that the AFL-CIO selected for this year's Global Proxy Review illustrate the wide range of ways shareholders in the United States urge boards of directors to improve corporate governance and company performance. While diverse in nature - including three votes on various aspects of executive pay, a vote on providing a human rights assessment report and a vote on gaining shareholder access to the proxy – all of the votes spring from the view that companies prosper in the right way when their boards of directors listen to and communicate meaningfully with their long-term shareholders.

Excessive and poorly structured executive compensation remains a central concern of shareholders in the United States. Shareholders have made good use of the now mandatory advisory votes on executive compensation by voting against these management say-on-pay proposals at more than fifty companies in the past year, including at Chipotle Mexican Grill where the proposal received a dismal 23% support. These votes are on the overall executive compensation policies and practices in place at companies and tend to be retrospective, reflecting shareholder appraisal of recent pay packages and policy changes.

The implementation of the shareholder proposal at Nabors Industries on specific metrics used in determining most equity grants would give shareholders an additional, more focused vote on executive pay. While this proposal has yet to gain wide shareholder support, it is important because it draws attention to a not uncommon practice of companies providing shareholders an unhelpful laundry list of metrics that may or may not be used in determining equity awards. If, instead, shareholders can vote on the specific metrics that will be used in granting awards the compensation committees of boards of directors will have to be objective and transparent with respect to their compensation philosophies.

The third key vote selected by the AFL-CIO, also directly related to executive compensation, similarly sought to correct a specific bad compensation practice: the accelerated vesting of equity awards upon a change in control. In effect, this practice enables executives to receive windfall payments that are unrelated to their years of service and performance. Proposals urging the end to this practice routinely receive significant shareholder support. This year several of these proposals passed, including the key vote at Boston Properties.

The proxy access proposal at Abercrombie & Fitch also indirectly relates to executive pay. It was filed in part because the company's board has been unresponsive to shareholder dissatisfaction with executive pay as expressed in two failed say-on-pay votes. Providing shareholders with equal access to the proxy could lead to a more responsive board by making it easier for long-term shareholders to effect board composition through getting their nominees on the proxy.

The fifth key vote selected this year, a proposal requesting that T-Mobile US's board prepare a human rights assessment report for shareholders, would benefit shareholders and the company by ensuring that the board pays closer attention to human rights risks as called for by the UN Guiding Principles on Business and Human Rights. A human rights assessment report helps reduce the company' exposure to reputational and financial risks associated with violating human rights. Such a report at T-Mobile US would be especially beneficial because of allegations of labor rights abuses in its operations and supply chain.

ABERCROMBIE & FITCH (ANF)

Company profile	
Sector	Retail
Market capitalization – October 2014 (M)	USD 2,000
Index	Russell 1000
Annual revenue in 2013 (M)	USD 4,117

Proposal	Shareholder proposal: seeking equal access to the proxy
Partner recommendation	Support
Rationale for recommendation	This proposal asked the board of directors to develop a bylaw to allow shareholders to have their board candidate nominees included on the company's proxy ballot. Under the bylaw, a shareholder or group of shareholders that has owned at least three per cent of the company's stock for three years could nominate candidates for up to a quarter of the positions. The company would then be required to include these candidates on the proxy ballot issued to all shareholders. The ability to have shareholder nominees included on the company's proxy ballot is an important shareholder right that can help shareholders influence the composition of the board of directors. This proposal sets forth criteria that would assure that only significant long-term shareholders or groups of shareholders would gain the ability to have nominees included on a company-issued proxy ballot rather than on a separate ballot. The board of directors at Abercrombie & Fitch has been unresponsive to shareholder concerns and votes. It repeatedly awarded its CEO with excessive compensation packages and has not been responsive to shareholder dissatisfaction expressed in two failed say-on-pay votes. In these circumstances, shareholders would clearly benefit from having the greater influence that the implementation of this proposal would give them.
Voting results	FOR: 55%; AGAINST: 45%; ABSTAIN: – The proposal passed.
Explanation of results	Shareholders have been pursuing the right to nominate board members for over a decade. The latest attempt of the US Securities and Exchange Commission to establish this right at all public companies was derailed by a court ruling in 2011. This proposal and similar shareholder proposals at other companies make clear that shareholders remain interested in acquiring this important tool to improve corporate governance.

BOSTON PROPERTIES (BXP)

Company profile	
Sector	Real estate
Market capitalization – October 2014 (M)	USD 18,820
Index	S&P 500
Annual revenue in 2013 (M)	USD 2,210

Proposal	Shareholder proposal: seeking pro-rata vesting of equity awards upon change-in-control
Partner recommendation	Support
Rationale for recommendation	This shareholder proposal asked that the board adopt a policy that in the event of a change of control of the company, there will be no acceleration in the vesting of any equity award to a senior executive, provided that any unvested award may vest on a pro rata basis up to the day of termination. The company's current practices permit accelerated vesting of equity awards when there is a change in control. For this reason, senior executives may receive windfall payments that are unrelated to their years of service and performance. It is in the interest of shareholders for executive compensation to be reasonable. Pay practices such as the accelerated vesting of equity awards when there is a change of control may result in pay for failure. Moreover, accelerated vesting can provide incentives for executives to support merger decisions that do not benefit long-term shareholders. According to the company's proxy statement, had there been a change of control transaction at Boston Properties at the end of fiscal year 2012, senior executives would have received $25 million worth of long-term equity through accelerated vesting.
Voting results	FOR: 53%; AGAINST: 47%; ABSTAIN: 0% The proposal passed.
Explanation of results	Proposals on this issue have received strong but not majority shareholder support in recent years. For the first time, in 2014 a majority of shareholders supported proposals on this issue at Boston Properties and at several other companies including Gannett Company, Valero Energy and Dean Foods. This suggests that a ban on accelerated vesting of equity awards is increasingly being accepted as a best practice by shareholders.

CHIPOTLE MEXICAN GRILL, INC. (CMG)

Company profile	
Sector	Travel and leisure
Market capitalization – October 2014 (M)	USD 19,540
Index	S&P 500
Annual revenue in 2013 (M)	USD 3,214

Proposal	Management proposal: providing shareholders an advisory vote on executive compensation
Partner recommendation	Oppose
Rationale for recommendation	This management sponsored "say-on-pay" vote sought shareholder approval of Chipotle Mexican Grill's executive compensation policies and practices. Say-on-pay votes serve as a non-binding recommendation to boards of directors. Seventy-seven per cent of shares were voted against this proposal at Chipotle in 2014. Shareholders have faulted Chipotle's executive pay practices for a number of reasons. A major concern has been the magnitude of CEO pay with each of the company's co-CEOs making multiple times what CEOs at industry peers of similar size make. The equity appreciation rights program is also seen as flawed. Because the size of the grants do not decline with a rise in share price their value is much higher than may have been originally intended. A third concern has been that the lack of a retention policy at the company has allowed CEOs to dispose of their equity appreciation rights quickly instead of building up their 'skin in the game'. Taken together, these practices have led to excessive CEO pay at Chipotle. Shareholders reacted to the board's unresponsiveness to their concerns as expressed in previous say-on-pay proposals by overwhelmingly opposing this year's say-on-pay proposal.
Voting results	FOR: 23% · AGAINST: 77% · ABSTAIN: – The proposal was defeated.
Explanation of results	Most say-on-pay proposals voted on each year receive more than 90 per cent shareholder support. Support that falls much below this level indicates that shareholder concern for the pay practices at a company is significant. The say-on-pay vote results at Chipotle over the last three years suggest that increasing numbers of shareholders will vote no on say-on-pay proposals if the company fails to reform what are perceived to be excessive CEO pay packages.

NABORS INDUSTRIES (NBR)

Company profile	
Sector	Energy
Market capitalization – October 2014 (M)	USD 5,240
Index	S&P 500
Annual revenue in 2013 (M)	USD 6,249

Proposal	Shareholder proposal: seeking disclosure of specific metrics used for most executive performance awards
Partner recommendation	Support
Rationale for recommendation	This shareholder proposal sought to increase the objectivity, transparency and accountability to shareholders of senior executive performance awards. The proposal urged the Compensation Committee of the Board of Directors to submit for shareholder approval the specific quantitative performance metrics that would be used to determine at least a majority of future senior executive performance awards. The adoption of this practice will mitigate concerns of shareholders that performance awards are determined in an arbitrary and subjective manner that does not serve to align executive pay with the company's long-term performance. Such concerns are not without basis at Nabors Industries where the most recent performance awards plan specifies more than twenty-five metrics that might be used in any combination to determine stock awards. The result is that shareholders have no reliable way to evaluate the performance awards plan. A majority of shareholders have not supported the company's advisory vote on executive compensation (say-on-pay) in each of the last five years. The implementation of this proposal would give the Board of Directors greater insight into shareholder sentiment with respect to one aspect of executive compensation and thereby enable it to better address shareholder concerns that resulted in failed say-on-pay votes.
Voting results	FOR: 25% / AGAINST: 75% / ABSTAIN: – The proposal was defeated.
Explanation of results	While this proposal did not receive majority shareholder support, it is important because it draws attention to the problem of excessive discretion on behalf of Boards of Directors in awarding equity pay.

T-MOBILE US, INC. (TMUS)

Company profile	
Sector	Telecommunication
Market capitalization – October 2014 (M)	USD 23,000
Index	Russell 1000
Annual revenue in 2013 (M)	USD 24,420

Proposal	Shareholder proposal: seeking a human rights assessment report
Partner recommendation	Support
Rationale for recommendation	This shareholder proposal at T-Mobile US urges the Board of Directors to prepare a report for shareholders on the company's process for identifying potential and actual human rights risks in its operations as well as in the operations of its suppliers. The requested report would address the human rights principles used to make the assessment, the frequency and methodology of the assessment and would include a description of how the results are incorporated into the company's policies and decision making. A company can reduce its exposure to the reputational and financial risks associated with violating human rights principles by following the process outlined in this proposal. T-Mobile shareholders would benefit from knowing how T-Mobile is monitoring and addressing human rights risks in its operations and in the operations of its vendors. For example, a 2012 report titled "Unacceptable: We Expect Better," by the unions ver.di and the Communications Workers of America presented evidence of alleged labor rights violations since 2001 at T-Mobile's predecessor T-Mobile USA. In addition, T-Mobile has been criticized for violating its employees' freedom of association rights to organize and bargain collectively in at least two other reports issued by non-government organizations.
Voting results	FOR: 7% · AGAINST: 88% · ABSTAIN: 5% The proposal was defeated.
Explanation of results	Deutsche Telekom holds 67% of the T-Mobile US shares and voted against this proposal. Deutsche Telekom's vote against the proposal is notable given that Deutsche Telekom itself has embraced the UN Guiding Principles on Business and Human Rights that call on companies to conduct human rights risk assessments.

7.0 Trustee checklist

Global Proxy Review is a tool for pension trustees who wish to monitor how service providers are casting proxy votes on the fund's behalf. Trustees can use this checklist – along with the Guide in section 4 – as a quick reference guide for annual proxy voting oversight, and/or in the process of reviewing or choosing service providers.

AUSTRAILIA

Company	Index (as of Oct 2014)	Vote	CWC Parter Recommendation	Results	How did your fund manager vote?
Alumina Limited	S&P/ASX 200	Management proposal: Approve the Remuneration Report	Oppose	Defeated. For: 49.61%; Against: 49.79%; abstain: 0.60%	
Aurizon Limited	S&P/ASX 200	Management proposal: Approve the Remuneration Report	Oppose	Passed. For: 70.74%; against: 27.59%; abstain: 1.67%	
Newcrest Mining	S&P/ASX 200	Management proposal: Re-election of Richard Lee	Oppose	Passed. For: 69.33%; against: 29%; abstain: 1.68%	
QBE Insurance	S&P/ASX 200	Management proposal: Approve termination payment to former CEO	Oppose	Passed. For: 58.84%; against: 37.81%; abstain: 3.35%	
Sonic Healthcare	S&P/ASX 200	Management proposal: Re-election of Philip Dubois	Oppose	Passed. For: 63.90%; against: 35.98%; abstain: 0.12%	

CANADA

Company	Index (as of Oct 2014)	Vote	CWC Parter Recommendation	Results	How did your fund manager vote?
Blackberry Ltd	S&P/TSX 60	Management proposal: Accept the company's approach to executive compensation	Oppose	Passed. For: 66.62%; against: 33.38%	
Crescent Point Energy Corporation	S&P/TSX 60	Management proposal: Accept the company's approach to executive compensation	Oppose	Passed. For: 56.67%; against: 43.33%	
Imax Corporation		Management proposal: Elect Garth M. Girvan as a director	Oppose	Passed. For:54.3%; withhold: 45.7%	
Power Corporation of Canada	S&P/TSX 60	Management proposal: Elect Laurent Dassault as a director	Oppose	Passed. For: 81.35%; withhold: 18.65%	
Talisman Energy	S&P/TSX 60	Shareholder proposal: Amend the policy on executive equity awards in the event of a change in control of the company	Support	Defeated. For: 47.55%; against: 52.45%	

FRANCE

Company	Index (as of Oct 2014)	Vote	CWC Parter Recommendation	Results	How did your fund manager vote?
Renault	CAC 40	Management proposal: Approval of retirement pledge for Mr. Carlos Ghosn under article L. 225-42-1 of the French commercial code ("Code du commerce")	Oppose	Passed. For: 66.79%; against: 33.16%; abstain: 0.04%	
Rexel	Euronext 100	Management proposal: Profit allocation	Oppose	Passed. For: 98.8%; against: 1.2%	
Sanofi	CAC 40	Management proposal: Consultative resolution regarding Mr. Viehbacher's (CEO) remuneration	Oppose	Passed. For: 94.44%; against: 5.52%; abstain: 0.05%	
ST Microelectronics	Euronext 100	Management proposal: Approval of the stock-based portion of the compensation of the president and CEO	Oppose	Passed. For: 82.82%; abstain: 17.18%	

THE NETHERLANDS

Company	Index (as of Oct 2014)	Vote	CWC Parter Recommendation	Results	How did your fund manager vote?
AMG Advanced Metallurgical Group	NEXT 150	Management proposal: Discharge of the members of the Supervisory Board	Consider major corporate governance issues when voting	Passed. For: 45.2%; against: 36.1%; asbtain: 18.7%	
Corbion	NEXT 150	Management proposal: Discharge of the members of the Supervisory Board	Consider major corporate governance issues when voting	Passed. For: 71.9%; against: 25.8%; asbtain: 2.3%	
Heineken	Euronext 100	Management proposal: Discharge of the members of the Supervisory Board	Consider major corporate governance issues when voting	Passed. For: 78.7%; against: 20.6%; abstain: 0.7%	
Sligro Food Group	AMX-INDEX	Management proposal: Amendment of the Articles of Association	Consider major corporate governance issues when voting	Withdrawn	
TomTom	NEXT 150	Management proposal: Amendment of the remuneration policy for the Management Board	Consider major corporate governance issues when voting	Passed. For: 82.6%; against: 17.4%	

SOUTH AFRICA

Company	Index (as of Oct 2014)	Vote	CWC Parter Recommendation	Results	How did your fund manager vote?
Barclays Africa Group	JSE FTSE Top 40	Management Proposal: Advisory endorsement of the remuneration policy	Oppose	Passed. For: 81.56%; against: 18.44%	
Exxaro Resources Limited	JSE FTSE Top 100	Management proposal: Re-Election of Mr NL Sowazi as a director	Oppose	Passed. For: 87.4%; against: 10%	
Gold Fields Limited	JSE FTSE Top 100	Management proposal: Approval of the remuneration of non-executive directors	Oppose	Passed. For: 87.56%; against: 12.44%	
Investec PLC	JSE FTSE Top 40	Management proposal: To approve the DLC directors' remuneration policy in the DLC remuneration report	Oppose	Passed: For: 90%; against: 10%	
Pick n Pay Stores	JSE FTSE Top 100	Management proposal: General approval to repurchase Company shares	Oppose	Passed	

SPAIN

Company	Index (as of Oct 2014)	Vote	CWC Parter Recommendation	Results	How did your fund manager vote?
Banco Santander	IBEX 35	Management proposal: Re-election of director – D. Rodrigo Echenique Gordillo	Oppose	Passed. For: 79.97%; against: 15.61%; abstain: 0.53%	
BBVA	IBEX 35	Management proposal: To approve that the variable component of remuneration may be up to 200% of the fixed component	Oppose	Passed. For: 97.81%; against: 1.97%; abstain: 0.22%	
Enagas	IBEX 35	Management proposal: Re-election of independent director	Oppose	Passed. For: 96.47%; against: 2.74%; asbtain: 0.77%	
Iberdrola	IBEX 35	Management proposal: Advisory vote on the remuneration policy of the board of Iberdrola	Oppose	Passed. For: 75.68%; against: 1.37%; abstain: 22.92%	
Telefonica	IBEX 35	Management proposal: Long-term Scheme for executives	Oppose	Passed. For: 91.43%; against: 2.10%; abstain: 6.47%	

SWITZERLAND

Company	Index (as of Oct 2014)	Vote	CWC Parter Recommendation	Results	How did your fund manager vote?
ABB	SMI-Index	Management proposal: Advisory vote on the remuneration report	Oppose	Passed. For: 52%; against: 43%; abstain: 5%	
Dufry	SMI-Mid	Management proposal: Renewal of authorised share capital	Oppose	Rejected. For: 61% (2/3 required to pass)	
Novartis	SMI-Index	Management proposal: Election of Ulrich Lehner to the remuneration committee	Oppose	Passed. For: 66%; against: 33%; abstain: 1%	
Schindler	SLI Index	Management proposal: Amend articles of association to implement the Minder ordinance	Oppose	Passed. For: 92%; against: 7%; abstain: 1%	
UBS	SMI Index	Management proposal: Discharge board members and executive management	Oppose	Passed. For: 87%; against: 12%; abstain: 1%	

UNITED KINGDOM

Company	Index (as of Oct 2014)	Vote	CWC Parter Recommendation	Results	How did your fund manager vote?
Burberry	FTSE 100	Management proposal: Approve the Directors' Remuneration Report	Oppose	Defeated. For: 47%; against: 52.5%; abstain: 0.05%	
Kentz Corporation	acquired	Management proposal: Remuneration Policy	Oppose	Defeated. For: 48.5%; against: 51.5%; abstain: 13%	
National Express	FTSE 350	Shareholder proposal: Expand the responsibility of the Board's Safety and Environmental Committee to improve oversight of and reporting on management of human capital	Support	Defeated. For: 13%; against: 85%; abstain: 2%	
Sports Direct	FTSE 100	Management proposal: To implement the 2015 Bonus Share Scheme	Oppose	Passed. For: 60%; against: 40%	
Standard Chartered	FTSE 100	Management proposal: To approve the directors' remuneration policy	Oppose	Passed. For: 59%; against: 40.5%; abstain: 0.05%	

UNITED STATES OF AMERICA

Company	Index (as of Oct 2014)	Vote	CWC Parter Recommendation	Results	How did your fund manager vote?
Abercrombie & Fitch	Russell 1000	Shareholder proposal seeking equal access to the proxy	Support	Passed. For: 55%; against: 45%	
Boston Properties	S&P 500	Shareholder proposal: seeking pro-rata vesting of equity awards upon change-in-control	Support	Passed. For 53%; against: 47%	
Chipotle Mexican Grill	S&P 500	Management proposal: providing shareholders an advisory vote on executive compensation	Oppose	Defeated. For: 23%; against: 77%	
Nabors Industries	S&P 500	Shareholder proposal: seeking disclosure of specific metrics used for most executive performance awards	Support	Defeated. For: 25%; against: 75%	
T-Mobile	Russell 1000	Shareholder proposal: seeking a human rights assessment report	Support	Defeated. For: 7%; against: 88%; abstain: 5%	

Overview of proxy votes cast on your behalf

Total number of votes cast: ______

Total number of votes cast in line with partner recommendation: ______

8.0 Endnotes

[1] Unless otherwise noted, financial information was retrieved from www.businessweek.com.

[2] Private Pensions: OECD Classification and Glossary, OECD, Paris, 2005.

[3] Elton, E. J., Gruber, M. J., & Blake, C. R. (2013). *The Performance of Separate Accounts and Collective Investment Trusts*. Review of Finance.

[4] *Viewpoint*, June 2014, Blackrock, June 2014. Available from: www.blackrock.com/corporate/en-kr/literature/whitepaper/viewpoint-blackrock-worldwide-leader-in-asset-management.pdf

[5] *A quick primer on pooled vs. non-pooled investments including topics such as embedded capital gains*, Arthur Life, CIBC Wood Gundy, undated.

[6] *Asset management and financial stability*, Office of Financial Research, Washington DC, September 2013.

[7] As You Sow. 2014. *Helping Shareholder Vote their Values*. Available from www.asyousow.org/wp-content/uploads/2014/03/ProxyPreview2014.pdf; Interfaith Centre on Corporate Responsibility. 2008. *The Importance of Voting Your Proxy Ballot*. Available from www.iccr.org/take-action-vote-your-proxies.

[8] For example: *AFL-CIO Office of Investment. 2013. AFL-CIO Key Votes Survey: 2013 Proxy Season Investment Manager Scorecards*, available from www.aflcio.org/content/download/65871/1747351/2013+AFL-CIO+Key+Votes+Survey.pdf; Shareholder Association for Research and Education. 2013. *Key Proxy Vote Survey*, available from www.share.ca; Trade Union Congress. 2013. *TUC Fund Manager Voting Survey 2013*, available from www.tuc.org.uk.

[9] This also includes resolutions that require less than 50% to be defeated. For example, Australian management resolutions on the remuneration report only require a vote greater than 25% to be considered in the 'two-strike' approach to remuneration policy.

[10] Resolution withdrawn or result not available.

[11] The Association française de la gestion financière (the French Asset management association) has issued alerts to its members on matters of corporate governance since 1997. The alerts are made public on the Association's website: www.afg.asso.fr/index.php?option=com_docman&Itemid=151&lang=en.

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CWC committee on workers' capital

Global Unions Committee on Workers' Capital