



# *Press Release*

## *New approach to shareholder voting adopted for the UK market*

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WHEB Asset Management, the global equity fund manager, has announced that it will trial implementing Red Line Voting – a new approach to shareholder voting on the UK market. Speaking at a meeting of the Association of Member Nominated Trustees in London, George Latham, Managing Partner of WHEB announced that his fund managers would comply or explain with the AMNT's Red Lines for UK holdings in the 2016 voting season, and report on its findings to its independent investment advisory committee in June 2016.

This is a major development for AMNT, which has more than 500 members from pension schemes with collective assets of about £600-billion. Only a few weeks ago AMNT launched the new approach to voting. The Red Lines are a series of tightly drawn voting instructions spanning environmental, social and corporate governance policies. They are the UK's first ready-made set of policies for trustees on climate change and social issues including the Living Wage, zero hours contracts, race equality and gender equality.

This new approach to shareholder voting aims to enable small pension schemes, and institutional investors in pooled funds, to direct how their shareholder votes should be cast at UK company AGMs. Currently almost half the assets under management in the UK - £2.5-trillion - is held in pooled funds whose managers are often reluctant to allow the investors to direct how their votes should be used.

George Latham commented: "We welcome the AMNT's Red Lines voting initiative. Stewardship and engagement are a core part of our investment process, and we fully support the UN Global Compact and UK Corporate Governance code on which the Red Lines are based. We believe that the AMNT's initiative provides an accessible way for pension schemes to exercise their own stewardship, and encourages the fund management industry to bring Environmental, Social and Governance issues to the fore."

A number of pension schemes are currently considering adopting Red Line Voting.

Further support came also from the major pension scheme consultancy Lane Clark and Peacock who highlighted how they were drawing their clients' attention to the new voting mechanism. LCP Partner John Clements commented: "LCP believes that managers with strong Responsible Investment (RI) practices, including effective voting policies, should deliver better outcomes. LCP has confirmed to clients that it is

supportive of the Red Line Voting initiative as one way of making it easier to implement an effective voting policy and to improve the quality of debate in this area.

“RI assessment forms a key part of LCP’s manager research and ranking process. As part of this, managers are more likely to be considered for new equity mandates if they can demonstrate how the Red Line Voting initiative is taken into account within their RI framework, can show how it is addressed within their voting policy for pooled funds, and are willing to report on their compliance with it.”

AMNT co-chair Janice Turner commented: “We developed Red Line Voting to enable wider adoption of policies on environmental, social and corporate governance issues which impact on the performance of investors’ funds. Climate change is already having an undeniable impact and if companies fail to address this it will cause great detriment to pension schemes’ long-term investment returns. We are proud to have developed the UK’s first-ever off-the-shelf environment voting policy for widespread adoption by pension schemes and other asset owners. CDP have stated that if widely adopted, Red Line Voting will be a game changer in driving corporate action on climate change.”

The Red Lines on climate change will trigger a vote against the responsible board member if the company has failed to complete the CDP questionnaires, or over three years has failed to score at least a C grade from CDP. Other shareholder votes against are triggered on other issues including failure to establish an environmental sustainability committee and failure to introduce and disclose emission reduction targets.

AMNT has been delighted at the support from the pensions and financial services industry, in particular the ongoing assistance from the UK Sustainable Investment and Finance Association.

Turner continued: “Pension trustees will be as delighted as we are at the growing support for Red Line Voting. Our members will be encouraged by WHEB’s adoption of Red Line Voting: it proves that fund managers can and will support the AMNT’s responsible investment initiative. Trustees are rightly under increasing pressure to take responsible investment seriously. Red Line Voting enables them to do so, to benefit their long term investment returns and indeed bring about better and more responsibly governed companies.”