



Press Release

Trustees announce new approach to shareholder voting

The Association of Member Nominated Trustees (AMNT) has announced the launch of their Red Line Voting initiative. This could return control of the votes associated with billions of pounds of assets back to the asset owners.

AMNT co-chair Janice Turner, who has led the organisation's work in researching and developing the initiative, commented: "The basis of Red Line Voting will be to enable pension schemes, particularly smaller schemes and those that invest in pooled funds, to play a more active role in the stewardship of the companies in which they invest."

The Red Lines are tightly drawn voting instructions that would apply to all the companies in which pension schemes invest. They will cover the full range of environmental, social and corporate governance (ESG) issues.

Dr Vince Cable, Secretary of State for Business, Innovation and Skills, commented: "I'm pleased to hear that the Red Line Voting initiative is now taking shape. This is a great example of investors taking seriously their responsibility as stewards of the companies in which they invest, and coming together to agree standards of good corporate behaviour in relation to matters like executive pay.

"My hope is that the initiative will empower pension schemes and other investors, large and small, to adopt common voting positions on a range of governance issues where these are relevant to their long-term investment objectives. Pension schemes and the investment industry now need to come together to help ensure the proposals become a reality."

AMNT has nearly 400 members from pension schemes with collective assets of approximately £350-billion. The organisation will invite pension scheme trustee boards to adopt all or some of the Red Lines and instruct their fund managers to vote accordingly at company AGMs. The fund managers are at liberty to vote at variance to the Red Lines if in individual circumstances they judge that appropriate, but if they do they will be required to report to the trustees in every case why they did so. Red Line Voting makes it easy for pooled fund managers to accept voting instructions from many clients: they may receive voting instructions from a number of pension schemes, but they would all be the same instructions.

Co-chair Barry Parr added: “The simplicity of Red Line Voting makes directing the votes associated with their investments a realistic option for smaller schemes which have not had the capacity to do so, and seeks to ensure that voting in pooled funds is efficient for both fund managers and pension schemes. This could have a positive impact on corporate accountability and potentially lead to a big change in the attitudes of companies towards their ESG responsibilities. The net increase in directing how votes are cast could certainly help the voting positions of the larger pension schemes, who often struggle for enough support to prevail on the occasions when they challenge company positions that they find unacceptable.”

AMNT consulted the Secretary of State for Business Vince Cable at a very early stage, in mid-2013, and was delighted to receive his encouragement. He agreed to AMNT’s request for input from BIS to help develop the proposal, while making clear that the Government would not take a view on the detailed content of the policies, which was a matter for the trustees to decide.

AMNT developed the governance Red Lines by studying how some of the AMNT members’ largest pension schemes implement the UK Corporate Governance Code, basing the Red Lines on the consensus they found. The social and environmental Red Lines are being developed in accordance with the 10 principles of the UN Global Compact which has global endorsement. Turner continued: “Our Red Lines will cover the full range of ESG issues and we plan to cover climate change, social issues and extremes of pay – both high and low. They will be prudent, realistic, workable and stretching, aimed at leading to better corporate performance in ESG areas. Our bottom line is that we firmly believe that Red Line Voting will produce better results for our investments and more sustainable companies and environment in the long term.

The AMNT announced Red Line Voting at the annual Ownership Day event organised by the UK Sustainable Investment and Finance Association. UKSIF is supporting the AMNT’s Red Line Voting initiative and several companies, particularly from UKSIF, are advising AMNT on the development of the Red Lines. These include Aviva, Threadneedle, Kames, Sustainalytics, Vigeo, Jupiter, Wheb, CCLA, Oekom and KAS BANK.

When finalised the Red Lines will be put before AMNT members in June for approval and following this they will ‘go live’ in autumn.

Notes to editors

The Association of Member Nominated Trustees (AMNT) is a not-for-profit company limited by guarantee, set up by and for member-nominated trustees, member-nominated directors and employee representatives, of UK based occupational pension schemes in the private and public sector. Set up in 2010 it now has nearly 400 members from pension schemes with collective assets totalling approximately £350-billion.

The Association is dedicated to providing those Member Nominees (MNs) with support, which underpins their critical role in ensuring that their pension scheme is governed in the best interests of the scheme members in consultation with their sponsors.

The AMNT will enable MNTs to build their skills and knowledge, voice their opinions, share best practice, become part of a like-minded community and be better recognised for the good and important work they do.