



Press Release

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Red Line Voting: AMNT launches a new approach to shareholder voting on the UK stock market

- **Red Line Voting will significantly empower asset owners in fulfilling their stewardship responsibilities**
- **More pension schemes and asset owners given the ability to adopt environmental and social responsibility policies**
- **The UK's first ready-made simple policy for investors on climate change**
- **The UK's first ready-made simple social policy for investors including equality, diversity on boards, freedom of association and low/high pay**
- **Launches today: Tuesday 8th December 2015**
- **Keynote speaker Rt Hon Sir Vince Cable plus CDP, Women on Boards UK, UK Sustainable Investment and Finance Association, City of London Corporation**

The Association of Member Nominated Trustees today unveils Red Line Voting, a ground-breaking approach to shareholder voting on the UK stock market.

Two years in development, Red Line Voting was created to make it easier for asset owners to adopt active governance of their schemes. These include financially material environment, social policy and corporate governance issues such as climate change, equality, low pay and high pay.

The environmental policy was developed with substantial advice from CDP (formerly the Carbon Disclosure Project) and so climate change is at their heart. The environmental Red Lines are in effect the UK's first ready-made, easy to understand policy for investors on climate change.

This new initiative will help trustees to respond to the conclusion of the Law Commission's 2014 report on fiduciary duties. It stated that pension trustees should take into account environmental and social issues that are financially material to their investments, as well as corporate governance matters.

There has been a particular difficulty for asset owners that invest in pooled funds. Of the £5.5-trillion of assets under management in the UK (invested worldwide), £2.5-trillion is in pooled funds. The managers of these funds are reluctant to allow investors to direct how their votes should be cast due to the complication of multiple instructions in one fund.

Red Line Voting would make it easier for the fund managers of pooled funds to handle voting instructions from multiple investors. The new approach to shareholder voting will enable a far greater number of pension schemes and other asset owners to implement active responsible investment policies as a result.

AMNT Founding Co-Chair Janice Turner commented: “Currently, the owners of nearly half the assets under management in the UK generally are unable to set the agenda for how their votes are cast. We believe this is unsustainable and is an issue that has to be addressed in the interest of investors, pension savers and anyone for that matter with investments in pooled funds.

“Red Line Voting is an unprecedented new approach to shareholder voting on the UK market. We have consulted widely among our membership and within the pensions and financial services industry. We are extremely grateful for the advice we received from many in the industry, particularly from the members of the UK Sustainable Investment and Finance Association and from their CEO Simon Howard.”

Barry Parr, AMNT Founding Co-Chair commented: “We hope that what has been created will enable a far greater number of pension schemes and other asset owners to implement active responsible investment policies. We hope this will increase meaningful communication between asset owners and fund managers. The policies cover environmental, social and corporate governance (ESG) matters and will be applied to UK-listed companies.”

Red Line Voting: How does it work?

- Red Line Voting is a series of Red Lines – tightly drawn voting instructions – covering environmental, social and corporate governance matters. Pension schemes and any other asset owners are invited to adopt all or some of the Red Lines and instruct their fund managers to vote accordingly.
- The fund managers are at liberty to vote contrary to the Red Lines if in any particular case they believe it is in the client’s best interests that they do so, but if they do decide not to comply they are required to explain to the client why they did not.
- The voting instructions do not require shareholders to propose any new resolutions at company AGMs. Instead, when a company crosses a Red Line it will trigger a vote against in one of the resolutions or elections that would normally be on the agenda.

What are the Red Lines?

The policies that make up Red Line Voting are based on the Financial Reporting Council’s UK Corporate Governance Code and the United Nations Global Compact. They cover key issues AMNT believes are in the shareholder’s interests that the companies they invest in get right.

Environmental Red Lines: drafted with advice from CDP, require companies to have an environmental sustainability committee, disclose information via CDP questionnaires, support international agreement between governments on climate change and disclose emission reduction targets. If a company has failed over three years to attain a 'C' grade in CDP scoring methodologies it will trigger a vote against the chair of the environmental sustainability committee or in its absence, a vote against the re-election of the chair of the main board.

Social Red Lines: include ethnic minorities on boards and in senior management, women on boards, Living Wage and zero hours contracts, recognition of trade unions and breaches of labour standards or law.

Corporate Governance Red Lines: have much in common with the policies of the largest pension schemes; they also require companies to have a tax policy. The Red Lines also trigger a vote against the remuneration policy or report where the total package of any director would be more than 100 times greater than the average pay of the company's UK workforce.

The AMNT recognises that the biggest issue facing us all is climate change and was determined that the environment policy would have climate change at its heart. CDP has stated that the Environmental Red Lines, if widely taken up, could be a game changer.

AMNT committee member Bill Trythall added: "We support the challenges to UK plc on equality set by government, and our equality Red Lines echo those on both race and gender representation on boards. We have also set out Red Lines on the Living Wage and zero hours contracts.

"Our Governance Red Lines acknowledge widespread asset owner discontent with soaring executive pay: a vote against the remuneration report will be triggered if any director's remuneration is greater than 100 times the average pay of the company's UK workforce. We recognise that many will say this is too high, but the aim of AMNT is to achieve the greatest consensus."

The official launch of Red Line Voting takes place at 11am on Tuesday 8th December 2015 at the Guildhall of the City of London. The keynote speaker is the economist and former Secretary of State for Business Sir Vince Cable. Other speakers include The City of London Corporation, Simon Howard, Chief Executive of UKSIF, Fiona Hathorn, Managing Director of Women on Boards and Frances Way, Co-Chief Operating Officer of CDP.

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Notes to editors

The AMNT is an organisation set up in 2010 by and for member nominated trustees, directors and representatives of private sector and public sector pension schemes. It now has more than 500 members from pension schemes with collective assets of over £600-billion.

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.