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Committee on Workers' Capital Launches Global Proxy Review 2013

The Global Unions Committee on Workers' Capital (CWC) announces the launch of Global Proxy Review 2013, a report and interactive website that encourages investors to take an active role in proxy voting oversight for global equity portfolios.

How did investors voice their discontent with regards to executive compensation at Barrick Gold in Canada and Afren in the UK? Both companies – likely to be held in pension fund portfolios – faced votes of historic proportion against executive compensation in 2013; in Canada, the votes are advisory; in the UK, starting in October 2013, 'say-on-pay' votes will be binding and thereby require companies to take into account shareholder concerns.

Global Proxy Review provides a unique insight into the intricacies of proxy voting in eight countries by providing an overview and analysis of 40 key shareholder votes at companies likely to be held in global equity portfolios. Labour affiliated organisations and service providers along with pension funds from Australia, Canada, the Netherlands, South Africa, Spain, Switzerland, the United Kingdom and the United States of America contributed their ESG based analysis of key proxy votes; this information can be used to hold fund managers and proxy voting services accountable for the votes cast on behalf of pensioners and investors.

"It is difficult to ensure that proxy votes respect responsible investment criteria when our fund does not vote directly, as is the case for our participation in mutual funds where fund managers vote proxies " says Daniel Simard, Chief Executive Officer of the Bâtirente pension system (Canada) and member of the Advisory Council of the Principles for Responsible Investment (PRI). "The Global Proxy Review is a unique tool that provides us with an overview of proxy votes in companies likely to be found in our global equity portfolios. It allows us to engage with our fund managers on the ESG criteria they apply" he added.

The votes profiled in the report encompass ESG issues at companies in 15 economic sectors. They include votes held at multinational corporations such as: Wal-Mart, News Corporation, Barrick Gold, Heineken, Standard Bank, Telefonica, UBS and Glencore-Xstrata. Approximately one third of the votes selected related to executive compensation, reflecting a continued preoccupation toward excessive executive pay one year after the 'shareholder spring' of 2012. National regulatory contexts are also evolving to facilitate active ownership by shareholders; 'say-on-pay' votes are now mandatory in all countries featured in the report except Canada and the results are binding in Australia, the Netherlands, the UK (starting in October 2013) and will become binding by 2015 in Switzerland. In addition to governance issues, the votes profiled also include significant social issues such as reporting on human rights related risks.

Shareholder voting is one of the primary means by which investors can influence a company's operations. It is therefore important for shareholders to participate in the voting process. However, pension equity investments can span hundreds of companies and numerous countries. Add to this complexity, regulatory differences, conflict of interest problems, agency dilemmas and narrow interpretations of fiduciary duty, which all contribute to accountability gaps along the investment chains of pension funds. Recognizing these gaps, Global Proxy Review was created to serve as an accessible resource for pension trustees who would like to evaluate how key proxy votes in international portfolios were cast on their behalf.

Now in its third edition, Global Proxy Review is a report along with an interactive website (www.workerscapital.org/proxyreview) acting as a repository where users can search key votes compiled since 2011. The project is a collaboration between the CWC and labour and responsible investment advocates from across the globe. Partners include: Australian Council of Super Investors (Australia); Shareholder Association for Research and Education (Canada); Eumedion (Netherlands); Government Employees Pension Fund (South Africa); the Confederación Sindical de Comisiones Obreras and the Union General de Trabajadores de España (Spain); ETHOS Foundation (Switzerland); The Trades Union Congress and Pensions Investment Research Consultants Ltd (UK); and the American Federation of Labour and Congress of Industrial Organizations (US).

Search key votes and download the full report at: www.workerscapital.org/proxyreview

Hugues Létourneau
Program Officer

Global Unions Committee on Workers' Capital (CWC)
1200 – 1166 Alberni Street, Vancouver, BC V6E 3Z3
Canada

T: +1.604.695.2038
E: hletourneau@share.ca

about the CWC

The CWC is an international trade union network for the responsible investment of workers' capital. It is a joint initiative of the International Trade Union Confederation, Trade Union Advisory Committee to the OECD and Global Unions Federation.