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TMI's Voting Record – 31.07.16-31.07.17

One of the stipulations of the Stewardship Code is that signatories report to their clients on a regular basis about how they have exercised their votes. The intention of this piece is to do that for the above period. The comments below cover votes on both institutional and private client portfolios.

Over the 12 months TMI voted on 1552 resolutions – most of these were the regular resolutions at Annual General Meetings, though there were some ordinary and extraordinary meetings as well – we voted in approval of two major takeovers in the period, British American Tobacco's merger with Reynolds American, and Reckitt Benkiser's with Mead Johnson. We approved the majority of resolutions over the year, voting in favour 98.92% of the time, and against 2.06% of the time. This represented an increase in votes against. In absolute terms, we voted against a resolution on 32 occasions.

It is worth going through these. At Sky's AGM we voted against the appointment of James Murdoch as a director. Murdoch has been previously involved with the company and resigned at the time of the mobile hacking scandal in 2011. We didn't feel that it would improve the company's governance to have him back as chairman. We voted again the Remuneration Report and Policy at Imperial Brands. This was intended to give a big boost to the LTIP (Long Term Incentive Plan) of the senior executives, including Alison Cooper, the CEO. We felt that increasing her payout from the LTIP to 450% of basic salary was unmerited, and was not in the interests of the company.

At Vivendi, we could not see the rationale in co-opting Yannick Bollore onto the Supervisory Board as a Director, given the Bollore family already have a lot of influence at the company through his father, and through the family's large shareholding, and voted against this.

At Akzo Nobel there was a resolution on the agenda to approve the issuance of an extra 10% of equity in the event of a takeover, which we saw as a poison pill to fend off the hostile bid from PPG, and voted against. We got a courteous letter back from the CEO and chairman, which was gratifying and showed they were listening.

Tullow Oil sought to amend the rules of their Incentive Plan for executives, and also announced that they would be paying the former CEO, Aidan Heavey, his CEO's salary for an extended period even though he had stood down from that position to become chairman. We voted against the above.

At General Electric we voted against a number of shareholder resolutions, which were opposed by management for good reasons, we felt (time wasting and agitation from small stakeholders where activist groups with small shareholdings were making propositions we did not feel squared with the long term future of the company). These were: a report on lobbying, the chairman to be independent, cumulative voting for director elections, and a report on charitable contributions.

At AT&T similarly we voted against shareholder resolutions for a political spending report, a lobbying report, a modification of proxy access, and a reduced voting requirement for written consent.

At Rolls Royce we voted again the Remuneration Report, the Remuneration Policy, and the LTIP. All of these were overly generous, we felt, given the company's poor performance in recent years. While Warren East, the new CEO, is a good addition to the firm and needs to be paid appropriately, we felt that the measures rewarded executives who were at the company during its recent spate of profit warnings.

At Reckitt Benkiser we voted against the reappointment of Judith Sprieser as a director. We felt that she had been head of the Remuneration Committee for too long, which is responsible for the large pay awards the CEO has received in recent years, and was too close to some of the senior executives.

At Exxon we voted for a shareholder resolution – for the chairman and CEO roles to be split – which was opposed by the management. The new CEO, Darren Woods, who replaced Rex Tillerson, is also due to fill both roles. However, we voted against other shareholder resolutions: majority voting for directors, special shareholder meetings, the restriction of precatory proposals, a report on women's compensation, and on lobbying, a proposal to increase capital distributions at the expense of investment, a report on climate change, and one on methane emissions.

At CSX, we voted against the reimbursement arrangements for the new CEO, Hunter Harrison, who wanted the company to reimburse the hedge fund that agitated for his appointment for the $87m it had given him to incentivise his move. At Freeport McMoran we voted against executive compensation, given the package awarded CEO Richard Adkerson at a time when the share price had collapsed.

At WPP we voted against the Remuneration Report, but not the Remuneration Policy, given the new one seems fairer than the last, with CEO Martin Sorrell only able to earn £15m in future rather than the £70m he was awarded last year.

At Google we voted against executive compensation, believing the new CEO Sundar Pichai's $200m award for the year was excessive, albeit much of this was in stock compensation. We also voted against shareholder proposals, equal shareholder voting (Google has two share classes), and a report on lobbying.