

Asset managers still mum on their voting

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THE VAST majority of institutional investors and asset managers are still not disclosing how they voted at shareholder meetings despite being signatories of the UN Principles for Responsible Investment (UNPRI) and supporting the Code for Responsible Investing in South Africa, which both call for such disclosure.

Only five of the 29 local asset managers that are signatories of the UNPRI are disclosing how they vote at shareholder meetings. The five are: Cadiz, Element Investment Managers, Investec, Mergence and the Public Investment Corporation. RE:CM and Allan Gray are also disclosing their voting record, although neither are UNPRI signatories.

The list of asset managers that are not disclosing includes Coronation, Kagiso, Momentum, Investment Solutions, Prudential, Sanlam Investment Managers and Stanlib.

The difficulty of getting buy-in from institutional investors on the issue of disclosure was behind the recent release of a practice note by the Crisa committee, which details how asset managers should deal with disclosure.

John Oliphant, who is the chairman of the Crisa committee and heads the powerful Government Employees Pension Fund with more than R1 trillion of funds, said when releasing the practice note that disclosure was important for enabling stakeholders to call institutional investors and service providers to account.

"Shareholder activism is a force that could be applied for good or bad and just as companies are held to account, institutional investors should also be accountable, which is the whole notion that underpins Crisa," Oliphant said.

Coronation's policy on proxy voting, according to its website, is to "vote, record and disclose as required by clients".

Karl Leinberger, the chief investment officer at Coronation, told Business Report: "Coronation takes these issues very seriously but we think we are more effective and can undertake more engagements with corporate boards if we are accountable to our clients who have given us their savings and not the broad public."

Leinberger said that he had "serious concerns" that disclosure to the broader public could have unintended consequences. "Often more is achieved with private discussion than if fought through the media."

He said Coronation would assess the situation "from time to time", but noted that so far they had not been approached by any client requesting them to make public disclosure.

In contrast to Coronation, last October Allan Gray revealed that it would in future disclose the details of its voting at shareholder meetings on its website. It has made public its voting record at meetings dating back to April last year.

Sanlam Investment Managers has created a sort of hybrid system, which is unlikely to satisfy calls for disclosure. It does not give voting details on an individual company basis, but merely provides an analysis of its total voting record in terms of the total number of resolutions it voted for and against.