

Letter from the Chairman to the ESPS Secretary

“Changes to EPTL Constitution and AGM

I would like to put on record our view on the decision announced at last year’s ESPS AGM that proxy votes will no longer be considered when taking a vote on a member’s motion before the AGM. Put simply we consider this decision, in an organisation with a national and indeed international membership, to be profoundly anti democratic. Companies across the land could not continue to function if a new Companies Act were to remove the right to proxy votes – investors would be appalled.

I am aware that others, including some trustees and unions, have commented on this retrograde step.

After twenty years within the private sector the industry obviously needs to update the operation and approach to many activities including the management of the pensions obligation. However the Association is obviously concerned that changes in the Scheme should not adversely affect members’ rights and the security of benefits.

The changes being implemented are no doubt grounded on expensive legal advice. We must assume that the changes will not prejudice the Scheme’s legal status nor will they prejudice the interests of the members with regard to benefits.

I referred earlier to the fact that the Scheme’s membership is widely dispersed both nationally and within the groups. This makes effective communication essential. Taken globally communication is not good; some would say appalling. It is clear many administrators find communicating effectively with the membership an encumbrance not an essential duty.

The ESPS AGM is the only forum provided in the Scheme in which members can raise matters of concern affecting their pension or future benefits in company with other members. Although held centrally in London many pensioners do not have the disposable income to make the journey, even those who know of and study the issues will only make the journey when a matter of some significance to them appears on the agenda.

The proxy voting system makes it possible, as in any other national organisation, for such members to have their say without the problem of the journey. It is essential that this decision be reversed.”

This is the relevant part of the Scheme Secretary's reply

" Your letter also refers to member communication. Following discussions about this at the 2010 Scheme AGM, EPTL Directors concluded that the opportunity for members to put resolutions to the Scheme AGM was not intended to serve as an alternative to Group Trustees and Employers having effective communications arrangements in place at Group level. The Directors considered that if concerns about the effectiveness of Group communications were expressed by Group Trustees or members they should be taken up with the Employer in question.

The possibility of the simplification of the Scheme AGM, and in particular the possible removal of the proxy voting facility was examined by EPTL on numerous occasions, both at EPTL General Purposes Committee and full Board level. The Principal Employers were asked to initiate consultation on the proposals with Group Trustees in January 2010 and the consultation period ran for some seven months. During that time Employers and Groups were regularly reminded about the review and encouraged to feed back comments to EPSL.

The EPTL GPC considered carefully the role member resolutions played at the AGM together with the contribution made by proxy voting. It noted both that the number of proxy votes cast was never a significant proportion of total membership nor in practice did the addition of proxy votes change the result of a vote of members attending the meeting. The AGM did, however, provide an opportunity to discuss matters of Scheme level significance and gave rise to debate. Ideally, therefore, members should be present to hear and contribute to the quality of that debate: by contrast proxy voters were unable to take account of the arguments and discussion before their vote were cast.

The impact on members who lived remotely from the AGM's normal London location was considered by EPTL at length. The GPC however concluded that on balance the administrative burden of providing a proxy voting facility was disproportionate to the benefit of providing that facility. It therefore recommended that the proxy voting provisions should be withdrawn. This recommendation was endorsed by the EPTL Directors at their meeting in January 2011, who thought it to be a useful and relatively straightforward way to achieve the desired simplification of the operation of the Scheme AGM.

All of the comments made in your letter have been carefully considered by the EPTL GPC on behalf of EPTL and I must advise that it has been agreed that the proposal to withdraw proxy voting at future Scheme AGMs will not be reversed."