

A dark grey banner with the text 'media:release' in a light blue, lowercase, sans-serif font. The background of the banner features a blurred image of a computer keyboard and some text, suggesting a digital or media theme.

## media:release

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### All votes are needed for good corporate governance

Australia's current system of shareholder proxy voting for listed companies is impacting on key resolutions, according to the latest annual Corporate Governance Report prepared by AMP Capital Investors.

The Report, released today at a Corporate Governance Conference held at the Melbourne Business School, indicates shareholder votes on corporate governance issues are still being lost as a result of a complex manual system of paper based voting. In the past, AMP Capital has been able to identify at least 4% of votes being "lost" with the true number likely to be substantially greater.

AMP Capital Investors Director of Sustainable Funds, Michael Anderson said the Report highlights the impact that lost shareholder votes can have on corporate governance.

"There are a number of ways in which the current, largely manual, voting system can fail its stakeholders. However the widely discussed solution of updating to real time electronic vote registration should substantially reduce the number of shareholder votes that are lost and in turn boost overall levels of corporate governance," Mr Anderson said.

The Report indicates that a significant portion of institutional shareholder votes on corporate governance issues are still appearing to be lost. Many of these votes could help to determine the outcome of shareholder resolutions, including those on executive and board remuneration.

"While some progress has been made and the problem has been widely acknowledged, industry progress towards implementing a solution needs to be revitalised," Mr Anderson said.

The latest Corporate Governance Report also found that good pay practices and remuneration incentives are paying dividends by rewarding company management who produce better shareholder performance. However AMP Capital Investors continued to find remuneration the most contentious governance issue in 2008 with incentive issues not supported at 43% of meetings while 39% of votes on remuneration reports were not supported.

"As the Global Financial Crisis unfolds, the payoff of good corporate governance is becoming even clearer. But falling share prices and company profits have also highlighted the unintended consequences and shortfalls of some current remuneration structures," Mr Anderson said.

The Report also analysed the 2008 proxy season and reviews proxy voting issues surrounding non-executive director remuneration, share and option incentive plans, remuneration reports, board composition and reorganisations, mergers and capitalisation changes.

| <b>AMP Capital Investors Proxy Voting statistics (2005 to 2008):</b>      | <b>2008</b> | <b>2007</b> | <b>2006</b> | <b>2005</b> |
|---|-------------|-------------|-------------|-------------|
| Number of company meetings where votes were submitted:                    | 418         | 496         | 413         | 381         |
| Number of resolutions voted on:   | 2154        | 2482        | 2049        | 1824        |
| % of meetings where all resolutions were supported (by AMP Capital):      | 59%         | 58%         | 64%         | 63%         |
| % of meetings where incentive issues were considered:                     | 82%         | 72%         | 79%         | 68%         |
| % of meetings where incentive issues were not supported (by AMP Capital): | 43%         | 42%         | 42%         | 36%         |

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