



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

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Retirement Boards Approve Treasurer's Initiative on Proxy Voting

Montpelier – State Treasurer Jeb Spaulding confirmed today that the State Employees' and State Teachers' Retirement Boards have approved his request to actively exercise their pension funds' shareholder voting rights in order to promote corporate responsibility. Spaulding serves as a member of both boards.

The two retirement systems have assets of approximately \$2.2 billion, more than half of that amount being held in stocks. As shareholders, the retirement systems have the opportunity to cast votes by proxy on resolutions brought before corporate boards of directors on issues ranging from corporate governance to social and environmental concerns.

“My motivation for actively voting our proxies is to protect the assets of our retirement systems and to encourage the kind of responsible management that will add investment value over the long run,” said Spaulding.

Currently, proxy voting is delegated to individual investment managers, with no specific guidance from the pension boards. Spaulding recently conducted a review that showed how various managers who hold the same company stock for Vermont's pension funds sometimes vote Vermont's proxies in contradiction to each other on the same question.

“It didn't make a lot of sense to me that one of our managers voted our shares in favor of a proposal to have stock options expensed by IBM and Intel, while another of our managers voted our shares against the proposal. My conclusion from this is that we really don't have a policy, and I don't believe that is consistent with our fiduciary responsibility,” Spaulding explained.

The Treasurer and the retirement system boards have selected Institutional Shareholder Services, Inc. to help manage their proxy voting responsibilities in the future. Institutional Shareholder Services is the world's leading provider of proxy research, voting, and corporate governance services. The firm will assist the retirement boards in the development of clear proxy voting guidelines, and will monitor and report on how consistently Vermont's investment managers are voting with Vermont guidelines.

Vermont has three state-sponsored public retirement systems: State Employees, State Teachers, and Municipal Employees. The Municipal Employees' Retirement System Board will consider joining the other systems in actively voting their proxies on December 30.