

RBS Shareholder Committee Campaign Update

by Peter Parry

On 29 December 2017, Cliff Weight travelled to London to deliver 165 signed requisition forms to RBS. The requisition calls for a vote at the next AGM on the implementation of a shareholder committee. UKSA has actively supported the campaign with many members completing requisition forms and supporting the call for a shareholder committee. Cliff, who is a director of ShareSoc, and who has coordinated the campaign said, “The current method of engaging between shareholders and listed UK companies doesn’t work. We think our proposal at RBS is a good starting point and an example for others to follow.” Mark Northway, ShareSoc Chairman, added, “Shareholders, including individuals, deserve a new approach; one with greater involvement and more effective input from them as ultimate owners. RBS, given its incredibly poor track record and consequent taxpayer support, should now be leading from the front in governance matters.”



Cliff Weight delivers requisitions to RBS

Press coverage of the campaign was excellent with reports by Reuters, FT, The Independent, Telegraph, Times, Yahoo, Press Association, CityWire and the Investors’ Chronicle. There was also coverage in Shares magazine, which is very important to us; some 60,000 private investors subscribe to this.

Summarising the success of the campaign so far, Cliff Weight said: ‘We have worked well with RBS people this time round in avoiding the negative publicity that occurred last year. This is a clear sign of good progress in our more productive working relationship with RBS.’

Further updates on the RBS campaign will follow in forthcoming editions of TPI.

Shareholder Committees

The informal nature of current shareholder engagement (cosy chats with selected shareholders behind closed doors) does not work well for the broad shareholder base. It is not clear whether investors are each being told the same story, how information is being spun, or whether complete or only partial information is being given out. Investors will ask different questions during engagement meetings and so may develop different interpretations of what the company is trying to achieve.

Currently, when a large number of investors are “consulted”, it is difficult to have the same conversation with each investor and the proposal often changes over the process of engagement. Currently, the different views of different investors create a very “messy” backcloth in which to engage.

For example, in relation to remuneration proposals, there is often no clear trail from the initial proposal though to the final version voted on by shareholders. Voting happens too late in the process. Discussion and voting at the AGM is ineffective, as institutions do not like to vote against the directors’ recommendations. A more professional and systematic process is required.

This impasse can be broken through the introduction of a Shareholder Committee.