

Treasury Select Committee Inquiry into the Banking Crisis Memorandum by Manifest Information Services Ltd

Introduction

- 1 Manifest welcomes the opportunity to submit evidence to the Committee in connection with its inquiry into the lessons that can be learned from the banking crisis.
- 2 Notwithstanding the fact that we are submitting our evidence past the published deadline, given the nature of some of the evidence presented to the Committee in respect of the Role of Institutional Shareholders, we hope that the Committee will not be averse to taking supplementary, factual findings to support their deliberations.

Background

- 3 Manifest Information Services Ltd was formed in December 1995 to address the operational problems faced by investors wishing to take an active role in the oversight of their investments through the AGM process. Manifest is not an NGO, trade association or lobby organisation and receives no funding support from political parties or special interest groups; our entire turnover derives from subscription sales.
- 4 Our mission is to provide independent and impartial analysis of shareholder resolutions and to facilitate shareholder voting through our proprietary electronic voting platform. Our customers vary in type and size but include insurance companies, sovereign wealth funds, local government pension schemes as well as a variety of consultants, advisors and academics. Our clients are mostly UK and continental Europe based. Through our partnership with a similar organisation in Washington DC, ProxyGovernance Inc., we also service North American investors.
- 5 Our coverage since 1996 has been the UK Main Market and AIM and for the past 5 years we have extended our scope and coverage to include Continental Europe, Oceania and certain global “Blue Chip” indexes.

- 6 In addition to our analysis of routine resolutions, Manifest maintains a database of, inter alia, executive remuneration data, director biographies and board composition data, all of which is designed to enable investors to make informed judgements on their voting decisions. We have also been honoured to be able to work with the Department of Business, Enterprise and Regulatory Reform, the Financial Reporting Council and the European Commission in the provision of data and analysis on a variety of governance reform issues.
- 7 A matter of relevance to the Committee is the fact that since our first proxy season of 1996, Manifest has collected the voting results from shareholder meetings in order to assess overall voting levels as well as to be able to analyse connections between governance issues and voting outcomes. Manifest is uniquely qualified to be able to present these findings to the Committee as this data set represents the largest, most comprehensive and uninterrupted database of its kind. What makes this data especially valuable for the members of the Committee is that historically there has been no legal requirement for the disclosure of this data; although this issue is being addressed through the EU's Shareholder Rights Directive for which BERR has recently closed its consultation.
- 8 Using the voting results that we have collected, we wish to present the Committee with our findings on the voting patterns in the Banks before and during the current turbulence. In doing so we seek to be able to address, in part, the Committee's question relating to: 'The responsibilities of shareholders in ensuring financial institutions are managed in their own interests.'

Rationale

- 9 Having read the initial call for evidence together with the subsequent written and oral evidence submitted to the Committee, we believe that it is necessary to put some of the statements and answers into context, particularly those relating to shareholder engagement and activism.

- 10 Shareholders have a number of property rights most notably the right to transfer their shares (buy and sell) as well voting on various issues at general meetings. While selling securities can indeed be used as a disciplining mechanism, it is not without its costs. There is not just the spread and commission to consider there is also the wider market impact. Selling can also be a very blunt tool in terms of flagging issues to management. Whereas the more developed governance teams will notify a company of their intention to vote against or abstain, any notification of a buy or sell intention would negatively impact the institutions buy or sell strategy.
- 11 Asset disposal also does not have a legal impact on a company in the same way as the shareholder vote. The UK is extremely fortunate in that shareholder votes can have a binding effect; this is particularly helpful on issues such as the appointment or removal of directors and dismissal of auditors. In some jurisdictions, such as the US, votes are not mostly advisory. US shareholders are often very surprised at the relatively low levels of dissent votes against management and shareholder-sponsored resolutions. In North America all too often it falls to the Class Action lawyer to find a legal resolution to shareholders concerns because the shareholder vote is that much weaker.
- 12 Voting has recently been described as a “fairly blunt tool” in the governance tool box. It is, nevertheless, the ultimate sanction against management for misdeeds. Case law clearly shows that the Courts are loath to intervene in shareholder disputes until the full range of shareholder remedies has been exhausted. These would include, for example, the removal of directors, the proposal of shareholder sponsored resolutions, the calling of an Extraordinary General Meeting (EGM) or a combination of all of the above.
- 13 Putting it politely, there may be a cultural or societal norm which tends to lead to an avoidance of direct conflict through the use of voting dissent. Or to be blunt, there are widespread concerns that too much of the City’s business takes place behind closed doors for comfort. If shareholders can demand transparency and accountability from their investee companies, is it too much to ask for that process to be a two-way street?

- 14 Turning to the Investment Management Association's written evidence, paragraph 107 stated that a number of their members had begun to exit the banking sector 'as long ago as 2005'. In paragraph 108 the paper states that investors not in a position to sell would have had no alternative but to raise their concerns and 'ultimately vote against management'.
- 15 We therefore felt that it was important to test this proposition by measuring actual voting outcomes. It is not our position to argue which should come first, the 'engagement' or the 'voting' but whichever strategy was being deployed, in theory the results should show one of two outcomes. If it were true that non-selling, captive, shareholders expressed their concerns by withholding voting support there should be a higher than average level of dissent at the Bank meetings; alternatively if dissenting vote levels remained constant then that would show that those shareholders have supported management.

Methodology

- 16 We created a series of tests with the objective of comparing voting trends at Bank meetings compared to the meetings of all FTSE100 constituent companies. The earliest data available to us is from 1996. Although there has not always been 100% disclosure by every constituent company over this period, since 1998 the sample is statistically significant and response rates to our requests have consistently been in the mid to high 90% range with 100% in later years. Should the committee wish to access the underlying data for further inspection we would be happy to share our findings.
- 17 Every UK incorporated company is now legally obliged to hold an Annual General Meeting (AGM) within 6 months of its year end¹. The AGM contains a number of resolutions for shareholders to consider, on average 12 per meeting. Typically these resolutions will be election of directors, appointment of auditors and various technical items relating to share issues, articles of association. Since the introduction of "The Directors' Remuneration Report Regulations 2002" shareholders have also been able to voice their concerns on overall compensation policy in addition to specific remuneration elements. This particular vote is non-binding, as is the adoption of the report and accounts, if it is presented. Unlike much of the rest of Europe, the UK does not require shareholders to approve the

¹ Prior to 2008 companies were required to hold a meeting in each calendar year and not more than every 15 months.

acts of management through a “Discharge Resolution”. Some may argue that this is the UK’s loss however these resolutions can have their own unique difficulties.

- 18 As part of Manifest’s standard methodology, every resolution that is entered into our database is assigned a specific meeting business category and certain analytical rules applied to the resolution. These rules are derived from the various national codes such as the Combined Code, as well as best practice guidelines from organisations such as the ABI, NAPF etc.
- 19 If and when the results of shareholder meetings are announced these are also entered into our database and referenced back to the original resolution. From this we are then able to undertake analyses based on a variety of criteria such as type of company, market capitalisation, type of resolution etc. When looking at resolutions relating to remuneration and election of directors we can further drill down into the characteristics of the remuneration plans and biographical or governance structure indicators for individual directors.
- 20 In our analysis we use the term ‘Dissent’. For the purposes of this report, dissenting votes are those purposely not cast ‘For’ a management proposal and include both ‘Abstain’ and ‘Against’ votes. Dissenting votes on shareholder-sponsored proposals are those purposely not cast ‘Against’ the proposal and include both ‘Abstain’ and ‘For’ votes. Across the various markets, local regulations treat Abstain votes in different ways; in some they have no legal meaning. Irrespective of regulations, however, they have become a strong indicator of shareholder sentiment to demonstrate that shareholders do not feel able to fully lend their support. To use a sporting analogy, the Abstain or Withhold votes (i.e. where a shareholder has positively withheld their votes, not merely omitted to tick the box) are treated as a ‘Yellow Card’ and an Against Vote a ‘Red Card’. We would generally say that a dissent level of greater than 5% should be cause for concern for a company, and 10% would constitute what the press would be apt to call a ‘Shareholder Backlash’.
- 21 The Committee may wish to bear in mind that although voting levels in the FTSE100 constituents are now 63% of shares in issue², this has not always been the case as a decade ago that same figure would have been circa 40% with voting levels of around 30-35% at the time of the Cadbury Report. This is an impressive improvement in numerical terms, especially given that the proportion of shares

² Source: The Manifest Pan-European Voting Review 2008, page 13

held by UK institutions has fallen at the expense of increased overseas ownership. As at 2006 it is estimated that foreign investors held 2/5ths of UK shares. For further detailed information relating to the ownership of bank shares we would refer the Committee to the ONS³. It is worth noting that ONS estimates that Banks themselves own around 3% of all UK shares, the highest recorded level since 1963.

- 22 Looking at the percentage turnout figures together with the ownership figures, there is a wider question as to whether all UK institutional shareholders are exercising their franchise. Although this represents an interesting question it is outside the scope of this paper due to time and resource constraints.
- 23 While we can measure for quantity of voting, there is no simple metric for the quality of the thought processes and due diligence behind the scenes. In our sales activities we meet investors with a wide divergence of views from those who devote considerable effort and resources to those for whom voting is a non-value-adding operational annoyance to be avoided at all costs. Even within organisations with a commitment to the active oversight of their shares there will be different styles and approaches from those where the governance team is fully integrated into the investment process and others where it is a ring-fenced activity with a narrow remit.
- 24 To challenge the proposals that shareholder concerns about Bank governance would be expressed through votes, we designed 4 tests of voting activity looking at the voting results from UK Banks and the constituents of the FTSE100 over the same period. The tests looked at:
- **Overall Dissent:** Was average overall voting at Banks materially different from companies of similar size?
 - **Share Schemes:** Did shareholders have greater concerns about share-based incentive pay at Banks in comparison with other FTSE100 companies?
 - **Remuneration Reports:** If concern was not expressed against the share scheme resolutions, would dissent be shown through the report on the remuneration report? and lastly

³ Source: <http://www.statistics.gov.uk/cci/nugget.asp?id=107>

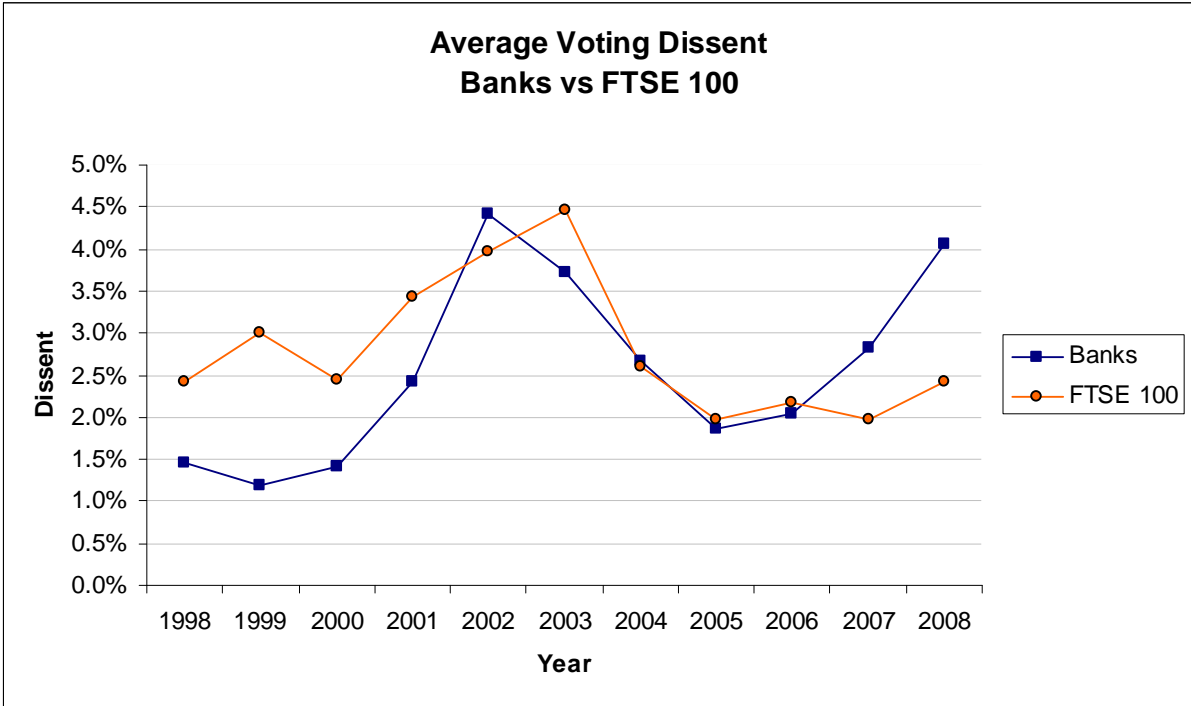
- **Director Elections:** Ultimately, if shareholders were concerned with management strategy and board oversight they would have had the right and opportunity to either cast a vote of no confidence or remove directors, executive and non-executive. Would we see any correlation of votes with the wider public comments about bank boards?

Detailed Findings

Overall Dissent

25 In the first test, we measured overall ‘Average Voting Dissent’ in the Banks vs. the FTSE100 constituents. That is to we assessed every resolution at every company to discover how much support or dissent management received. The results are as follows:

Figure 1: Average Overall Dissent



26 UK companies tend to receive unstinting support from their investors with over 95% approval in nearly all instances. Overall, the average dissent for voting at Banks is marginally lower (0.27%) than for FTSE100 companies in general. Dissent only exceeded the average in 4 out of the 11 years under review and then, at most, by 1.73% in 2008. A detailed breakdown of the results can be found in Table 1 on page 15.

- 27 To understand which issues attracted dissent we drilled down further into the data. Looking at the four years where Banks showed higher than average dissent we discovered the following:
- 27.1 2002: Significantly above the all time average and 0.53% 'extra' dissent. There were a number of resolutions requiring shareholder consent to approve EU Political Donations which attracted very significant dissent. The regulations on EU Political Donations were generally not very well understood at the time of their introduction and were confused with donations to national political parties.^{4 5 6} Resolutions relating to the election of directors at Bradford & Bingley and Standard Chartered Bank are particularly notable. The director-related dissent can largely be attributed to an enthusiastic implementation of director independence criteria, most notably relating to length of service. Please see Table 2 on page 16 for details.
- 27.2 2004: Total dissent is still below the all time average but we see 0.13% extra dissent in comparison with the FTSE100 overall. Remuneration issues at Bradford & Bingley and Standard Chartered provoked a sharp shareholder reaction.
- 27.3 2007: Slightly above the all time total dissent average with 0.86% extra dissent. Two proposed M&A transactions, Barclays with ABN Amro and Standard Chartered with Temasek, plus two remuneration-related resolutions at Royal Bank of Scotland provoked a significant reaction. Manifest's analysis of RBS' 2007 Executive Share Option Plan highlighted our serious concerns regarding the possibility of excessive levels of rewards that could be granted to senior executives.

⁴ Political Parties, Elections and Referendums Act 2000
http://www.opsi.gov.uk/ACTS/acts2000/ukpga_20000041_en_14

⁵ <http://www.telegraph.co.uk/finance/2746759/Political-donations-back-on-the-agenda.html>

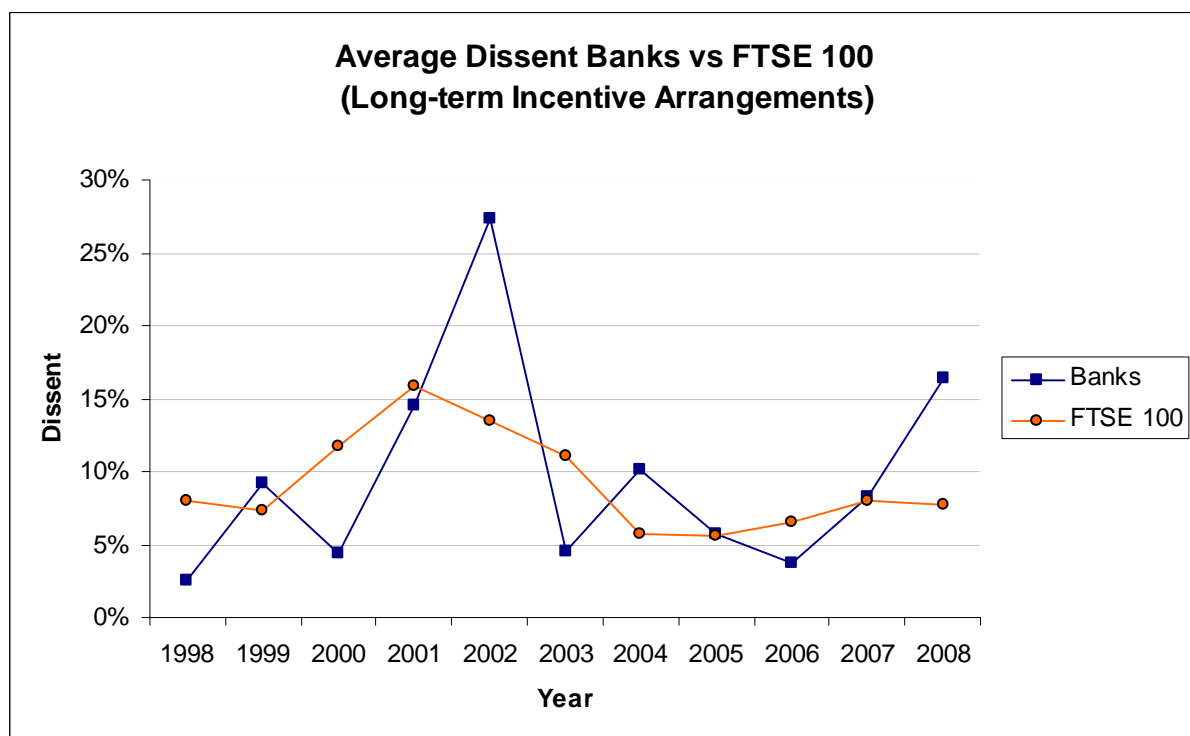
⁶ <http://www.parliament.the-stationery-office.com/pa/cm200001/cmstand/deleg2/st010130/10130s01.htm>

27.4 2008: There is a marked increase in voting dissent with almost double the level of average dissent. On further inspection we can see that this is attributable to four shareholder-proposed resolutions at Northern Rock attracting dissent levels of over 65%; capital raising resolutions from Barclays and remuneration related dissent. Please see Table 5 on page 21 for a detailed breakdown.

Long Term Incentive Related Votes

28 In Figure 2 below we are looking at a comparison of the overall dissent on the adoption of performance share plans. Table 6 and Table 7 on page 23 show the detailed breakdown.

Figure 2: LTIP Dissent

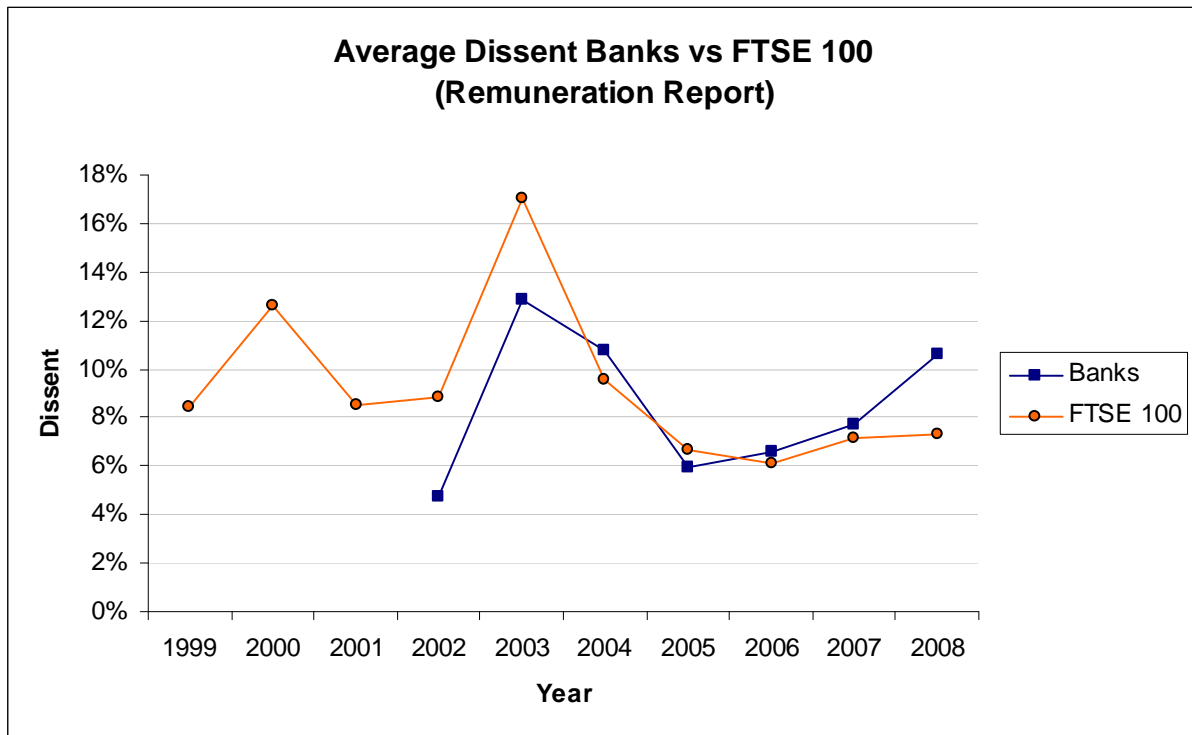


29 With a dissent rate of double that of the rest of the FTSE100, 2002 is the year of highest variation from the mean. However this relates to a single resolution proposed by Bradford & Bingley which attracted 27.40% dissent. In 2004 there were three resolutions that attracted consistently above average dissent; 2008's uplift related to two resolutions. There is a common theme across all years with Bradford & Bingley consistently attracting dissent on a variety of resolutions.

Remuneration Report Related Votes

30 In Figure 3 we see that the average dissent on votes to approve the Remuneration Report in the Banks largely tracks the FTSE100 with a more noticeable trend away starting in 2007.

Figure 3: Remuneration Report Dissent

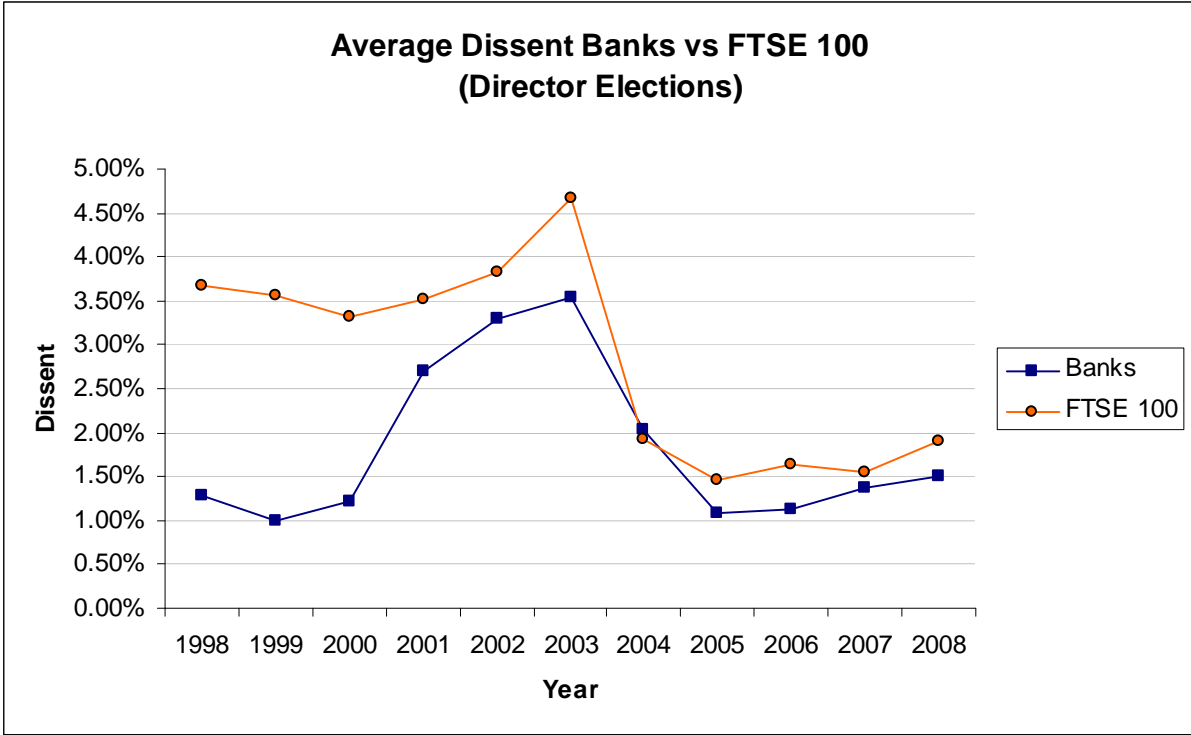


30.1 As can be seen in the associated Table 8 and Table 9 on page 23, in overall terms we are only looking at a difference of 0.01% between dissent towards Banks and the whole of the FTSE100. In 2002 there is around half as much concern with Bank remuneration and it is not until 2008 that dissent is 3.3% above the norm.

Director Elections

31 Turning our attention to the election of directors, because the directors are the elected agents of shareholders and in theory accountable to them for their actions, we might expect to see some relation between concern about the boards' strategy and oversight and shareholder voting turnout or dissent. The detailed breakdown of these results can be found in Table 10 and Table 11 on page 25.

Figure 4: Director Election Dissent



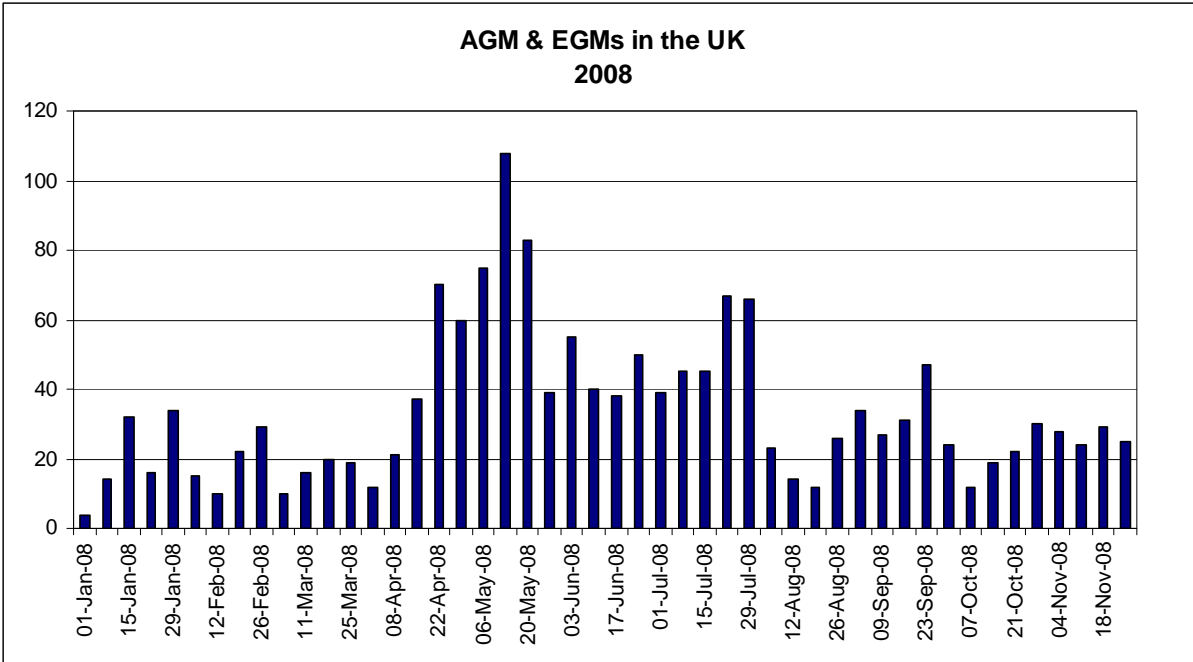
31.1 The dissent relating to Bank director elections is clearly significantly lower than the FTSE100 average. The difference is especially marked from 1998 to 2004, the time during which it is said that some shareholders raised doubts about the future strategy of the Banks. Even after this time, although the margin has narrowed, the votes do not bear any relation to the subsequent, alleged shareholder dissatisfaction with and animosity towards certain individuals as reported by the media.

31.2 There is a peak in dissent in the period between 2000 and 2003, but this applies equally to the FTSE100 group as well as to Banks. This uptick is related to a period of new disclosures by issuers and shareholder concerns regarding non-executive director independence. Looking at the individual resolutions on director re-elections we see a clear trend toward Combined Code related compliance issues. Further details and drill down are available on request.

Conclusions

32 The role of institutional investors in the real “ownership” of quoted companies is the subject of many column centimetres (or inches) and we do not intend to revisit the theory in this short submission. For those shareholders wishing to be actively involved there are many barriers to contend with including the opacity of disclosures and the compressed time frames that they have to work within. Please see Figure 5 below for the impact of ‘Peak Season’. It is also clear that there is a significant variation in the resource allocation for the governance professionals, many of whom are not fully integrated into the investment process, and that is not necessarily out of their own choosing.

Figure 5: UK Proxy Season



33 There is an education and understanding issue in parts of the City where voting and shareholder democracy is seen as a time-wasting, administrative burden which is irrelevant because either “the shares are going up” or “if we don’t like them we sell”. For long-term beneficial owners it is not clear that this approach is sustainable. If our stock markets are nothing more than respectable casinos then perhaps not, however we are always mindful of the fact that we are often dealing with the life savings of modestly remunerated individuals who have put considerable trust in the expertise of their investment managers.

- 34 There are also administrative issues for shareholders such as the problems associated with the way that Custodian banks, for their own administrative and P&L preferences, have forced shareholders to hide their share ownership through pooled nominee names. This also leads to anti-competitive bundling and network access practices which have meant that shareholders are not at liberty to vote their shares by more efficient means resulting in numerous lost votes and missed deadlines. Nor can they correlate their voting instructions directly with those received by the company.
- 35 At the outset we said that we wanted to test the assertion that Banks were held to account by their shareholders through the shareholder vote. Taking 2005 as the point at which sentiment is said to have turned against British banks with a subsequent abandonment of their share registers, the data shows no evidence of excess shareholder dissent at Bank meetings in the 3 year run up to this sentiment sea change. There certainly a marked change of voting outcomes in 2008, but these changes are attributable to a very small number of resolutions against one specific company which it could be argued, was a doomed attempt to shut the door after the horse had bolted.
- 36 Would a change in legislation on shareholder oversight bring about the changes that are needed? Possibly, but we would be cautious about a rush to legislation as the unintended consequences of hurried regulation can, as has been seen in other jurisdictions, be far removed from legislations original intention. Taking the US example, the ERISA Guidelines for pension funds mandate voting at shareholder meetings. Lord Myners at one point suggested their introduction to the UK but he was counselled against this on the basis that much of the voting by ERISA funds had become little more than a box ticking exercise with more emphasis on compliance with the letter of the law than its spirit. It also resulted in a massive outsourcing of the due diligence process as many fund managers had little appetite for the chore.

37 In 1996 we asked the Financial Services Authority why proxy voting was not included in their Conduct of Business Rules. Our rationale was that votes, in law, are no different that transferability rights and as such their exercise should be the result of a careful fiduciary process. The FSA was not moved by our arguments and to this date the buying and selling of shares is tightly regulated but the after market is not. This is a sad reflection on a market which is said to have the highest governance standards and most comprehensive shareholder protection regime in the world. However until the entire shareholder ownership process comes under the scrutiny of the compliance department it is unlikely to receive the widespread resource allocation it requires.

37.1 For further information please contact:

Sarah Wilson - Chief Executive; or

Alan Brett - Head of Research

Telephone: +44 (0)1376 503500

Web: <http://www.manifest.co.uk>

Email: sarah.wilson@manifest.co.uk or alan.brett@manifest.co.uk

Appendix: Supporting Tables

Table 1: Overall Average Dissent

Year	Banks	FTSE 100	Difference
1998	1.46%	2.63%	1.16%
1999	1.20%	3.02%	1.82%
2000	1.42%	2.54%	1.12%
2001	2.41%	3.39%	0.98%
2002	4.42%	3.89%	-0.53%
2003	3.71%	4.53%	0.81%
2004	2.66%	2.53%	-0.13%
2005	1.85%	2.08%	0.23%
2006	2.04%	2.16%	0.11%
2007	2.82%	1.96%	-0.86%
2008	4.06%	2.33%	-1.73%
Period Average	2.72%	2.73%	0.01%

Table 2: 2002 High Bank Dissent Votes > 10%

Name	Type	Title	S/H Res?	Narrative	Poll ? ⁷	% For	% Discr. ⁸	% Abstain	% Against	Total Dissent
Royal Bank of Scotland Group	AGM	18	No	To authorise political donations and expenditure by Direct Line Group Ltd in terms of the Political Parties, Elections and Referendums Act 2000	No	51.50%		46.47%	2.03%	48.50%
Bradford & Bingley	AGM	8	No	To approve amendments to the Performance Share Plan	No	66.99%	5.60%	12.35%	15.05%	27.40%
Standard Chartered	AGM	5	No	To re-elect as a director, Mr C A Keljik	No	81.23%	0.33%	16.20%	2.24%	18.44%
Northern Rock	AGM	8	No	To authorise the Company to make EU political donations and/or incur EU political expenditure	No	78.99%	2.85%	10.17%	7.99%	18.16%
Standard Chartered	AGM	13	No	To authorise Standard Chartered to make EU political donations under the Political Parties, Elections and Referendums Act 2000	No	83.48%	0.34%	12.17%	4.01%	16.18%
Standard Chartered	AGM	14	No	To authorise Standard Chartered Bank to make EU political donations under the Political Parties, Elections and Referendums Act 2000	No	83.52%	0.65%	12.13%	3.70%	15.83%
Standard Chartered	AGM	7	No	To re-elect as a director, Mr A W P Stenham	No	84.43%	0.33%	9.12%	6.11%	15.23%
Bradford & Bingley	AGM	3	No	To elect as a director, Steven Crawshaw	No	82.42%	5.46%	9.47%	2.65%	12.12%
Bradford & Bingley	AGM	5	No	To re-elect as a director, Keith Greenough	No	82.73%	5.49%	9.13%	2.65%	11.78%

⁷ % Turnout calculation methodology was not the same in earlier years so has not been included to avoid confusion. Vote outcome was not routinely recorded at this time.

⁸ Discr. = Discretionary votes. Votes which the chairman has been granted authority to vote.

Name	Type	Title	S/H Res?	Narrative	Poll ? ⁷	% For	% Discr. ⁸	% Abstain	% Against	Total Dissent
Royal Bank of Scotland Group	AGM	21	No	To authorise political donations and expenditure by Ulster Bank Ltd in terms of the Political Parties, Elections and Referendums Act 2000	No	88.49%		7.99%	3.52%	11.51%
Royal Bank of Scotland Group	AGM	17	No	To authorise political donations and expenditure by Coutts & Co in terms of the Political Parties, Elections and Referendums Act 2000	No	88.52%		7.99%	3.49%	11.48%
Royal Bank of Scotland Group	AGM	19	No	To authorise political donations and expenditure by Lombard North Central in terms of the Political Parties, Elections and Referendums Act 2000	No	88.53%		7.99%	3.48%	11.47%
Royal Bank of Scotland Group	AGM	20	No	To authorise political donations and expenditure by Angel Trains Ltd in terms of the Political Parties, Elections and Referendums Act 2000	No	88.53%		7.99%	3.48%	11.47%
Royal Bank of Scotland Group	AGM	16	No	To authorise political donations and expenditure by National Westminster Bank in terms of the Political Parties, Elections and Referendums Act 2000	No	88.54%		7.99%	3.47%	11.46%
Royal Bank of Scotland Group	AGM	15	No	To authorise political donations and expenditure by The Royal Bank of Scotland in terms of the Political Parties, Elections and Referendums Act 2000	No	88.54%		7.99%	3.47%	11.46%

Name	Type	Title	S/H Res?	Narrative	Poll ? ⁷	% For	% Discr. ⁸	% Abstain	% Against	Total Dissent
Royal Bank of Scotland Group	AGM	14	No	To authorise political donations and expenditure by the Company in terms of the Political Parties, Elections and Referendums Act 2000	No	88.63%		7.99%	3.38%	11.37%
Standard Chartered	AGM	6	No	To re-elect as a director, Sir Ralph Robins	No	89.53%	0.33%	6.08%	4.06%	10.14%

Table 3: 2004 High Bank Dissent Votes > 10%

Name	Type	Title	S/H Res?	Narrative	Poll ? ⁹	% For	% Discr.	% Abstain	% Against	Total Dissent
Bradford & Bingley	AGM	2	No	To approve the report of the Remuneration Committee	No	71.50%	4.22%	15.28%	9.00%	24.28%
Alliance & Leicester	AGM	7	No	To re-elect as a director, F A Cairncross ¹⁰	Yes	80.19%		4.39%	15.42%	19.81%
Alliance & Leicester	AGM	11	No	To approve the report of the Remuneration Committee	Yes	81.95%		13.62%	4.43%	18.05%
Northern Rock	AGM	8	No	To approve the report of the Remuneration Committee	No	82.61%		10.74%	6.65%	17.39%
Bradford & Bingley	AGM	13	No	To approve the Bradford & Bingley Executive Incentive Plan (2004)	No	83.66%	4.30%	2.08%	9.97%	12.05%
Standard Chartered	AGM	3	No	To approve the report of the Remuneration Committee	No	89.66%		2.81%	7.54%	10.35%
Standard Chartered	AGM	18	No	To amend the rules of the Standard Chartered 2001 Performance Share Plan	No	89.98%		1.70%	8.32%	10.02%

⁹ % Turnout calculation methodology was not the same in earlier years so has not been included to avoid confusion. Vote outcome was not routinely recorded at this time.

¹⁰ Length of service issues identified.

Table 4: 2007 High Bank Dissent Votes > 10%

Name	Type	Title	S/H Res?	Narrative	% Turnout	Outcome	Poll ?	% For	% Discr.	% Abstain	% Against	Total Dissent
Royal Bank of Scotland Group	AGM	16	No	To approve the 2007 Executive Share Option Plan	66.31%	Passed	Yes	73.96%		4.63%	21.40%	26.03%
Standard Chartered	AGM	21	No	To approve the waiver in respect of the requirements to enter in to fixed-term written agreements with Temasek and its associates in respect of ongoing banking transactions	68.92%	Passed	Yes	79.60%		19.66%	0.74%	20.40%
Standard Chartered	AGM	20	No	To approve the waiver in respect of the reporting and annual review requirements in respect of ongoing banking transactions with associates of Temasek that the company has not been able to identify	68.92%	Passed	Yes	79.60%		19.66%	0.74%	20.40%
Standard Chartered	AGM	22b	No	To approve future ongoing banking transactions with Temasek and its associates, including the waiver in respect of the requirement to set an annual cap	68.85%	Passed	Yes	79.68%		19.58%	0.74%	20.32%
Standard Chartered	AGM	22a	No	To ratify past ongoing banking transactions with Temasek and its associates	68.85%	Passed	Yes	79.74%		19.53%	0.73%	20.26%
Standard Chartered	AGM	3	No	To adopt the remuneration report for the year ended 31 December 2006	68.92%	Passed	Yes	81.39%		3.50%	15.10%	18.60%
Royal Bank of Scotland Group	AGM	2	No	To adopt the remuneration report for the year ended 31 December 2006	66.31%	Passed	Yes	85.28%		5.49%	9.22%	14.71%

Name	Type	Title	S/H Res?	Narrative	% Turnout	Outcome	Poll ?	% For	% Discr.	% Abstain	% Against	Total Dissent
Barclays	EGM	1	No	To approve the proposed merger with ABN AMRO Holding NV, to increase the authorised share capital and to authorise the directors to issue shares in connection with the merger	59.32%	Passed	Yes	87.81%		2.01%	10.18%	12.19%
Barclays	EGM	2	No	Subject to the passing of resolution 1 and the merger becoming effective, to increase the authorised share capital, to authorise the directors to issue preference shares and to amend the Articles of Association	59.32%	Passed	Yes	88.87%		2.12%	9.02%	11.14%
Barclays	Class	1	No	To approve the passing and implementation of resolution 2 at the Extraordinary General Meeting relating to the preference shares and to consent to any resulting change in the rights of ordinary shares	57.97%	Passed	Yes	89.53%		2.18%	8.29%	10.47%
Barclays	EGM	4	No	To approve a general authority to the directors to dis-apply pre-emption rights on the issue of shares for cash	59.32%	Passed	Yes	89.55%		0.28%	10.18%	10.46%

Table 5: 2008 High Bank Dissent Votes > 10%

Name	Type	Title	S/H Res?	Narrative	% Turnout	Outcome	Poll ?	% For	% Discr.	% Abstain	% Against	Total Dissent
Northern Rock	EGM	2	Yes	Subject to the passing of resolution 1, to replace the directors' existing authority to issue shares on a non pre-emptive basis with an authority to issue a lower number of shares on a non pre-emptive basis	37.45%	Defeated (Insuff Majority)	Yes	66.10%			33.90%	66.10%
Northern Rock	EGM	4	Yes	To delegate powers to the Board to effect the resolutions adopted by the meeting	37.25%	Defeated (Insuff Majority)	Yes	66.01%			33.99%	66.01%
Northern Rock	EGM	3	Yes	To amend the Articles of Association in relation to the prevention of disposals or acquisitions of assets by the Company	37.25%	Defeated (Insuff Majority)	Yes	65.96%			34.04%	65.96%
Northern Rock	EGM	1	Yes	To replace the directors' existing authority to allot shares with an authority to allot a lower number of shares	37.24%	Passed	Yes	65.91%			34.09%	65.91%
Barclays	EGM	2	No	To approve a specific authority to the directors to issue shares	60.81%	Passed	Yes	76.72%		10.17%	13.10%	23.27%
Barclays	EGM	4	No	To approve the issue of shares at a discount of 25.3% to the closing share price as at 30 October 2008	60.81%	Passed	Yes	77.77%		10.48%	11.75%	22.23%
Barclays	EGM	3	No	To approve a specific authority to the directors to dis-apply pre-emption rights on the issue of shares for cash	60.81%	Passed	Yes	77.85%		10.44%	11.71%	22.15%
Barclays	EGM	1	No	To approve an increase in the authorised share capital of the Company	60.81%	Passed	Yes	78.13%		10.39%	11.48%	21.87%
HSBC Holdings	AGM	2	No	To adopt the remuneration report for the year ended 31 December 2007	36.32%	Passed	Yes	81.75%		7.53%	10.71%	18.24%

Treasury Select Committee - Banking Crisis

Name	Type	Title	S/H Res?	Narrative	% Turnout	Outcome	Poll ?	% For	% Discr.	% Abstain	% Against	Total Dissent
HBOS	AGM	10	No	To adopt the remuneration report for the year ended 31 December 2007	43.98%	Passed	Yes	82.94%		6.89%	10.17%	17.06%
Bradford & Bingley	AGM	15	No	To approve the amendments to the Bradford & Bingley Executive Incentive Plan 2004	31.26%	Passed	No	81.36%	1.74%	13.85%	3.05%	16.90%
HSBC Holdings	AGM	10	No	To amend the rules of the HSBC Share Plan	36.44%	Passed	Yes	84.23%		6.63%	9.14%	15.77%
Bradford & Bingley	EGM	5	No	To authorise the issue of shares to shareholders in lieu of a cash interim dividend for the year ended 31 December 2008, including to increase the authorised share capital of the Company, to reduce the share premium account and to approve a specific authority	38.86%	Passed	No	85.11%		2.73%	12.16%	14.89%
Royal Bank of Scotland Group	AGM	2	No	To adopt the remuneration report for the year ended 31 December 2007	59.85%	Passed	Yes	88.39%		3.24%	8.37%	11.61%
Standard Chartered	AGM	3	No	To adopt the remuneration report for the year ended 31 December 2007	73.43%	Passed	Yes	89.41%		4.45%	6.14%	10.59%
Lloyds Banking Group	AGM	2	No	To adopt the remuneration report for the year ended 31 December 2007	45.96%	Passed	Yes	89.57%		9.30%	1.13%	10.43%

Table 6: Long Term Incentive Arrangements Dissent Votes (Average)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Period Average
Banks	2.57%	9.21%	4.37%	14.54%	27.40%	4.51%	10.13%	5.73%	3.69%	8.33%	16.34%	8.15%
FTSE 100	8.06%	7.34%	11.74%	15.87%	13.47%	11.04%	5.75%	5.64%	6.55%	7.96%	7.80%	9.06%
Difference	-5.50%	1.87%	-7.37%	-1.33%	13.93%	-6.53%	4.37%	0.10%	-2.86%	0.36%	8.54%	-0.91%

Table 7: Long-term Incentive Arrangements Dissent Votes (Banks)

Name	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Period Average
Alliance & Leicester				22.19%				4.53%	2.51%			6.85%
Bank of Scotland				31.50%								31.50%
Barclays			5.66%					1.90%				3.15%
Bradford & Bingley					27.40%		12.05%				16.90%	18.78%
Halifax Group			3.63%	7.31%								5.47%
HBOS									4.37%	4.21%		4.29%
HSBC Holdings			3.00%					3.33%			15.77%	6.28%
Lloyds Banking Group			0.63%	7.71%		2.52%	8.31%		4.81%			4.80%
Northern Rock	2.57%							18.08%		3.80%		5.77%
Royal Bank of Scotland		9.21%	5.17%	12.03%				4.66%		26.03%		11.42%
Standard Chartered			6.94%	11.86%		6.49%	10.02%		4.57%			8.34%
Yearly Total	2.57%	9.21%	4.37%	14.54%	27.40%	4.51%	10.13%	5.73%	3.69%	8.33%	16.34%	8.15%

Table 8: Remuneration Report Dissent Votes (Average)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Period Average
Banks	N/A	N/A	N/A	N/A	4.74%	12.82%	10.79%	5.98%	6.57%	7.75%	10.64%	8.95%
FTSE 100	N/A	8.47%	12.65%	8.49%	8.84%	17.05%	9.55%	6.63%	6.14%	7.11%	7.31%	8.94%
Difference					-4.10%	-4.23%	1.23%	-0.65%	0.43%	0.64%	3.32%	0.01%

Note: Prior to 2002 a number of companies elected voluntarily to propose their Remuneration Report to the vote. No banks chose to do so, hence three years of null data.

Table 9: Remuneration Report Dissent Votes (Banks)

Company	2002	2003	2004	2005	2006	2007	2008	Grand Total
Alliance & Leicester		16.63%	18.05%	2.94%	2.93%	3.63%	2.74%	7.82%
Barclays		17.51%	6.65%	4.92%	5.93%	5.75%	6.27%	7.84%
Bradford & Bingley		8.09%	24.28%	9.77%	13.28%	5.32%	8.15%	11.48%
Egg		1.55%	2.01%	0.37%				1.31%¹¹
HBOS		21.44%	6.62%	1.50%	1.45%	3.06%	17.06%	8.52%
HSBC Holdings		21.69%	8.15%	5.60%	4.84%	4.99%	18.24%	10.59%
Lloyds Banking Group		4.78%	7.08%	6.31%	6.14%	7.45%	10.43%	7.03%
Northern Rock	5.49%	7.73%	17.39%	16.13%	10.78%	6.25%		10.63%
Royal Bank of Scotland Group	3.99%	16.11%	7.27%	7.84%	7.60%	14.71%	11.61%	9.88%
Standard Chartered		12.70%	10.35%	4.44%	6.18%	18.60%	10.59%	10.48%
Grand Total	4.74%	12.82%	10.79%	5.98%	6.57%	7.75%	10.64%	8.95%

¹¹ Egg is 79% owned by Prudential plc therefore 1.3% of 21% free float represents a true dissent level of 6.2%

Table 10: Director Election Dissent Votes (Average)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Period Average
Banks	1.29%	1.01%	1.22%	2.71%	3.30%	3.55%	2.03%	1.08%	1.13%	1.38%	1.52%	1.82%
FTSE 100	3.68%	3.55%	3.31%	3.51%	3.83%	4.67%	1.93%	1.45%	1.63%	1.55%	1.90%	2.67%
Difference	-2.39%	-2.54%	-2.09%	-0.81%	-0.53%	-1.12%	0.10%	-0.38%	-0.50%	-0.17%	-0.39%	-0.85%

Table 11: Director Election Dissent Votes (Banks)

Company	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	Grand Total
Alliance & Leicester		3.85%	3.87%	5.63%	2.44%	11.53%	5.47%	0.94%	0.50%	0.75%	0.80%	3.68%
Bank of Scotland	0.24%	0.20%	0.25%									0.23%
Barclays	0.54%	0.62%	0.95%	0.76%	1.20%	1.92%	1.74%	1.34%	2.21%	1.57%	1.26%	1.38%
Bradford & Bingley				1.29%	9.32%	2.39%	1.47%	1.37%	1.10%	0.70%	1.08%	2.30%
Egg				0.46%		0.04%	0.20%	0.04%				0.23%
Halifax Group		1.71%	1.06%	0.78%								1.15%
HBOS						0.59%	1.10%	0.74%	0.39%	0.58%	1.36%	0.81%
HSBC Holdings		0.44%	1.47%	2.97%	2.26%	4.16%	2.27%	1.17%	0.76%	1.41%	0.75%	1.76%
Lloyds Banking Group		0.27%	0.58%	0.30%	1.07%	0.57%	1.29%	0.66%	2.37%	1.61%	1.48%	0.98%
NatWest Group		0.61%										0.61%
Northern Rock	0.87%	1.20%	1.12%		0.94%	1.81%	2.89%	0.92%	0.86%	3.27%	6.78%	2.17%
Royal Bank of Scotland Group		2.50%	3.27%	4.18%	0.71%	1.69%	2.92%	0.56%	0.75%	1.53%	1.20%	1.94%
Standard Chartered	2.89%		0.42%	4.64%	9.16%	9.79%	1.03%	2.07%	0.89%	0.64%	0.67%	2.94%
Grand Total	1.29%	1.01%	1.22%	2.71%	3.30%	3.55%	2.03%	1.08%	1.13%	1.38%	1.52%	1.82%