

**Agenda Item 4(b)**

**DERBYSHIRE COUNTY COUNCIL  
PENSIONS AND INVESTMENTS COMMITTEE**

**1 June 2016**

**Report of the Director of Finance**

**VOTING ACTIVITY**

**1 Purpose of the Report**

To review the Fund's voting activity for the period 5 March 2016 to 19 May 2016.

**2 Information and Analysis**

Details of the Fund's voting activity for the period 5 March 2016 to 19 May 2016 are shown in Appendix 1. Votes against management proposals are shown in Appendix 2.

**3 Other Considerations**

In preparing this report the relevance of the following factors has been considered: financial, legal and human rights, human resources, equality and diversity, health, environmental, transport, property and prevention of crime and disorder.

**4 Officer's Recommendation**

That the report be noted.

PETER HANDFORD

Director of Finance

## Voting Activity 5 March 2016 to 19 May 2016

## APPENDIX 1

Company	Meeting Date	Meeting Type
Beazley plc	24-Mar-16	Annual
Beazley plc	24-Mar-16	Court
Beazley plc	24-Mar-16	Special
ICAP plc	24-Mar-16	Court
ICAP plc	24-Mar-16	Special
Apax Global Alpha Ltd.	08-Apr-16	Annual
Advance Developing Markets Fund Ltd	14-Apr-16	Annual
Advance Frontier Markets Fund Ltd	14-Apr-16	Special
BP plc	14-Apr-16	Annual
Rio Tinto plc	14-Apr-16	Annual
Centrica plc	18-Apr-16	Annual
Bunzl plc	20-Apr-16	Annual
Drax Group plc	20-Apr-16	Annual
Essentra plc	20-Apr-16	Annual
Unilever plc	20-Apr-16	Annual
Anglo American plc	21-Apr-16	Annual
RELX plc	21-Apr-16	Annual
HSBC Holdings plc	22-Apr-16	Annual
SEGRO plc	22-Apr-16	Annual
Foresight Solar Fund Limited	25-Apr-16	Annual
Hammerson plc	25-Apr-16	Annual
Jardine Lloyd Thompson Group plc	26-Apr-16	Annual
AMEC Foster Wheeler plc	27-Apr-16	Annual
British American Tobacco plc	27-Apr-16	Annual
ARM Holdings plc	28-Apr-16	Annual
Barclays plc	28-Apr-16	Annual
Barclays plc	28-Apr-16	Special
Cobham plc	28-Apr-16	Annual
Schroders plc	28-Apr-16	Annual
Shire plc	28-Apr-16	Annual
Taylor Wimpey plc	28-Apr-16	Annual
The Weir Group plc	28-Apr-16	Annual
Tullow Oil plc	28-Apr-16	Annual
AstraZeneca plc	29-Apr-16	Annual
BlackRock Latin American Investment Trust plc	29-Apr-16	Annual
Laird plc	29-Apr-16	Annual
Pearson plc	29-Apr-16	Annual
Rotork plc	29-Apr-16	Annual
Aviva plc	04-May-16	Annual
BAE Systems plc	04-May-16	Annual
Renewables Infrastructure Group Ltd	04-May-16	Annual
Renewables Infrastructure Group Ltd	04-May-16	Special
Spirent Communications plc	04-May-16	Annual
Standard Chartered plc	04-May-16	Annual
GKN plc	05-May-16	Annual
GlaxoSmithKline plc	05-May-16	Annual
IMI plc	05-May-16	Annual
Ladbroke's plc	05-May-16	Annual

## Public

Millennium & Copthorne Hotels plc	05-May-16	Annual
Reckitt Benckiser Group plc	05-May-16	Annual
Rolls-Royce Holdings plc	05-May-16	Annual
Capital & Counties Properties plc	06-May-16	Annual
InterContinental Hotels Group plc	06-May-16	Annual
Man Group plc	06-May-16	Annual
RSA Insurance Group plc	06-May-16	Annual
Target Healthcare REIT Limited	06-May-16	Special
HgCapital Trust plc	09-May-16	Annual
Redrow plc	09-May-16	Special
Woodford Patient Capital Trust plc	09-May-16	Annual
Bovis Homes Group plc	10-May-16	Annual
Capita plc	10-May-16	Annual
Spirax-Sarco Engineering plc	10-May-16	Annual
Aberdeen Asian Income Fund Limited	11-May-16	Annual
John Wood Group plc	11-May-16	Annual
National Express Group plc	11-May-16	Annual
Tritax Big Box REIT plc	11-May-16	Annual
Cairn Energy plc	12-May-16	Annual
ITV plc	12-May-16	Annual
Lloyds Banking Group plc	12-May-16	Annual
Mondi plc	12-May-16	Annual
Vesuvius plc	12-May-16	Annual
Hill & Smith Holdings plc	17-May-16	Annual
Impax Environmental Markets plc	17-May-16	Annual
UBM plc	18-May-16	Annual
Balfour Beatty plc	19-May-16	Special
Glencore plc	19-May-16	Annual
Hiscox Ltd	19-May-16	Annual
Informa plc	19-May-16	Annual
Next plc	19-May-16	Annual
Petrofac Ltd	19-May-16	Annual
Prudential plc	19-May-16	Annual

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British American Tobacco plc	27-Apr-16	Annual
ARM Holdings plc	28-Apr-16	Annual
Barclays plc	28-Apr-16	Annual
Barclays plc	28-Apr-16	Special
Cobham plc	28-Apr-16	Annual
Schroders plc	28-Apr-16	Annual
Shire plc	28-Apr-16	Annual
Taylor Wimpey plc	28-Apr-16	Annual
The Weir Group plc	28-Apr-16	Annual
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Hiscox Ltd	19-May-16	Annual
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Next plc	19-May-16	Annual
Petrofac Ltd	19-May-16	Annual
Prudential plc	19-May-16	Annual

## Votes Against Management Report

Reporting Period: 03/05/2016 to 05/19/2016

### Beazley plc

Meeting Date: 03/24/2016

Country: Jersey

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
8	Re-elect Angela Crawford-Ingle as Director	For	Abstain	Abstain	Against

*Voting Policy Rationale: Items 5-7 and 9-15: Re-Elect Directors A vote FOR these Directors is warranted because no corporate governance concerns have been identified. Items 8: Re-elect Angela Crawford-Ingle An ABSTENTION on the re-election of Angela Crawford-Ingle is warranted: \* She is the Chair of the Audit Committee. KPMG has served as the external auditor for more than 10 years and the Committee has not provided any commentary as to its planning for when the Group's audit services will be tendered. \* An abstention recognises the Committee's previous indication (in the 2014 annual report) that it would consider potential timelines for audit tendering in response to recent regulatory changes, though it has not followed up on the issue in the 2015 report. A vote FOR this resolution is warranted for those shareholders in markets which have a fiduciary responsibility to vote either for or against and who do not recognise abstention as a valid option.*

### Advance Developing Markets Fund Ltd

Meeting Date: 04/14/2016

Country: Guernsey

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
4	Reelect Mark Hadsley-Chaplin as a Director	For	Against	Against	Against

*Voting Policy Rationale: ITEMS 3 AND 6A vote FOR the re-election of William Collins and Terence Mahony is warranted because no significant concerns have been identified. ITEMS 4 AND 5A vote AGAINST the re-election of Mark Hadsley-Chaplin and John Hawkins is warranted because: \* Mark Hadsley-Chaplin is a non-independent NED and is currently a Chair of the Remuneration Committee, and the composition of this committee does not adhere to UK best practice recommendations for a company of this size; and \* John Hawkins is a non-independent NED and is currently a member of the Audit and Remuneration committees, and the composition of these committees does not adhere to UK best practice recommendations for a company of this size.*

5	Reelect John Hawkins as a Director	For	Against	Against	Against
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*Voting Policy Rationale: ITEMS 3 AND 6A vote FOR the re-election of William Collins and Terence Mahony is warranted because no significant concerns have been identified. ITEMS 4 AND 5A vote AGAINST the re-election of Mark Hadsley-Chaplin and John Hawkins is warranted because: \* Mark Hadsley-Chaplin is a non-independent NED and is currently a Chair of the Remuneration Committee, and the composition of this committee does not adhere to UK best practice recommendations for a company of this size; and \* John Hawkins is a non-independent NED and is currently a member of the Audit and Remuneration committees, and the composition of these committees does not adhere to UK best practice recommendations for a company of this size.*

### BP plc

Meeting Date: 04/14/2016

Country: United Kingdom

Meeting Type: Annual

## Votes Against Management Report

Reporting Period: 03/05/2016 to 05/19/2016

### BP plc

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
2	Approve Remuneration Report	For	Against	Against	Against

*Voting Policy Rationale: A vote AGAINST this resolution is warranted: \* Despite BP reporting a record annual loss of USD 6.5 billion for 2015, Executive Directors received maximum bonuses for the year, the highest bonus payouts since 2008. Downwards discretion to recognise the challenging oil price environment only impacted below Board-level senior managers; and\* On a related point, this year's remuneration report reveals a flaw in the mechanics of the bonus scorecard: Directors do not have to hit all targets to receive a maximum bonus, while less senior managers need to achieve performance at maximum under all measures for a maximum payout under the portion of their bonus based on the Group scorecard.*

### Anglo American plc

Meeting Date: 04/21/2016

Country: United Kingdom

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
16	Approve Remuneration Report	For	Against	Against	Against

*Voting Policy Rationale: A vote AGAINST this resolution is warranted: \* For FY2016, LTIP grant levels have been maintained at the same level as a percentage of salary, despite the significant share price fall over the year. As such, Executive Directors have received awards over more than triple the average number of shares granted in each of the last three years, thus leading to potentially considerable gains if the share price recovers.*

### Jardine Lloyd Thompson Group plc

Meeting Date: 04/26/2016

Country: United Kingdom

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
5	Re-elect Lord Leach as Director	For	Against	Against	Against

*Voting Policy Rationale: Items 4, 6-8 and 10-14A vote FOR these candidates is warranted because no corporate governance concerns have been identified. Item 5A vote AGAINST this resolution is warranted because: \* Lord Leach is a member of the Remuneration Committee, which should be wholly independent under the Code. \* The balance of the Board does not meet the Code's recommendations. Item 9A vote AGAINST this resolution is warranted because: \* Lord Sassoon is a member of the Audit and Remuneration Committee, which should be wholly independent. \* The balance of the Board does not meet the Code's recommendations.*

## Votes Against Management Report

Reporting Period: 03/05/2016 to 05/19/2016

### Jardine Lloyd Thompson Group plc

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
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9	Re-elect Lord Sassoon as Director	For	Against	Against	Against
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*Voting Policy Rationale: Items 4, 6-8 and 10-14A vote FOR these candidates is warranted because no corporate governance concerns have been identified. Item 5A vote AGAINST this resolution is warranted because: \* Lord Leach is a member of the Remuneration Committee, which should be wholly independent under the Code. \* The balance of the Board does not meet the Code's recommendations. Item 9A vote AGAINST this resolution is warranted because: \* Lord Sassoon is a member of the Audit and Remuneration Committee, which should be wholly independent. \* The balance of the Board does not meet the Code's recommendations.*

### Schroders plc

**Meeting Date:** 04/28/2016  
**Country:** United Kingdom  
**Meeting Type:** Annual

**Voting Policy:** ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
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5	Re-elect Michael Dobson as Director	For	Against	Against	Against
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*Voting Policy Rationale: Items 4 and 6-12A vote FOR these candidates is warranted because no significant concerns have been identified. Item 5A vote AGAINST the re-election of Michael Dobson is warranted: \* He has moved from the role of CEO to Chairman, something which is not recommended under the UK Corporate Governance Code. This is not a temporary move for a short period of time, and has not been accompanied by a sufficiently compelling explanation of the exceptional circumstances which would make this unusual appointment appropriate. Item 13A vote FOR this Director is warranted, but this is not without concerns for shareholders: \* Bruno Schroder is a non-independent NED who sits on a Board which lacks a sufficient proportion of independent Directors. Excluding the Chairman, more than half of the Directors are not independent. This is contrary to the UK Corporate Governance Code which recommends that, excluding the chairman, at least half of the board should be independent. The main reason for support is: \* This Board imbalance has been triggered by the retirement of one of the independent NEDs at the AGM. The Company states that a review of the composition of the Board will be undertaken, including a search for additional Non-executive Directors.*

### Shire plc

**Meeting Date:** 04/28/2016  
**Country:** United Kingdom  
**Meeting Type:** Annual

**Voting Policy:** ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
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2	Approve Remuneration Report	For	Against	Against	Against
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*Voting Policy Rationale: A vote AGAINST this resolution is warranted: \* Following several pay reviews since his appointment, the CEO received a significant salary increase (25%) in July 2015 for a mixture of retention and performance purposes. Large basic salary increases of this nature are contentious, not least because of the multiplier effect on other aspects of the remuneration package.*



## Votes Against Management Report

Reporting Period: 03/05/2016 to 05/19/2016

### The Weir Group plc

Meeting Date: 04/28/2016

Country: United Kingdom

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
4	Approve Remuneration Policy	For	Against	Against	Against
<i>Voting Policy Rationale: A vote AGAINST this resolution is warranted: * Executive Directors can receive restricted share awards where vesting is not subject to the achievement of performance conditions. This represents a deviation from standard market practice and the Company has not provided a compelling argument to justify this approach, which remains highly unusual in the UK context.</i>					
17	Amend Long-Term Incentive Plan	For	Against	Against	Against
<i>Voting Policy Rationale: A vote AGAINST this resolution is warranted* Executive Directors can receive restricted share awards where vesting is not subject to the achievement of performance conditions. This represents a deviation from standard market practice and the Company has not provided a compelling argument to justify this approach, which remains highly unusual in the UK context.</i>					

### Renewables Infrastructure Group Ltd

Meeting Date: 05/04/2016

Country: Guernsey

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
15	Adopt the New Articles of Incorporation	For	Against	Against	Against
<i>Voting Policy Rationale: A vote AGAINST this resolution because of the following provision which is not in line with the best practice: * The Board will be authorised to issue an unlimited number of shares and such authority can be extended for a maximum period of 5 years from the date of adoption of the New Articles without shareholder approval.</i>					

### Spirent Communications plc

Meeting Date: 05/04/2016

Country: United Kingdom

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
8	Re-elect Duncan Lewis as Director	For	Abstain	Abstain	Abstain

## Votes Against Management Report

Reporting Period: 03/05/2016 to 05/19/2016

### Spirent Communications plc

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
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*Voting Policy Rationale: Items 5 to 9 and 11A vote FOR these Directors is warranted because no corporate governance concerns have been identified. Item 8: Re-election of Duncan Lewis This resolution will be withdrawn at the AGM, as announced by the Company following Duncan Lewis's death. An ABSTAIN recognises the withdrawal of the item. Item 10: Re-election of Sue Swenson A vote FOR this Director is warranted, but this is not without concern for shareholders: \* She holds a significant number of board roles at other publicly-listed companies in addition to her position at Spirent Communications. These significant external time commitments may potentially undermine her ability to serve effectively in her respective roles. The main reasons for support are: \* She was appointed to these external roles ahead of an increased focus on the total number of directorships an individual should hold. Taking this into account, support for her re-election is warranted at this stage although this will be reviewed again for future AGMs.*

10	Re-elect Sue Swenson as Director	For	For	For	Against
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*Voting Policy Rationale: Items 5 to 9 and 11A vote FOR these Directors is warranted because no corporate governance concerns have been identified. Item 8: Re-election of Duncan Lewis This resolution will be withdrawn at the AGM, as announced by the Company following Duncan Lewis's death. An ABSTAIN recognises the withdrawal of the item. Item 10: Re-election of Sue Swenson A vote FOR this Director is warranted, but this is not without concern for shareholders: \* She holds a significant number of board roles at other publicly-listed companies in addition to her position at Spirent Communications. These significant external time commitments may potentially undermine her ability to serve effectively in her respective roles. The main reasons for support are: \* She was appointed to these external roles ahead of an increased focus on the total number of directorships an individual should hold. Taking this into account, support for her re-election is warranted at this stage although this will be reviewed again for future AGMs.*

### Ladbrokes plc

Meeting Date: 05/05/2016      Country: United Kingdom  
Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
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2	Approve Remuneration Report	For	Against	Against	Against
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*Voting Policy Rationale: A vote AGAINST the remuneration report is warranted due to the following reasons: \* The 2015 PSP awards of former Executive Director Ian Bull was not pro-rated by time. In line with UK best practice, outstanding awards should be pro-rated by performance and with an appropriate reduction in award size to reflect the shortened period between grant and vesting. It is also noted that the in FY2015, the Remuneration Committee lowered the PBIT targets attached to the annual bonus awards and the EPS and Free Cash Flow targets under the LTIP and the Company has explained that the lowering of targets were in relation to the Company's new strategy which requires significant up-front investment in Ladbrokes' core businesses. However, it is noted that the lowering of targets will have a direct effect on the achievement of the individual objectives under the annual bonus as this element will only be payable if the profit underpin (threshold target) is met.*

10	Re-elect Richard Moross as Director	For	Abstain	Abstain	Abstain
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*Voting Policy Rationale: In light of Richard Moross' resignation, effective 5 May 2016, the Board will withdraw this resolution at the AGM, and any votes already lodged will not be counted. Taking this into account, an ABSTAIN vote is warranted.*

### Man Group plc

Meeting Date: 05/06/2016      Country: United Kingdom  
Meeting Type: Annual

# Votes Against Management Report

Reporting Period: 03/05/2016 to 05/19/2016

## Man Group plc

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
2	Approve Remuneration Report	For	Against	Against	Against

*Voting Policy Rationale: A vote AGAINST the remuneration report is warranted: \* The link between Company performance and variable pay outcomes for the year is not completely clear; and\* A salary increase of 10% has been awarded to the Group CEO, only one year after significant increases to incentive scheme multiples were agreed.*