

**Agenda Item No 4(b)**

**DERBYSHIRE COUNTY COUNCIL  
PENSIONS AND INVESTMENTS COMMITTEE**

**7 September 2016**

**Report of the Director of Finance**

**VOTING ACTIVITY**

**1 Purpose of the Report**

To review the Fund's voting activity for the period 20 May 2016 to 25 August 2016.

**2 Information and Analysis**

Details of the Fund's voting activity for the period 20 May 2016 to 25 August 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, social value and prevention of crime and disorder.

**4 Officer's Recommendation**

That the report be noted.

PETER HANDFORD

Director of Finance

**APPENDIX 1****Voting Activity 20 May 2016 to 25 August 2016**

<b>Company</b>	<b>Meeting Date</b>	<b>Meeting Type</b>
Spectris plc	20-May-16	Annual
Royal Dutch Shell plc	24-May-16	Annual
Royal Dutch Shell plc	24-May-16	Annual
The Mercantile Investment Trust plc	25-May-16	Annual
Travis Perkins plc	25-May-16	Annual
G4S plc	26-May-16	Annual
Inchcape plc	26-May-16	Annual
Legal & General Group plc	26-May-16	Annual
Shire plc	27-May-16	Special
International Public Partnerships Ltd	02-Jun-16	Annual
WPP plc	08-Jun-16	Annual
BlackRock Smaller Companies Trust plc	09-Jun-16	Annual
Ted Baker plc	14-Jun-16	Annual
Kingfisher plc	15-Jun-16	Annual
BlackRock Emerging Europe plc	21-Jun-16	Annual
Tesco plc	23-Jun-16	Annual
Old Mutual plc	28-Jun-16	Annual
Old Mutual plc	28-Jun-16	Special
Home Retail Group plc	29-Jun-16	Annual
Pennon Group plc	01-Jul-16	Annual
Booker Group plc	06-Jul-16	Annual
HarbourVest Global Private Equity Limited	12-Jul-16	Annual
Marks and Spencer Group plc	12-Jul-16	Annual
BT Group plc	13-Jul-16	Annual
ICAP plc	13-Jul-16	Annual
RPC Group plc	13-Jul-16	Annual
Burberry Group plc	14-Jul-16	Annual
LondonMetric Property plc	14-Jul-16	Annual
JPMorgan Japan Smaller Companies Trust plc	15-Jul-16	Annual
Assura plc	19-Jul-16	Annual
HICL Infrastructure Company Ltd	19-Jul-16	Annual
The British Land Company plc	19-Jul-16	Annual
Johnson Matthey plc	20-Jul-16	Annual
Severn Trent plc	20-Jul-16	Annual
Babcock International Group plc	21-Jul-16	Annual
Halma plc	21-Jul-16	Annual
Land Securities Group plc	21-Jul-16	Annual
SSE plc	21-Jul-16	Annual
Montanaro UK Smaller Companies Investment Trust plc	22-Jul-16	Annual
United Utilities Group plc	22-Jul-16	Annual
National Grid plc	25-Jul-16	Annual
TR Property Investment Trust plc	26-Jul-16	Annual
Vodafone Group plc	29-Jul-16	Annual
Invesco Asia Trust plc	04-Aug-16	Annual
Stagecoach Group plc	25-Aug-16	Annual

## Votes Against Management Report

Reporting Period: 05/20/2016 to 08/25/2016

Public  
**APPENDIX 2**

### Inchcape plc

**Meeting Date:** 05/26/2016

**Country:** United Kingdom

**Meeting Type:** Annual

**Voting Policy:** ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
2	Approve Remuneration Report	For	Against	Against	Against
<i>Voting Policy Rationale: A vote AGAINST the remuneration report is warranted due to the following reason: * The 2014 PSP awards of former CFO John McConnell will not be pro-rated by time. In line with UK best practice, any unvested awards of good leavers should be pro-rated for time and performance.</i>					

### WPP plc

**Meeting Date:** 06/08/2016

**Country:** Jersey

**Meeting Type:** Annual

**Voting Policy:** ISS

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

### Ted Baker plc

**Meeting Date:** 06/14/2016

**Country:** United Kingdom

**Meeting Type:** Annual

**Voting Policy:** ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
6	Re-elect David Bernstein as Director	For	Against	Against	Against
<i>Voting Policy Rationale: Item 6A vote AGAINST the re-election of David Bernstein is warranted: * David Bernstein is the Board Chairman and continues to sit on the Audit Committee, which is not in line with the recommendations of the UK Code. An "against" vote reflects the Company's lack of progress on this issue over several years. Items 4-5 and 7-9A vote FOR these Directors is warranted because no corporate governance concerns have been identified.</i>					

### Old Mutual plc

**Meeting Date:** 06/28/2016

**Country:** United Kingdom

**Meeting Type:** Annual

## Votes Against Management Report

Reporting Period: 05/20/2016 to 08/25/2016

## Public APPENDIX 2

### Old Mutual plc

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
2xi	Re-elect Vassi Naidoo as Director	For	Against	Against	Against
<i>Voting Policy Rationale: Items 2i-2x &amp; 2xiiv</i> Votes FOR these candidates are warranted because no corporate governance concerns have been identified. Item 2xiA vote AGAINST this candidate is warranted: * The notice of meeting for the AGM indicates that Vassi Naidoo, who the Company does not consider independent, has joined the Audit Committee. This contravenes the UK Corporate Governance Code, which suggests that, for FTSE 350 companies, this committee should comprise entirely of independent NEDs. Item 2xiia vote FOR this candidate is warranted, but is not without concerns for shareholders: * Nonkululeko Nyembezi-Heita holds a significant number of outside responsibilities at other publicly-listed companies in addition to her position at Old Mutual. These significant external time commitments may undermine her ability to serve effectively as a NED. The main reasons for support are: * She was appointed to the external roles in 2014, after her appointment to the Board of Old Mutual, and ahead of the increased focus on the total number of directorships an individual should hold. * In view of the Group's strategic planning, which is expected to result in a wind-down of the Company in its present form over the next three years, this issue may be less of a concern for some. Additionally, and again in the context of the plans to separate the Group's four constituent businesses, it may be particularly advantageous for Nonkululeko Nyembezi-Heita to continue serving on the Board, given her chairmanship at the JSE (the stock exchange in South Africa).					

### Booker Group plc

Meeting Date: 07/06/2016

Country: United Kingdom

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
2	Approve Remuneration Report	For	Against	Against	Against
<i>Voting Policy Rationale: A vote AGAINST the remuneration report is warranted: * The PSP grant level has been increased from 150% to 200% of basic salary, with no compelling explanation provided; * The Remuneration Committee previously stated that awards above 150% would be made in exceptional circumstances, but no such circumstances are evident; and * The performance conditions have not been made more stretching to reflect the higher level of potential reward.</i>					

### HarbourVest Global Private Equity Limited

Meeting Date: 07/12/2016

Country: Guernsey

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
4	Reelect Keith Corbin as a Director	For	Against	Against	Against

## HarbourVest Global Private Equity Limited

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
	<p><i>Voting Policy Rationale: Items 3 and 5A vote FOR the re-election of Sir Michael Bunbury and Alan Hodson is warranted because no significant concerns have been identified. Item 4A vote AGAINST the re-election of Keith Corbin is warranted because: * He is a non-independent NED and is currently the Chairman of the Audit Committee and is considered to be a member of the Remuneration and Management Engagement Committees. The composition of these Committees does not adhere to UK best practice recommendations for a company of this size. Items 6A vote AGAINST the re-election of Andrew Moore is warranted because: * He is a non-independent NED and is currently a member of the Audit Committee and is considered to be a member of the Remuneration and Management Engagement Committees, and the composition of these Committees does not adhere to UK best practice recommendations for a company of this size. Items 7 to 9A vote AGAINST the re-election of Jean-Bernard Schmidt, Peter Wilson and Brooks Zug is warranted because: * They are non-independent NEDs and are considered to be members of the Remuneration and Management Engagement Committees, and the composition of these Committees does not adhere to UK best practice recommendations for a company of this size.</i></p>				
6	Reelect Andrew Moore as a Director	For	Against	Against	Against
	<p><i>Voting Policy Rationale: Items 3 and 5A vote FOR the re-election of Sir Michael Bunbury and Alan Hodson is warranted because no significant concerns have been identified. Item 4A vote AGAINST the re-election of Keith Corbin is warranted because: * He is a non-independent NED and is currently the Chairman of the Audit Committee and is considered to be a member of the Remuneration and Management Engagement Committees. The composition of these Committees does not adhere to UK best practice recommendations for a company of this size. Items 6A vote AGAINST the re-election of Andrew Moore is warranted because: * He is a non-independent NED and is currently a member of the Audit Committee and is considered to be a member of the Remuneration and Management Engagement Committees, and the composition of these Committees does not adhere to UK best practice recommendations for a company of this size. Items 7 to 9A vote AGAINST the re-election of Jean-Bernard Schmidt, Peter Wilson and Brooks Zug is warranted because: * They are non-independent NEDs and are considered to be members of the Remuneration and Management Engagement Committees, and the composition of these Committees does not adhere to UK best practice recommendations for a company of this size.</i></p>				
7	Reelect Jean-Bernard Schmidt as a Director	For	Against	Against	Against
	<p><i>Voting Policy Rationale: Items 3 and 5A vote FOR the re-election of Sir Michael Bunbury and Alan Hodson is warranted because no significant concerns have been identified. Item 4A vote AGAINST the re-election of Keith Corbin is warranted because: * He is a non-independent NED and is currently the Chairman of the Audit Committee and is considered to be a member of the Remuneration and Management Engagement Committees. The composition of these Committees does not adhere to UK best practice recommendations for a company of this size. Items 6A vote AGAINST the re-election of Andrew Moore is warranted because: * He is a non-independent NED and is currently a member of the Audit Committee and is considered to be a member of the Remuneration and Management Engagement Committees, and the composition of these Committees does not adhere to UK best practice recommendations for a company of this size. Items 7 to 9A vote AGAINST the re-election of Jean-Bernard Schmidt, Peter Wilson and Brooks Zug is warranted because: * They are non-independent NEDs and are considered to be members of the Remuneration and Management Engagement Committees, and the composition of these Committees does not adhere to UK best practice recommendations for a company of this size.</i></p>				
8	Reelect Peter Wilson as a Director	For	Against	Against	Against
	<p><i>Voting Policy Rationale: Items 3 and 5A vote FOR the re-election of Sir Michael Bunbury and Alan Hodson is warranted because no significant concerns have been identified. Item 4A vote AGAINST the re-election of Keith Corbin is warranted because: * He is a non-independent NED and is currently the Chairman of the Audit Committee and is considered to be a member of the Remuneration and Management Engagement Committees. The composition of these Committees does not adhere to UK best practice recommendations for a company of this size. Items 6A vote AGAINST the re-election of Andrew Moore is warranted because: * He is a non-independent NED and is currently a member of the Audit Committee and is considered to be a member of the Remuneration and Management Engagement Committees, and the composition of these Committees does not adhere to UK best practice recommendations for a company of this size. Items 7 to 9A vote AGAINST the re-election of Jean-Bernard Schmidt, Peter Wilson and Brooks Zug is warranted because: * They are non-independent NEDs and are considered to be members of the Remuneration and Management Engagement Committees, and the composition of these Committees does not adhere to UK best practice recommendations for a company of this size.</i></p>				

## Votes Against Management Report

Reporting Period: 05/20/2016 to 08/25/2016

## Public APPENDIX 2

### HarbourVest Global Private Equity Limited

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
9	Reelect Brooks Zug as a Director	For	Against	Against	Against
<p><i>Voting Policy Rationale: Items 3 and 5A vote FOR the re-election of Sir Michael Bunbury and Alan Hodson is warranted because no significant concerns have been identified. Item 4A vote AGAINST the re-election of Keith Corbin is warranted because: * He is a non-independent NED and is currently the Chairman of the Audit Committee and is considered to be a member of the Remuneration and Management Engagement Committees. The composition of these Committees does not adhere to UK best practice recommendations for a company of this size. Items 6A vote AGAINST the re-election of Andrew Moore is warranted because: * He is a non-independent NED and is currently a member of the Audit Committee and is considered to be a member of the Remuneration and Management Engagement Committees, and the composition of these Committees does not adhere to UK best practice recommendations for a company of this size. Items 7 to 9A vote AGAINST the re-election of Jean-Bernard Schmidt, Peter Wilson and Brooks Zug is warranted because: * They are non-independent NEDs and are considered to be members of the Remuneration and Management Engagement Committees, and the composition of these Committees does not adhere to UK best practice recommendations for a company of this size.</i></p>					

### RPC Group plc

**Meeting Date:** 07/13/2016 **Country:** United Kingdom  
**Meeting Type:** Annual

**Voting Policy:** ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
2	Approve Remuneration Report	For	Against	Against	Against
<p><i>Voting Policy Rationale: A vote AGAINST this resolution is warranted: * Substantial basic salary increases have been agreed for the Executive Directors, with the CEO in particular benefiting from a material increase in fixed pay, and the Remuneration Committee does not appear to be demonstrating sufficient restraint. The multiplier effect that increases in base pay have on the overall quantum of remuneration means that in FY2018, the CEO's total maximum earnings potential will be almost 90% than that in place for FY2016. While some increase in basic pay may be justified, it is difficult to accept that an enhancement which has such a material impact on total pay is required.</i></p>					

### Babcock International Group plc

**Meeting Date:** 07/21/2016 **Country:** United Kingdom  
**Meeting Type:** Annual

**Voting Policy:** ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
2	Approve Remuneration Report	For	Against	Against	Against
<p><i>Voting Policy Rationale: A vote AGAINST this resolution is warranted: * The Remuneration Committee has exercised its discretion to waive pro-rating to the outstanding PSP and DBMP awards held by the two departing Executive Directors (one of whom is the CEO). This means they are potentially being rewarded for periods they do not work.</i></p>					