

Agenda Item No.4 (b)

**DERBYSHIRE COUNTY COUNCIL
PENSIONS and INVESTMENTS COMMITTEE**

11 September 2018

Report of the Director of Finance & ICT

VOTING ACTIVITY

1 Purpose of the Report

To review the Fund's voting activity for the period 30 May 2018 to 22 August 2018.

2 Information and Analysis

Details of the Fund's voting activity for the period 30 May 2018 to 22 August 2018 are shown in Appendix 1. Votes against management proposals are shown in Appendix 2. The resolutions were all passed.

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 considerations.

4 Officer's Recommendation

That the report be noted.

PETER HANDFORD

Director of Finance & ICT

Company	Meeting Date	Meeting Type
BlackRock Latin American Investment Trust plc	30-May-18	Annual
BlackRock Smaller Companies Trust plc	05-Jun-18	Annual
GVC Holdings PLC	06-Jun-18	Annual
Foresight Solar Fund Limited	11-Jun-18	Annual
International Public Partnerships Ltd	11-Jun-18	Annual
Kingfisher plc	12-Jun-18	Annual
Ted Baker PLC	12-Jun-18	Annual
Woodford Patient Capital Trust plc	12-Jun-18	Annual
WPP plc	13-Jun-18	Annual
Tesco PLC	15-Jun-18	Annual
ICG Enterprise Trust PLC	18-Jun-18	Annual
BlackRock Emerging Europe plc	20-Jun-18	Annual
Standard Life Aberdeen PLC	25-Jun-18	Special
3i Infrastructure plc	05-Jul-18	Annual
Pennon Group plc	05-Jul-18	Annual
Assura Plc	10-Jul-18	Annual
DS Smith Plc	10-Jul-18	Special
BT Group plc	11-Jul-18	Annual
LondonMetric Property Plc	11-Jul-18	Annual
Burberry Group plc	12-Jul-18	Annual
Land Securities Group plc	12-Jul-18	Annual
HICL Infrastructure Company Ltd	17-Jul-18	Annual
The British Land Company PLC	17-Jul-18	Annual
Montanaro UK Smaller Companies Investment Trust PLC	18-Jul-18	Annual
RPC Group Plc	18-Jul-18	Annual
Severn Trent Plc	18-Jul-18	Annual
Babcock International Group plc	19-Jul-18	Annual
Halma plc	19-Jul-18	Annual
HarbourVest Global Private Equity Limited	19-Jul-18	Annual
SSE plc	19-Jul-18	Annual
SSE plc	19-Jul-18	Special
Johnson Matthey Plc	26-Jul-18	Annual
United Utilities Group PLC	27-Jul-18	Annual
Vodafone Group Plc	27-Jul-18	Annual
National Grid plc	30-Jul-18	Annual
Invesco Asia Trust plc	31-Jul-18	Annual
JPMorgan Japan Smaller Companies Trust plc	31-Jul-18	Annual
Genesis Emerging Markets Fund Limited	15-Aug-18	Special
Micro Focus International plc	21-Aug-18	Special

Votes Against Management Report

Reporting Period: 05/30/2018 to 08/22/2018

GVC Holdings PLC

Meeting Date: 06/06/2018

Country: Isle of Man

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 considered warranted: * The Company's remuneration policy was approved in December 2017 and it was implemented retrospectively to grant awards based on 2017 performance; and* The Board Chair has been granted an exceptional award on top of a 94% fee increase to compensate him for forfeiting the opportunity to participate in variable pay arrangements.Both arrangements are considered inappropriate and not in line with UK best practices. The overall quantum of remuneration (higher than GBP 20 million for the CEO for two consecutive years) is also a concern, as highlighted by the high levels of shareholder dissent registered at the 2017 AGM (43% against votes). Based on information on shareholder engagement provided in the December 2017 EGM Notice of Meeting, such high level of dissent was mainly due to the legacy option plan, which delivered exceptionally high payouts in both 2016 and 2017.The Company discloses that concerns were again raised by shareholders on the maximum variable remuneration levels proposed in the new remuneration policy, which was opposed by c.27% of shareholders. This indicates that concerns over quantum were not fully addressed by the new policy.</i></p>					
10	Re-elect Peter Isola as Director	For	Against	Against	Against
<p><i>Voting Policy Rationale: Items 6-7 and 11-12A vote FOR these Directors is considered warranted as no significant concerns have been identified.Items 8: Re-elect Karl Diacono as DirectorA vote FOR this candidate is considered warranted, even though it is not without concerns for shareholders:* He is considered non-independent by ISS and his membership of the Board and the Audit committee results in non-compliance with the recommendations of the UK Code.The main reasons for support are: * The Company announced that he will step down from the Board by 31 December 2018; and* The Board has committed to appoint three new independent NEDs in the next twelve months.Item 10: Re-elect Peter Isola as a DirectorA vote AGAINST this candidate is considered warranted: * He is considered non-independent by ISS and his membership of the Board and the Remuneration committee results in non-compliance with the recommendations of the UK Code.* Significant concerns over remuneration practices have been identified in 2017, when he was a member of the Committee.Item 9: Re-elect Lee Feldman as DirectorA vote FOR this candidate is considered warranted, even though it is not without concern for shareholders:* As Board Chair, he is ultimately responsible for the overall governance arrangements of the Company: for the second consecutive year; the composition of the Board and the key sub-committees is not considered in line with the recommendations of the UK Code.* In 2017, he continued to receive performance-related remuneration, which is likely to impair a Board Chair's independence of judgement.The main reason for support is:* The Company has committed to appoint three additional independent NEDs, thus potentially aligning the composition of the Board and sub-committees with the recommendations of the UK Code.Item 5: Elect Jane Ascombe as DirectorA vote FOR this candidate is considered warranted, even though it is not without concern for shareholders:* As Chair of the Remuneration Committee, she is considered ultimately responsible for the Company's remuneration arrangements. As discussed above and in previous ISS reports, significant concerns over remuneration practices have been identified: notably, the Remuneration Committee decided to retrospectively apply the remuneration policy approved in December 2017.The main reasons for support are:* The Company had stated that it was its intention to apply the policy retrospectively; and* There have been some efforts to address shareholders' concerns.</i></p>					

Foresight Solar Fund Limited

Meeting Date: 06/11/2018

Country: Jersey

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
9	Re-elect Peter Dicks as Director	For	Against	Against	Against

Votes Against Management Report

Reporting Period: 05/30/2018 to 08/22/2018

BT Group plc

Meeting Date: 07/11/2018 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 because: * Bonuses of 130% of salary were paid to the CEO and to the FD. These were despite corporate performance coming at the lower end of guidance. * This level of bonus is not considered to be aligned with performance for the year under review and the shareholder experience (share price having fallen significantly during the year). While Committee discretion was used to modify the outcome, the modification does not seem sufficient. * Targets for the 2018/19 LTIP award have been reduced, yet there has been no reduction in quantum from 2017/18 awards, which is relatively generous at 350% of salary. Following the announcement of the CEO's intended departure, his award will not be made, and therefore it is the CFO's award that is under discussion.</i>					