

Agenda Item No 5(b)

**DERBYSHIRE COUNTY COUNCIL
PENSIONS AND INVESTMENTS COMMITTEE**

14 December 2016

Report of the Director of Finance

VOTING ACTIVITY

1 Purpose of the Report

To review the Fund's voting activity for the period 26 August 2016 to 2 December 2016.

2 Information and Analysis

Details of the Fund's voting activity for the period 26 August 2016 to 2 December 2016 are shown in Appendix 1. Votes against management proposals are shown in Appendix 2. In each case, a "for" vote was carried, with the exception of the resolution in respect of Micro Focus International plc. The resolution relating to the additional disapplication of statutory pre-emptive rights was withdrawn by Micro Focus International plc following discussion with ISS, IVIS and a number of shareholders.

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 26 August 2016 to 2 December 2016**

Company	Meeting Date	Meeting Type
ARM Holdings plc	30-Aug-16	Court
ARM Holdings plc	30-Aug-16	Special
Aberdeen New Dawn Investment Trust plc	31-Aug-16	Annual
DS Smith plc	06-Sep-16	Annual
NB Private Equity Partners Ltd	07-Sep-16	Special
Dixons Carphone plc	08-Sep-16	Annual
Greene King plc	09-Sep-16	Annual
ICAP plc	09-Sep-16	Court
ICAP plc	09-Sep-16	Special
Oxford Instruments plc	13-Sep-16	Annual
Diageo plc	21-Sep-16	Annual
Micro Focus International plc	22-Sep-16	Annual
PZ Cussons plc	28-Sep-16	Annual
Informa plc	10-Oct-16	Special
Sky plc	13-Oct-16	Annual
Tritax Big Box REIT plc	17-Oct-16	Special
Foresight Solar Fund Limited	18-Oct-16	Special
BHP Billiton plc	20-Oct-16	Annual
Schroder Japan Growth Fund plc	02-Nov-16	Annual
Genesis Emerging Markets Fund Limited	08-Nov-16	Annual
Redrow plc	09-Nov-16	Annual
J D Wetherspoon plc	10-Nov-16	Annual
J D Wetherspoon plc	10-Nov-16	Special
Target Healthcare REIT Limited	10-Nov-16	Annual
JPMorgan Emerging Markets Investment Trust plc	16-Nov-16	Annual
Kier Group plc	18-Nov-16	Annual
Wolseley plc	29-Nov-16	Annual
Electra Private Equity plc	02-Dec-16	Special

Votes Against Management Report

Reporting Period: 08/26/2016 to 12/02/2016

Public APPENDIX 2

Micro Focus International plc

Meeting Date: 09/22/2016

Country: United Kingdom

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
20	Authorise Issue of Equity without Pre-emptive Rights	For	Abstain	Abstain	Against

Voting Policy Rationale: This resolution will be withdrawn at the AGM. An ABSTAIN recognises the intended withdrawal of the item at the meeting.

Sky plc

Meeting Date: 10/13/2016

Country: United Kingdom

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
11	Re-elect James Murdoch as Director	For	Against	Against	Against

*Voting Policy Rationale: Items 4 to 10 and 12 to 13A vote FOR these Directors is warranted because no major corporate governance concerns have been identified. Item 11A vote AGAINST the re-election of James Murdoch is warranted: * He is a Chairman who was not independent upon his reappointment to the role earlier this year, taking into account his role as CEO of Sky's major shareholder, Twenty-First Century Fox. In a retrograde step, he replaced a Chairman who was unconnected with the major shareholder. An independent Chairman would not be conflicted in the event of another bid from Twenty-First Century Fox; * Prior to his reappointment, Sky continued to perform well with an independent Chairman, yet the benefits of continuity and access to James Murdoch's experience were maintained with him in a non-executive role. No clear case has been made for the new situation being an improvement over that structure; and* It is clear from the Company's disclosures that James Murdoch wanted to return as Chairman, but there is no evidence that the deliberations of the Corporate Governance & Nominations Committee extended to a detailed consideration of other specific candidates. Given the independence issues raised by the reappointment, the lack of a wider in-depth search is a matter of concern.*

Redrow plc

Meeting Date: 11/09/2016

Country: United Kingdom

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
14	Approve Waiver on Tender-Bid Requirement	For	Against	Against	Against

Voting Policy Rationale: A vote AGAINST this proposal is warranted as this resolution may give effect to creeping control, allowing the major shareholder to gain greater control of the Company without the payment of a premium to other shareholders.

Votes Against Management Report

Reporting Period: 08/26/2016 to 12/02/2016

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APPENDIX 2

J D Wetherspoon plc

Meeting Date: 11/10/2016

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 CEO and ED received above inflationary salary increases during the year primarily based on performance; * Absence of disclosure on bonus targets; and * The SIP awards under the long term incentive schemes do not have performance conditions attached.</i>					
7	Re-elect Debra van Gene as Director	For	Against	Against	Against
<i>Voting Policy Rationale: Items 7 and 8A vote AGAINST these resolutions is warranted because: * These Directors has led the independence balance of the Board to be less than half which is not compliant with the Code for FTSE 350 companies; * Debra van Gene and Elizabeth McMeikan are members of the Audit and Remuneration Committees, which should be wholly independent under the Code. The Nomination Committee should also be majority independent; and * Elizabeth McMeikan is the Senior NED, a role which should ultimately be independent. Item 4A vote FOR this resolution is warranted, although it is not without concern to shareholders: * In addition to Tim Martin serving in an executive capacity, he holds approximately 29.5 percent of the Company's issued share capital; and * He serves in a role which market best practice suggests should be carried out by an independent individual. The main reasons for support are: * There is a clear division of responsibilities between the CEO and the Executive Chairman; and * His responsibilities, as disclosed in the annual report, resemble that of a Non-Executive Chairman. Items 5-6 and 9-11A vote FOR these Directors is warranted because no corporate governance concerns have been identified.</i>					
8	Re-elect Elizabeth McMeikan as Director	For	Against	Against	Against
<i>Voting Policy Rationale: Items 7 and 8A vote AGAINST these resolutions is warranted because: * These Directors has led the independence balance of the Board to be less than half which is not compliant with the Code for FTSE 350 companies; * Debra van Gene and Elizabeth McMeikan are members of the Audit and Remuneration Committees, which should be wholly independent under the Code. The Nomination Committee should also be majority independent; and * Elizabeth McMeikan is the Senior NED, a role which should ultimately be independent. Item 4A vote FOR this resolution is warranted, although it is not without concern to shareholders: * In addition to Tim Martin serving in an executive capacity, he holds approximately 29.5 percent of the Company's issued share capital; and * He serves in a role which market best practice suggests should be carried out by an independent individual. The main reasons for support are: * There is a clear division of responsibilities between the CEO and the Executive Chairman; and * His responsibilities, as disclosed in the annual report, resemble that of a Non-Executive Chairman. Items 5-6 and 9-11A vote FOR these Directors is warranted because no corporate governance concerns have been identified.</i>					
15	Approve the Making of the Revised DBS Payments to John Hutson, Su Cacioppo and Ben Whitley	For	Against	Against	Against
<i>Voting Policy Rationale: A vote AGAINST this resolution is warranted: * It is unclear why a change of approach was not communicated to shareholders prior to the year under review; and * Concerns are raised about retrospective change in calculation of annual bonus metrics that was used to determine bonus outcome for FY2016.</i>					

J D Wetherspoon plc

Meeting Date: 11/10/2016

Country: United Kingdom

Meeting Type: Special

Votes Against Management Report

Reporting Period: 08/26/2016 to 12/02/2016

Public
APPENDIX 2

J D Wetherspoon plc

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
1	Approve Waiver on Tender-Bid Requirement	For	Against	Against	Against

Voting Policy Rationale: A vote AGAINST this proposal is warranted as this resolution may give effect to creeping control, allowing the major shareholder to gain greater control of the Company without the payment of a premium to other shareholders.

Electra Private Equity plc

Meeting Date: 12/02/2016

Country: United Kingdom

Meeting Type: Special

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
1	Approve Waiver on Tender-Bid Requirement	For	Against	Against	Against

*Voting Policy Rationale: A vote AGAINST this proposal is warranted because: * This resolution may give effect to creeping control, allowing the major shareholder to gain greater control of the Company without the payment of a premium to other shareholders.*