

Agenda Item No 6(b)

**DERBYSHIRE COUNTY COUNCIL
PENSIONS and INVESTMENTS COMMITTEE**

14 June 2017

Report of the Director of Finance & ICT

VOTING ACTIVITY

1 Purpose of the Report

To review the Fund's voting activity for the period 7 March 2017 to 1 June 2017.

2 Information and Analysis

Details of the Fund's voting activity for the period 7 March 2017 to 1 June 2017 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 HSBC Holding plc resolution 3(r). The director subsequently resigned and did not seek re-election.

3 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 considerations.

4 Officer's Recommendation

That the report be noted.

PETER HANDFORD

Director of Finance & ICT

APPENDIX 1

Voting Activity 7 March 2017 to 1 June 2017

Company	Meeting Date	Meeting Type
Aberdeen Frontier Markets Investment Company Ltd	14-Mar-17	Special
Laird PLC	16-Mar-17	Special
HICL Infrastructure Company Ltd	20-Mar-17	Special
River and Mercantile UK Micro Cap Investment Co., Ltd.	21-Mar-17	Annual
CC Japan Income & Growth Trust plc	22-Mar-17	Annual
Foresight Solar Fund Limited	22-Mar-17	Special
Electra Private Equity plc	23-Mar-17	Annual
Beazley plc	24-Mar-17	Annual
Tullow Oil plc	05-Apr-17	Special
Aberdeen Emerging Markets Investment Company Limited	10-Apr-17	Annual
Rio Tinto plc	12-Apr-17	Annual
Apax Global Alpha Ltd.	18-Apr-17	Annual
Cobham plc	18-Apr-17	Special
Bunzl plc	19-Apr-17	Annual
Essentra plc	20-Apr-17	Annual
RELX PLC	20-Apr-17	Annual
SEGRO plc	20-Apr-17	Annual
Anglo American plc	24-Apr-17	Annual
NB Private Equity Partners Ltd	24-Apr-17	Special
Hammerson plc	25-Apr-17	Annual
Shire plc	25-Apr-17	Annual
British American Tobacco plc	26-Apr-17	Annual
Tullow Oil plc	26-Apr-17	Annual
AstraZeneca plc	27-Apr-17	Annual
Cobham plc	27-Apr-17	Annual
Jardine Lloyd Thompson Group plc	27-Apr-17	Annual
Schroders plc	27-Apr-17	Annual
Taylor Wimpey plc	27-Apr-17	Annual
Unilever PLC	27-Apr-17	Annual
HSBC Holdings plc	28-Apr-17	Annual
Laird PLC	28-Apr-17	Annual
Rotork plc	28-Apr-17	Annual
Bovis Homes Group PLC	02-May-17	Annual
Bovis Homes Group PLC	02-May-17	Special
BlackRock Latin American Investment Trust plc	03-May-17	Annual
Renewables Infrastructure Group Ltd	03-May-17	Annual
Standard Chartered PLC	03-May-17	Annual
GKN plc	04-May-17	Annual
GlaxoSmithKline plc	04-May-17	Annual
Ladbroke's Coral Group plc	04-May-17	Annual
Reckitt Benckiser Group plc	04-May-17	Annual
Rolls-Royce Holdings plc	04-May-17	Annual
Capital & Counties Properties PLC	05-May-17	Annual
InterContinental Hotels Group plc	05-May-17	Annual
International Public Partnerships Ltd	05-May-17	Special
Man Group plc	05-May-17	Annual
RSA Insurance Group plc	05-May-17	Annual
Smurfit Kappa Group plc	05-May-17	Annual
Centrica plc	08-May-17	Annual
Spirax-Sarco Engineering plc	09-May-17	Annual
Aberdeen Asian Income Fund Limited	10-May-17	Annual
Aviva plc	10-May-17	Annual
BAE Systems plc	10-May-17	Annual
Barclays plc	10-May-17	Annual
HgCapital Trust plc	10-May-17	Annual
ITV plc	10-May-17	Annual
John Wood Group PLC	10-May-17	Annual
National Express Group PLC	10-May-17	Annual
Worldpay Group plc	10-May-17	Annual
Hill & Smith Holdings PLC	11-May-17	Annual
Lloyds Banking Group plc	11-May-17	Annual
Mondi plc	11-May-17	Annual
Rathbone Brothers plc	11-May-17	Annual
TP ICAP plc	11-May-17	Annual
Tritax Big Box REIT plc	11-May-17	Special
BP plc	17-May-17	Annual
Tritax Big Box REIT plc	17-May-17	Annual
UBM plc	17-May-17	Annual
Balfour Beatty plc	18-May-17	Special
Hiscox Ltd	18-May-17	Annual
Next Plc	18-May-17	Annual

Voting Activity 7 March 2017 to 1 June 2017

Company	Meeting Date	Meeting Type
Prudential plc	18-May-17	Annual
Cairn Energy plc	19-May-17	Annual
National Grid plc	19-May-17	Special
Royal Dutch Shell plc	23-May-17	Annual
Royal Dutch Shell plc	23-May-17	Annual
Wolseley plc	23-May-17	Special
Glencore Plc	24-May-17	Annual
The Mercantile Investment Trust plc	24-May-17	Annual
Travis Perkins plc	24-May-17	Annual
G4S plc	25-May-17	Annual
Inchcape plc	25-May-17	Annual
Legal & General Group Plc	25-May-17	Annual
Old Mutual plc	25-May-17	Annual
Informa plc	26-May-17	Annual
Micro Focus International plc	26-May-17	Special
Reckitt Benckiser Group plc	31-May-17	Special

Votes Against Management Report

Reporting Period: 03/07/2017 to 06/01/2017

Electra Private Equity plc

Meeting Date: 03/23/2017

Country: United Kingdom

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
7	Elect Dr John McAdam as Director	For	Against	Against	Against

*Voting Policy Rationale: Items 4-6 & 8-12A vote FOR the election/re-election of Paul Goodson, Neil Johnson, David Lis, Linda Wilding, Edward Bramson, Ian Brindle, Roger Perkin and Gavin Manson is warranted because no significant concerns have been identified. Item 7A vote AGAINST the election of John McAdam is warranted because: * In addition to his current role as SID at Electra Private Equity plc, he serves as NEDs at three other public companies. This raises questions about his ability to devote sufficient time to his role at the Company.*

Aberdeen Emerging Markets Investment Company Limited

Meeting Date: 04/10/2017

Country: Guernsey

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
5	Reelect John Hawkins as a Director	For	Against	Against	Against

*Voting Policy Rationale: Item 4A vote FOR the election of Helen Green is warranted because no significant concerns have been identified. Item 5A vote AGAINST the re-election of John Hawkins is warranted because: * Potential independence issues identified and he currently sits on the Audit Committee, and the composition of this Committee does not adhere to UK best practice recommendations for a company of this size.*

AstraZeneca plc

Meeting Date: 04/27/2017

Country: United Kingdom

Meeting Type: Annual

Voting Policy: ISS

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

*Voting Policy Rationale: A vote AGAINST this resolution is warranted on account of: * The Company is proposing to alter the performance conditions, and consequently the vesting profile, of in-flight AZIP awards. As presently configured, it is unlikely that several cycles of these awards would vest at all, given the Company's expected performance in FY2017. Changing the vesting profile artificially protects the executives against the lapse of these awards, which otherwise would have occurred in the normal course, and as such is not considered appropriate. * Public disclosure of annual bonus structure and related outcomes continue to remain market-lagging and unclear.*

Votes Against Management Report

Reporting Period: 03/07/2017 to 06/01/2017

Jardine Lloyd Thompson Group plc

Meeting Date: 04/27/2017

Country: United Kingdom

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
6	Elect Adam Keswick as Director	For	Against	Against	Against
<i>Voting Policy Rationale: Items 5-6, 8-12 and 14A vote FOR these candidate is warranted as no significant concerns have been identified.Item 7A vote AGAINST this resolution is warranted because:* Adam Keswick 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 requirement.Item 13A vote AGAINST this resolution is warranted because:* Lord Sassoon is a member of the Audit and Remuneration Committee, which should be wholly independent under the Code;* The balance of the board does not meet the Code's requirement.</i>					
13	Re-elect Lord Sassoon as Director	For	Against	Against	Against
<i>Voting Policy Rationale: Items 5-6, 8-12 and 14A vote FOR these candidate is warranted as no significant concerns have been identified.Item 7A vote AGAINST this resolution is warranted because:* Adam Keswick 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 requirement.Item 13A vote AGAINST this resolution is warranted because:* Lord Sassoon is a member of the Audit and Remuneration Committee, which should be wholly independent under the Code;* The balance of the board does not meet the Code's requirement.</i>					

HSBC Holdings plc

Meeting Date: 04/28/2017

Country: United Kingdom

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
3(k)	Re-elect Irene Lee as Director	For	Against	Against	Against
<i>Voting Policy Rationale: Items 3(a) to 3(j) and 3(l) to 3(q): Elect/Re-elect DirectorsA vote FOR these candidates is warranted as no significant concerns have been identified.Items 3(k) and 3(r): Re-elect Irene Lee and Paul WalshA vote AGAINST these resolutions is warranted on account of:* Both individuals hold a significant number of board roles at other publicly-listed companies in addition to their positions at HSBC.</i>					
3(r)	Re-elect Paul Walsh as Director	For	Against	Against	Against
<i>Voting Policy Rationale: Items 3(a) to 3(j) and 3(l) to 3(q): Elect/Re-elect DirectorsA vote FOR these candidates is warranted as no significant concerns have been identified.Items 3(k) and 3(r): Re-elect Irene Lee and Paul WalshA vote AGAINST these resolutions is warranted on account of:* Both individuals hold a significant number of board roles at other publicly-listed companies in addition to their positions at HSBC.</i>					

GlaxoSmithKline plc

Meeting Date: 05/04/2017

Country: United Kingdom

Meeting Type: Annual

Votes Against Management Report

Reporting Period: 03/07/2017 to 06/01/2017

GlaxoSmithKline plc

Voting Policy: ISS

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

Ladbrokes Coral Group plc

Meeting Date: 05/04/2017

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	For	For	Against
3	Approve Remuneration Policy	For	For	For	Against
17	Approve Performance Share Plan	For	For	For	Against

Reckitt Benckiser Group plc

Meeting Date: 05/04/2017

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 Kenneth Hydon as Director	For	Against	Against	Against

*Voting Policy Rationale: Item 4An ABSTENTION on Board Chair Adrian Bellamy is warranted: * As long-serving Chair, Adrian Bellamy bears ultimate responsibility for the governance of the Company and the effectiveness of the Board. Events in South Korea with Oxy RB raise important questions on both these fronts.Item 8A vote AGAINST former Chair of the Audit Committee Kenneth Hydon is warranted: * Until the formation of the Corporate Responsibility, Sustainability, Ethics and Compliance Committee in 2016 as a response to the Oxy RB events, the Audit Committee was responsible for risk and control reviews in terms of trade spend, environmental, health and safety, commercial and reputational, sustainability and legal compliance. Ken Hydon chaired the Audit Committee for an extended period; he steps down as the Audit Committee Chair at this AGM but will continue to serve as a member of the Committee. In this regard, responsibility for the events in South Korea are at the hands of the Audit Committee and the Chair of this Committee at the time should therefore be held accountable.Items 5-7 and 9-14A vote FOR these candidates is warranted as no significant concerns have been identified.*

Votes Against Management Report

Reporting Period: 03/07/2017 to 06/01/2017

Man Group plc

Meeting Date: 05/05/2017 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 considered warranted as the targets under the annual bonus scheme set for the year under review are not considered to be stretching enough, and consequently the pay outcomes are not considered to appropriately reflect the Company's performance. BACKGROUND INFORMATIONPolicies: Compensation</i>					
6	Re-elect Phillip Colebatch as Director	For	Against	Against	Against
<i>Voting Policy Rationale: Items 4; and, 7 to 11 and, 13 to 15A vote FOR this candidate is warranted as no significant concerns have been identified.Item 5: Re-elect Richard BerliandA vote FOR this item is warranted but is not without concern for shareholders on account of:* This is the fourth consecutive year of concerns being identified around remuneration practices of the Company and he is Chair of the Remuneration Committee.The main reason for support is:* He was only appointed to this role post 2016 AGM and there is evidence of steps being taken to address shareholder concerns.Item 6: Re-elect Phillip ColebatchA vote AGAINST this item is warranted as this is the fourth consecutive year of concerns being identified around remuneration practices at the Company. Phillip Colebatch was Chair of the Remuneration Committee during this time and continues to remain a member of the Committee.Item 12: Re-elect Lord Ian Livingston as DirectorA vote FOR this item is warranted, although it is not without concern for shareholders:* Ian Livingston has considerable external time commitments, which have increased following his appointment as Chair of Dixons Carphone plc, effective from 30 April 2017.The main reason for support is:* Ian Livingston is the Board Chair. The issue of his external time commitments is more effectively targeted directly at the companies where he serves as NED.BACKGROUND INFORMATIONPolicies: Board</i>					

Barclays plc

Meeting Date: 05/10/2017 Country: United Kingdom
Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
15	Re-elect James Staley as Director	For	Abstain	Abstain	Against
<i>Voting Policy Rationale: Items 4 and 6 to 14A vote FOR these candidates is warranted as no significant concerns have been identified.Item 5: Elect Sir Ian Cheshire as DirectorA vote FOR this candidate is warranted but is not without concern for shareholders on account of:* In addition to his role at Barclays, he has significant external time commitments.The main reasons for support are:* Ian Cheshire was only appointed to the Board in April 2017, therefore some degree of flexibility is considered appropriate at this time, in order to provide him with sufficient time to reduce his external responsibilities. This situation will be reviewed ahead of the next AGM.Item 15: Re-elect James (Jes) Staley as DirectorAn ABSTAIN on the re-election of Jes Staley is considered warranted on account of:* He is currently under investigation by the UK Regulators involving a breach of controls around the Company's whistleblowing process. The Board has issued a written reprimand to Jes Staley, and the Company's processes itself are also under investigation on account of this.An abstention recognises that the investigations by the UK regulators are currently ongoing, and that his and the Company's full support to the regulators has been promised.A vote AGAINST this resolution is warranted for those shareholders who have a fiduciary responsibility to vote either for or against, or who do not recognise abstention as a valid option.</i>					

Votes Against Management Report

Reporting Period: 03/07/2017 to 06/01/2017

Barclays plc

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
26	Amend Long-Term Incentive Plan	For	Against	Against	Against
<i>Voting Policy Rationale: A vote AGAINST the resolution is warranted on account of: * Time pro-rating on termination for eligible leavers under the LTIP will include time served in the year prior to award. It is not clear from Company disclosures how rigorous this performance test will be in practice, and as such it is not considered appropriate that executives should be credited with a year in service ahead of the normal three-year LTIP cycle on this basis. This method of pro-rating for time is non-standard in the UK, and there is no apparent case for this as a result of recent regulatory changes, despite the Company's explanations of same.</i>					

Hiscox Ltd

Meeting Date: 05/18/2017
Country: Bermuda
Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
2	Approve Remuneration Policy	For	Against	Against	Against
<i>Voting Policy Rationale: A vote AGAINST this item is warranted: * The annual bonus structure will continue to primarily employ a financial measure, with a pre-determined hurdle set to determine whether bonus payments will be made or not. The structure enables a high level of discretion on the allocation of bonus.</i>					
3	Approve Remuneration Report	For	Against	Against	Against
<i>Voting Policy Rationale: A vote AGAINST this item is warranted: * A strong level of discretion is apparent in the application of the annual bonus awarding criteria and rewards made for both financial and non-financial performance: there does not appear to be a clear connect in between the disclosure that describes the Company's performance, individual contributions made by EDs, and the resulting significantly high annual bonus payouts* The LTIP target range does not appear to be sufficiently stretching. * There is no disclosure of the amount of the bonus award that the new CFO was eligible to receive in lieu of his forfeited bonus from his previous employer.</i>					

Old Mutual plc

Meeting Date: 05/25/2017
Country: United Kingdom
Meeting Type: Annual

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

Votes Against Management Report

Reporting Period: 03/07/2017 to 06/01/2017

Old Mutual plc

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
	<i>Voting Policy Rationale: Items 2i-2ix, 2xiiiA vote FOR these candidates is warranted as no significant concerns have been identified.Item 2x: Nksoana MoyoA vote FOR this candidate is warranted, but is not without concerns for shareholders:* Nksoana Moyo attended less than 75% of Board and Committee meetings held during the year, and no explanation for the low level of attendance has been provided in the annual report.The main reason for support is:* This is the first year that an issue with attendance has been raised, suggesting that there may not be a longer-term issue at this time. This will be kept under review ahead of future AGMs.Item 2xi: Vassi NaidooA vote AGAINST this candidate is warranted:* Vassi Naidoo is a non-independent member of the Audit Committee. This contravenes the UK Corporate Governance Code's recommendation that, for FTSE 350 companies, this committee should comprise entirely of independent NEDs.Item 2xii: Nonkululeko Nyembezi-HeitaA 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:* 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.</i>				

Informa plc

Meeting Date: 05/26/2017
Country: United Kingdom
Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
3	Approve Remuneration Report	For	Against	Against	Against
	<i>Voting Policy Rationale: A vote AGAINST this resolution is considered warranted on account of:* The EPS target under LTI schemes do not appear to be sufficiently challenging in view of broker forecast.</i>				