

Agenda Item No 4(d)

**DERBYSHIRE COUNTY COUNCIL
PENSIONS and INVESTMENTS COMMITTEE**

20 March 2017

Report of the Director of Finance

VOTING ACTIVITY

1 Purpose of the Report

To review the Fund's voting activity for the period 5 December 2016 to 6 March 2017.

2 Information and Analysis

Details of the Fund's voting activity for the period 5 December 2016 to 6 March 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 the resolution in respect of Imperial Tobacco, where the resolution in respect of the approval of the remuneration policy was subsequently withdrawn.

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

APPENDIX 1**Voting Activity 5 December 2016 to 6 March 2017**

Company	Meeting Date	Meeting Type
Associated British Foods plc	09-Dec-16	Annual
Aberdeen Frontier Markets Investment Company Ltd	12-Dec-16	Annual
Aberdeen Frontier Markets Investment Company Ltd	12-Dec-16	Special
Bellway plc	13-Dec-16	Annual
Edinburgh Dragon Trust plc	15-Dec-16	Annual
JPMorgan Japanese Investment Trust plc	20-Dec-16	Annual
Tritax Big Box REIT plc	20-Dec-16	Special
Marston's plc	24-Jan-17	Annual
Countryside Properties PLC	26-Jan-17	Annual
Blackrock Frontiers Investment Trust plc	31-Jan-17	Annual
Britvic plc	31-Jan-17	Annual
Dunedin Smaller Companies Investment Trust plc	01-Feb-17	Annual
Imperial Brands PLC	01-Feb-17	Annual
Aberdeen Asset Management plc	02-Feb-17	Annual
Compass Group plc	02-Feb-17	Annual
Victrex plc	08-Feb-17	Annual
Shaftesbury plc	10-Feb-17	Annual
The Sage Group plc	28-Feb-17	Annual
Aberforth Smaller Companies Trust Plc	01-Mar-17	Annual

Votes Against Management Report

Reporting Period: 12/05/2016 to 03/06/2017

PUBLIC

Associated British Foods plc

Meeting Date: 12/09/2016

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 Timothy Clarke as Director	For	Against	Against	Against
<p><i>Voting Policy Rationale: Items 8 and 9A vote AGAINST the re-election of Tim Clarke and Javier Ferrán are warranted: * Both Directors are no longer considered independent due to their tenure exceeding nine years, concurrently with the Executive Directors, and the composition of the Board is not in line with the UK Corporate Governance Code. Similarly, they serve on the Remuneration and Nomination Committees and the Composition of these Committees is not compliant with the UK Corporate Governance Code; and* It is also highlighted that Tim Clarke is the Senior Independent Director, a role which should be held by a NED who is unquestionably independent under all relevant criteria. Item 12An ABSTENTION on the re-election of Charles Sinclair is warranted: * As highlighted in previous years, Board Chairman Charles Sinclair is also the Chairman of the Remuneration Committee, which is not in line with the Code's provisions. An ABSTENTION rather than a vote against is warranted because: * Charles Sinclair was considered independent upon appointment, and this issue alone does not warrant a vote against the Board Chairman. A vote FOR this non-binding 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. Items 5-7, 10-11 and 13A vote FOR these Directors is warranted because no corporate governance concerns have been identified.</i></p>					
9	Re-elect Javier Ferran as Director	For	Against	Against	Against
<p><i>Voting Policy Rationale: Items 8 and 9A vote AGAINST the re-election of Tim Clarke and Javier Ferrán are warranted: * Both Directors are no longer considered independent due to their tenure exceeding nine years, concurrently with the Executive Directors, and the composition of the Board is not in line with the UK Corporate Governance Code. Similarly, they serve on the Remuneration and Nomination Committees and the Composition of these Committees is not compliant with the UK Corporate Governance Code; and* It is also highlighted that Tim Clarke is the Senior Independent Director, a role which should be held by a NED who is unquestionably independent under all relevant criteria. Item 12An ABSTENTION on the re-election of Charles Sinclair is warranted: * As highlighted in previous years, Board Chairman Charles Sinclair is also the Chairman of the Remuneration Committee, which is not in line with the Code's provisions. An ABSTENTION rather than a vote against is warranted because: * Charles Sinclair was considered independent upon appointment, and this issue alone does not warrant a vote against the Board Chairman. A vote FOR this non-binding 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. Items 5-7, 10-11 and 13A vote FOR these Directors is warranted because no corporate governance concerns have been identified.</i></p>					
12	Re-elect Charles Sinclair as Director	For	Abstain	Abstain	Against
<p><i>Voting Policy Rationale: Items 8 and 9A vote AGAINST the re-election of Tim Clarke and Javier Ferrán are warranted: * Both Directors are no longer considered independent due to their tenure exceeding nine years, concurrently with the Executive Directors, and the composition of the Board is not in line with the UK Corporate Governance Code. Similarly, they serve on the Remuneration and Nomination Committees and the Composition of these Committees is not compliant with the UK Corporate Governance Code; and* It is also highlighted that Tim Clarke is the Senior Independent Director, a role which should be held by a NED who is unquestionably independent under all relevant criteria. Item 12An ABSTENTION on the re-election of Charles Sinclair is warranted: * As highlighted in previous years, Board Chairman Charles Sinclair is also the Chairman of the Remuneration Committee, which is not in line with the Code's provisions. An ABSTENTION rather than a vote against is warranted because: * Charles Sinclair was considered independent upon appointment, and this issue alone does not warrant a vote against the Board Chairman. A vote FOR this non-binding 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. Items 5-7, 10-11 and 13A vote FOR these Directors is warranted because no corporate governance concerns have been identified.</i></p>					

Imperial Brands PLC

Meeting Date: 02/01/2017

Country: United Kingdom

Meeting Type: Annual

Reporting Period: 12/05/2016 to 03/06/2017

Imperial Brands PLC

Voting Policy: ISS

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

*Voting Policy Rationale: A vote AGAINST the remuneration policy is warranted due to the following reason: * Under the proposed remuneration policy, the maximum award levels under the Long Term Incentive Plan will be increased to 450% of salary for the CEO and 350% of salary for the other executives. This is intended to address, according to the remuneration report, "a significant shortfall in opportunity" and to correct "pay below competitive levels". However, there does not appear to be a commensurate increase in the performance requirements, considering the additional level of reward being offered. Further, this is the second time the Committee has significantly enhanced the variable pay framework in a span of three years.*

Compass Group plc

Meeting Date: 02/02/2017

Country: United Kingdom

Meeting Type: Annual

Voting Policy: ISS

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
13	Re-elect Ireena Vittal as Director	For	Against	Against	Against

*Voting Policy Rationale: Items 4 to 12A vote FOR these Directors is warranted because no corporate governance concerns have been identified. Item 13 - Re-elect Ireena Vittal A vote AGAINST the re-election of Ireena Vittal is warranted: * In addition to her role as a NED of Compass Group, she is a NED of six other public companies. This is a considerable number of public boards and may raise questions regarding her ability to devote sufficient time to her role at Compass Group. Item 14 - Re-elect Paul Walsh A vote FOR the re-election of Paul Walsh is warranted, but this is not without concern for shareholders: * Paul Walsh holds a significant number of board roles at other publicly-listed companies in addition to his positions at Compass. These significant external time commitments may undermine his ability to serve effectively in his role. The main reasons for support are: * Paul Walsh is the Chairman of the Board. An adverse vote on this issue will be applied to his additional seats on other company boards.*