

DERBYSHIRE COUNTY COUNCIL
PENSIONS and INVESTMENTS COMMITTEE

4 September 2019

Report of the Director of Finance & ICT

VOTING ACTIVITY

1 Purpose of the Report

To review Derbyshire Pension Fund's (the Fund) voting activity for the period 25 May 2019 to 20 August 2019.

2 Information and Analysis

Details of the Fund's voting activity for the period 25 May 2019 to 20 August 2019 are shown in Appendix 1. The Fund's votes against management proposals are shown in Appendix 2 and the total shareholder votes for these proposals are set out below. Each of the resolutions set out in Appendix 2 were subsequently passed.

Resolution	Votes For	Votes Against
Ted Baker Plc: Resolution 8	92.03%	7.97%
JD Sport Fashion Plc: Resolution 2	69.48%	30.52%
JD Sport Fashion Plc: Resolution 4	89.15%	10.85%
JD Sport Fashion Plc: Resolution 6	82.31%	17.69%
JD Sport Fashion Plc: Resolution 11	80.63%	19.37%

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

Voting Activity 25 May 2019 to 20 August 2019**Appendix 1**

Company	Meeting Date	Meeting Type
International Public Partnerships Ltd.	29-May-19	Annual
Greencoat UK Wind Plc	03-Jun-19	Special
BlackRock Smaller Cos. Trust Plc	04-Jun-19	Annual
GVC Holdings Plc	05-Jun-19	Annual
Ted Baker Plc	11-Jun-19	Annual
WPP Plc	12-Jun-19	Annual
Tesco Plc	13-Jun-19	Annual
LondonMetric Property Plc	20-Jun-19	Special
Genesis Emerging Markets Fund Ltd.	21-Jun-19	Special
Genesis Emerging Markets Fund Ltd.	21-Jun-19	Special
Foresight Solar Fund Ltd.	25-Jun-19	Annual
ICG Enterprise Trust Plc	27-Jun-19	Annual
Assura Plc	02-Jul-19	Annual
JD Sports Fashion Plc	03-Jul-19	Annual
3i Infrastructure Plc	04-Jul-19	Annual
BT Group Plc	10-Jul-19	Annual
Land Securities Group Plc	11-Jul-19	Annual
LondonMetric Property Plc	11-Jul-19	Annual
HICL Infrastructure PLC	16-Jul-19	Annual
Johnson Matthey Plc	17-Jul-19	Annual
Severn Trent Plc	17-Jul-19	Annual
Babcock International Group Plc	18-Jul-19	Annual
SSE Plc	18-Jul-19	Annual
Target Healthcare REIT Ltd.	18-Jul-19	Court
Target Healthcare REIT Ltd.	18-Jul-19	Special
Vodafone Group Plc	23-Jul-19	Annual
Halma Plc	25-Jul-19	Annual
HarbourVest Global Private Equity Ltd.	25-Jul-19	Annual
Montanaro UK Smaller Cos. Investment Trust Plc	25-Jul-19	Annual
Pennon Group Plc	25-Jul-19	Annual
United Utilities Group Plc	26-Jul-19	Annual
JPMorgan Japan Smaller Companies Trust plc	29-Jul-19	Annual
National Grid Plc	29-Jul-19	Annual

Votes Against Management Report

Reporting Period: 05/25/2019 to 08/20/2019

Ted Baker Plc

Meeting Date: 06/11/2019

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 Ron Stewart as Director	For	Against	Against	Against

Voting Policy Rationale: Item 8A vote AGAINST Ron Stewart is warranted because: Ron Stewart is a member of the Audit and Remuneration Committees, which should be wholly independent under the Code.Items 6-7, 9 -12A vote FOR these Directors is warranted as no significant concerns have been identified.*

JD Sports Fashion Plc

Meeting Date: 07/03/2019

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

Voting Policy Rationale: A vote AGAINST the remuneration report is warranted because: In addition to a significant compensation payment for loss of employment, the CFO is set to receive additional payments of GBP 524,000 subject to complying with a restrictive covenant. While the approved remuneration policy provides for the Remuneration Committee discretion to include such covenants in settlement with departing executives: the scale of quantum on offer in this case – which is in addition to payment in lieu of notice – is considered to be excessive.* The Executive Chair is set to receive a GBP 6 million special cash bonus calculated from retrospective performance achieved. A separate resolution to approve the special bonus is being sought as it falls outside the scope of the existing remuneration policy.* Bonuses have paid out at the 'exceptional' level to the Executive Chair for the fourth consecutive year. Although profit performance has been strong, the Company does not provide adequate disclosure to support this outcome, particularly in regard to outcomes against non-financial objectives.*

4	Re-elect Peter Cowgill as Director	For	Against	Against	Against
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Voting Policy Rationale: Item 4A vote AGAINST the re-election of Peter Cowgill is warranted because: Peter Cowgill serves in the effective role of a combined Board Chair and CEO, which contradicts the provisions of the UK Corporate Governance Code. This structure has been in place since May 2014, and the annual report does not provide any explanation as to why this non-standard governance arrangement remains appropriate.* Additionally, Peter Cowgill serves as chair on the boards of United Carpets Group plc and QUIZ plc. These are significant external time commitments, and may potentially undermine his effectiveness as the Executive Chair of the Company.Items 5 and 7-10A vote FOR these Directors is warranted as no overriding concerns have been identified.Item 6A vote AGAINST the re-election of Andrew Leslie is warranted because:* The remuneration report resolution has consistently received significant levels of dissent from independent shareholders since the 2014 AGM, during which time Andrew Leslie has chaired the Remuneration Committee. Given the continued level of dissent, along with new and ongoing concerns over remuneration identified, there is limited evidence to indicate that the Committee has appropriately responded to shareholder feedback.*

Votes Against Management Report

Reporting Period: 05/25/2019 to 08/20/2019

JD Sports Fashion Plc

Proposal Number	Proposal Text	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
6	Re-elect Andrew Leslie as Director	For	Against	Against	Against
<i>Voting Policy Rationale: Item 4A vote AGAINST the re-election of Peter Cowgill is warranted because:* Peter Cowgill serves in the effective role of a combined Board Chair and CEO, which contradicts the provisions of the UK Corporate Governance Code. This structure has been in place since May 2014, and the annual report does not provide any explanation as to why this non-standard governance arrangement remains appropriate.* Additionally, Peter Cowgill serves as chair on the boards of United Carpets Group plc and QUIZ plc. These are significant external time commitments, and may potentially undermine his effectiveness as the Executive Chair of the Company.Items 5 and 7-10A vote FOR these Directors is warranted as no overriding concerns have been identified.Item 6A vote AGAINST the re-election of Andrew Leslie is warranted because:* The remuneration report resolution has consistently received significant levels of dissent from independent shareholders since the 2014 AGM, during which time Andrew Leslie has chaired the Remuneration Committee. Given the continued level of dissent, along with new and ongoing concerns over remuneration identified, there is limited evidence to indicate that the Committee has appropriately responded to shareholder feedback.</i>					
11	Approve Grant of Special Bonus to Peter Cowgill	For	Against	Against	Against
<i>Voting Policy Rationale: A vote AGAINST this resolution is warranted because:* The special bonus is an additional award that is inconsistent with the terms of the existing policy and represents a significant cash award which is not subject to performance targets.</i>					