Nottinghamshire County Council

Pensions Sub-Committee

Thursday, 05 May 2016 at 10:30

County Hall, **County Hall, West Bridgford, Nottingham, NG2 7QP**

AGENDA

10 EXCLUSION OF THE PUBLIC

The Committee will be invited to resolve:-

1. "That the public be excluded for the remainder of the meeting on the grounds that the discussions are likely to involve disclosure of exempt information described in paragraph 3 of the Local Government (Access to Information) (Variation) Order 2006 and the public interest in maintaining the exemption outweighs the public interest in disclosing the information."

Note

If this is agreed, the public will have to leave the meeting during consideration of the following **exempt items**.

11 Exempt appendix Asset Pooling and Consultation on Revised Investment Regulations

12 Working Party Exempt appendix and report of the Independent Advisor

Notes

(1) Councillors are advised to contact their Research Officer for details of any Group Meetings which are planned for this meeting.

(2) Members of the public wishing to inspect "Background Papers" referred to in the reports on the agenda or Schedule 12A of the Local Government Act should contact:-

Customer Services Centre 0300 500 80 80

(3) Persons making a declaration of interest should have regard to the Code of Conduct and the Council's Procedure Rules. Those declaring must indicate the nature of their interest and the reasons for the declaration.

Councillors or Officers requiring clarification on whether to make a declaration of interest are invited to contact David Forster (Tel. 0115 977 3552) or a colleague in Democratic Services prior to the meeting.

(4) Councillors are reminded that Committee and Sub-Committee papers, with the exception of those which contain Exempt or Confidential Information, may be recycled.

(5) This agenda and its associated reports are available to view online via an online calendar - http://www.nottinghamshire.gov.uk/dms/Meetings.aspx

Nottinghamshire County Council

minutes

Meeting	PENSIONS SUB COMMITTEE
Date	Thursday 4 February 2016 at 10.30 am

membership
Persons absent are marked with `A'

COUNCILLORS

Reg Adair (Chairman)
Mike Pringle (Vice Chairman)

Chris Barnfather
A Ian Campbell
Mrs Kay Cutts
Sheila Place
Ken Rigby
Parry Tsimbiridis
John Wilkinson

Nottingham City Council

Councillor Alan Clark
A Councillor Nick McDonald
A Councillor Anne Peach

Nottinghamshire Local Authorities' Association

Councillor Richard Jackson – Broxtowe Borough Council
Kate Allsop – Executive Mayor Mansfield District Council

Trades Unions

Mr A Woodward
Mr C King

Scheduled Bodies

Mrs Sue Reader

Pensioners

A Mr S Haggerty
Mr T Needham

Independent Advisor

Mr William Bourne

Officers in Attendance

Nigel Stevenson	(Service Director – Finance Procurement and Improvement)
Simon Cunnington	(Resources)
David Forster	(Resources)
Neil Robinson	(Resources)
Ciaran Guilfoyle	(Resources)
Andy Durrant	(Resources)

MINUTES

The minutes of the last meeting of the Sub-Committee held on 5 November2015, having been previously circulated, were confirmed and signed by the Chairman.

APOLOGIES FOR ABSENCE

Apologies for absence were received from

City Councillors Alan Clark and Nick McDonald
Alan Woodward (Union Rep)
William Bourne (Independent Advisor)

DECLARATIONS OF INTEREST BY MEMBERS AND OFFICERS

None.

LOCAL GOVERNMENT PENSION SCHEME – ANNUAL BENEFIT STATEMENT

S Stevenson introduced the report and highlighted that there are some issue that the Pensions Regulator is investigating around the annual return for 2013/14 and 14/15.

On a motion by the Chairman seconded by the Vice Chairman it was:-

RESOLVED 2015/030

That the report be noted and that an update report be presented to the next meeting of the Pensions Sub-Committee with regard to the Pensions Regulators investigations.

PERFORMANCE REVIEW 2014/15 PRESENTATION

Members welcomed Karen Thurmble to the meeting. She gave a slide presentation with regard to the performance of the Nottinghamshire Pensions Fund for the performance to the end of March 2015. She highlighted the following points

- The LGPS is performing very well however having cash somewhat reduces the returns that can be gained.
- The benchmarks set are skewed because of the weighting to US markets although the funds are reaching their 6% targets.
- There may need to be a reassessment of the Internal Multi Asset portfolio.

Members thanked Karen Thurmble for her presentation.

RESOLVED 2015/030

That the presentation and content be noted.

LOCAL AUTHORITY PENSION FUND FORUM PRESENTATION

Members welcomed Councillor Kieran Quinn Leader of Tameside and Chair of LAPFF. He gave a slide presentation on the work of the LAPFF and Shareholder engagement and highlighted the following

- It is about engaging companies to ensure the best results achievable e.g. through adhering to high standards of corporate behaviour and returns are sustainable.
- LAPFF also look towards Carbon risk and Strategic resilience resolutions – so companies look to have a low-carbon business strategy
- Company Diversity and encouraging a wide range of views is critical.
- Shareholder Engagement Accountability
- LGPS Investment Regulations Reform

Members thanked Councillor Quinn for the presentation.

RESOLVED 2015/031

That the presentation and content be noted.

LOCAL AUTHORITY PENSION FUND FORUM BUSINESS MEETING

RESOLVED 2015/032

That the report be noted.

PROXY VOTING

RESOLVED: 2015/033

That the report on Proxy Voting be noted

LGC INVESTMENT SUMMIT 2015

RESOLVED: 2015/034

1. That the attendance at key conferences be note as part of the Fund's commitment to ensuring those charged with decision making and financial management have effective knowledge and skills.

2. That the report be noted.

PROPERTY INSPECTION 2015

RESOLVED: 2015/035

That the property Inspections Tour be noted and that they are considered important part of the Funds fiduciary duties

The meeting concluded at 12.20 pm

CHAIRMAN

Nottinghamshire County Council

Report to Pensions Sub-Committee

5th May 2016

Agenda Item: xx

REPORT OF THE SERVICE DIRECTOR – HUMAN RESOURCES & CUSTOMER SERVICE

LOCAL GOVERNMENT PENSION SCHEME – LGPS Website update

1. Purpose of the Report

1.1 The purpose of this report is to inform the Pensions Sub-Committee of the work that is in progress to review and redesign the Nottinghamshire Pension Fund website.

2. Information and Advice

2.1 Members will be aware that as part of the administration of the pension fund good communication is essential in informing members and employers of the fund of developments relating to governance, changes to regulations and providing access to services.

2.2 The original website was established in 2006 and has been updated as pension regulations have changed. However to take the administration of pensions forward and to reach out to all members it is essential that the website is redesigned to provide increased functionality to pensioners, members of the scheme and employers.

2.3 There are many benefits to redesigning the website. A key benefit is providing members with restricted access to their own pension record enabling them through secure access to update certain personal details such as their address, complete on line forms and against certain criteria simulate a pension's estimate, thus reducing the direct administration contact to more priority cases, and therefore reducing overall administration costs.

It is also important to have a website that meets modern website design criteria, accessible via multiple devices, that will encourage members and pensioners to use the site, making it easy to find the information that they need to answer their questions.

The website must also give a good impression in order to provide confidence in the content along with longevity, to enable future developments to be designed to improve the service and the customer experience.

2.4 It is envisaged that the first stage of the redesigned website will be completed and ready for go live in May 2016.

2.5 The second stage of the website development will link to the launch of a portal for members and employers. The portal will integrate into the pension's administration system and will enable employers to have direct access into their member's records to enable records to be

updated by the employer as part of their responsibilities in the LGPS. The members' portal will also be the main route by which annual benefit statements are distributed. It is envisaged that the members' portal will go live in August 2017 to support the distribution of statements.

2.6 As part of the build and roll-out it is important to ensure that the website meets the requirements of employers and pensioners a number of stake-holder groups are being arranged to test the website performance, and content.

2.7 A demonstration of the prototype website will be presented at Pensions Sub Committee.

3. Statutory and Policy Implications

3.1 This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

4. Recommendation

4.1 It is recommended that the Pensions Sub-Committee note the contents of the report.

MARJORIE TOWARD
SERVICE DIRECTOR - CUSTOMERS & HR

For any enquiries about this report please contact:
Jonarthan Clewes, Pensions Manager, Business Support Centre on 0115 9773434 or jon.clewes@nottscc.gov.uk.

Constitutional Comments (KK)
Because this report is for noting only, no Constitutional Comments are required..

Financial Comments (SRC)
There are no direct financial implications arising from this report.

Background Papers

Electoral Division(s) and Member(s) Affected

All

Nottinghamshire County Council

Report to Pensions Sub-Committee

5th May 2016

Agenda Item: 5

REPORT OF THE SERVICE DIRECTOR – HUMAN RESOURCES & CUSTOMER SERVICE

LOCAL GOVERNMENT PENSION SCHEME – YEAR END PROCESS UPDATE

1. Purpose of the Report

1.1 The purpose of this report is to inform the Pensions Sub-Committee of the actions taken in relation to the 2015/16 employer year end submission process.

2. Information and Advice

2.1 Each scheme employer within the Nottinghamshire Local Government Pension Fund is required to provide a year end contribution return. The information submitted in the return is updated to individual scheme member records. As member benefits are directly related to the data received, a complete and accurate return from each employer is of paramount importance.

2.2 To support scheme employers with this task briefing sessions were held in March and a guide, explaining employers' responsibilities and data submission requirements, has been circulated to all year end and strategic employer contacts along with template submission documents. Telephone and email contacts have also been provided to employers in the event that further support is required.

2.3 In accordance with the Business Support Centre's continuous improvement philosophy, this year the data submission template has been pre-populated with a number of member specific data fields to lessen the input requirements of employers. This will reduce the time commitment to complete the submission and will also help to identify and solve potential data issues at the point of completion rather than some time after submission. Initial feedback from employers has been entirely positive. It is also anticipated that by providing pre-populated data it will help employers to meet the submission deadline.

2.4 Members will be aware that 2016 is the first fund triennial valuation since the introduction of the LGPS career average arrangements. In a triennial valuation year, data submission from scheme employers is required by 30th April. All employers have been made aware of the deadline and the importance of the Fund receiving a timely and accurate data submission to calculate member's pension entitlement and to reconcile all payments received. Employers have also been made aware that their data submission will be included within the data extracts for the Fund Actuary and will therefore influence the outcome of the valuation calculations, which includes the setting of contribution rates and monetary deficit amounts for the three year period from 1st April 2017.

2.5 The data is expected to be submitted to the Fund Actuary by 31st July 2016 to allow initial results to be provided to the Government Actuary's Department by the 30th September 2016 and to provide employers with early sight of the outcome for budgetary purposes. Further, the data will be used to populate the next distribution of Annual Benefit Statements which are required to be issued by the statutory deadline of 31st August 2016.

3. Statutory and Policy Implications

3.1 This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

4. Recommendation

4.1 It is recommended that the Pensions Sub-Committee note the contents of the report.

MARJORIE TOWARD
SERVICE DIRECTOR - CUSTOMERS & HR

For any enquiries about this report please contact:
Sarah Stevenson, Group Manager, Business Support Centre on 0115 9775740 or
sarah.stevenson@nottscc.gov.uk

Constitutional Comments (KK)
Because this report is for noting only, no Constitutional Comments are required.

Financial Comments (SRC)
There are no direct financial implications arising from this report.

Background Papers

None

Electoral Division(s) and Member(s) Affected

All

Nottinghamshire County Council

Report to Pensions Sub-Committee

5 May 2016

Agenda Item:

REPORT OF SERVICE DIRECTOR – FINANCE & PROCUREMENT

LOCAL AUTHORITY PENSION FUND FORUM BUSINESS MEETINGS

Purpose of the Report

1. To report on the Local Authority Pension Fund Forum (LAPFF) business meetings held in London on 27 January and 19 April 2016. The January meeting also incorporated the LAPFF AGM.

Information and Advice

2. The Local Authority Pension Fund Forum was formed in 1990 to provide an opportunity for the UK's local authority pension funds to discuss investment and shareholder engagement issues. LAPFF currently has 69 members (shown at Appendix A) with combined assets of well over £100 billion and is consequently able to exert significant influence over companies in which funds are invested.

3. LAPFF exists 'to promote the long-term investment interests of UK local authority pension funds, and in particular to maximise their influence as investors to promote corporate social responsibility and high standards of corporate governance amongst the companies in which they invest'. It also:
   a. Provides a forum for information exchange and discussion about investment issues.
   b. Facilitates the commissioning of research and policy analysis of issues in a more effective manner than individual members could achieve.
   c. Provides a forum for consultation on shareholder initiatives.
   d. Provides a forum to consider issues of common interest to all pension fund administrators and councillors.

4. The AGM and business meetings were attended on behalf of Nottinghamshire Pension Fund by an officer representative.

5. The AGM was brief and mainly presented the LAPFF Annual Report 2015.

6. In addition to a discussion about the implications of the future pooling of pension fund investments for LAPFF, the January business meeting which followed presented a quarterly update on LAPFF's engagement work with companies on corporate governance matters (covering executive pay, environmental impacts, labour practices, etc).

7. The main focus of the business meeting was to brief members on an issue relating to the assessment of mergers and acquisitions (M&A) from a value perspective. Research commissioned by LAPFF has shown that many (about 70%) mergers and acquisitions have

not resulted in additional value for shareholders. M&A proposals should not therefore be automatically accepted. The paper that LAPFF presented outlined their understanding of what good M&A looks like in order to inform its members' engagement activity on this subject.

8. The April business meeting provided a further update on LAPFF's engagement work, in particular noting the good news that strategic resilience and carbon risk issues have become mainstream concerns for big companies like Rio Tinto, Anglo-American and Glencore. This was followed by a presentation by a representative from Carbon Tracker, highlighting how oil, gas and coal extraction strategies will have to change in future if the agreement on a 2°C limit on global temperature increases – made at the recent COP21 conference in Paris - is to be realisable. It was reported that oil extraction has slowed down because of the recent fall in prices, but this could speed up again if prices rise.

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

1) That the report be noted.

Report Author:
Ciaran Guilfoyle
Investments Officer

For any enquiries about this report please contact: Simon Cunnington

Constitutional Comments

10. Because this report is for noting only, no Constitutional Comments are required.

Financial Comments (SRC 13/04/16)

11. There are no direct financial implications arising from this report.

Background Papers

- LAPFF Annual Report 2015
- LAPFF Quarterly Engagement Report Oct 2015 – Dec 2015
- Draft LAPFF Quarterly Engagement Report Jan 2016 – Mar 2016

Membership of LAPFF as at 27 January 2016

1	Avon Pension Fund
2	Barking and Dagenham LB
3	Bedfordshire Pension Fund
4	Cambridgeshire Pension Fund
5	Camden LB
6	Cardiff and Vale of Glamorgan Pension Fund
7	Cheshire Pension Fund
8	City of London Corporation
9	Clwyd Pension Fund
10	Croydon LB
11	Cumbria Pension Scheme
12	Derbyshire CC
13	Devon CC
14	Dorset County Pension Fund
15	Dyfed Pension Fund
16	Ealing LB
17	East Riding of Yorkshire Council
18	East Sussex Pension Fund
19	Enfield LB
20	Falkirk Council
21	Gloucestershire Pension Fund
22	Greater Gwent Fund
23	Greater Manchester Pension Fund
24	Greenwich Pension Fund RB
25	Gwynedd Pension Fund
26	Hackney LB
27	Haringey LB
28	Harrow LB
29	Hertfordshire County Council Pension Fund
30	Hounslow LB
31	Islington LB
32	Lambeth LB
33	Lancashire County Pension Fund
34	Lewisham LB
35	Lincolnshire CC
36	London Pension Fund Authority
37	Lothian Pension Fund
38	Merseyside Pension Fund
39	Newham LB
40	Norfolk Pension Fund
41	North East Scotland Pension Fund
42	North Yorkshire CC Pension Fund
43	Northamptonshire CC
44	Northern Ireland Local Government Officers Superannuation Committee
45	Nottinghamshire CC
46	Powys County Council Pension Fund
47	Rhondda Cynon Taf
48	Sheffield City Region Combined Authority
49	Shropshire County Council
50	Somerset CC
51	South Yorkshire Pensions Authority

52	Southwark LB
53	Staffordshire Pension Fund
54	Strathclyde Pension Fund
55	Suffolk County Council Pension Fund
56	Surrey CC
57	Teesside Pension Fund
58	The City and County of Swansea Pension Fund
59	The Environment Agency Pension Fund
60	Tower Hamlets LB
61	Tyne and Wear Pension Fund
62	Waltham Forest LB
63	Wandsworth LB
64	Warwickshire Pension Fund
65	West Midlands ITA Pension Fund
66	West Midlands Pension Fund
67	West Yorkshire Pension Fund
68	Wiltshire CC
69	Worcestershire CC

CELEBRATING 25 years

LOCAL AUTHORITY PENSION FUND FORUM
ANNUAL REPORT 2015

Local Authority Pension Fund Forum

CONTENTS

CHAIRMAN'S STATEMENT

Councillor Keiran Quinn
Chair of the Local Authority Pension Fund Forum

My third year as LAPFF Chair coincides with a number of benchmarks. 2015 is effectively the 25th anniversary of the Forum's founding. This year also marks the 20th LAPFF conference, so it's a good time to reflect on past achievements as well as more recent developments and progress by the Forum.

From its origins in 1990 with just seven members, LAPFF has grown to its current membership of 65 funds. Since this time last year, we have been joined by Cardiff and Vale of Glamorgan, Hertfordshire, Powys, Strathclyde and Suffolk Pension Funds and I would like to extend my thanks to Forum Officer, Keith Bray, for his work in bringing new members into the Forum.

We were also privileged to welcome new members to the LAPFF Executive Committee – Cllr Paul Doughty of Merseyside Pension Fund, Cllr Denise Le Gal of Surrey Pension Fund, and Cllr Barney Crockett of North East Scotland Pension Fund. However, it was with great sadness that we learned of the loss of LAPFF Executive member Cllr Peter Brayshaw just after the 2014 Annual Conference. Peter contributed hugely to LAPFF's work. He has been and will be sorely missed, both as a colleague and a friend. LAPFF also recently learned that Cllr Bert Turner, Chair of West Midlands Pension Funds, has passed away. He was a great supporter of LAPFF and we wish his family and colleagues our deepest sympathies.

As I look back on LAPFF's recent and past achievements, the Forum's position as a front-runner in governance and responsible investment is striking. Over the last 25 years, LAPFF has addressed a wide range of concerns and this report sets out some of the highlights. In 2015, LAPFF worked with its partners in the 'Aiming for A' investor coalition to file strategic resilience shareholder resolutions on carbon management with Shell and BP. These received unprecedented support from both companies and their shareholders. This positive outcome was a testament to the long-term nature of engagement with both companies.

> As I look back on LAPFF's recent and past achievements, the Forum's position as a front-runner in governance and responsible investment is striking.

LAPFF has also led on the challenge to International Financial Reporting Standards (IFRS), issuing reports on accounting standards and seeking legal opinions from Mr George Bompas QC which demonstrate the role of poor accounting standards in bank failures, and corporate failures more broadly. When LAPFF first started looking at these standards, it was one of very few voices to express concern. However, LAPFF's analysis, supported by engagement, is gaining traction with investors recognising the existing deficiencies in accounting standards and supporting legally-compliant accounting from auditors.

LAPFF's engagement has developed in scope over time. A few of many engagement areas are executive remuneration, director and auditor independence, board balance and labour rights. More recent areas of concern include engagement with the FTSE 100 on tax transparency in anticipation of significant developments in this area. This increased scale of engagement demonstrates the growing recognition by mainstream investors of the importance of LAPFF's mission - to protect the long-term investment interests of beneficiaries by promoting the highest standards of corporate governance and corporate responsibility amongst investee companies.

The coming year looks to be busier than ever, with the potential of further shareholder resolutions and developing international partnerships. The turmoil set up by proposed changes in the LGPS has meant that LAPFF has increasingly taken on the role of the voice of the LGPS and this will continue as a predominant focus for 2016. I look forward to working with colleagues to build further on the 25 years of the Forum's growth and development.


BP to urge shareholder...
uk.mobile.reuters.com/article/idUKK...

«Top News

BP to urge shareholders to support climate resolution

Thu Feb 5, 2015 6:19pm GMT

WASHINGTON (Reuters) - BP Plc said on Thursday it will tell shareholders to back a resolution brought by investor activists calling on the oil major to improve transparency on its climate change risk exposure, following a similar move by Royal Dutch Shell Plc last week.

LAPFF EXECUTIVE COMMITTEE 2015

1 **Chair**
Councillor
Kieran Quinn
Greater Manchester Pension Fund

2 **Deputy Chair**
Ian Greenwood
West Yorkshire Pension Fund

3 **Deputy Chair**
Councillor
Cameron Rose
Lothian Pension Fund

4 **Executive**
Councillor
Barney Crockett
North East Scotland Pension Fund

5 **Executive**
Councillor
Paul Doughty
Merseyside Pension Fund

6 **Executive**
Councillor
Denise Le Gal
Surrey Pension Fund

7 **Executive**
Councillor
Richard Greening
London Borough of Islington Pension Fund

8 **Executive**
Councillor
Toby Simon
London Borough of Enfield Pension Fund

9 **Executive**
Councillor
Mary Barnett
Torfaen, Greater Gwent Pension Fund

10 **Executive**
Rodney Barton
Director, West Yorkshire Pension Fund

11 **Hon Treasurer**
Geik Drever
Strategic Director West Midlands Pension Fund

12 **Executive**
Jane Firth
South Yorkshire Pension Fund

13 **Executive**
David Murphy
Chief Executive and Secretary, NILGOSC

Research and Engagement Partner
PIRC
Pensions and Investment Research Consultants

Forum Officer
Keith Bray
Local Authority Pension Fund Forum

25 YEARS OF PROGRESS

1990
Seven funds collaborate on responsible investment and collective shareholder action.

1991
AGM attendance includes Fisons on reducing peat production in environmentally sensitive areas.

1992
LAPFF engages with companies on political donations, BET commits to putting them to shareholder vote.

1993
Legal & General is one of the first UK companies to hold a shareholder vote on political donations. LAPFF facilitates a meeting between Grand Metropolitan and workers on labour standards.

1994
LAPFF supports an independently appointed non-executive at Yorkshire Water. LAPFF lobbies on one-year contracts for directors. More companies start to provide a vote on political donations.

1995
LAPFF files the first ever shareholder proposal on corporate governance issues with BG on executive pay.

1996
The inaugural LAPFF conference is held. Meetings continued with Yorkshire Water on accountability, environmental standards improved and new directors were appointed.

1997
After controversy over Nigerian operations, LAPFF members submit the first UK social issue shareholder proposal to Shell.

1998
Councillor John McCallum from West Midlands Pension Fund is the first elected chair. LAPFF publishes a study tracing the rise of non-executive directors on boards, but challenges their degree of independence.

1999
LAPFF advocates for a shareholder vote on executive pay in response to a government consultation. Letters are sent to retailers on supply chain labour standards.

2000
New regulations require companies to submit political donations to a shareholder vote, representing the culmination of a ten year campaign by LAPFF.

2001
LAPFF continues to focus on companies in high impact sectors and their environmental management and performance leads to all but a small minority of companies publishing environmental policy statements or committing to do so.

2002
UK regulations are approved giving a shareholder vote on directors' pay which the Forum had been lobbying for since 1994. LAPFF participates in drawing up an investor statement on Burma.

2003
Engagement on directors' service contracts led to one-third of surveyed companies addressing directors' contractual terms.

2004
LAPFF commissions research on the investment impact of climate change and the UK Environment Minister congratulates the Forum for playing an important role in furthering good environmental standards with the FTSE 100.

2005
After two years of engagement on supply chain labour standards, WM Morrison agrees to appoint a corporate social responsibility manager.

2006
The Forum engages to promote equal pay for women employees and publishes the trustee guide 'Delegating shareholder engagement: Holding fund managers to account'.

2007
LAPFF writes to over 100 companies raising concerns about audit practices and proposes tougher carbon reduction targets to government.

2008
Following engagement, BG Group discloses a carbon target and FirstGroup appoints an independent monitor of its freedom of association policy. LAPFF questions companies on auditor independence following the financial crisis.

2009
LAPFF members file a shareholder resolution at Marks & Spencer asking the company to appoint an independent Chair resulting in 38% shareholder support. The Forum tackles remuneration at meetings with the UK banks.

2010
Marks & Spencer appoints an independent Chair. WM Morrisons publishes an ethical trading policy after seven years of engagement.

2011
Forum research is published indicating international financial reporting standards contributed to the financial crisis. The issue of phone hacking, media standards and corporate governance are raised in meetings with News Corporation and BSkyB.

2012
LAPFF members co-file for an independent chair at News Corporation. UK government implements mandatory corporate carbon reporting and a binding shareholder vote on executive remuneration after years of Forum pressure.

2013
LAPFF continues to press on media standards, executive pay and climate risk. The Banks Post-Mortem Follow Up report is published and a legal opinion is provided by Mr Bompas QC on IFRS flaws.

2014
LGPS reform rises up the agenda, LAPFF presses on board diversity, culminating in Glencore, the last FTSE company with an all-male board, appointing a female director.

20 ENGAGEMENT SNAPSHOTS FROM 2015

Shareholder Resolutions:

- BP and Shell strategic resilience resolutions are supported by management and pass with overwhelming shareholder support of over 98%.
- A National Express resolution for independent oversight of labour conditions at a US subsidiary gains highest level of support registered to date for an employee rights resolution.

Legal Opinions:

- A second Bompas Opinion, commissioned by LAPFF, finds significant flaws in the position of the Financial Reporting Council based on Mr Martin Moore QC's view of October, 2013. The Bompas II opinion supports LAPFF strategy of pursuing defective accounts and maintaining the challenge to aspects of international reporting standards.

International Partnerships:

- Société Générale separates the roles of Chairman and Chief Executive subsequent to the Forum raising this with the company over a number of years combined with other investor pressure.
- LAPFF progresses a joint engagement with US investors including Green Century Capital Management on sustainable palm oil - Wilmar commits to full mapping of its palm oil supply chain.
- LAPFF joins a Clinical Trials Transparency Initiative.

UK-based Partnerships:

- Engagement is catalysed by investor coalitions, including the 'Aiming for A' investor coalition and the investor coalition on IFRS standards.

International Engagement:

- International engagement increases as a proportion of total engagement.
- LAPFF engages with US and Singapore companies on cluster munitions.
- LAPFF promotes mandatory carbon reporting to the Hong Kong Stock Exchange.
- LAPFF signs an investor letter in support of business supply chain transparency legislation in the US.
- LAPFF signs an international investor statement sent to Italian government expressing concerns about a double voting rights proposal. This proposal is later scrapped due to shareholder pressure.

Tax Transparency:

- LAPFF sends the Corporate Tax Transparency Initiative question bank to the FTSE 100 and provides initial analysis.

Company Engagements:

- Tesco – LAPFF engages on the implementation of malus provisions in the wake of the Company's accounting scandal; the Company then implements these provisions.
- Barclays – Following a meeting with the chairman over the remuneration committee chairman continuing in his role, the Company appoints a new committee chairman.
- Trinity Mirror Group (TMG) - The Company's corporate governance approach to phone hacking improves after LAPFF engagement. TMG appoints a new company secretary and reviews joining an official regulator.
- Company AGM attendance - climate risk and employment standards are raised in addition to a range of governance concerns. LAPFF follows up with National Grid on disclosure of scope 3 emissions, and the chairman states that these emissions are likely to be reported next year.

Voting Alerts:

- Statoil - the board supports a climate resilience resolution similar to those filed with Shell and BP, with similar support levels of support.
- Chevron - LAPFF advises support for a resolution calling for a dividend policy increasing the amount authorised for capital distribution in light of decreasing profitability associated with capital expenditure on high cost, unconventional projects.

Political Engagement:

- LAPFF holds fringe meetings at the Labour, Conservative and Liberal Democrat annual conferences.

MAIN ENGAGEMENT THEMES

Reliable Accounts
The Forum has long been concerned about the provision of reliable accounts by companies. LAPFF has issued two 'Post-Mortem' reports on the role that defective accounting standards have played in facilitating the banking crisis, and has received two legal opinions from George Bompas QC on defective accounting standards.

The latest Bompas opinion (Bompas II) was published in September 2015. It confirms that the FRC's position - IAS 1 includes the true and fair view that is required by the law - is reliant on defective logic. It also confirms that the target of the true and fair view test in law applies to the 'profits, losses, assets, liabilities and financial position' in the accounts, i.e. it applies to *the numbers* in the accounts, not the accounts and narrative *in general*. However, the FRC has wrongly applied its (defective) form of 'true and fair view' to the accounts in general, i.e. not the accounting numbers. Mr Bompas QC is also clear that UK legislation does require the accounts to enable a determination of distributable profits. He demonstrates that the FRC's counsel is also wrong on this crucial point by relying on defective guidance from the ICAEW which was misreading the statute. This clarification is fundamental to LAPFF's argument that certain elements of the existing IFRS regime not only are not equivalent to the law, but have developed in a way that is inconsistent with the law.

This issue is not abstract. We have seen, over the course of the past year or two, illegal dividends paid by Betfair, and accounting failures at Quindell and Tesco, among other companies, precisely because IFRS does not follow a true and fair view model for accounts on which the reliability of reported profits is paramount.

While the FRC has steadfastly stated its support for IFRS, major companies are becoming less sure of the FRC position and have instead suggested support for Mr Bompas QC's and LAPFF's position. A range of financial publications have also latched onto the on-going debate about IFRS, questioning the integrity of the standard. There are now rumblings in the EU about accounting standards, in addition to new EU-level laws around auditing and auditors. Therefore, this issue will not disappear anytime soon.

Environmental Risk - Carbon Management
From its inception, LAPFF has encouraged companies to adopt and implement effective environmental management policies. Initially, the Forum benchmarked the FTSE 100 on carbon emission reporting and, together with the Environment Agency, corresponded with companies to encourage more comprehensive reporting. Carbon risk management was pursued in following years, through company meetings and by posing questions to boards at AGMs, as well as through reports for members flagging up the need for pension fund trusts to assess potential risks, costs and opportunities within their portfolios due to climate change.

Many company engagements have been long-term in nature, with a number of successes along the way. Illustrative of this was BG, in 2008, setting a carbon emission reduction target. Engagement with Shell and BP has also spanned many years. The filing of the first ever social issue shareholder resolution at a UK company by institutional investors in 1997 was co-filed by LAPFF funds at Shell regarding the Company's environmental and human rights activities.

Collaboration is frequently the key to leveraging change with companies and this has been particularly evident with the Forum's participation in the 'Aiming for A' investor coalition. From 2012, the coalition, initiated by CCLA, focused on long-term engagement to encourage companies to move towards a low carbon economy. The engagement process led to the filing of shareholder resolutions on strategic resilience and LAPFF members combined in large numbers to co-file and publicly declare support for resolutions to Shell and also to BP. The primary request of the resolutions was for an assessment of the companies' asset portfolio resilience against a range of International Energy Agency (IEA) scenarios, which includes remaining within two degree temperature increase limits. Votes of over 98% in support of both resolutions proved the success of crafting resolutions that were supportive but also stretching in nature.

Further, LAPFF has consistently lobbied the UK government for mandatory carbon reporting and pushed for tougher targets on emissions. In 2012, carbon reporting was made mandatory in the UK and this year, LAPPF has extended its reach, encouraging the Hong Kong Stock Exchange to mandate carbon disclosure.

The impact of climate change for companies and investors remains high on LAPFF's agenda, with more voting alerts issued on this topic than any other, and this issue is frequently raised with company boards at AGMs.

LAPFF member funds have also received a heightened demand for position statements on fossil fuel divestment. LAPFF does not support divestment but promotes a strategy of pushing for an 'orderly transition' requiring companies to identify and tackle carbon risks in their business models.

Tax Transparency

Investor concerns in this area have been fostered by a number of factors including the 'LuxLeaks' scandal in which a number of multinational companies were accused of adopting tax avoidance schemes associated with Luxembourg's tax regime, and continuing efforts by the OECD to promote ethical tax practices by companies. LAPFF has recognised the direction of travel of this issue and engaged tax expert, Richard Murphy, to draft a question bank for FTSE 100 companies to complete regarding their approach to tax reporting as part of a LAPFF Corporate Tax Transparency Initiative (CTTI).

The questions focused on a range of tax-related topics, from disclosure of tax policies to the role of auditors in tax practices, to country-by-country reporting. This style of reporting is promoted by the OECD/G20 BEPS (Base Erosion and Profit Sharing) project, which began in 2013 and led to a 15-point action plan to address the issue. BEPS aims to address the issue of companies operating in one country but channelling money through other countries such that they avoid substantial tax liability. Though arguably not illegal, a number of parties have deemed this practice unfair and have asked that companies pay their fair share of tax in places where they operate.

LAPFF recognises that companies need to have efficient tax planning, and that good tax planning can benefit investors by ensuring that companies in which they invest do not waste money on excessive tax payments. Concern arises when efficient tax planning crosses the line into 'aggressive' tax planning, or when companies actively seek ways to avoid paying the share of tax they should be paying.

Unfortunately, this line is not always clear, either legally or ethically. As a result, LAPFF has joined the call for greater tax transparency to ensure that investors are clear about the components of corporate tax plans that could affect company performance, either through reputational fallout or through poor corporate tax policy. This is the crux of the governance risk inherent in reckless tax avoidance policies.

One of the consequences of poor tax practices and reporting is a lack of clarity around company accounts. For instance, if a company has an outstanding tax liability in Country A but is reporting accounts that do not reflect the full extent of possible tax liabilities in the future, investors' understanding of accounts could be inaccurate. As global rules around tax practices and reporting are re-calibrated and re-conceived, LAPFF will be working with companies to ensure that they comply not only with new legal expectations, but with developing investor expectations on good tax practices. As a result of this work, LAPFF supports the Fair Tax Mark campaign lead by the Tax Justice Network.

Governance Risk

Auditor Rotation

The Forum has been interested in the role of the scope, accuracy and legality of auditing standards for many years, most recently through its work on International Financial Reporting Standards (IFRS). LAPFF's engagement has also focussed on how and how often auditors are selected in the first place, as well as what the role of auditors should be. This engagement has been supported by the introduction of European-level laws codifying standards on the length of auditor tenure, limits on non-audit fees, audit report requirements, and the role of audit committees. Two groups of laws have been enacted through the European Union, one applicable to the auditing of accounts, and a second applicable to public-interest entities (which in practice means systemically important companies, such as financial institutions or listed companies).

This reformed framework has been developed in recognition of certain deficiencies within the existing auditing framework. Some of these deficiencies are systemic, such as an effective oligopoly of four auditing firms, and some of the deficiencies are more cultural, such as a lack of trust in auditors and the audits they conduct.

One of the requirements due to come into force is a mandatory rotation of statutory auditors and audit firms. Many companies have had their auditors in place for twenty years or more. However, the new requirement will stipulate a ten year rotation period. The reasoning behind this is the consideration that auditors can get too comfortable with clients, which might compromise their ability to conduct an objective, thorough audit. Therefore, auditor independence is of paramount importance. Of note is a provision allowing for 5% of shareholders to take action to oust a statutory auditor if these shareholders are unhappy with auditor performance.

Given these developments, it has been informative that when LAPFF has raised auditor rotation at AGMs and at meetings with companies, company representatives have frequently been fairly complacent, even when their auditors have been in place for twenty years or more. Amongst this group, there has been a fairly standard response that the companies are aware of these developments and have aimed to be compliant with the

provisions of the relevant law. It is much rarer amongst this group that companies will rotate their auditors before they are legally required to do so. This complacency raises questions about whether companies have fully taken on board the spirit of the laws and the consequences of failing to have truly independent, accurate audits. Given the continued problems with IFRS and the lack of legally-compliant audit reporting, this complacency is potentially a worry for investors.

Board Composition
Independence is just as critical in terms of board composition. Board independence is a real concern in a range of markets, from the US where the Chair and CEO positions are often combined, to some Asian markets where multiple family members often serve on the same board. LAPFF's view is that appropriate board composition can lead not just to an appropriate level of independence on the board, but can contribute to improved board performance by avoiding 'group think' approaches to problem-solving.

One of the board composition concerns that LAPFF encountered during 2015 related to independence from the auditor. During 2014, the Forum met with a company and raised the point that that the Chair of the Audit Committee was affiliated with the Company's statutory auditor. The Company Chairman was receptive to LAPFF's observation that this arrangement could raise concerns about conflicts of interest, even if it was just the perception of a conflict. He noted that this development had slipped under the radar of the Board, but that it was important and would be taken under consideration.

Nonetheless, just prior to the 2015 AGM, it emerged that the board member in question had not only continued in his Audit Committee capacity, but had been designated Senior Independent Director of the Board for a two year term. LAPFF questioned the Chairman about this decision and was told that the Company assessed independence in a broad sense and was satisfied that the appointment was appropriate. LAPFF remains concerned that this assessment misses the point regarding the systemic nature of some conflicts of interest. This is the type of situation that is ripe for engagement.


Patrice Merrin

Diversity
LAPFF has had a focus on gender diversity in board composition for a number of years. To support this, in 2012, LAPFF joined the 30% Club Investor Group, an investor initiative to promote gender diversity on boards. A focus on reaching at least the target of 25% female representation on FTSE 100 board was maintained, with 30% being the initial proportion advocated. LAPFF and a number of the group's members focussed in particular on the few remaining companies with all male boards. The Forum took a fairly public stance, especially with Glencore in 2014, including issuing a voting alert and garnering press coverage. The company ultimately appointed female director, Patrice Merrin, in late 2014, becoming the last FTSE 100 company to relinquish its all male status.

In LAPFF's engagement, a common factor has been the dearth of females at the executive director level which remained as a consistent barrier to women's progress to board level.

Overwhelmingly, conversations around diversity have been positive in the sense that directors, when asked about the importance of gender diversity on their board, recognise many aspects of its relevance including that it ensures a more varied input to board discussions. Other responses seem more rote in nature, with it being noted that women add an important element of diversity to boards but without a clear explanation of why or how. And despite the progress made in increasing numbers of qualified women to boards, some directors still assert that for their industries it is difficult to recruit qualified women to the board due to the lack of appropriate candidates.

Development and promotion of women in the executive pipeline is certainly an area of concern, and LAPFF has been speaking to companies about how best to approach this development both through its own activities as well as through the 30% Club initiative. Company responses demonstrate that ensuring a sufficient representation of women on boards is only the first step. LAPFF will continue to work on ensuring that women make their way onto boards of the FTSE 100 and other listed companies, but also to address initiatives that need to be fostered at executive level and at all levels of companies, from recruitment onwards.

Executive Pay

Executive remuneration is a long-standing engagement topic for LAPFF, with two principal issues of concern. First that of 'rewards for failure', not only for cases where executives are forced out of failing companies but receiving significant exit payments but also where executives are highly rewarded despite unimpressive ongoing company performance. Second is the view that executive pay is too high in general, with unrelenting increases in executive rewards over the years despite shareholder pressure and political attention. LAPFF has fundamental questions as to whether performance-related pay is really effective in motivating directors in the first place, or aligning their interests with those of shareowners.

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A range of issues surfaced during meetings with companies to explore these issues. One issue that was encountered on a number of occasions was how companies deal with 'golden handcuffs', i.e. where executives are provided with such strong financial incentives to stay with their current employer that it becomes disproportionately expensive for other companies to recruit them. This practice thereby inflates levels of pay offered to executives. With these ever inflating levels of overall pay, the issue of pay ratios between the most well paid individuals within a company and the average workers pay has become more prominent, as these ratios become larger over time. LAPFF Chairman, Kieran Quinn, met with the High Pay Centre to discuss how best to engage with companies on these concerns.

In 2013, LAPFF issued its 'Expectations for Executive Pay' report. Since then, engagement has been oriented around consultation with a wide range of companies on the issues raised, and the extent to which companies consider these 'expectations' could be practically implemented.

Pharma and Clinical Trials
During 2015, LAPFF met with a number of pharmaceutical companies, primarily over corporate governance. Part of this focus was in response to new Swiss laws on remuneration that came into effect in 2014 and 2015, which were relevant as many of the top pharmaceutical firms are Swiss. Of specific interest was the 2013 'Ordinance against Excessive Pay', also known as the Minder Initiative, requiring companies to adapt their AGM agendas, as well as their articles of association, to accommodate new standards on executive pay. Implementation of the ordinance was phased, with some provisions to take effect in 2014 and others to take effect in 2015.

Engagement with Roche was progressed by attending the 2015 AGM to encourage the board to engage with its controlling shareholders on the make-up of its corporate structure. This is due to the extremely limited free float which means most institutional investors have to accept non-voting shares, and thus cannot influence remuneration policies.

While pharmaceutical majors were coming to grips with these new executive pay laws in Switzerland, a new international campaign on clinical trials transparency was coming to the fore. Based on the Access to Medicines Index, investors are seeking to highlight methodological deficiencies in clinical trials that can potentially affect both the health of patients and the financial health of companies. Specifically, the campaign is targeting Phase III trials as these trials often influence drug marketability and expected profit, as well as company valuation and stock price. Concerns about clinical trials stem from the fact that, among other things, results from around half of all clinical trials are not published and negative results are twice as likely not to be published as positive results.

Social Risk

Human Rights
As with many responsible investment and governance issues, it is clear that human rights practices by companies can affect business reputation and performance. LAPFF undertook engagement with a number of aviation and defence companies on cluster munitions to determine how responsibly they were operating in relation to respecting human rights. The primary concerns with cluster munitions is that they can be indiscriminate, affecting civilian populations rather than solely military targets, and that they can lie dormant for long periods of time and detonate post-conflict. Following member concern, nine companies were identified in which LAPFF members had invested and, after conducting research, the companies identified for engagement were narrowed down to four.

It became clear from the research process and from engagement that an assessment of best corporate practice in relation to cluster munitions is difficult. Key states including the US and Singapore have not ratified the key international treaty banning cluster munitions, the Oslo Convention. Furthermore the treaty definition of a cluster munition leaves a fair amount of scope for the production of weapons that are still of great concern in terms of their impact on civilians and their potency after conflict periods end.

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LAPFF's approach focused on the companies' awareness of and adherence to the Oslo Convention. While the companies were all aware of the Convention and its definition of these weapons, they are all based in countries that have failed to ratify or accede to the Convention. Engagement also explored the practical implications of companies' relationships to cluster munitions. For example, some companies produce missile casings used for a range of weapons but these can also be used to launch cluster munitions

On Government contracts, two companies provided reasonable assurances that they no longer produce or sell cluster munitions, but one could not offer such assurances. Furthermore, some government contracts require contracting companies to maintain cluster munitions or produce components that facilitate the use of cluster munitions. However, their practices might meet the exclusion criteria threshold for certain investors.

Employment Practices

Overseas
LAPFF first began work on overseas supply chain concerns in relation to child labour in 1998. The Forum focused on ensuring that retail companies adhered to the core ILO conventions on child labour, forced labour, discrimination and freedom of association and collective bargaining. Research covered the FTSE All-Share to determine whether companies had policies on labour rights in their supply chains or whether they had taken other steps to address such concerns. In particular, LAPFF engaged with companies that did not have codes of conduct in place and encouraged them to adopt codes for their suppliers.

The landscape on labour rights has changed significantly since LAPFF's initial dialogues. Codes of conduct rooted in international law have become almost a requirement for retailers. Hard and soft law frameworks are also developing quickly. California issued its Supply Chain Transparency Act in 2010 with a federal level law pending, and the UN Guiding Principles on Business and Human Rights were endorsed unanimously by the UN Human Rights Council in 2011, providing a touchstone for union efforts on labour rights. During 2015, the UK passed a Modern Slavery Act to address some of the most egregious international supply chain labour concerns.

LAPFF has responded accordingly to these developments through a range of engagement and consultations. Most recently, LAPFF has engaged with companies regarding labour conditions in Qatar, attending the Carillion AGM to ask how as an international infrastructure company based in the UK it is taking steps to address poor labour conditions at some Qatari building sites under construction for the 2022 World Cup.

It can be difficult for investors to link labour conditions, and human rights more broadly, to business performance. Therefore, LAPFF has advocated better company reporting in this area including by supporting an investor letter on a federal version of the California Supply Chain Transparency Act.

At Home
However, the Forum has also looked closer to home, as some UK companies faced accusations of blacklisting trade union workers. LAPFF met with companies of particular concern to ensure that they had eradicated blacklisting from their own operations, as well as ensuring that their suppliers do not engage in this practice. Inappropriate use of zero hour contracts has also been a concern of the Forum, and LAPFF attended an investor briefing with other investor groups held by the Trade Union Share Owners (TUSO) to understand better how to address this issue.

Long-standing engagement with National Express continued over health and safety and other labour practices. This led to a number of Forum member funds filing a shareholder resolution for the second year in a row to the company's AGM. In 2015, this was to request an independent assessment of labour practices at the Company's US subsidiary, Durham School Services. Cllr Greening attended the AGM and

spoke to the motion. The result was that almost a quarter of independent shareholders did not back National Express over labour rights at the AGM, the highest level of support registered to date for a shareholder resolution on employee rights.

The Forum believes companies can improve their performance and enhance long-term shareholder returns by ensuring that employees choose them over competing alternatives; that they stay with them, and they give their discretionary effort towards achieving the company's objectives.

With a view to engaging with selected companies to encourage higher standards of performance in this regard, the Forum's current approach to this subject is to build on its foundational understanding of the drivers of employee engagement by learning more from companies that excel in this regard, or from those that are developing their own insights into this subject. The Forum recently met with Halfords, for example, and gained greater insight into the importance that recruitment and leadership training in transforming an organization with comparatively low levels of employee engagement to one in which higher levels of engagement are having a material impact on financial performance.

www.media.cleveland.com

Phone Hacking
When the phone hacking scandal broke in 2007, there was a focus on the alleged newspaper figures involved, such as Clive Goodman, Glenn Mulcaire, Rebekah Brooks and Andy Coulson. LAPFF engaged with key media companies, such as News Corp, to assess the fallout of the scandal, and to press for governance changes likely to reduce the chance of a recurrence of these events.

This engagement included issuing voting alerts highlighting phone hacking as an example of governance failure at media conglomerates.

Nearly ten years on, the scandal continues to provoke litigation, now with the focus on high profile victims such as Hugh Grant and Sadie Frost. LAPFF is continuing its engagement on this issue to determine the likely cost implications of phone hacking for media companies. In the last year, there has been a spate of litigation with a recent settlement of eight claims amounting to £1.2 million, far in excess of initial company cost estimates. However, the claims continue to mount, and it is unclear when the litigation will end.

Another outstanding issue is whether or not an official independent regulator will be designated to monitor and enforce standards and practices surrounding journalistic integrity. There is already an industry body to address hacking, but the Leveson Inquiry recommended the creation of an official, independent regulatory body. There is talk of the recognition of such a regulator, but an official body has yet to be designated. Perhaps not surprisingly, companies within the industry have expressed satisfaction with the industry body, stating that an official regulator is unnecessary. However, some companies remain open to signing up to an official regulator, should one be recognised.

It is understandable that the phone hacking debacle has created reputational difficulties for some media companies. It has been suggested that some advertisers have pulled ads because of these reputational concerns, thus contributing to revenue problems at some companies still struggling with the fallout of the scandal. Unfortunately, these developments come at a time when media companies in general are having to re-think their business strategies to account for changes in technology. LAPFF is following with interest both the phone hacking and business strategy developments in the media industry.

POLICY ENGAGEMENT AND CONSULTATION RESPONSES

LAPFF has contributed its policy perspectives on a range of topics during its twenty-five year history. Some of these topics endure, such as those with an environmental or employment nature. Others, such as an approach to anti-apartheid initiatives, were time-specific.

During 2015, LAPFF signed letters and drafted consultation responses relating to carbon management, voting rights, IFRS and gender, among other areas of interest. Letters went to the Italian government, requesting that dual voting rights not be implemented and the Basel Committee on Banking Supervision regarding a concern about the lack of prudent accounting. In addition, a letter on sustainable palm oil was sent to companies calling for improved disclosure on their work in this area. LAPFF has also worked with US investors in particular to apply pressure to well-known retail companies on sustainable supply chain transparency. This tactic has led to improvements of supply chain transparency among the largest palm oil supplying companies.

Consultations by stock exchanges working to implement greater transparency on long-term responsible investment concerns provide a good opportunity to press for reform. LAPFF's response to the Hong Kong Stock Exchange consultation supported proposals for increased environmental, social and governance disclosure but pushed in particular for mandatory carbon reporting. As in previous consultation responses, the Forum has promoted its view that a single global reporting framework is essential in the context of initiatives seeking a consensus on global action required to tackle climate change. In this instance, it is particularly timely, in the run-up to the Paris Conference of the Parties (COP) 21, for investors to push for meaningful action on climate change. Other initiatives relating to COP 21 include LAPFF's signing on to an investor letter to Finance Ministers supporting action to reach a strong climate agreement.

As part of its efforts to promote gender diversity on company boards, the Forum supported a joint consultation submission on the Gender Pay Gap by the 30% Club Investor Group to the Government Equalities Commission. In related work, LAPFF was approached to participate in a roundtable inquiry regarding women on boards within the FTSE 350. Cllr Mary Barnett represented LAPFF at this consultation hosted by the Equality and Human Rights Commission.

Brenda Trenowden, new Chairperson of 30% Club

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20 MEDIA COVERAGE HIGHLIGHTS IN THE LAST 20 YEARS

Over the last twenty years, LAPFF has been repeatedly praised in the media for its engagement on a number of issues, including financial reporting standards, executive remuneration, tax regulation, climate change and labour standards. Media coverage of LAPFF's positions has shown it to be a bellwether in the area of corporate governance and corporate responsibility, as the small selection of highlights below illustrates.

2015:

- LAPFF obtains a second legal opinion from Mr Bompas QC, questioning the legality of the International Financial Reporting Standards *(IPE)*.
- LAPFF contributes a public sector pensions supplement to the New Statesman magazine.

2014:

- LAPFF supports strategic resilience resolutions which are adopted at Shell and BP AGMs *(The Local, Lexology, Guardian)*.
- LAPFF opposes WPP's remuneration policy, due to the complexity of variable pay arrangements and the potential for excessive pay which is subject to discretionary increase *(The Telegraph, Independent, Guardian)*.

2013:

- LAPFF supports a resolution filed by Christian Brothers Investment Services calling for an independent chairman at Twenty-First Century Fox *(The Telegraph)*.
- With 43 other investors, LAPFF writes to the US Securities and Exchange Commission to push for consistent tax regulation of oil, gas and mining companies *(AI CIO)*.
- LAPFF supports a further resolution calling for the appointment of an independent chairman at News Corporation *(Independent, Guardian)*.

2012:

- LAPFF launches its People and Investment Report, encouraging better engagement with employees and looking beyond purely financial rewards *(Independent)*.
- LAPFF and Christian Brothers Investment Services file a resolution supporting the appointment of an independent chairman at News Corporation *(Guardian)*.
- LAPFF calls for Barclays to pursue criminal charges against Barclays staff and for bonuses to Bob Diamond to be clawed back *(The Scotsman)*.
- LAPFF joins the 30% Club Investor Group promoting gender diversity on FTSE 100 boards *(IPE)*.
- LAPFF opposes James Murdoch's re-election as BskyB chairman *(Bloomberg)*.

2010:

- LAPFF and ten other pension funds, support the Financial Reporting Council's Stewardship Code *(City AM)*.
- LAPFF, with NAPF, writes to FTSE 350 chairs calling for greater transparency on executives' pensions *(Professional Pensions)*.

2009:

- LAPFF files a special resolution calling for the appointment of an independent chair at Marks & Spencer, to replace executive chairman Sir Stuart Rose *(Guardian)*.

2007:

- LAPFF signs up to the UN Principles of Responsible Investment *(Labour and Capital)*.
- LAPFF votes against the remuneration report at BP's AGM, due to the fact that executive rewards are not clearly linked to safety performance *(Guardian)*.
- LAPFF co-signs a letter to the US Securities and Exchange Commission with other investors, calling for executive bonuses to be curbed *(Public Finance)*.

1999:

- LAPFF advocates for increased employment standards, focussing particularly on the issues of forced labour and child labour *(Local Government Chronicle)*.

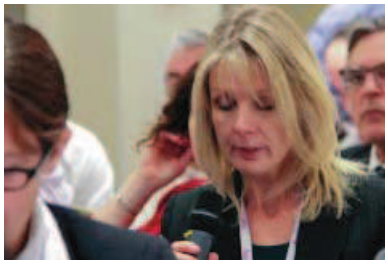
1995:

- LAPFF submits a resolution to British Gas, challenging its executive remuneration policies. The Financial Times calls the resolution 'a watershed in corporate governance'.

ANNUAL CONFERENCE

LAPFF's 2014 Annual Conference again proved a popular event. Entitled *'Productive Investment: public funds and public purpose'* it was addressed by a number of high profile speakers including Cherie Blair, who spoke on how better business practice can drive both market and social returns; Jim O'Neill, on 'Building Cities for the Future' and Sir Michael Heseltine who provided valuable perspectives on urban regeneration.

Ten years on from the 2005 conference *'Fifteen years of shareholder activism: results and prospects'*, the 2015 Annual Conference will celebrate twenty years of Annual LAPFF Conferences. The line up features a number of previous LAPFF chairs joined by a range of speakers from companies, government, NGOs and law firms. Directors' duties, succession planning and corporate accountability will all be subject to review and debate, with particular attention being given to a panel discussion on LGPS developments.



FACTS AND FIGURES – ENGAGEMENT HIGHLIGHTS

41%
DOMICILE – PERCENTAGE OF ENGAGEMENTS WITH NON-UK OR DUAL-LISTED COMPANIES

37%
ENVIRONMENTAL ENGAGEMENT

28%
SOCIAL ENGAGEMENT

36%
GOVERNANCE ENGAGEMENT (EXCLUDING TAX ENGAGEMENTS)

64%
ENGAGEMENT WITH CHAIRMAN

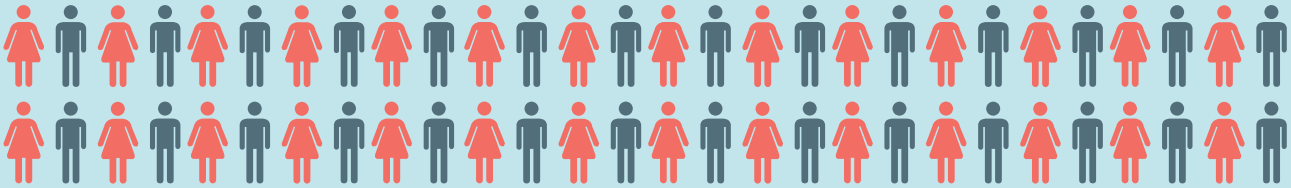
65
ON-GOING COMPANY DIALOGUES

27
COMPANY MEETINGS HELD

129
NUMBER OF COMPANIES ENGAGED

Position Engaged

Chairperson



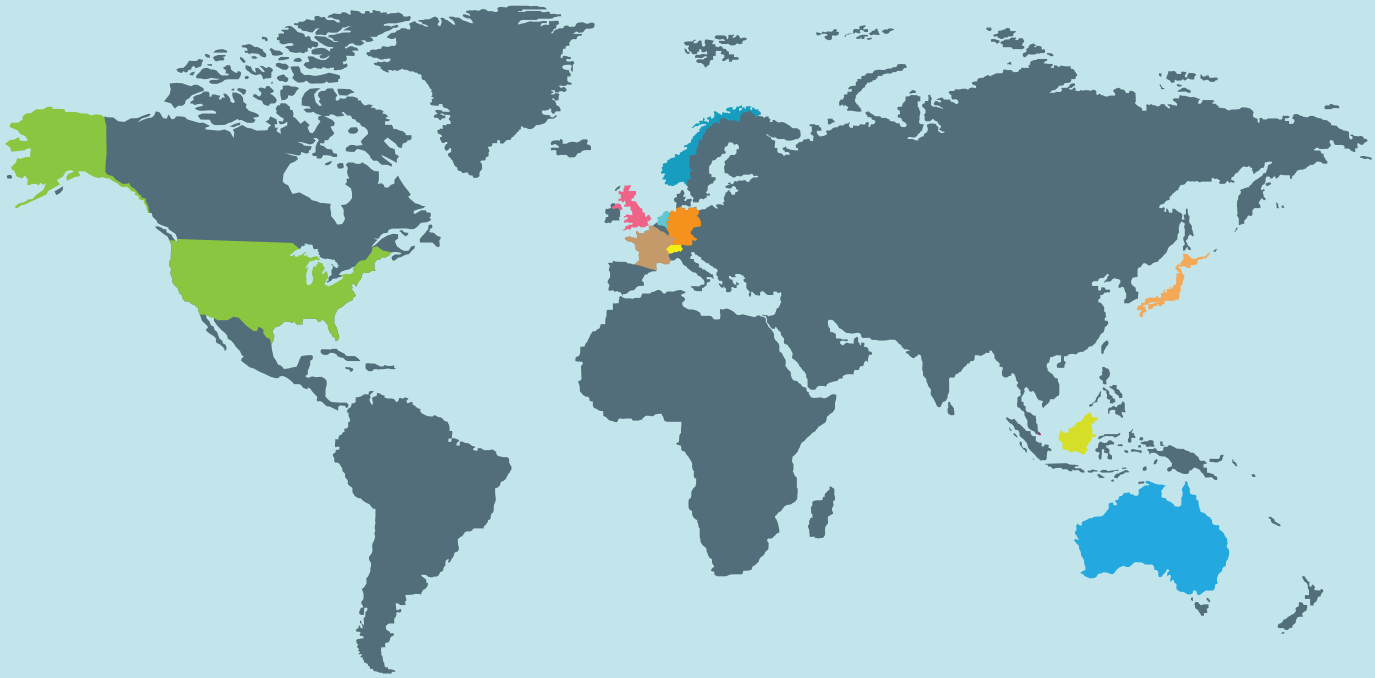
Specialist staff

Non-executive director

Executive director

The trend of increased engagement with company Chairmen continues, with 64% of engagements during the year involving company Chairmen. It can be helpful to meet with specialist staff and executive directors to understand to what degree companies are implementing responsible business strategies. However, the strategic overview that Chairmen are able to provide is often the most helpful perspective for investors.

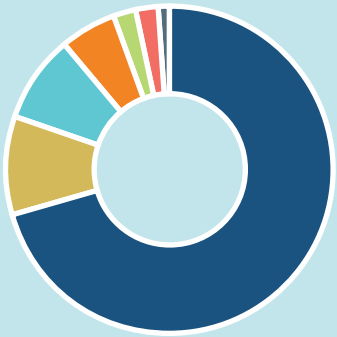
Company Domicile



Although the companies engaged with were predominantly UK-based, a substantial amount of this year's engagement took place with companies either domiciled outside the UK or with dual-listed companies, such as Shell and BHP Billiton.

United Kingdom	54	Japan	2
USA	15	Australia	1
UK/Netherlands	7	France	1
Germany	3	Indonesia	1
Switzerland	3	Norway	1
UK/Australia	3	Singapore	1

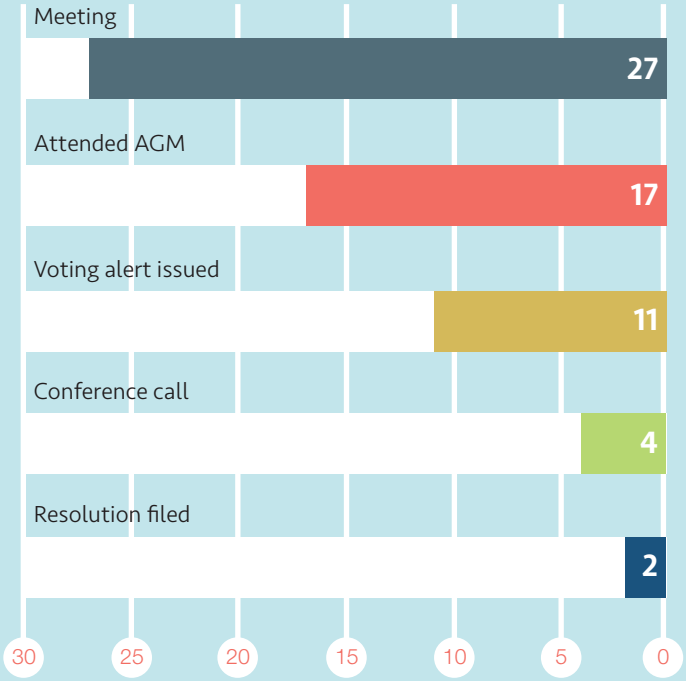
Engagement Outcomes



Dialogue	65
Moderate improvement	9
Substantial improvement	8
Satisfactory response	5
Awaiting response	2
Small improvement	2
Change in process	1

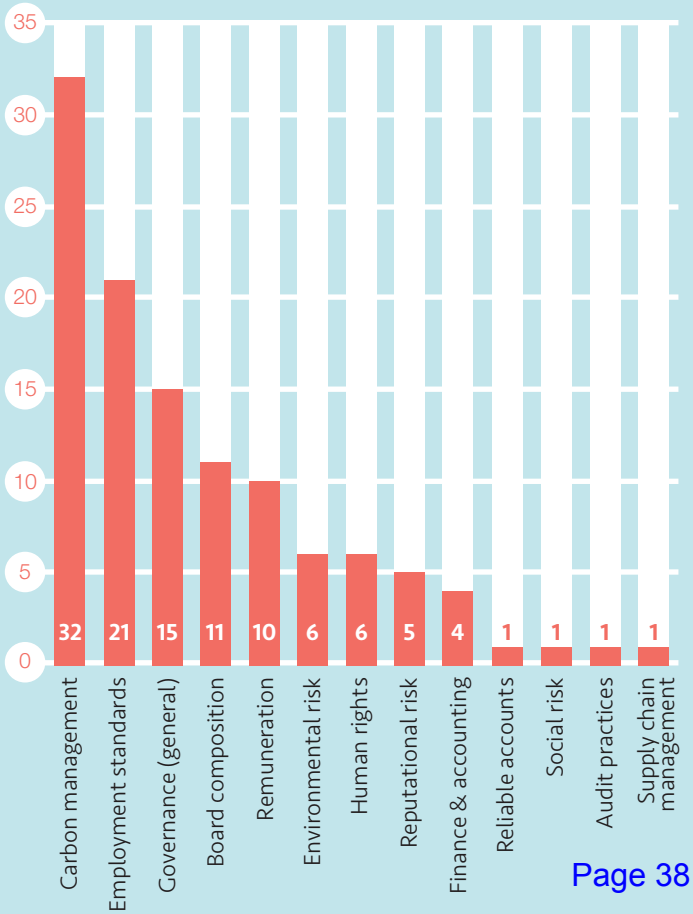
The nature of shareholder engagement is such that the majority of interaction will be dialogue with companies, as they progress towards best practice. However, of the total engagements during 2015, 27% had positive outcomes, including substantial progress on carbon management.

Activity Type



In addition to the engagement noted in the bar graph, a total of 124 letters were exchanged with companies during the course of the year. Speaking with company representatives is always the initial preference in order to gain a better understanding of their perspectives, and this is usually sought through correspondence. However, if a company does not respond to a request for a meeting or a conference call, voting alerts can escalate the concern. Filing shareholder resolutions only usually occurs after several years of engagement

Engagement Topics (excluding tax)



AGM Attendance – 17

Company	Topic	Company	Topic
Balfour Beatty	Employment Standards	Next	Employment Standards
Bellway	Board Composition	Rio Tinto	Climate Change
BP	Climate Change	Roche	Shareholder Rights
British American Tobacco	Social Risk	Sage Group	Executive Remuneration
BT Group	Audit Practices	Shell	Climate Change
Carillion	Employment Standards	Sky	Board Composition
Lonmin	Employment Standards	SSE	Climate Change
National Express	Employment Standards	Vodafone	Board Composition
National Grid	Climate Change		

Voting Alerts Issued – 11

Company	Topic	Company	Topic
21st Century Fox	Board Composition	News Corporation	Board Composition
AGL Australia	Carbon Risk	Shell	Carbon Risk
Anadarko	Carbon Risk	Sky	Board Composition
BG Group	Remuneration	Sports Direct	Employment Standards
Chevron	Carbon Risk	StatoilHydro	Carbon Risk
ExxonMobil	Carbon Risk		

Provision of Services for Members

- Company engagement
- Quarterly Engagement Report
- Consultation responses
- Voting alerts
- AGM briefings and attendance
- Website
- Investor partnerships
- Business meetings and presentations
- E-bulletin
- Information on LGPS reform
- Trustee guides
- Media coverage
- Member briefings
- Working groups (Women's Network)
- PRI reporting
- Investor seminars
- Shareholder resolution filing support
- Event attendance
- Policy guidance
- Training (mentoring scheme)
- Twitter presence

Companies Engaged – 129 Companies Engaged During the Year Under Review
The numbers below reflect engagements undertaken exclusively by LAPFF rather than collaborate engagements.

Company	Topic
21st Century Fox	Board Composition
3i	Tax
Aberdeen Asset Management	Tax
Admiral	Tax
Afren	Reliable accounts
Aggreko	Tax
AGL Australia	Climate Change
Amazon	Governance; Employment Standards; Human Rights
Anadarko	Climate Change
Anglo American	Tax
Antofagasta	Tax
Arm Holdings	Tax
Ashtead	Tax
Associated British Foods	Board Composition; Employment Standards; Tax
Astra Agro Lestari	Climate Change; Supply Chain Management
AstraZeneca	Governance; Tax
Aviva	Tax
Babcock International	Tax
BAE Systems	Tax
Balfour Beatty	Employment Standards
Barclays	Remuneration; Finance & Accounting; Tax
Barratt	Tax
Bellway	Board Composition
BG	Remuneration; Tax
BHP Billiton	Climate Change; Tax

Company	Topic
BP	Climate Change; Tax
British American Tobacco	Social Risk; Tax
British Land	Tax
BT	Audit Practices; Tax
Bunzl	Tax
Burberry	Tax
Capita	Tax
Carillion	Employment Standards
Carnival	Tax
Centrica	Climate Change; Governance; Tax
Chevron	Climate Change
Coca-Cola Hellenic	Tax
Compass	Tax
CRH	Tax
Deutsche Telekom	Employment Standards
Diageo	Tax
Direct Line	Tax
Dixons Carphone	Tax
EasyJet	Tax
Experian	Tax
Exxon Mobil	Climate Change
G4S	Tax
GKN	Tax
Glencore	Climate Change; Tax
Google	Governance
GSK	Tax
Halfords	Employee Engagement
Hammerson	Tax
Hargreaves Lansdown	Tax

Company	Topic
Hays	Remuneration
Hikma	Tax
HSBC	Tax
Imperial Tobacco	Tax
International Airlines	Tax
International Hotels	Tax
Intertek	Tax
Intu Properties	Tax
ITV	Tax
John Menzies	Employment Standards
Johnson Matthey	Tax
Kier	Employment Standards; Human Rights
Kingfisher	Tax
Land Securities	Tax
Legal & General	Tax
Lloyds Banking	Tax, Finance & Accounting
Lockheed Martin	Reputational Risk; Human Rights
Lonmin	Employment Standards; Human Rights
London Stock Exchange	Tax
Marks & Spencer	Tax
Meggitt	Tax
Microsoft	Governance
Mondi	Tax
Morrisons	Finance & Accounting; Tax
National Express	Employment Standards
National Grid	Climate Change; Tax
Nestlé	Governance

Company	Topic
News Corporation	Board Composition
Next	Employment Standards; Human Rights; Tax
Novartis	Governance; Remuneration
Oxford Metrics	Tax
Pearson	Tax
Persimmon	Tax
Prism	Tax
Prudential	Tax
Randgold Resources	Tax
Reckitt Benckiser	Tax
Reed Elsevier	Tax
Rio Tinto	Climate Change; Human Rights; Tax
Roche	Governance
Rolls-Royce	Tax
Royal Bank of Scotland	Tax, Finance & Accounting
Royal Mail	Tax
RSA	Tax
SABMiller	Tax
Sainsbury	Tax
Sage	Remuneration; Tax
SC Johnson & Son	Tax
Schroders	Tax
Severn Trent	Remuneration; Tax
Shell	Climate Change; Environmental Risk; Tax
Shire	Tax
Singapore Technologies	Reputational Risk; Human Rights

Company	Topic
Sky	Board Composition; Tax
Smiths	Tax
Smith & Nephew	Tax
Sports Direct	Employment Standards; Tax
SSE	Climate Change; Finance & Accounting; Environmental Risk; Tax
St James Place	Tax
Standard Life	Tax
StatoilHydro	Climate Change
Taylor Wimpey	Tax
Tesco	Remuneration; Tax
Textron	Reputational Risk; Human Rights
Total	Climate Change
Toyota	Environmental Risk; Employment Standards
Travis Perkins	Tax
Trinity Mirror	Reputational; Governance
TUI	Tax
Unilever	Tax
United Utilities	Tax
Vodafone	Board Composition; Remuneration; Tax
Volkswagen	Climate Change
Weir	Tax
Wolesley	Tax
WPP	Tax
Whitbread	Tax

LIST OF MEMBERS

In 2005 LAPFF had 13 members, this has grown steadily over the last twenty years to reach LAPFF's current membership of 65 funds.

- Avon Pension Fund
- Barking and Dagenham (London Borough of)
- Bedfordshire Pension Fund
- Camden (London Borough of)
- Cardiff and Vale of Glamorgan Pension Fund
- Cheshire Pension Fund
- City of London Corporation
- Clwyd Pension Fund
- Croydon LB
- Cumbria Pension Scheme
- Derbyshire County Council
- Devon County Council
- Dorset County Pension Fund
- Dyfed Pension Fund
- Ealing (London Borough of)
- East Riding of Yorkshire Council
- East Sussex Pension Fund
- Enfield (London Borough of)
- Falkirk Council
- Greater Gwent Fund
- Greater Manchester Pension Fund
- Greenwich Pension Fund
- Gwynedd Pension Fund
- Hackney (London Borough of)
- Haringey (London Borough of)
- Harrow (London Borough of)
- Hertfordshire
- Hounslow (London Borough of)
- Islington (London Borough of)
- Lambeth (London Borough of)
- Lancashire County Pension Fund
- Lewisham (London Borough of)
- Lincolnshire County Council
- London Pension Fund Authority
- Lothian Pension Fund
- Merseyside Pension Fund
- Newham (London Borough of)
- Norfolk Pension Fund
- North East Scotland Pension Fund
- North Yorkshire County Council Pension Fund
- Northamptonshire County Council
- NILGOSC
- Nottinghamshire County Council
- Powys County Council Pension Fund
- Rhondda Cynon Taf
- Somerset County Council
- Sheffield City Region Combined Authority
- Shropshire Council
- South Yorkshire Pensions Authority
- Southwark (London Borough of)
- Staffordshire Pension Fund
- Strathclyde Pension Fund
- Suffolk County Council Pension Fund
- Surrey County Council
- Teesside Pension Fund
- Tower Hamlets (London Borough of)
- Tyne and Wear Pension Fund
- Waltham Forest (London Borough of)
- Wandsworth (London Borough of)
- Warwickshire Pension Fund
- West Midlands ITA Pension Fund
- West Midlands Pension Fund
- West Yorkshire Pension Fund
- Wiltshire County Council
- Worcestershire County Council

For more information about LAPFF
Visit our website at www.lapfforum.org

For further information on LAPFF and membership enquiries, contact Keith Bray, Forum Officer
postmaster@keithbray.plus.com or 07811 800612

For more information about LAPFF's Engagement Programme, please contact Tessa Younger, Engagement Services Manager, PIRC Ltd
TessaY@pirc.co.uk

Engagement information and data supplied by LAPFF's Research and Engagement Partner
LaraB@pirc.co.uk, PIRC Ltd. www.pirc.co.uk

Design by Stephen Levesley, West Midlands Pension Fund

Designed by West Midlands Pension Fund 11/15

Local Authority Pension Fund Forum

The Local Authority Pension Fund Forum (LAPFF) exists to promote the investment interests of member funds, and to maximise their influence as shareholders whilst promoting social responsibility and corporate governance at companies in which they invest. Formed in 1990, LAPFF brings together a diverse range of local authority pension funds in the UK with combined assets of over £175 billion.

QUARTERLY ENGAGEMENT REPORT

OCTOBER TO DECEMBER 2015

LGPS seminar
(Left to right) Cllr Kieran Quinn (LAPFF Chair), Cllr Denise Le Gal (Surrey Pension Fund), Cllr Rob Chapman (Hackney Pension Fund) and Brian Bailey (PIRC Chair).

LAPFF 20th Annual Conference: 20 Years of Responsible Investment – Where Next?

ST Engineering quits cluster munitions in part due to LAPFF engagement

LAPFF contacts all FTSE350 companies regarding IFRS 9

Co-filing strategic resilience resolutions with Rio Tinto, Anglo American and Glencore

Corporate Tax Transparency Initiative engagement begins next phase

Achievements

LAPFF 20th Annual Conference: '20 Years of Responsible Investment – Where Next?'

In December, LAPFF celebrated both its 25th anniversary, and the 20th anniversary of the annual LAPFF conference. Over three days, 200 delegates attended sessions ranging from the dynamics of successful boards to responses to proposed changes in the Local Government Pension Scheme (LGPS), to International Financial Reporting Standards (IFRS) 9. LAPFF is grateful to all of its members who attended and to those who spoke or chaired sessions at the conference, as well as to those who attended from outside of the Forum. These included Martin Gilbert (CEO Aberdeen Asset Management), Daniel Balint-Kurti (Global Witness), Martyn Day (Senior Partner, Leigh Day LLP), Mark Campanale (Founder, Carbon Tracker), Matthew Knight (Siemens), Bob Holloway (Department for Communities and Local Government), Amanda Mellor (Company Secretary, Marks & Spencer), Syed Kamall MEP and Richard Murphy (Director, Tax Research LLP). More information on the conference and a selection of the presentations are available here.

ST Engineering quits cluster munitions in part due to LAPFF engagement

In 2014, the Forum engaged with nine aerospace and defence companies, including ST Engineering, about the sale and production of cluster munitions. This quarter, the Forum received a letter from ST Engineering stating that the company is 'no longer in the business of designing, producing and selling anti-personnel mines and cluster munitions or any related components.' The company specifically referred to LAPFF's influence on the company in reaching this decision, showing the benefits of the Forum's positive engagement approach.

LAPFF contacts all FTSE350 companies regarding accountancy regulation and standards

In November, LAPFF wrote to all FTSE 350 companies indicating that they should disregard guidance and statements from the Financial Reporting Council in order for directors to meet their legal obligations. The letters were widely reported and LAPFF is in the process of collating and analysing the responses. In December, LAPFF published 'Sorry, Wrong Number', which sets out how central figures in the accounting profession have consistently argued that the law was different to what the legislation provided; a clear example of regulatory capture. A copy of this paper was enclosed in a letter LAPFF recently sent to Lord Hill, the Commissioner for Financial Stability, Financial Services and Capital Markets Union at the European Commission.

In LAPFF's paper 'Banks Post Mortem – Follow Up' (December 2013), LAPFF set out how IFRS had caused the failure of the Basel capital adequacy regime for British banks. Explicit admission of this was finally given by the CEO of the Prudential Regulatory Authority, Andrew Bailey, during questioning by Steve Baker MP at the Treasury Select Committee on 15th December 2015 into the role of the accounts audited by KPMG in the failure of HBOS. In a recent article commenting on this issue, the Daily Mail called for the FRC to be disbanded.

'Carbon transition management: how should investors respond?' Climate change panel (LAPFF conference)
(Left to right) Mark Campanale (Founder, Carbon Tracker), Matthew Knight (Director of Strategy and Government Affairs, Siemens), Dawn Turner (Head of Pension Fund Management, Environment Agency Pension Fund), Cllr Cameron Rose (Lothian Pension Fund, LAPFF Vice Chair) and Tom Harrington (Senior Investment Manager, Greater Manchester Pension Fund).

LAPFF hosts seminar on developments in the Local Government Pension Scheme

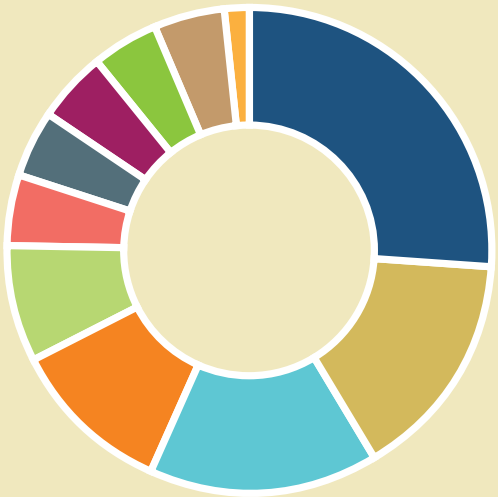
Following the Chancellor's announcement of proposed reforms to the LGPS over the summer, LAPFF hosted a seminar on 23 November open to all local authority pension funds on the proposed changes. Bob Holloway, from the Department for Communities and Local Government, started the discussions by describing the proposals and responding to numerous questions from the floor. This discussion was followed by a number of presentations from LAPFF member funds discussing their perspectives on the proposed reforms. At the LAPFF conference, LAPFF facilitated further discussion on the recently launched government consultation on the proposals.

Three more pension funds join LAPFF

In the final quarter of 2015, the Cambridgeshire Pension Fund, The City and County of Swansea Pension Fund, and the Gloucestershire Pension Fund all joined LAPFF, bringing the total number of member funds up to 68. We look forward to welcoming all new member fund representatives to LAPFF meetings in 2016.

Company Engagement

ENGAGEMENT TOPICS



Climate change	17
Reputational risk	10
Tax	10
Employment standards	7
Other	5
Environmental risk	3
Governance (general)	3
Human rights	3
Social risk	3
Incentivising executives	3
Finance & accounting*	1

*In addition, LAPFF wrote to the Chairs of each of the FTSE350 companies regarding reliable accounting, and received 44 written responses

HOLDINGS-BASED ENGAGEMENT

In November, LAPFF attended the **BP** SRI day, particularly keen to hear about the impact of the strategic resilience resolution that LAPFF funds co-filed earlier this year. The company stated that the resolution has had a positive impact in bringing focus to, and making public, existing work that the company was undertaking on climate change resilience. The company noted a number of steps that it is taking to mitigate its climate change impacts, including: calling on governments to implement a carbon price; increasing the use of natural gas; developing a material renewable business in biofuel and wind; improving energy efficiency; and contributing to research and development.

In November and December, LAPFF also participated in two investor meetings with **Shell**. At the first of these meetings, LAPFF vice-chairman, Ian Greenwood, discussed with the Vice President of Safety and Environment, Rupert Thomas, the impact of politics on the oil price and the importance of communicating climate change science simply and clearly to investors. LAPFF also asked about the impact of the strategic resilience resolution on company disclosure practices. The company indicated that it would be disclosing information, signposted by the various aspects of the resolution, next year. At the second meeting, with the Chair of Shell, Chad Holliday, the focus was on the proposed BG acquisition, with Shell also confirming its increasing focus on integrated gas, in anticipation of declining demand for coal.

Towards the end of November, Cllr Barney Crockett and Cllr Cameron Rose met with the CEO of **SSE** plc. The aims were to gain an understanding of: the company's succession planning process; whether or not it was looking to 'decouple' profits from energy use; and its adoption of progressive tax and living wage policies. There was a discussion around the merits of home efficiency versus decoupling profits from carbon production, as well as carbon capture and storage. With regard to the living wage, the Company is an early adopter of this standard and a leader in the sector.

In December, LAPFF met with **Toyota**, one of the most significant Japanese companies that the Forum has engaged with, and in which 30 LAPFF funds hold shares. Cllr Cameron Rose led the meeting and discussed a number of issues ranging from the recent VW scandal and product recalls, to renewable energy and board diversity. It was a very productive meeting and has laid the groundwork for further meetings in the future.

PROMOTING GOOD GOVERNANCE

LAPFF attended the **Sky** plc AGM in November, in order to ask the board about the concentration of 21st Century Fox representatives on the Sky board. Notwithstanding that two 21st Century Fox representatives stepped down from the Sky board, the appointment of John Nallen, 21st Century Fox's Chief Financial Officer, increased the proportion of 21st Century Fox representatives on the Sky board to 25 per

cent. The Chair did not provide a detailed answer, but suggested that these board members were helpful given that Sky purchases content from the US. This board make-up remains problematic, however, in the face of anti-trust litigation against Sky.

Following tax expert Richard Murphy's analysis of company responses to LAPFF's Corporate Tax Transparency Initiative (CTTI) questionnaire, LAPFF has now invited some of the responding companies to meetings in order to better understand their tax processes. This selection of companies includes those whose survey responses suggested both good and bad tax practices and is particularly timely given the OECD's publication of the final Base Erosion and Profit Shifting (BEPS) package of reform, in October. In addition, UNPRI has recently issued guidance for investors with some straight forward questions to ask companies about their tax practices.

During October, LAPFF had a call with other members of the Investor Clinical Trials Initiative regarding engagement meetings with Roche, Astrazeneca, Bayer, Novartis, AbbVie, and Johnson & Johnson. The companies are at varying stages of disclosing clinical trials data, but are overwhelmingly opposed to disclosing historical data. This opposition stems from a concern about public backlash as data standards were raised about twenty years ago. A new European Union Clinical Trials Regulation is due to come into force in around May 2016, and an AllTrials research report is due to be launched in January 2016. Therefore, developments in clinical trials transparency could be forthcoming during 2016.

PEOPLE AND INVESTMENT VALUE AND EMPLOYMENT STANDARDS

LAPFF also had a further meeting with the **Equality and Human Rights Commission**, following Cllr Mary Barnett's participation in the Equality and Human Rights Commission Inquiry roundtable in the previous quarter. The latest meeting addressed LAPFF's experiences of recruitment and appointment of board directors. In particular, the meeting highlighted that directors are drawn from a very limited pool, which often excludes or overlooks female candidates, and that head-hunters can play a very negative role in exacerbating this issue. LAPFF has previously engaged with FTSE100 companies on board diversity, and will be extending this engagement to FTSE350 companies during the course of 2016.

On the back of a LAPFF voting alert issued in September of this year, LAPFF has written to **Sports Direct** to follow up on concerns about the company's use of zero hour contracts. There continue to be concerns that Sports Direct's use of these contracts leads, amongst other things, to low pay, uncertain hours, and a large amount of stress on employees unsure of whether they will have enough hours to earn a sufficient living. Public pressure on the company on this issue is building and, in December, the Chair of Parliament's Public Accounts Committee called for an investigation into low pay and working conditions at the company. The company's recent statements on employment issues are currently being scrutinised.

ENERGY, CARBON AND ENVIRONMENTAL RISK MANAGEMENT

Engagement with **Rio Tinto** progressed during the fourth quarter, including a meeting with the Chair, Jan du Plessis, attended by LAPFF Executive Committee member Rodney Barton. The proposed strategic resilience shareholder resolution was discussed, which requests reporting on various elements of company actions in the face of the carbon transition, including how the company manages its portfolio of assets to be resilient to future energy scenarios.

At least a dozen member funds are currently co-filing similar resolutions with two other diversified mining companies, Anglo American and Glencore, for the 2016 AGMs. This engagement is co-ordinated with other investor members of the Aiming for A Coalition which, earlier this year, co-filed strategic resilience resolutions with Shell and BP. These resolutions obtained support from both boards and 98% of voting shareholders. Building on this success, asset managers such as Aviva Investors and BNP Paribas Investment Partners, who publicly supported the BP/Shell resolutions, have now taken the next step of co-filing on the 2016 resolutions. Co-filing investors now represent total assets under management of USD 6.5 trillion.

LAPFF Executive Committee member, Jane Firth, attended the **BHP Billiton** AGM in October. Ms Firth welcomed the company's recent report 'Climate Change: Portfolio Analysis', but queried the company's membership of industry associations, particularly the Minerals Council of Australia, whose position on climate change appears regressive and inconsistent with the company's stated policies. Jac Nasser, the Chair, responded that, as the largest company in Australia, it is important to be part of industry associations in order to advocate across a broad range of issues over the longer-term. The Forum has also joined other investors in engaging with BHP Billiton on the effects of the mining dam that collapsed in Brazil in November and as part of the UN PRI investor group, to consider the company's impacts as a result of its fracking business.

Following on from LAPFF's letter, with other investors, to the Roundtable on Sustainable Palm Oil, LAPFF has co-signed a letter to **President Joko 'Jokowi' Widodo of**

Indonesia, expressing concern about peatland degradation and deforestation in Indonesia and supporting the President's efforts to adopt regulatory reform in this area. 60 investors signed the letter in total, representing USD 2 trillion AUM. The letter was drafted by Green Century Capital Management and supported by the advisory committee of UN PRI's sustainable palm oil investor working group.

LAPFF also co-signed a letter to the UK Financial Reporting Council (FRC), drafted by ClientEarth and Sarasin & Partners. The letter sets out investors' expectations that fossil fuel dependent companies should address climate-related risks in the newly introduced 'viability statements' in their annual report.

Investor engagement panel – LAPFF conference
(Left to right) Cllr Kieran Quinn (LAPFF Chair), Paul Hackett (Smith Institute) and Martin Gilbert (CEO, Aberdeen Asset Management). The panel session was titled: 'Investor engagement: does it work?'

MEDIA COVERAGE

Climate Change
FT: Investors put pressure on miners over Paris climate deal [subscription only]

Reuters: Investors put pressure on miners to respond to climate change

Governance
The Guardian: Sky investors challenge appointment of another Fox board member

Human rights
Coventry Telegraph: Coventry council pension fund pressures weapons firm to stop making banned cluster bombs

Reliable accounts
FT: HBOS review offers the chance to expose the flaws in our accounting system [subscription only]

Investment & Pensions Europe: LAPFF presses FTSE companies to ignore 'illegal' FRC guidance

The Times: Disgruntled investors attack FRC [subscription only]

Reuters: UK pension funds urge firms to disregard certain regulator guidance

Financial Director: True and fair remains at heart of battle over bank accounting rules

Investment & Pensions Europe: Pensions Accounting – Is it Enough?

Investment & Pensions Europe: LAPFF trades blows with EU accounting adviser in IFRS 9 row

Tax
Investor Daily: Investors urge G20 to reform global tax system

NETWORKS AND EVENTS

LAPFF and the Smith Institute hosted a party fringe meeting in Scotland, at the **SNP party conference** in October with the theme: **'The Banks are Back: What Should Scotland's Response Be?'** This event followed very successful party fringe meetings with similar themes at both the Labour party conference and the Conservative party conference.

The LAPFF chair, Cllr Quinn, spoke on a panel at **'Managing Value At Risk for Portfolios From Climate Change: the financial implications of COP 21'**. Christiana Figueres, Executive Secretary of the UN Framework Convention on Climate Change, was one of the key note speakers.

Cllr Quinn also spoke at the **CIPFA National Housing Conference**, describing the role of pension funds in funding infrastructure projects and Manchester's innovative approach to investment and housing.

LAPFF fielded three speakers for a Socially Responsible Investing event hosted by Camden Pension Fund. Presentations were given on LAPFF's engagement approach, reliable accounts and engagement on carbon risk.

A LAPFF representative also spoke on the Forum's UK Corporate Tax Transparency Initiative (CTTI) work at a seminar focussing on Multinational Tax Avoidance and the case of Chevron Corporation, sponsored by the International Transport Workers' Federation (ITF). The meeting also heard from Richard Murphy (founder of the Tax Justice Network and director of Tax Research LLP), who is advising LAPFF on its CTTI work.

Other events and meetings attended by LAPFF representatives during the quarter include:

'A briefing on **'Understanding Modern Slavery Reporting'**, hosted by Ergon Associates, which considered the Modern Slavery Act 2015 reporting requirements, which came into force in October.

A community meeting, hosted by the London Mining Network and attended by Cllr Greening, to consider the negative community impacts of **BHP Billiton's Cerrejon Mine** in Colombia.

CDP's UK Results Event, with speakers from the Environment Agency Pension Fund, SSE and Travis Perkins and **Carbon Tracker Initiative (CTI)**'s pre-launch of its 'Energy Demand Assumptions' research report.

Cllr Quinn attends a Conservative party fringe meeting

A **Tax Avoidance Event**, hosted by Share Action and Christian Aid, at which John Cridland, Director General of the Confederation of British Industry, suggested that if companies cannot explain their tax practices in two or three minutes at their AGMs, they should re-write their tax plans.

Human Capital Reporting Event, hosted by Helen Morrisey, founder of the 30% Club on board diversity, and of which LAPFF is a member. At the event, Professor Alex Edman argued that companies with good human capital management outperform their peers by two to three percent a year, although these effects may take four to five years to take hold.

Launch of AMNT's **Red Line Voting**, which seeks to enable pension schemes to direct their fund managers to engage and vote on their investments on specific issues, as prescribed by the Red Lines.

LAPFF PUBLICATIONS

As members may be aware, following LAPFF members' responses to the 2015 Communications Survey, it was decided that the LAPFF quarterly newsletter ('View From The Forum') should be merged into the Quarterly Engagement Report (QER), as an online publication. This is the first QER since that decision was made and, as such, takes on a slightly different format and content to previous editions. LAPFF offers its warm thanks to Keith Bray, LAPFF Forum Officer, who was responsible for the newsletter which was an informative and well-read publication, particularly helpful in drawing in new members. We also thank him for his assistance in merging that newsletter with the current QER and for his ongoing assistance in shaping this publication.

Q4 2015 ENGAGEMENT DATA

	Company	Topics	Activity	Outcome	Domicile
1	**Toyota**	Environmental Risk/ Employment Standards/ Climate Change/Governance	Received letter/ meeting	Dialogue	Japan
2	**BHP Billiton**	Social Risk/Climate Change/ Environmental Risk	Conference Call/ Attended AGM/ Sent Letter/ Received Letter/ Conference Call	Moderate Improvement	UK/Australia
3	**Rio Tinto**	Climate Change	Sent Letter/ Meeting/Conference Call/Sent Letter	Moderate Improvement	UK/Australia
4	**Johnson Matthey**	Climate Change	Sent Letter	Dialogue	United Kingdom
5	**Sports Direct**	Employment Standards	Sent Letter	Dialogue	United Kingdom
6	**Hays**	Employment Standards/ Incentivising Execs	Other/Received Letter/Sent Letter	Dialogue	United Kingdom
7	**AIA Group**	Governance (General)	Sent Letter	Dialogue	China
8	**Barclays**	Finance & Accounting	Sent Letter	Dialogue	United Kingdom
9	**Singapore Technologies**	Human Rights	Received Letter/ Sent Letter	Substantial Improvement	Singapore
10	**BP**	Climate Change	Other	Moderate Improvement	United Kingdom
11	**Prosegur**	Employment Standards/ Human Rights	Sent Letter	Dialogue	Spain
12	**Shell**	Climate Change/ Environmental Risk	Meeting	Dialogue	UK/Holland
13	**SSE**	Employment Standards/ Governance (General)	Meeting	Dialogue	United Kingdom
14	**Centrica**	Climate Change	Sent Letter	Dialogue	United Kingdom
15	**Morrisons**	Reputational Risk/Tax	Sent Letter/ Received Letter	Dialogue	United Kingdom
16	**Dixons Carphone**	Reputational Risk/Tax	Sent Letter	Dialogue	United Kingdom
17	**Next**	Reputational Risk/Tax	Sent Letter	Dialogue	United Kingdom
18	**ITV**	Reputational Risk/Tax	Sent Letter	Dialogue	United Kingdom
19	**Admiral**	Reputational Risk/Tax	Sent Letter	Dialogue	United Kingdom

Q4 2016 ENGAGEMENT DATA

	Company	Topics	Activity	Outcome	Domicile
20	**L&G**	Reputational Risk/Tax	Sent Letter	Dialogue	United Kingdom
21	**M&S**	Reputational Risk/Tax	Sent Letter	Dialogue	United Kingdom
22	**Sky**	Reputational Risk/Tax/Other	Sent Letter/ Received Letter	Dialogue	United Kingdom
23	**Direct Line Insurance**	Reputational Risk/Tax/Other	Sent Letter/ Received Letter	Substantial Improvement	United Kingdom
24	**Tesco**	Reputational Risk/Tax/Other	Sent Letter/ Received Letter	Dialogue	United Kingdom
25	**P&G**	Climate Change	Sent Letter	Dialogue	United States
26	**EDF**	Climate Change	Sent Letter/ Received Letter	Satisfactory	France
27	**Experian**	Other	Received Letter	Dialogue	United Kingdom

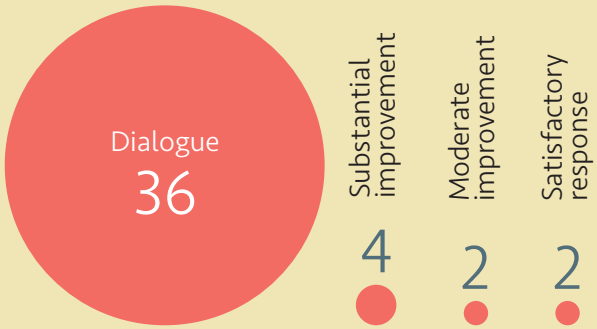
In addition, LAPFF wrote to the Chairs of each of the FTSE350 companies regarding reliable accounting, and received 44 written responses

COMPANY ENGAGEMENT ACTIVITIES

TOTAL NUMBER OF COMPANIES ENGAGED WITH

27

OUTCOMES



COMPANY DOMICILES

United Kingdom
27

UK/ Australia
7

France
2

Japan
2

Singapore
2

China
1

Spain
1

UK/ Holland
1

United States
1

POSITION ENGAGED

Chairperson

24

Specialist staff

19

Executive director

1

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

- Avon Pension Fund
- Barking and Dagenham (London Borough of)
- Bedfordshire Pension Fund
- Cambridgeshire Pension Fund
- Camden (London Borough of)
- Cardiff and Vale of Glamorgan Pension Fund
- Cheshire Pension Fund
- City and County of Swansea Pension Fund
- City of London Corporation
- Clwyd Pension Fund
- Croydon (London Borough of)
- Cumbria Pension Scheme
- Derbyshire County Council
- Devon County Council
- Dorset County Pension Fund
- Dyfed Pension Fund
- Ealing (London Borough of)
- East Riding of Yorkshire Council
- East Sussex Pension Fund
- Enfield (London Borough of)
- Falkirk Council
- Gloucestershire Pension Fund
- Greater Gwent Fund
- Greater Manchester Pension Fund
- Greenwich Pension Fund
- Gwynedd Pension Fund
- Hackney (London Borough of)
- Haringey (London Borough of)
- Harrow (London Borough of)
- Hertfordshire
- Hounslow (London Borough of)
- Islington (London Borough of)
- Lambeth (London Borough of)
- Lancashire County Pension Fund
- Lewisham (London Borough of)
- Lincolnshire County Council
- London Pension Fund Authority
- Lothian Pension Fund
- Merseyside Pension Fund
- Newham (London Borough of)
- Norfolk Pension Fund
- North East Scotland Pension Fund
- North Yorkshire County Council Pension Fund
- Northamptonshire County Council
- NILGOSC
- Nottinghamshire County Council
- Powys County Council Pension Fund
- Rhondda Cynon Taf
- Somerset County Council
- Sheffield City Region Combined Authority
- Shropshire Council
- South Yorkshire Pensions Authority
- Southwark (London Borough of)
- Staffordshire Pension Fund
- Strathclyde Pension Fund
- Suffolk County Council Pension Fund
- Surrey County Council
- Teesside Pension Fund
- Tower Hamlets (London Borough of)
- Tyne and Wear Pension Fund
- Waltham Forest (London Borough of)
- Wandsworth (London Borough of)
- Warwickshire Pension Fund
- West Midlands ITA Pension Fund
- West Midlands Pension Fund
- West Yorkshire Pension Fund
- Wiltshire County Council
- Worcestershire County Council

Nottinghamshire County Council

Report to Pensions Sub-Committee

5 May 2016

Agenda Item:

REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT

PROXY VOTING

Purpose of the Report

1. The Fund is committed to supporting best practice in corporate governance and has adopted the *UK Stewardship Code* as recommended by the CIPFA *Principles for investment decision making and disclosure*. This report is to inform members of the voting of equity holdings in the first quarter of 2016 (calendar year) as part of this ongoing commitment.

Information and Advice

2. The *UK Stewardship Code*, issued in September 2012 by the Financial Reporting Council, highlights the responsibilities that institutional investors have with regard to the 'long-term success of companies in such a way that the ultimate providers of capital [in this case, the Nottinghamshire Pension Fund] also prosper'. These responsibilities include, among other things, having a clear policy on voting and on the disclosure of voting activity. The *Code* states that investors "should not automatically support the board".

3. Alongside this the CIPFA *Principles for investment decision making and disclosure* require administering authorities to include a statement of their policy on responsible investment in the Statement of Investment Principles and report periodically on the discharge of such responsibilities. The Fund's statement on responsible investment states that 'the Fund continues to exercise its ownership rights by adopting a policy of actively voting stock it holds'.

4. The Fund retains responsibility for voting (rather than delegating to its investment managers) and votes the majority of its equity holdings in the UK, Europe, US and Japan. Voting is implemented by Pensions Investment Research Consultants (PIRC). PIRC issue Shareholder Voting Guidelines each year and these are the basis of the voting implemented on behalf of the Fund.

5. An overview of the voting activity and analysis of the key issues during the quarters will be published on the Fund website (http://www.nottspf.org.uk/) and with the meeting papers on the Council Diary (http://www.nottinghamshire.gov.uk/dms/Meetings.aspx).

Statutory and Policy Implications

6. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

1) That the report be noted.

Report Author:
Ciaran Guilfoyle
Investments Officer

For any enquiries about this report please contact: Ciaran Guilfoyle

Constitutional Comments

7. Because this report is for noting only, no Constitutional Comments are required.

Financial Comments (SRC 13/04/16)

8. There are no direct financial implications arising from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- PIRC – Nottinghamshire CC Pension Fund, Proxy Voting Review, 1 January 2016 to 31 March 2016
- Financial Reporting Council, The UK Stewardship Code, September 2012.

PIRC

Nottinghamshire CC Pension Fund

PROXY VOTING REVIEW

PERIOD 1st January 2016 to 31st March 2016

Contents

1 Resolution Analysis

- Number of resolutions voted: 1368 (note that it MAY include non-voting items).
- Number of resolutions opposed by client: 328

1.1 Number of meetings voted by geographical location

Location	Number of Meetings Voted
UK & BRITISH OVERSEAS	32
EUROPE & GLOBAL EU	34
USA & CANADA	32
JAPAN	7
TOTAL	105

1.2 Number of Resolutions by Vote Categories

Vote Categories	Number of Resolutions
For	865
Abstain	82
Oppose	328
Non-Voting	80
Not Supported	0
Withhold	12
US Frequency Vote on Pay	1
Withdrawn	0
TOTAL	1368

1.3 List of meetings not voted and reasons why

Company	Meeting Date	Type	Comment
APOLLO EDUCATION GROUP INC.	19-01-2016	AGM	Non-voting shares held
DAILY MAIL & GENERAL TRUST	10-02-2016	AGM	no voting shares
SCHINDLER HOLDING AG	22-03-2016	AGM	no ballot

1.4 Number of Votes by Region

	For	Abstain	Oppose	Non-Voting	Not Supported	Withhold	Withdrawn	US Frequency Vote on Pay	Total
UK & BRITISH OVERSEAS	256	19	43	0	0	0	0	0	318
EUROPE & GLOBAL EU	348	52	133	80	0	0	0	0	613
USA & CANADA	194	11	145	0	0	12	0	1	363
JAPAN	67	0	7	0	0	0	0	0	74
TOTAL	865	82	328	80	0	12	0	1	1368

1.5 Votes Made in the UK Per Resolution Category

	UK						
	For	Abstain	Oppose	Non-Voting	Not Supported	Withheld	Withdrawn
All Employee Schemes	7	0	1	0	0	0	0
Annual Reports	19	6	10	0	0	0	0
Articles of Association	4	0	2	0	0	0	0
Auditors	21	3	6	0	0	0	0
Corporate Actions	8	0	0	0	0	0	0
Corporate Donations	3	3	0	0	0	0	0
Debt & Loans	0	0	0	0	0	0	0
Directors	110	7	10	0	0	0	0
Dividend	17	0	1	0	0	0	0
Executive Pay Schemes	2	0	6	0	0	0	0
Miscellaneous	25	0	0	0	0	0	0
NED Fees	0	0	0	0	0	0	0
Non-Voting	0	0	0	0	0	0	0
Say on Pay	0	0	0	0	0	0	0
Share Capital Restructuring	2	0	0	0	0	0	0
Share Issue/Re-purchase	38	0	7	0	0	0	0
Shareholder Resolution	0	0	0	0	0	0	0

1.6 Votes Made in the US Per Resolution Category

	US/Global US & Canada						
	For	Abstain	Oppose	Non-Voting	Not Supported	Withheld	Withdrawn
All Employee Schemes	1	0	2	0	0	0	0
Annual Reports	4	0	0	0	0	0	0
Articles of Association	2	0	1	0	0	0	0
Auditors	6	5	18	0	0	0	0
Corporate Actions	3	2	0	0	0	0	0
Corporate Donations	0	0	0	0	0	0	0
Debt & Loans	0	0	0	0	0	0	0
Directors	154	2	75	0	0	12	0
Dividend	1	0	0	0	0	0	0
Executive Pay Schemes	0	0	10	0	0	0	0
Miscellaneous	0	0	7	0	0	0	0
NED Fees	1	0	0	0	0	0	0
Non-Voting	0	0	0	0	0	0	0
Say on Pay	2	2	25	0	0	0	0
Share Capital Restructuring	1	0	0	0	0	0	0
Share Issue/Re-purchase	2	0	1	0	0	0	0

1.7 Shareholder Votes Made in the US Per Resolution Category

	US/Global US and Canada						
	For	Abstain	Oppose	Non-Voting	Not Supported	Withheld	Withdrawn
Social Policy							
Political Spending/Lobbying	0	4	0	0	0	0	0
Human Rights	0	0	0	0	2	0	0
Environmental	0	3	0	0	3	0	0
Voting Rules							
Simple Majority Voting	0	1	0	0	0	0	0
Corporate Governance							
Diversity of the Board/Director Qualification	0	0	0	0	1	0	0
Chairman Independence	0	1	0	0	0	0	0
Proxy Access	0	7	0	0	0	0	0

1.8 Votes Made in the EU Per Resolution Category

	EU & Global EU						
	For	Abstain	Oppose	Non-Voting	Not Supported	Withheld	Withdrawn
All Employee Schemes	2	1	0	0	0	0	0
Annual Reports	20	8	11	0	0	0	0
Articles of Association	34	2	6	0	0	0	0
Auditors	18	6	12	0	0	0	0
Corporate Actions	7	0	0	0	0	0	0
Corporate Donations	0	0	0	0	0	0	0
Debt & Loans	3	0	0	0	0	0	0
Directors	165	34	59	0	0	0	0
Dividend	29	0	0	0	0	0	0
Executive Pay Schemes	1	0	6	0	0	0	0
Miscellaneous	10	0	2	10	0	0	0
NED Fees	12	0	7	0	0	0	0
Non-Voting	1	0	0	70	0	0	0
Say on Pay	0	0	3	0	0	0	0
Share Capital Restructuring	9	0	1	0	0	0	0
Share Issue/Re-purchase	29	0	6	0	0	0	0
Shareholder Resolution	8	1	20	0	0	0	0

1.9 Votes Made in the GL Per Resolution Category

	Global						
	For	Abstain	Oppose	Non-Voting	Not Supported	Withheld	Withdrawn
All Employee Schemes	0	0	0	0	0	0	0
Annual Reports	0	0	0	0	0	0	0
Articles of Association	5	0	0	0	0	0	0
Auditors	0	0	0	0	0	0	0
Corporate Actions	0	0	0	0	0	0	0
Corporate Donations	0	0	0	0	0	0	0
Debt & Loans	0	0	0	0	0	0	0
Directors	54	0	6	0	0	0	0
Dividend	4	0	1	0	0	0	0
Executive Pay Schemes	3	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0	0
NED Fees	0	0	0	0	0	0	0
Non-Voting	0	0	0	0	0	0	0
Say on Pay	0	0	0	0	0	0	0
Share Capital Restructuring	0	0	0	0	0	0	0
Share Issue/Re-purchase	0	0	0	0	0	0	0
Shareholder Resolution	0	0	0	0	0	0	0

1.10 Geographic Breakdown of Meetings All Supported

SZ			
Meetings	All For	AGM	EGM
0	0	0	0
AS			
Meetings	All For	AGM	EGM
0	0	0	0
UK			
Meetings	All For	AGM	EGM
32	13	0	13
EU			
Meetings	All For	AGM	EGM
34	3	0	3
SA			
Meetings	All For	AGM	EGM
0	0	0	0
GL			
Meetings	All For	AGM	EGM
0	0	0	0
JP			
Meetings	All For	AGM	EGM
7	2	2	0
US			
Meetings	All For	AGM	EGM
32	0	0	0
TOTAL			
Meetings	All For	AGM	EGM
105	18	2	16

1.11 List of all meetings voted

Company	Meeting Date	Type	Resolutions	For	Abstain	Oppose
PARTNERSHIP ASSURANCE GROUP PLC	05-01-2016	EGM	2	2	0	0
PARTNERSHIP ASSURANCE GROUP PLC	05-01-2016	COURT	1	1	0	0
UBM PLC	07-01-2016	EGM	2	2	0	0
ENEL SPA	11-01-2016	EGM	1	1	0	0
FENNER PLC	13-01-2016	AGM	17	14	2	1
DIPLOMA PLC	20-01-2016	AGM	15	11	3	1
INTUIT INC.	21-01-2016	AGM	10	4	0	6
MARSTONS PLC	26-01-2016	AGM	18	15	2	1
SIEMENS AG	26-01-2016	AGM	10	8	1	0
BECTON, DICKINSON AND COMPANY	26-01-2016	AGM	15	5	0	10
ROYAL DUTCH SHELL PLC	27-01-2016	EGM	1	1	0	0
WH SMITH PLC	27-01-2016	AGM	20	14	1	5
JOHNSON CONTROLS INC	27-01-2016	AGM	13	9	0	4
ABERDEEN ASSET MANAGEMENT PLC	27-01-2016	AGM	24	22	0	2
WALGREENS BOOTS ALLIANCE	27-01-2016	AGM	13	6	0	7
BG GROUP PLC	28-01-2016	COURT	1	1	0	0
KUMIAI CHEMICAL INDUSTRY CO	28-01-2016	AGM	11	9	0	2
BG GROUP PLC	28-01-2016	EGM	1	1	0	0
MICRON TECHNOLOGY INC	28-01-2016	AGM	10	3	0	7
LONMIN PLC	28-01-2016	AGM	15	11	1	3
THYSSENKRUPP AG	29-01-2016	AGM	5	2	2	0
MONSANTO COMPANY	29-01-2016	AGM	19	15	0	4
COSTCO WHOLESALE CORPORATION	29-01-2016	AGM	7	3	0	4
SCOTTISH INVESTMENT TRUST PLC	29-01-2016	AGM	12	11	0	1
WESTROCK COMPANY	02-02-2016	AGM	18	9	0	9
EMERSON ELECTRIC CO.	02-02-2016	AGM	10	8	0	2

ROCKWELL AUTOMATION INC.	02-02-2016	AGM	6	1	0	5
VISA INC	03-02-2016	AGM	15	11	1	3
ACCENTURE PLC	03-02-2016	AGM	25	18	2	5
IMPERIAL BRANDS PLC	03-02-2016	AGM	19	16	2	1
RITE AID CORPORATION	04-02-2016	EGM	3	0	1	2
CONNECT GROUP PLC	04-02-2016	AGM	20	16	1	3
ROCKWELL COLLINS INC	04-02-2016	AGM	5	2	1	2
COMPASS GROUP PLC	04-02-2016	AGM	21	18	2	1
TUI AG	09-02-2016	AGM	46	42	1	2
RWS HOLDINGS PLC	09-02-2016	AGM	9	4	1	4
NEXT PLC	10-02-2016	EGM	1	0	0	1
PARAGON GROUP OF COMPANIES PLC	11-02-2016	AGM	17	12	1	4
WEYERHAEUSER COMPANY	12-02-2016	EGM	2	0	1	1
BERKELEY GROUP HOLDINGS PLC	16-02-2016	EGM	1	1	0	0
OSRAM LICHT AG	16-02-2016	AGM	7	6	0	0
FRANKLIN RESOURCES INC	17-02-2016	AGM	12	4	1	7
INFINEON TECHNOLOGIES AG	18-02-2016	AGM	9	7	0	1
KLA-TENCOR CORPORATION	19-02-2016	EGM	4	2	0	2
METRO AG	19-02-2016	AGM	11	8	0	2
NOVARTIS AG	23-02-2016	AGM	26	20	3	3
THOMAS COOK GROUP PLC	23-02-2016	AGM	16	13	2	1
DEERE & COMPANY	24-02-2016	AGM	16	7	1	8
HOME RETAIL GROUP PLC	25-02-2016	EGM	1	1	0	0
APPLE INC	26-02-2016	AGM	15	9	1	5
INTESA SANPAOLO SPA	26-02-2016	EGM	1	1	0	0
THE SAGE GROUP PLC	01-03-2016	AGM	19	14	1	4
TE CONNECTIVITY LTD	02-03-2016	AGM	33	26	2	5
THE WALT DISNEY COMPANY	03-03-2016	AGM	16	6	0	10

SANMINA CORPORATION	07-03-2016	AGM	12	4	0	8
HENNES & MAURITZ AB (H&M)	08-03-2016	EGM	8	1	0	0
QUALCOMM INCORPORATED	08-03-2016	AGM	16	7	0	9
TYCO INTERNATIONAL PUBLIC LIMITED COMPANY	09-03-2016	AGM	16	7	1	8
ANALOG DEVICES INC.	09-03-2016	AGM	12	6	0	6
APPLIED MATERIALS INC	10-03-2016	AGM	14	8	0	6
BANCO BILBAO VIZCAYA ARGENTARIA SA (BBVA)	10-03-2016	AGM	15	11	1	3
KONINKLIJKE (ROYAL) AHOLD NV	14-03-2016	EGM	21	16	1	2
DELHAIZE GROUP	14-03-2016	EGM	6	2	0	2
SGS SA	14-03-2016	AGM	23	5	1	17
SANDISK CORPORATION	15-03-2016	EGM	3	2	0	1
BANKIA SA	15-03-2016	AGM	27	18	6	2
THE ADT CORPORATON	15-03-2016	AGM	11	10	0	1
PREMIER FARNELL PLC	16-03-2016	EGM	1	1	0	0
AGILENT TECHNOLOGIES INC	16-03-2016	AGM	6	1	1	4
SVENSKA HANDELSBANKEN	16-03-2016	AGM	32	15	1	8
KEYSIGHT TECHNOLOGIES INC	17-03-2016	AGM	5	4	0	1
NORDEA BANK AB	17-03-2016	AGM	21	10	1	4
DANSKE BANK AS	17-03-2016	AGM	25	12	6	5
HUFVUDSTADEN AB	17-03-2016	AGM	29	11	1	7
GIVAUDAN SA	17-03-2016	AGM	21	8	2	11
NOVO NORDISK A/S	18-03-2016	AGM	22	11	5	4
BANCO SANTANDER SA	18-03-2016	AGM	27	18	2	7
SKANDINAVISKA ENSKILDA BANKEN (SEB)	22-03-2016	AGM	50	17	3	21
ST MODWEN PROPERTIES PLC	23-03-2016	AGM	19	16	0	3
HEWLETT PACKARD ENTERPRISE COMPANY	23-03-2016	AGM	17	14	1	1
JAPAN TOBACCO INC	23-03-2016	AGM	10	8	0	2
STARBUCKS CORPORATION	23-03-2016	AGM	17	6	0	11

BRIDGESTONE CORP	24-03-2016	AGM	14	13	0	1
BEAZLEY PLC	24-03-2016	AGM	21	18	0	3
BEAZLEY PLC	24-03-2016	COURT	1	1	0	0
BEAZLEY PLC	24-03-2016	EGM	6	5	0	1
NABTESCO CORP	24-03-2016	AGM	14	13	0	1
TULLETT PREBON PLC	24-03-2016	EGM	2	2	0	0
ICAP PLC	24-03-2016	COURT	1	1	0	0
ICAP PLC	24-03-2016	EGM	12	9	0	3
CIENA CORPORATION	24-03-2016	AGM	6	1	0	5
KUBOTA CORP	25-03-2016	AGM	11	10	0	1
MARRIOTT INTERNATIONAL INC.	28-03-2016	EGM	2	1	0	1
ZURICH INSURANCE GROUP AG	30-03-2016	AGM	24	14	4	6
BEKAERT SA/NV	30-03-2016	EGM	5	0	0	4
SIIX CORP	30-03-2016	AGM	2	2	0	0
OTSUKA HOLDINGS CO LTD	30-03-2016	AGM	12	12	0	0
PARTNERSHIP ASSURANCE GROUP PLC	30-03-2016	EGM	2	2	0	0
PARTNERSHIP ASSURANCE GROUP PLC	30-03-2016	COURT	1	1	0	0
VESTAS WIND SYSTEMS AS	30-03-2016	AGM	19	10	6	2
BEIERSDORF AG	31-03-2016	AGM	6	3	0	2
AGEAS NV	31-03-2016	EGM	7	5	0	0
RANDSTAD HOLDINGS NV	31-03-2016	AGM	20	13	0	1
SKF AB	31-03-2016	AGM	28	15	2	3
ELISA CORP	31-03-2016	AGM	19	12	0	1

2 Notable Oppose Vote Results With Analysis

Note: Here a notable vote is one where the Oppose result is at least 10%.

FENNER PLC AGM - 13-01-2016

2. *Approve Remuneration Policy*
Overall disclosure of the policy is considered acceptable. Remuneration policy aims are fully explained in terms of the Company objectives, however, the Company does not consult with employees on the executive pay policy.
In relation to the bonus, it is paid wholly in cash without any deferral period, contrary to best practice. Also, bonus awards are not subject to a clawback policy.
The Company operates a Performance Share Plan under which awards vest subject to performance conditions which do not run interdependently. Also, no non-financial performance metrics are used. At three years, the performance period is not considered sufficiently long term, nevertheless a holding period is in place. Total potential awards that can be made under all incentive schemes may amount to 500% of base salary as such they are considered excessive. Dividend accrual may apply on vesting share awards from the date of grant.
The policy on contracts allows flexibility to offer notice periods of up to 12 months to a new director. In the event of a takeover, a pro-rated bonus is payable to Executive Directors, which again contravenes best practice.
Rating: AED

Vote Cast: *Oppose* Results: For: 85.7, Abstain: 2.6, Oppose/Withhold: 11.7,

14. *Issue Shares for Cash*
The authority is limited to 5% of the share capital. This is within recommended limits and the authority expires at the next AGM. Support is recommended.

Vote Cast: *For* Results: For: 88.4, Abstain: 0.0, Oppose/Withhold: 11.6,

INTUIT INC. AGM - 21-01-2016

3. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CEC. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose* Results: For: 83.1, Abstain: 0.3, Oppose/Withhold: 16.6,

SIEMENS AG AGM - 26-01-2016

6.1. *Re-elect Nicola Leibinger-Kammueller*
Independent Non-Executive Director.

Vote Cast: *For* Results: For: 87.4, Abstain: 0.0, Oppose/Withhold: 12.6,

MARSTONS PLC AGM - 26-01-2016

16. *Issue Shares for Cash*
The authority is limited to 10% of the share capital. Despite the changes to the Pre-emption Rights Group recommendations, PIRC maintains that any general authority to issue shares for cash should maintain the current 5% limit. It is recommended to oppose.

Vote Cast: *Oppose* Results: For: 75.7, Abstain: 5.1, Oppose/Withhold: 19.3,

BECTON, DICKINSON AND COMPANY AGM - 26-01-2016

1.09. *Elect Willard J. Overlock, Jr.*
Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose* Results: For: 0.0, Abstain: 0.0, Oppose/Withhold: 100.0,

ROYAL DUTCH SHELL PLC EGM - 27-01-2016

1. *Approve Acquisition*
On 8 April 2015, the Shell Board and the BG Board jointly announced that they had reached agreement on the terms of a recommended cash and share offer to be made by Shell for the entire issued and to be issued share capital of BG (the Combination).
Terms: BG Shareholders (other than Restricted Shareholders) will be entitled to receive: for each BG Share: 383 pence in cash; and 0.4454 Shell B Shares. At the date of the announcement, this offer represented a value of approximately 1,367 pence per BG Share and a premium of approximately 50% to the Closing Price of 910.4 pence per BG Share on 7 April 2015. On 18 December 2015 (the last practicable date), this represented a value of approximately 1,037 pence per BG Share and a premium of approximately 14% to the Closing Price of 908 pence per BG Share. The Combination will result in existing Shell Shareholders and former BG Shareholders owning approximately 81% and 19%, respectively, of the Combined Group.
Rationale: The Shell Board considers that the shareholders could benefit from the significant value arising from the combination of two highly complementary portfolios. It is believed that the combination should lead to: (i) Enhanced free cash flow, buyback potential and dividends potential; (ii) Acceleration of liquefied natural gas (LNG) and deep water strategy; (iii) act as a springboard to reshape the Shell Group (see supporting information section below for further details).
Financial effects: The timing and magnitude of any oil price recovery are uncertain.The volatility of oil prices has increased, meaning that Shell will need to manage its finances through significant swings in oil prices. It is noted that while Shell expects accretion to cash flow from operations per share in 2016, it assumes Brent oil prices of $50 or higher. Oil prices as at the date of this report are below $35. However, upon engagement, the Company states that the success of the deal does not depend on short term oil prices. The Company expects the value to be delivered over 15 years. It further states that the NAV oil price breakeven for the combination is estimated to be in the low $60s for Brent oil prices, taking account of the transaction structure, current equity market conditions, reduced operating cost forecasts and

capital expenditure over time, together with other factors, including synergies. The Company disclosed the accountability of the Board for the deal by explaining that the Directors have large shareholdings in the Company and that metrics in the Company's incentive plans will reflect the success or otherwise of this deal.
Employees: Shell currently expects an overall potential reduction of approximately 2,800 roles globally across the Combined Group or approximately 3% of the total Combined Group workforce. These reductions are in addition to the previously announced reduction in the Shell Group's headcount and contractor positions by 7,500 globally.
Recommendation: The rationale for the proposed acquisition has been clearly disclosed and does not raise any concerns. The Company, upon engagement, has provided further explanations on assumptions underpinning the transaction and made reference to Board accountability for the acquisition. Therefore, shareholders are recommended to approve.

Vote Cast: *For* Results: For: 82.6, Abstain: 0.6, Oppose/Withhold: 16.8,

ABERDEEN ASSET MANAGEMENT PLC AGM - 27-01-2016

19. *Approve the Remuneration Report*
Disclosure: Overall disclosure is adequate however targets for the variable remuneration paid during the year are not disclosed.
Balance: Rewards under the variable incentive scheme are not capped at a percentage of base salary for individual directors, therefore rewards are usually considered excessive. For the year under review, CEO total realised rewards are considered excessive as the cash element of the award is worth 186% of salary and 1,337,172 shares vested and were exercised by him during the year. This is worth £3,964,714.98 (772% of salary) using the year end share price. CEO total awards are considered excessive as the portion of the variable pay deferred into shares is worth 559% of salary. The balance of CEO realised pay with financial performance is considered acceptable as the change in CEO total pay over five years is commensurate with the change in TSR over the same period. The TSR increased by 25% while the CEO pay decreased by 0.64% in that same period. However, opposition is recommended due to the highly excessive rewards granted.
Rating: BD.

Vote Cast: *Oppose* Results: For: 64.1, Abstain: 2.5, Oppose/Withhold: 33.4,

LONMIN PLC AGM - 28-01-2016

2. *Approve the Remuneration Report*
Disclosure: Overall disclosure is considered acceptable.
Balance: There were no awards or rewards under the incentive schemes in operation. However, the balance of CEO realised pay with financial performance is not considered acceptable as the change in CEO total pay over five years is not commensurate with the change in TSR over the same period. The TSR reduced by 43% while the CEO pay reduced by 4.71% over that same period. Furthermore, there were no awards or rewards due to the disappointing performance of the Company during the year.
Rating: AC.

Vote Cast: *Abstain* Results: For: 82.4, Abstain: 1.6, Oppose/Withhold: 16.0,

10. *Re-elect Simon Scott*
Chief Financial Officer. Twelve months rolling contract.

Vote Cast: *For* Results: For: 87.9, Abstain: 0.0, Oppose/Withhold: 12.1,

THYSSENKRUPP AG AGM - 29-01-2016

2. *Approve the Dividend*
The Board proposes a dividend of EUR 0.15 per share. The dividend is covered by earnings. Acceptable proposal.

Vote Cast: *For* Results: For: 75.2, Abstain: 0.0, Oppose/Withhold: 24.8,

EMERSON ELECTRIC CO. AGM - 02-02-2016

4. *Shareholder resolution: issuance of a sustainability report*
Proposed by: not disclosed. The Proponents request the Board of Directors to issue a sustainability report describing the Company's present policies, performance, and improvement targets related to key environmental, social and governance (ESG) risks and opportunities. The Proponents argue that the Company's corporate citizenship website includes short descriptions of programmes and guiding principles related to ESG issues and that the Company's disclosures focus on the environmental benefits of the Company's products rather than providing information about operational ESG performance. The Board recommends shareholders oppose and states that disclosures regarding the Company's environmental stewardship and community actions along with the Company's social and governance principles can all be found at the Company's website. The Board argues that as a result of the operational and geographic diversity of the Company, providing the proposed report would be an expensive logistical challenge. Also the Board argues that the requested report would require extensive analyses demanding substantial funds and time. The Board argues that some of the Company's business units implement ESG projects and goals.
Producing a sustainability report should be seen as a fairly basic requirement for companies operating in sectors which have a reasonably high social or environmental impact. Sustainability reporting allows shareholders to assess their exposure to ESG risks and identify companies that are best placed to deliver long-term value. A vote for the report is recommended.

Vote Cast: *For* Results: For: 43.8, Abstain: 7.3, Oppose/Withhold: 48.9,

5. *Shareholder resolution: issuance of a political contributions report*
Proposed by: not disclosed. The Proponents request that the Company provide a report, updated semi-annually, disclosing the Company's: policies and procedures for making, with corporate funds or assets, contributions and expenditures (direct or indirect) to (a) participate or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office, or (b) influence the general public, or any segment thereof, with respect to an election or referendum; and monetary and non-monetary contributions and expenditures (direct and indirect) used in the manner described above, including the identity of the recipient as well as the amount paid to each and the title(s) of the person(s) in the Company responsible for decision-making. The Proponents state that the Company ranked near the bottom of the 2014 CPA-Zicklin Index of Corporate Political Accountability and Disclosure, which rated the top 300 S&P 500 companies. Also, the Proponents argue that the Company does not disclose payments to trade associations or any "social welfare organizations" used for political activities. The Board recommends shareholders oppose and argues that the Company's ranking in the most recent CPA-Zicklin Index of Corporate Accountability and Disclosure has increased in recognition of the

Company's recent expanded disclosures. The Board argues that adoption of the proposal is unnecessary as: the Company's current political contributions approval procedures are sufficient to ensure accountability; the Company's disclosures already fall within the mid-range of other companies as rated by the CPA-Zicklin Index; and the requested disclosures would expend valuable Company resources.
It is considered that the transparency and completeness of the Company's reporting on political donations could be improved. Political donations can arouse controversy and it is important that companies protect their reputation by open reporting. It is to the benefit of the Company and its shareholders to be transparent about political donations and so avoid any suspicion (and the damage that may cause to the Company's reputation) that the Company may be using shareholders' funds in an inappropriate way to gain undue influence. The request for a report is considered reasonable and support is recommended.

Vote Cast: *For* Results: For: 26.7, Abstain: 15.1, Oppose/Withhold: 58.2,

6. *Shareholder resolution: issuance of a lobbying report*
Proposed by: not disclosed. The Proponents request the Board of Directors to authorise the preparation of a report, updated annually, disclosing : (i) the Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications; (ii) payments by the Company used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient; (iii) description of management's and the board's decision making process and oversight for making payments. The Proponents argue that in 2013 and 2014, the Company spent a total of $1.11 million on direct federal lobbying activities; however, this figure may not include grassroots lobbying to directly influence legislation by mobilizing public support or opposition, and does not include lobbying expenditures to influence legislation at the state level. The Proponents argue that the Company serves on the board of the U.S. Chamber of Commerce and does not disclose its payments to the Chamber, nor the portion of the Company's dues used for lobbying. The Board recommends shareholders oppose and argues that additional disclosure would work to the Company's competitive disadvantage. The Board argues that the Company discloses its policy regarding lobbying activities in accordance with law. Also the Board argues that in 2014, the Company voluntarily added a trade associations and lobbying expenditures webpage to the Company's website.
It is considered that the transparency and completeness of the Company's reporting on lobbying could be improved. The amount of shareholder funds involved appears to be sufficiently significant to warrant greater disclosure to shareholders. Moreover, it is to the benefit of the Company and its shareholders to be open about lobbying activities and so avoid any suspicion (and the damage that may cause to the Company's reputation) that the Company may be using shareholders' funds in an inappropriate way to gain undue influence. The request for a report is considered reasonable and support is recommended.

Vote Cast: *For* Results: For: 33.9, Abstain: 14.9, Oppose/Withhold: 51.2,

7. *Shareholder resolution: greenhouse gas emissions*
Proposed by: not disclosed. The Proponents request the Board of Directors to adopt time-bound quantitative, company-wide goals, taking into consideration the most recent Intergovernmental Panel on Climate Change (IPCC) guidance for reducing total greenhouse gas (GHG) emissions, and issue a report on its plans to achieve these goals. The proponents state that setting GHG emission targets is widespread among US companies and can have positive financial outcomes. The Proponent argues that the Company's response on how it is managing risks and opportunities related to climate change falls short and this may have negative consequences for long-term shareholder value. The Board recommends shareholders oppose and argues that the requested additional disclosure of strict GHG emissions goals would not provide significant incremental benefits to the Company, its shareholders, or the environment. The Board argues that meaningful progress would be achieved by continuing to direct the Company's resources towards actually reducing emissions and other environmental efforts. The Board argues that while the Company does not set company-wide goals it does track GHG emissions from its manufacturing locations worldwide.
The proposal is not deemed to be overly prescriptive, with the setting of the quantified targets being left to the Board's discretion. Quantified measurement of this risk area would demonstrate to shareholders the progress already made and could identify areas for future improvement and this could serve the purpose of addressing potential financial or reputational costs, while demonstrating leadership in this area. Therefore, a vote for the proposal is recommended.

Vote Cast: *For* Results: For: 30.6, Abstain: 16.6, Oppose/Withhold: 52.7,

1.02. *Elect J. B. Bolten*
Independent Non-Executive Director.

Vote Cast: *For* Results: For: 89.9, Abstain: 0.0, Oppose/Withhold: 10.1,

WESTROCK COMPANY AGM - 02-02-2016

1h. *Elect John A. Luke, Jr.*
Non-Executive Chairman. Not independent as he is the former Chairman and CEO of MWV (predecessor company). There is insufficient independent representation on the board.

Vote Cast: *Oppose* Results: For: 0.0, Abstain: 0.0, Oppose/Withhold: 100.0,

VISA INC AGM - 03-02-2016

1d. *Elect Alfred F. Kelly, Jr.*
Independent Non-Executive Director.

Vote Cast: *For* Results: For: 0.0, Abstain: 0.0, Oppose/Withhold: 100.0,

1k. *Elect Maynard G. Webb, Jr.*
Independent Non-Executive Director.

Vote Cast: *For* Results: For: 0.0, Abstain: 0.0, Oppose/Withhold: 100.0,

IMPERIAL BRANDS PLC AGM - 03-02-2016

19. *Meeting Notification-related Proposal*
All companies should aim to provide at least 20 working days notice for general meetings in order to give shareholders sufficient time to consider what are often complex issues. However, as the proposed change is permissible by the Companies Act, support is recommended.

Vote Cast: *For* Results: For: 89.5, Abstain: 0.4, Oppose/Withhold: 10.1,

COMPASS GROUP PLC AGM - 04-02-2016

2. *Approve the Remuneration Report*
Disclosure: Overall disclosure is considered acceptable. However accrued dividends on share incentive awards are not separately categorised.
Balance: CEO total realised rewards are considered excessive at 387% of salary. The CEO's salary is considered in the upper quartile (No 1) of a peer comparator group. Concerns had been raised over the discretion given to Andrew Martin, the recently departed Chief Operating Oficer - Europe and Japan. Upon engagement, the Company states it has carefully listened to investor feedback concerning the exercise of discretion in respect of the last long term incentive plan award made to Mr Martin as part of his termination arrangements. It has engaged with Mr Martin who has agreed to waive his entitlement to non-pro ration of such award such that the award will now be time apportioned and only 27/36 of the award will vest in 2017, subject to the satisfaction of the attendant performance conditions, which will be determined at the time in the normal way.
Rating: AC.

Vote Cast: *Abstain* Results: For: 85.8, Abstain: 3.8, Oppose/Withhold: 10.5,

6. *Elect Ireena Vittal*
Newly appointed independent non-executive director.

Vote Cast: *For* Results: For: 87.2, Abstain: 2.0, Oppose/Withhold: 10.8,

21. *Meeting Notification-related Proposal*
All companies should aim to provide at least 20 working days notice for general meetings in order to give shareholders sufficient time to consider what are often complex issues. However, as the proposed change is permissible by the Companies Act, support is recommended.

Vote Cast: *For* Results: For: 86.2, Abstain: 0.7, Oppose/Withhold: 13.1,

CONNECT GROUP PLC AGM - 04-02-2016

14. *Issue Shares with Pre-emption Rights*
The authority is limited to one third of the share capital and another third in connection with a Rights Issue. This is in line with normal market practice and expires at the next AGM. All directors are standing for annual re-election. Support is recommended.

Vote Cast: *For* Results: For: 84.7, Abstain: 0.5, Oppose/Withhold: 14.8,

18. *Issue Shares for Cash*
Authority is limited to 5% of the Company's issued share capital and will expire at the next AGM. Within acceptable limits.

Vote Cast: *For* Results: For: 85.0, Abstain: 0.0, Oppose/Withhold: 14.9,

FRANKLIN RESOURCES INC AGM - 17-02-2016

1e. *Elect Rupert H. Johnson, Jr*
Executive Vice Chairman. He is a substantial shareholder, controlling 17.81% of the Company's voting equity.

Vote Cast: *For* Results: For: 0.0, Abstain: 0.0, Oppose/Withhold: 100.0,

3. *Shareholder resolution: Climate Change Report*
Proposed by: Waterglass, LLC and Friends Fiduciary Corporation.
The proponents request that the Board of Directs should issue a climate change report by September 2016 assessing the performance of the Company's ESG team.
Proponents' Argument
Shareowners debate that one of the ways in which investors can engage themselves in active management of portfolio risks and opportunities related to climate change is proxy voting, but the companies' existing disclosure provides insufficient information to investors about climate change and is inconsistent with the votes that have been cast. The proponents also argue that some of the Company's competitors supported a majority of the climate change resolutions while the Franklin Resources voted against them. Finally, the shareholders believe that this voting pattern could pose a reputational risk to the Company.
Board's Argument
The Board claims that the Company and its investment advisor subsidiaries (FTI Advisers) consider all ESG related issues and would vote in favour of ESG proposal that they believe have significant economics benefit for their clients. The Board also claims that it doesn't have any policy that requires it to vote in favour of climate change resolutions. The Board argues that its portfolio managers have a fiduciary duty to act in the best interest of their clients. The Board suggests that the concerns stated in the proposal are already addressed by FTI Advisers and that the report would not provide any additional benefit.
PIRC Analysis
The premise of the proponents is based upon anecdotal evidence that the Company's voting record on resolutions related to climate change is out of line with that of three named competitors. No information is provided on how the industry as a whole votes on such resolutions and how the Company compares overall to its peers. There is no evidence provided that the Company's ESG approach is lacking vis-a-vis the industry and, accordingly, no rationale for supporting the resolution. A vote to oppose is recommended.

Vote Cast: *Oppose* Results: For: 4.0, Abstain: 11.5, Oppose/Withhold: 84.5,

THOMAS COOK GROUP PLC AGM - 23-02-2016

2. *Approve the Remuneration Report*
The changes in CEO pay over the last five years are considered in line with the changes in Company's TSR performance over the same period. However, CEO's variable pay for the year under review represents 593% of his base salary, which is highly excessive. The value of the PSP award vesting during the year is especially high as share price significantly increased during the performance period. It is noted that share price was also used as performance indicator for this PSP award, which is considered inappropriate. The value of the current maximum variable opportunity is also considered excessive at 300% of salary for both executives. Finally, the new CEO salary is above the upper quartile of other CEOs salaries in the comparator group.
Rating: AC.

Vote Cast: *Abstain* Results: For: 73.5, Abstain: 1.6, Oppose/Withhold: 24.9,

NOVARTIS AG AGM - 23-02-2016

5. *Authorise Share Repurchase*
Authority is limited to under 10% of the Company's issued share capital and will expire at the next AGM. Within acceptable limits.

Vote Cast: *For* Results: For: 84.2, Abstain: 0.3, Oppose/Withhold: 15.5,

6.3. *Approve the Remuneration Report*
It is proposed to approve the remuneration report of the Company for 2014 with an advisory vote. Submitting a separate advisory resolution on the Company's remuneration structure is not provided for by the Ordinance Against Excessive Payments but it is recommended by the local Corporate Governance Code.
Apart from the fact that the variable remuneration component for the CEO can reach 450% of base salary, the Board of Directors receive share awards as part of their compensation package. Performance periods are limited to three years for both long-term incentive plans, for which there are no holding periods. The CEO's total variable remuneration during the year under review exceeded five times his fixed salary, which is deemed excessive. Severance payments are capped at 12 months of salary. The board cannot award discretionary payments to executives, which is welcomed. There are claw back clauses in place which is welcomed.
Despite some positive features of the compensation structure (such as malus and claw back applicable on any incentive compensation paid to members of the Executive Committee), there continue to be concerns that the variable remuneration component is excessive. In addition, the Company does not disclose quantified performance criteria, which is against best practice. On these grounds, opposition is recommended.

Vote Cast: *Oppose* Results: For: 88.4, Abstain: 0.5, Oppose/Withhold: 11.1,

7.1. *Re-electJoerg Reinhardt, and re-elect as Chairman of the Board of Directors*
Non-Executive Chairman. Not considered to be independent as he has been Chief Operating Officer of the Company previously before moving with Bayer HealthCare AG. There is sufficient independent representation on the Board. However, due to his previous executive responsibilities, abstention is recommended.

Vote Cast: *Abstain* Results: For: 0.0, Abstain: 0.0, Oppose/Withhold: 100.0,

3 Oppose/Abstain Votes With Analysis

FENNER PLC AGM - 13-01-2016

2. *Approve Remuneration Policy*
Overall disclosure of the policy is considered acceptable. Remuneration policy aims are fully explained in terms of the Company objectives, however, the Company does not consult with employees on the executive pay policy.
In relation to the bonus, it is paid wholly in cash without any deferral period, contrary to best practice. Also, bonus awards are not subject to a clawback policy.
The Company operates a Performance Share Plan under which awards vest subject to performance conditions which do not run interdependently. Also, no non-financial performance metrics are used. At three years, the performance period is not considered sufficiently long term, nevertheless a holding period is in place. Total potential awards that can be made under all incentive schemes may amount to 500% of base salary as such they are considered excessive. Dividend accrual may apply on vesting share awards from the date of grant.
The policy on contracts allows flexibility to offer notice periods of up to 12 months to a new director. In the event of a takeover, a pro-rated bonus is payable to Executive Directors, which again contravenes best practice.
Rating: AED

Vote Cast: *Oppose* Results: For: 85.7, Abstain: 2.6, Oppose/Withhold: 11.7,

5. *Re-elect Mark Abrahams*
Incumbent Chairman. Not considered to be independent on appointment as he held senior roles and was the CEO of the Company until 28 February 2011. As Mr Abrahams has held executive roles within the Company, support cannot be recommended.

Vote Cast: *Abstain* Results: For: 80.8, Abstain: 14.8, Oppose/Withhold: 4.4,

10. *Appoint the Auditors*
PwC proposed. Non-audit fees represented 12.50% of audit fees during the year under review and 18.13% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. However, the current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor, triggering an oppose vote recommendation. Nevertheless, the Company expects to tender the audit contract in 2016 and PwC be will not be invited to tender, which partially mitigates concerns. An abstain vote is therefore recommended.

Vote Cast: *Abstain* Results: For: 99.3, Abstain: 0.5, Oppose/Withhold: 0.2,

DIPLOMA PLC AGM - 20-01-2016

3. *Re-elect JE Nicholas*
Incumbent Chairman. Independent on appointment. The Board lacks sufficient female representation and no statement has been made in the report regarding the Company's plans to address this imbalance. As he is the Chairman of the Nomination Committee, it is recommended shareholders oppose his re-election.

Vote Cast: *Oppose* Results: For: 97.9, Abstain: 0.0, Oppose/Withhold: 2.0,

6. *Re-elect CM Packshaw*
Senior Independent Director, considered independent. There are concerns over a potential conflict of interest between his role as an Executive in a listed company and membership of the Remuneration Committee. An abstain vote is recommended.

Vote Cast: *Abstain* Results: For: 98.0, Abstain: 1.7, Oppose/Withhold: 0.3,

7. *Elect AP Smith*
Newly appointed, independent Non-Executive Director. There are concerns over a potential conflict of interest between his role as an Executive in a listed company and membership of the Remuneration Committee. An abstain vote is recommended.

Vote Cast: *Abstain* Results: For: 98.3, Abstain: 1.7, Oppose/Withhold: 0.0,

9. *Appoint the Auditors*
Deloitte proposed. Non-audit fees represent 0.12% of audit fees on a three-year aggregate basis. This level of non-audit fees does not raise concerns about the independence of the statutory auditor. However, the current auditor has been in place for more than five years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

Vote Cast: *Abstain* Results: For: 98.3, Abstain: 1.6, Oppose/Withhold: 0.0,

INTUIT INC. AGM - 21-01-2016

1b. *Elect Scott D. Cook*
Non-Executive Director. Not considered independent as he is the founder and former Chairman, CEO and President of the Company. He is also the beneficial owner of approximately 4.87% of the outstanding share equity. There is insufficient independent representation on the Board.

Vote Cast: *Oppose* Results: For: 99.0, Abstain: 0.2, Oppose/Withhold: 0.8,

1d. *Elect Diane B. Greene*
Non-Executive Director. Not considered independent as she has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose* Results: For: 91.1, Abstain: 0.2, Oppose/Withhold: 8.7,

1e. *Elect Suzanne Nora Johnson*
Lead Director. Not considered independent as she has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose* Results: For: 98.0, Abstain: 0.2, Oppose/Withhold: 1.8,

1f. *Elect Dennis D. Powell*
Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose* Results: For: 98.7, Abstain: 0.2, Oppose/Withhold: 1.2,

1g. *Elect Brad D. Smith*
Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 96.6, Abstain: 0.6, Oppose/Withhold: 2.7,

3. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CEC. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose* Results: For: 83.1, Abstain: 0.3, Oppose/Withhold: 16.6,

MARSTONS PLC AGM - 26-01-2016

10. *Re-elect Neil Goulden*
Senior Independent Director. Considered independent. However it is noted he missed one audit committee meeting in the year under review and no adequate justification has been provided.

Vote Cast: *Abstain* Results: For: 97.7, Abstain: 2.0, Oppose/Withhold: 0.2,

14. *Approve the Remuneration Report*
Disclosure: Overall disclosure is considered acceptable. However, accrued dividends on share incentive awards are not separately categorised.
Balance: CEO total realised rewards are not excessive at 81.9% of salary (Annual Bonus: 40% of salary, LTIP: 41.9% of salary). The balance of CEO realised pay with financial performance is considered acceptable as the change in CEO total pay over five years is commensurate with the change in TSR over the same period. The TSR increased by 19.47% while the CEO pay increased by 3.95% in that period. The ratio of CEO to average employee pay is considered highly inappropriate at 59:1. Furthermore, a 60% increase in the CEO's annual bonus is not considered in line with a 2.92% increase across the Group.
Rating: AC.

Vote Cast: *Abstain* Results: For: 94.9, Abstain: 4.5, Oppose/Withhold: 0.6,

16. *Issue Shares for Cash*
The authority is limited to 10% of the share capital. Despite the changes to the Pre-emption Rights Group recommendations, PIRC maintains that any general authority to issue shares for cash should maintain the current 5% limit. It is recommended to oppose.

Vote Cast: *Oppose* Results: For: 75.7, Abstain: 5.1, Oppose/Withhold: 19.3,

SIEMENS AG AGM - 26-01-2016

5. *Appoint the Auditors*
EY proposed. Non-audit fees were approximately 0.46% of audit fees during the year under review. Non-audit fees over a three year basis were approximately 0.3% of audit fees. The level of non-audit fees does not raise concerns. However, the auditors' term is seven years, which exceeds best practice. Abstention is recommended.

Vote Cast: *Abstain* Results: For: 99.1, Abstain: 0.0, Oppose/Withhold: 0.9,

BECTON, DICKINSON AND COMPANY AGM - 26-01-2016

1.01. *Elect Basil L. Anderson*
Non-Executive Director. Not considered independent a she has served on the Board for more than nine years, There is insufficient independent representation on the Board.

Vote Cast: *Oppose* Results: For: 97.9, Abstain: 0.4, Oppose/Withhold: 1.7,

1.03. *Elect Vincent A. Forlenza*
Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 97.0, Abstain: 0.8, Oppose/Withhold: 2.2,

1.04. *Elect Claire M. Fraser*
Non-Executive Director. Not considered independent as she has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose* Results: For: 99.4, Abstain: 0.3, Oppose/Withhold: 0.3,

1.07. *Elect Gary A. Mecklenburg*
Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose* Results: For: 97.9, Abstain: 0.4, Oppose/Withhold: 1.7,

1.08. *Elect James F. Orr*
Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose* Results: For: 98.4, Abstain: 0.4, Oppose/Withhold: 1.3,

1.09. *Elect Willard J. Overlock, Jr.*
Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose* Results: For: 0.0, Abstain: 0.0, Oppose/Withhold: 100.0,

1.12. *Elect Bertram L. Scott*
Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose* Results: For: 98.2, Abstain: 0.4, Oppose/Withhold: 1.5,

2. *Appoint the Auditors*
Ernst & Young LLP proposed. Non-audit fees represented 10.22% of audit fees during the year under review and 8% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. The current auditor has been in place for 22 years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 99.0, Abstain: 0.3, Oppose/Withhold: 0.7,

3. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: BDC. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose* Results: For: 94.4, Abstain: 0.9, Oppose/Withhold: 4.7,

4. *Amend the 2004 Employee and Director Equity-Based Compensation Plan*
The Company has put forward a resolution requesting shareholders to approve an amendment to the Company's 2004 Employee and Director Equity-Based Compensation

Plan to increase the maximum number of shares of common stock that may be issued under the 2004 Plan by 6,000,000 shares, from 33,800,000 to 39,800,000. Under the amendment, only 2,400,000 of the shares to be added by the amendment may be used for full-value awards (other than stock options and SARs). The Plan is open to all employees and is administered by the Compensation Committee which has the power to determine the type, number or amount of any award to be granted, interpret and construe any provision of the Plan, and adopt rules and regulations for administering the Plan. The maximum number of shares that may be earned by an executive pursuant to performance-based awards is 150,000 shares.
As performance conditions may be attached to awards at the Compensation Committee's discretion, there are concerns that the Committee will have considerable flexibility in the payout of discretionary awards and as a result awards may not be subject to robust enough performance targets, and be insufficiently challenging. As a result an oppose vote is recommended.

Vote Cast: *Oppose*

WH SMITH PLC AGM - 27-01-2016

2. *Approve the Remuneration Report*
There are significant concerns over the excessiveness of the CEO remuneration during the year under review. While his fixed pay does not raise major concern, his variable pay for the year under review, which amounts to 690% of his salary, is considered highly excessive. Also, the changes in the CEO pay over the last five years are not in line with Company's financial performance over the same period. Finally, the ratio of the CEO pay compared to the average employee pay is deemed highly excessive at 106:1.
Rating: BE.

Vote Cast: *Oppose* Results: For: 98.3, Abstain: 0.2, Oppose/Withhold: 1.5,

3. *Approve Remuneration Policy*
Maximum potential awards under all incentive schemes is considered highly excessive as it can amount up to 510% of salary for the CEO. No schemes are also available to enable all employees to benefit from business success without subscription. No non-financial performance conditions are attached to the Long-Term Incentive Plan (LTIP) awards. The LTIP performance conditions should operate interdependently. The performance period is three years which is not sufficiently long-term but the use of a further holding period is welcomed. The Company does not prohibit the accrual of dividends paid over the performance period.
There are also significant concerns over the contract policy. The Company has the possibility to recruit executives with an initial notice period of 18 months reducing to 12 months within a year, which is not considered appropriate. There are important concerns over the level of discretion granted to the Board for recruitment and termination awards. Upside discretion can be used by the committee when determining severance payments under the different incentive schemes, including removal of the performance conditions and the pro-rating of the award. On recruitment, the Committee is allowed to remove the performance conditions attached to buy-out awards under certain circumstances, which is contrary to best practice.
Rating: ADD.

Vote Cast: *Oppose* Results: For: 98.3, Abstain: 0.2, Oppose/Withhold: 1.5,

13. *Approve Political Donations*
The Board is seeking authority to (a) make political donations to political parties or independent election candidates not exceeding £50,000 in total; (b) make political donations to political organisations other than political parties not exceeding £50,000 in total; and (c) incur political expenditure not exceeding £50,000 in total. The

authority to expire at the next Annual General Meeting or 29 February 2016, whichever is the earlier. The Company did not make any political donations or incur any political expenditure and has no intention either now or in the future of doing so. However, the maximum limit sought under this authority is considered excessive. An abstain vote is recommended.

Vote Cast: *Abstain* Results: For: 96.9, Abstain: 1.2, Oppose/Withhold: 1.9,

15. *Approve new Long Term Incentive Plan*
Shareholders are being asked to approve the new WH Smith LTIP. The plan is capped at 350% of salary for the participants which is highly excessive, in particular when combined with the annual bonus opportunity. The performance conditions which are going to be used do not currently include any non-financial parameters and are not operating interdependently, contrary to best practice. The performance period is three years which is not sufficiently long-term but the use of a further holding period is welcomed. On termination, the Board has the discretion to allow the full vesting or to remove the performance condition of the outstanding shares. The Company also authorises the payment of accrued dividend during the performance period based on the amount of share vesting. Based on the above concerns, an oppose vote is recommended.
Rating: DB.

Vote Cast: *Oppose* Results: For: 97.5, Abstain: 0.4, Oppose/Withhold: 2.1,

17. *Issue Shares for Cash*
Authority is limited to 10% of the Company's issued share capital and will expire at the next AGM. The proposed limit is considered excessive. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 91.9, Abstain: 2.6, Oppose/Withhold: 5.4,

19. *Adopt new Articles of Association*
It is proposed to adopt new Articles of Association. One of the proposed changes is to increase the directors' fees aggregate limit from £500,000 to £750,000. The Company explains that this will provide flexibility for future appointments. However, aggregate fee paid to director during under review amounts to £365,000. It is considered that the current £500,000 limit provides enough flexibility to appoint new directors and/or increase current directors' fees if needed. In the absence of clear justification, an oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 98.4, Abstain: 0.4, Oppose/Withhold: 1.2,

JOHNSON CONTROLS INC AGM - 27-01-2016

3. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CDC. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

2. *Appoint the Auditors*
PwC LLP proposed. Non-audit fees represented 17.24% of audit fees during the year under review and 22% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose*

WALGREENS BOOTS ALLIANCE AGM - 27-01-2016

1.c. *Elect William C. Foote*
Lead Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

1.f. *Elect Dominic P. Murphy*
Non-Executive Director. Not considered independent as he was nominated by the KKR Investors pursuant to the Company Shareholders Agreement. Entities affiliated with KKR Fund Holdings L.P. hold 13.4% of the Company's outstanding common stock. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

1.h. *Elect Barry Rosenstein*
Non-Executive Director. Not considered independent as he was appointed to the Board by JANA Partners LLC pursuant to the Nomination and Support Agreement. He is Founder, Managing Partner and Co-Portfolio Manager of JANA Partners LLC. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

1.k. *Elect James A. Skinner*
Executive Chairman. It is not considered good practice for a Chairman to hold an executive position in the company as the management of the business and the functioning of the Board should be kept separate. An oppose vote is recommended.

Vote Cast: *Oppose*

2. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CDB. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

3. *Appoint the Auditors*
Deloitte & Touche LLP proposed. Non-audit fees represented 12.57% of audit fees during the year under review and 20.86% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. The current auditor has been in place for more than ten] years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose*

1.j. *Elect Nancy M. Schlichting*
Non-Executive Director. Not considered independent as she has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

ABERDEEN ASSET MANAGEMENT PLC AGM - 27-01-2016

15. *To re-elect as a director Mr A Suzuki.*
Non-Executive Director. Not considered independent as he was appointed due to business and capital alliance with Mitsubishi UFJ Trust, where he is an Executive Director. There is insufficient independence on the Board.

Vote Cast: *Oppose* Results: For: 96.8, Abstain: 0.0, Oppose/Withhold: 3.1,

19. *Approve the Remuneration Report*
Disclosure: Overall disclosure is adequate however targets for the variable remuneration paid during the year are not disclosed.
Balance: Rewards under the variable incentive scheme are not capped at a percentage of base salary for individual directors, therefore rewards are usually considered excessive. For the year under review, CEO total realised rewards are considered excessive as the cash element of the award is worth 186% of salary and 1,337,172 shares vested and were exercised by him during the year. This is worth £3,964,714.98 (772% of salary) using the year end share price. CEO total awards are considered excessive as the portion of the variable pay deferred into shares is worth 559% of salary. The balance of CEO realised pay with financial performance is considered acceptable as the change in CEO total pay over five years is commensurate with the change in TSR over the same period. The TSR increased by 25% while the CEO pay decreased by 0.64% in that same period. However, opposition is recommended due to the highly excessive rewards granted.
Rating: BD.

Vote Cast: *Oppose* Results: For: 64.1, Abstain: 2.5, Oppose/Withhold: 33.4,

MICRON TECHNOLOGY INC AGM - 28-01-2016

3. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects

the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: DDE. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

1.03. *Elect Patrick J. Byrne*
Non-Executive Director. Not considered independent as the Company made a purchase from Danaher Corporation and its subsidiaries for approximately $3,220,000. Mr Byrne serves as President of Tektronix, a subsidiary of Tektronix. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

1.05. *Elect Mercedes Johnson*
Non-Executive Director. Not considered independent as she has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

1.06. *Elect Lawrence N. Mondry*
Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

1.07. *Elect Robert E. Switz*
Non-Executive Chairman. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

2. *Appoint the Auditors*
PwC LLP proposed. Non-audit fees represented 3.9% of audit fees during the year under review and 1% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. The current auditor has been in place for 30 years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose*

4. *Transact Any Other Business*
It is considered to be best practice that shareholders should be given an opportunity to review any other business matters relating to this issue before the Annual Meeting. Therefore an oppose vote is recommended.

Vote Cast: *Oppose*

LONMIN PLC AGM - 28-01-2016

2. *Approve the Remuneration Report*
Disclosure: Overall disclosure is considered acceptable.
Balance: There were no awards or rewards under the incentive schemes in operation. However, the balance of CEO realised pay with financial performance is not considered acceptable as the change in CEO total pay over five years is not commensurate with the change in TSR over the same period. The TSR reduced by 43% while the CEO pay reduced by 4.71% over that same period. Furthermore, there were no awards or rewards due to the disappointing performance of the Company during the year.
Rating: AC.

Vote Cast: *Abstain* Results: For: 82.4, Abstain: 1.6, Oppose/Withhold: 16.0,

3. *Appoint the Auditors*
KPMG proposed. Non-audit fees represented 13.33% of audit fees during the year under review and 40.54% on a three-year aggregate basis. This level of non-audit fees raises some concerns about the independence of the statutory auditor. It is noted that the current auditor has been in place since 1970. Although an audit tender was carried out during the year, the incumbent auditors were re-appointed. It is not considered best practice for the incumbent auditors to take part in an audit tender and this is even more poignant, where they have served such a significant length of time. Furthermore, it is noted that the auditors provided services to the remuneration committee in the form of assurance of the results of the Bonus plan.

Vote Cast: *Oppose* Results: For: 98.6, Abstain: 0.0, Oppose/Withhold: 1.4,

6. *Re-elect Len Konar*
Independent Non-Executive Director. However he is chair of the Audit Committee which has proposed the re-appointment of KPMG as the Company's auditors, following a tender conducted during the year, despite KPMG having been the Company's auditors since 1970. It is considered that an incumbent auditor should not be invited to take part in a planned tender. This is of even more relevance, where the current auditors have served a significant length of time as the Company's auditors.

Vote Cast: *Oppose* Results: For: 97.6, Abstain: 0.0, Oppose/Withhold: 2.4,

12. *Re-elect Jim Sutcliffe*
Senior Independent Director. Considered independent. He is the Chairman of the Nomination Committee and did not disclose any targets for female representation on the Board as recommended by Lord Davies' report. Currently, only 11% of the Board is made of female directors. This is considered insufficient and an oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 98.6, Abstain: 0.0, Oppose/Withhold: 1.4,

KUMIAI CHEMICAL INDUSTRY CO AGM - 28-01-2016

1. *Appropriation of Surplus*
Japanese companies seek specific authority for the appropriation of any surplus in earnings and this authority includes any distribution of a dividend. The approach to such resolutions rests on the degree to which the dividend payout ratio is in line with the level of distribution which investors could reasonably expect. A dividend of 8 yen per share is proposed and the dividend payout ratio is approximately 9.7%, which is less than shareholders could reasonably expect.

Vote Cast: *Oppose*

3.2. *Elect Takahashi Gunji*
Inside Corporate Auditor. Not considered to be independent. Opposition is recommended.

Vote Cast: *Oppose*

SCOTTISH INVESTMENT TRUST PLC AGM - 29-01-2016

11. *Appoint the Auditors and allow the Board to determine their remuneration*
Deloitte proposed. Non-audit fees represented 13.79% of audit fees during the year under review and 15.48% on a three-year aggregate basis. While this level of non-audit fees does not raise serious concerns, the current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is therefore recommended.

Vote Cast: *Oppose* Results: For: 97.2, Abstain: 0.3, Oppose/Withhold: 2.5,

THYSSENKRUPP AG AGM - 29-01-2016

3. *Discharge the Management Board*
There is a pending legal proceeding against the Company in Italy, regarding the fire at the Turin plant in 2007, where seven workers were found dead. The CEO of the Italian subsidiary was found guilty of reckless homicide, although the final sentence is yet to be pronounced at this time. Given the impossibility of calculating potential consequences (including financial) for the Company at this time, abstention is recommended.

Vote Cast: *Abstain* Results: For: 100.0, Abstain: 0.0, Oppose/Withhold: 0.0,

4. *Discharge the Supervisory Board*
Based on the pending legal proceeding involving the Company for the fire at the Turin plant in 2007, abstention is recommended.

Vote Cast: *Abstain* Results: For: 100.0, Abstain: 0.0, Oppose/Withhold: 0.0,

MONSANTO COMPANY AGM - 29-01-2016

3. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CEC. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

4. *Approve the Code Section 162(m) annual incentive plan*
The Company has put forward a resolution requesting shareholders to approve the material terms of the performance goal under the Code Section 162(m) Annual Incentive Plan and also to approve a change to the maximum award used for determining awards. The Plan is administered by the Compensation Committee which has the power to select the participants and determine the performance goals. Under the Plan, the maximum award amount for a covered executive is $7,500,000. Previously the Plan provided for a maximum award of 0.75% of corporate adjusted net income for the applicable performance year.
It is welcomed that the Company proposes to decrease the maximum award amount. However, as performance conditions may be attached to awards at the Compensation Committee's discretion, there are concerns that the Committee will have considerable flexibility in the payout of discretionary awards, which are not supported. There are concerns that performance conditions may be attached to awards at the Committee's discretion and as a result awards may not be subject to robust enough performance targets, and be insufficiently challenging. As a result an oppose vote is recommended.

Vote Cast: *Oppose*

1d. *Elect Hugh Grant*
Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. An oppose vote is recommended.

Vote Cast: *Oppose*

2. *Appoint the Auditors*
Deloitte & Touche proposed. Non-audit fees represented 25.86% of audit fees during the year under review and 26% on a three-year aggregate basis. This level of non-audit fees raise concerns about the independence of the statutory auditors. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose*

COSTCO WHOLESALE CORPORATION AGM - 29-01-2016

2. *Appoint the Auditors*
KPMG LLP proposed. Non-audit fees represented 7.87% of audit fees during the year under review and 9% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose*

3. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CED. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

WESTROCK COMPANY AGM - 02-02-2016

1c. *Elect Michael E. Campbell*
Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board.

Vote Cast: *Oppose* Results: For: 99.2, Abstain: 0.0, Oppose/Withhold: 0.8,

1e. *Elect Russell M. Currey*
Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board.

Vote Cast: *Oppose* Results: For: 99.1, Abstain: 0.0, Oppose/Withhold: 0.9,

1f. *Elect G. Stephen Felker*
Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board.

Vote Cast: *Oppose* Results: For: 99.1, Abstain: 0.0, Oppose/Withhold: 0.9,

1g. *Elect Lawrence L. Gellerstedt III*
Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board.

Vote Cast: *Oppose* Results: For: 98.8, Abstain: 0.0, Oppose/Withhold: 1.2,

1h. *Elect John A. Luke, Jr.*
Non-Executive Chairman. Not independent as he is the former Chairman and CEO of MWV (predecessor company). There is insufficient independent representation on the board.

Vote Cast: *Oppose* Results: For: 0.0, Abstain: 0.0, Oppose/Withhold: 100.0,

1k. *Elect Timothy H. Powers*
Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board.

Vote Cast: *Oppose* Results: For: 98.9, Abstain: 0.0, Oppose/Withhold: 1.1,

1m. *Elect Bettina M. Whyte*
Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board.

Vote Cast: *Oppose* Results: For: 98.3, Abstain: 0.0, Oppose/Withhold: 1.7,

3. *Approve WestRock Company 2016 Incentive Stock Plan*
The Company is seeking shareholder approval of the 2016 Incentive Plan. The Company is seeking to reserve 9,600,000 shares for issuance under the Plan. The Plan is presented as an omnibus plan, which means that bundled within the same official plan there are various incentive plan elements aimed at rewarding different groups of employees, officers and executives. These plans permit the granting of options, stock appreciation rights, restricted stock, restricted stock units, performance grants and dividend equivalents. However, we note that the Compensation Committee retains the power to select employees to receive awards and determine the terms and conditions of awards (and also note that 'management employees' appear most likely to be the principal beneficiaries of the Plan).
LTIPs are not considered an effective means of incentivising performance. These schemes are not considered to be properly long term and are subject to manipulation due to their discretionary nature. Shareholders are advised to oppose.

Vote Cast: *Oppose* Results: For: 92.9, Abstain: 0.5, Oppose/Withhold: 6.6,

5. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CDB. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose* Results: For: 97.9, Abstain: 0.5, Oppose/Withhold: 1.6,

EMERSON ELECTRIC CO. AGM - 02-02-2016

2. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects

the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: DDB. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose* Results: For: 90.9, Abstain: 1.2, Oppose/Withhold: 7.8,

3. *Appoint the Auditors*
KPMG proposed. There were no unacceptable non-audit fees paid in the year under review or on a three-year rolling basis. However, the current auditor has been in place for 51 years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 98.0, Abstain: 0.7, Oppose/Withhold: 1.3,

ROCKWELL AUTOMATION INC. AGM - 02-02-2016

B. *Appoint the Auditors*
Deloitte & Touche LLP proposed. Non-audit fees represented 0.18% of audit fees during the year under review and 1% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. The current auditor has been in place for 82 years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 99.8, Abstain: 0.2, Oppose/Withhold: 0.0,

C. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CDB. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose* Results: For: 96.0, Abstain: 4.0, Oppose/Withhold: 0.0,

D. *Amend 2012 Long Term Incentive Plan*
The Company has put forward a resolution requesting shareholders to approve an amendment to the Company's 2012 Long-Term Incentives Plan (the 2012 Plan) to increase the maximum number of shares of common stock available for delivery by five million shares to 11.8 million shares. On December 3, 2015, the fiscal 2016 annual equity awards were made reducing the available shares to 1,201,171. The Plan permits the Company to grant stock options or non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, performance units and performance shares. The Plan is open to all employees and will be administered by the Compensation Committee which has the authority to determine the participants, the type and amount and select the performance measures. Under the Plan, no single participant may receive in any fiscal year: stock options, stock appreciation rights or any combination thereof covering more than 900,000 shares; or shares of restricted stock, restricted stock units, performance shares or any combination thereof covering more than 450,000 shares. Also the maximum amount that may be paid to any one participant with respect to performance units may not exceed $5 million for any one performance period.
The Plan allows the administrator too much discretion to determine the size, type and term of awards. There are concerns that awards may not be subject to robust enough performance targets and be insufficiently challenging. In addition, the maximum value limit of $5,000,000 million is considered excessive. As a result, an oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 96.1, Abstain: 3.9, Oppose/Withhold: 0.0,

E. *Amend Articles: add an exclusive forum provision*
The Company has put forward a resolution requesting shareholders to approve an amendment to the Company's by-laws to designate courts located within the State of Delaware as the exclusive forum for: (i) a breach of fiduciary duty owed by a director, officer or other employee to the Company or the Company's shareowners; (ii) a claim against the Company or any director, officer or other employee of the Company arising pursuant to any provision of the Delaware General Corporation Law or the Company's certificate of incorporation or by-laws or (iii) a claim against the Company or any director, officer or other employee of the Company governed by the internal affairs doctrine. The Board argues that it considered a number of factors such as the cost of having duplicative shareowner lawsuits in multiple jurisdictions, the long experience of Delaware courts in addressing corporate law issues and Delaware's developed case law, the views of proxy advisors and institutional investors and the fact that Delaware is the Company's state of incorporation.
It is viewed that the Board should remain accountable to its shareholders, regardless of the location for legal actions, and that shareholders should have as wide a range of options for bringing grievances against the Company where appropriate. It is considered that the proposal would constitute an weakening of shareholder rights. As such, an oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 98.7, Abstain: 1.3, Oppose/Withhold: 0.0,

VISA INC AGM - 03-02-2016

2. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: ADC. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose* Results: For: 97.2, Abstain: 0.5, Oppose/Withhold: 2.3,

4. *Amend Visa Inc. Incentive Plan*
The Visa Inc. Incentive Plan ("VIP") was adopted in 2007 and was last approved by shareholders in 2011. The VIP is a cash-based annual incentive plan that is designed to reward annual performance and achievement of strategic goals, align employee interests with those of stockholders, and provide market-competitive compensation to eligible employees on an individual basis. The VIP is designed to preserve the deductibility of payments that constitute performance-based compensation under Section 162(m) of Internal Revenue Code. The Board is asking shareholders to re-approve the VIP so that it may continue to take the federal tax deduction under Section 162(m) for performance-based compensation payable to certain executives. PIRC considers that it is in the best interests of the Company and its shareholders to provide employees with an opportunity to benefit from business success and through incentive plans. Although the Plan is open to nearly all staff and is capped, there are concerns that the maximum award is excessive being capped at $10 million for any participant in a year. In addition all incentive compensation plans should exhibit a clear link between reward and performance, which this does not at present as the Company does not provide any specific performance targets for the awards being made under the VIP. Based on these concerns, along with our recommendation at the 2011 meeting, shareholders are advised to oppose.

Vote Cast: *Oppose* Results: For: 96.3, Abstain: 0.6, Oppose/Withhold: 3.1,

3. *Amend VISA 2007 Equity Incentive Compensation Plan*
The Company is seeking shareholder re-approval of the material terms of the 2007 Equity Incentive Compensation Plan ("EIP") in order to permit certain awards that may be granted in the future under the EIP to continue to qualify as performance-based compensation that is exempt from the $1 million deduction limit under Section 162(m) of the Internal Revenue Code.
As of September 30, 2015, of the 236,000,000 shares reserved for issuance under the EIP, 104,161,840 shares had been issued, 16,452,224 shares were subject to outstanding awards and 154,144,637 shares remained available for grant. As of September 30, 2015, approximately 10,950 employees, directors and consultants were eligible for awards under the EIP.
The Plan allows the Compensation Committee wide-ranging discretion in selecting and applying performance measures and targets. Since shareholders do not know what performance measures and targets will be used under the Plan, they are unable to assess their appropriateness and robustness. There are concerns that awards under the Plan will not necessarily be subject to sufficiently robust performance targets (if any). As a result, shareholders cannot assess whether the Plan will operate to align participants' incentives with shareholders' interests. Accordingly, following on from our 2012 vote recommendation we recommend that shareholders oppose the resolution.

Vote Cast: *Oppose* Results: For: 97.8, Abstain: 0.3, Oppose/Withhold: 1.9,

5. *Appoint the Auditors*
KPMG proposed. Non-audit fees represented 1.82% of audit fees during the year under review and 1.94% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than five years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

Vote Cast: *Abstain* Results: For: 99.0, Abstain: 0.3, Oppose/Withhold: 0.6,

ACCENTURE PLC AGM - 03-02-2016

1c. *Elect Charles H. Giancarlo*
Independent Non-Executive Director. There are concerns over his aggregate time commitments.

Vote Cast: *Abstain* Results: For: 98.7, Abstain: 0.7, Oppose/Withhold: 0.7,

1g. *Elect Pierre Nanterme*
Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 96.6, Abstain: 0.7, Oppose/Withhold: 2.7,

2. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects

the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: DDB. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose* Results: For: 96.3, Abstain: 0.6, Oppose/Withhold: 3.1,

3. *Amend the Amended and Restated 2010 Share Incentive Plan*
The Company has put forward a resolution requesting shareholders to amend the Amended and Restated Accenture plc 2010 Share Incentive Plan (2010 SIP) to: authorise an additional 9 million shares; establish limits on annual compensation granted to outside directors for any fiscal year; update the share recycling provisions to provide that cash settled or net settled awards will not be added back to the share reserve; amend the "change in control" definition. Under the 2010 SIP approximately 22 million shares remained available for future grants as of November 30, 2015. The Plan is open to all employees and is administered by the Compensation Committee which has the power to interpret and to establish, amend and rescind any rules and regulations of the Plan; establish the terms and conditions of any award; and determine the number of shares subject to any award. Pursuant to the Amended 2010 SIP, the maximum number of shares subject to awards that may be granted during a fiscal year to any non-employee director shall not exceed $750,000 in total value.
The Plan allows the administrator too much discretion to determine the size, type and term of awards. There are concerns that awards may not be subject to robust enough performance targets and be insufficiently challenging. As a result, an oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 95.1, Abstain: 0.5, Oppose/Withhold: 4.4,

5. *Appoint the Auditors and allow the Board to determine their remuneration*
KPMG proposed. Non-audit fees represented 5.81% of audit fees during the year under review and 11% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. The current auditor has been in place for more than five years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An abstain vote is recommended.

Vote Cast: *Abstain* Results: For: 98.4, Abstain: 0.8, Oppose/Withhold: 0.8,

8A. *Introduce plurality voting standard in the event of a contested election*
The Company has put forward a resolution requesting shareholders to amend the Company's Articles of Association to provide for a plurality voting standard in the event of a contested election, meaning that where the number of director nominees exceeds the number of directors to be elected, only those directors receiving the most votes for the available seats would be elected. Currently, the Company has a majority voting standard for both uncontested and contested director elections. The Board believes it is in the best interests of shareholders to adopt the plurality voting standard in the case of contested elections, while maintaining the Company's majority voting standard in the case of uncontested elections. The Board argues that in recent years, there has been a shift from the plurality voting standard in all director elections to a majority voting standard in uncontested elections and a plurality standard in contested elections. The proposal is subject to proposal 8B being adopted.
Majority voting is supported as it is considered that the will of shareholders expressed as a majority voting against re-election should automatically lead to that director's removal from the board. A plurality vote could result in the election of a director who has received more votes against his or her election than votes for, which is not considered to be in shareholders' best interests. A plurality system is not normal practice in the Company's country of incorporation. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 98.6, Abstain: 0.8, Oppose/Withhold: 0.5,

8B. *Determine the Size of the Board*

The Company has put forward a resolution requesting shareholders to amend the Company's Articles of Association to provide that the size of the Board be set solely by resolution of the Board. The Board argues that the proposal is necessary in order for the plurality voting mechanism (under resolution 8A) to function effectively in Ireland. In particular, unless the Board is granted sole authority to set its size, nominees who receive a simple majority of votes cast may also be elected to the Board, even if those nominees receive fewer votes than the nominees that otherwise fill the available seats.
PIRC considers that the board will function most efficiently at an optimum number of members and that the resolution allows for the board to have the flexibility required to select their optimum number of members. However, as the proposal is subject to the passing of the proposal 8A, an oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 97.7, Abstain: 1.8, Oppose/Withhold: 0.5,

IMPERIAL BRANDS PLC AGM - 03-02-2016

2. *Approve the Remuneration Report*
The balance of CEO pay compared with Company's financial performance over the last five years is considered acceptable. However, CEO's variable remuneration during the year under review is considered excessive as it represents more than 200% of her salary. Maximum variable pay opportunity for the CEO, based on value of awards under all incentive schemes, is considered highly excessive at 550% of her salary. The increase in CEO pay is also not considered in line with the changes in average employee salary across the group. Finally, the ratio of the CEO pay compared to the average employee pay is not appropriate.
Rating: BC.

Vote Cast: *Abstain* Results: For: 93.0, Abstain: 1.9, Oppose/Withhold: 5.1,

12. *Appoint the Auditors*
PWC proposed. Non-audit fees represented 88.89% of audit fees during the year under review and 56.52% on a three-year aggregate basis. This level of non-audit fees raises major concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 96.3, Abstain: 1.1, Oppose/Withhold: 2.7,

14. *Approve Political Donations*
The Board is seeking authority to make political donations to political parties, to political organisations other than political parties, or to independent election candidates, as defined in sections 363 and 364 of the Companies Act 2006, not exceeding £100,000 in total; and ii. incur political expenditure, as defined in section 365 of the Companies Act 2006, not exceeding £100,000 in total. This equates to £200,000 in aggregate, which is deemed to be excessive. However, it is noted that the Company did not make any political donations during the year under review. An abstain vote is recommended.

Vote Cast: *Abstain* Results: For: 97.7, Abstain: 1.2, Oppose/Withhold: 1.1,

RITE AID CORPORATION EGM - 04-02-2016

1. *Approve the merger between the Company and Walgreen's Boots Alliance Inc.*
The Company has entered into a merger agreement with Walgreen Boots Alliance ("WBA"), whereby the Company will become a wholly owned subsidiary of WBC upon completion of the merger. At the effective time of the merger, each share of Rite Aid common stock issued and outstanding immediately prior to the effective time of the merger will be cancelled and converted into the right to to receive $9.00 per share in cash.
The per share merger consideration represents a premium of (i) approximately 48% to Rite Aid's closing stock price on October 26, 2015, the last trading day prior to the date on which public announcement of the execution of the merger agreement was made, and (ii) approximately 44% to the volume weighted average share price of the common stock during the thirty (30) days ended October 26, 2015.
As this offer agreement is an all cash offer, there are no post governance factors to consider apart from the premium offered by WBA.

Voting recommendations on corporate actions, such as merger decisions, are based on the information presented and on the view of the overall independence of the Board. It is noted that, over the time that the merger agreement was approved and until the present time, four out of nine directors were considered to be independent. This level of independence is not considered to be sufficient and does not provide assurance that the transaction received the appropriate level of objective scrutiny. An abstain vote is recommended.

Vote Cast: *Abstain*

2. *Advisory vote on golden parachute payments*
Section 14A of the Exchange Act, which was enacted as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, requires that we provide our stockholders with the opportunity to vote to approve, on an advisory non-binding basis, the payment of certain compensation that will or may become payable by Rite Aid to its named executive officers in connection with the merger. Stockholders should note that this proposal is not a condition to completion of the merger, and as an advisory vote, the result will not be binding on Rite Aid, the Board of Directors or WBA. Further, the underlying plans and arrangements are contractual in nature and not, by their terms, subject to stockholder approval. Accordingly, regardless of the outcome of the advisory vote, if the merger is completed the named executive officers will be entitled to receive the compensation that is based on or otherwise relates to the merger in accordance with the terms and conditions applicable to those payments.
Cash severance payouts are subject to double-trigger, which is considered best practice. All equity awards are also subject to double-trigger provisions (with WBA substituting the existing awards of the executive officers for equal "rollover" awards), with the exception of a $2.25m stock option award to the Chairman & CEO, which will become fully vested upon completion of the merger.
The Company has adopted double-trigger provisions, which provide for change in control payouts upon the occurrence of both (i) a change in control and (ii) a qualifying termination during the two (2) year period following a change in control. The Company has provided a suitable definition for 'good-reason'. However, the Company has not provided any information in relation to what it defines as 'cause'. On this basis, shareholders are advised to oppose.

Vote Cast: *Oppose*

3. *Adjourn the meeting and if necessary solicit additional proxies*
The Board requests authority to adjourn the special meeting until a later date or dates, if necessary, in order to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the merger. An oppose vote is recommended to any adjournment or postponement of meetings if a sufficient number of votes are present to constitute a quorum. It is considered that where a quorum is present, the vote outcome should be considered representative of shareholder opinion.

Vote Cast: *Oppose*

ROCKWELL COLLINS INC AGM - 04-02-2016

2. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: BCC. Based on this rating, it is recommended that shareholders abstain.

Vote Cast: *Abstain* Results: For: 96.4, Abstain: 0.0, Oppose/Withhold: 3.6,

3. *Appoint the Auditors*
Deloitte & Touche LLP proposed. Non-audit fees represented 2.06% of audit fees during the year under review and 2% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 98.1, Abstain: 0.5, Oppose/Withhold: 1.4,

COMPASS GROUP PLC AGM - 04-02-2016

2. *Approve the Remuneration Report*
Disclosure: Overall disclosure is considered acceptable. However accrued dividends on share incentive awards are not separately categorised.
Balance: CEO total realised rewards are considered excessive at 387% of salary. The CEO's salary is considered in the upper quartile (No 1) of a peer comparator group. Concerns had been raised over the discretion given to Andrew Martin, the recently departed Chief Operating Oficer - Europe and Japan. Upon engagement, the Company states it has carefully listened to investor feedback concerning the exercise of discretion in respect of the last long term incentive plan award made to Mr Martin as part of his termination arrangements. It has engaged with Mr Martin who has agreed to waive his entitlement to non-pro ration of such award such that the award will now be time apportioned and only 27/36 of the award will vest in 2017, subject to the satisfaction of the attendant performance conditions, which will be determined at the time in the normal way.
Rating: AC.

Vote Cast: *Abstain* Results: For: 85.8, Abstain: 3.8, Oppose/Withhold: 10.5,

11. *Re-elect John Bason*
Independent Non-Executive Director. There are concerns over a potential conflict of interest between his role as an Executive in a listed company and membership of the remuneration committee. An abstain vote is recommended.

Vote Cast: *Abstain* Results: For: 97.4, Abstain: 1.7, Oppose/Withhold: 1.0,

19. *Issue Shares for Cash*
The authority is limited to 10% of the share capital. Despite the changes to the Pre-emption Rights Group suggestions, PIRC maintains that any general authority to issue shares for cash should maintain the current 5% limit. It is recommended to oppose.

Vote Cast: *Oppose* Results: For: 89.7, Abstain: 3.0, Oppose/Withhold: 7.3,

CONNECT GROUP PLC AGM - 04-02-2016

11. *Re-appoint the Auditors*
Deloitte LLP proposed. Non-audit fees represented 50% of audit fees during the year under review and 70% on a three-year aggregate basis. This level of non-audit fees raises some concerns about the independence of the statutory auditor. The current auditor has been in place for more than five years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 99.4, Abstain: 0.5, Oppose/Withhold: 0.2,

13. *Approve Political Donations*
Proposal to make political donations to political parties and/or independent election candidates, political organisations other than political parties, and to incur political expenditure to total up to £150,000. The authority expires at the next AGM. The Company made no political donations during the year under the review. However, the aggregate amount exceeds recommended limits and as such an abstain vote is recommended.

Vote Cast: *Abstain* Results: For: 99.1, Abstain: 0.6, Oppose/Withhold: 0.3,

15. *Approve new Long Term Incentive Plan*
It is proposed that the Connect Group Long Term Incentive Plan (LTIP), be approved by shareholders. Features of this plan do not meet best practice criteria. The maximum award is 200% of salary, which when considered with the maximum annual bonus possible is considered excessive. It is noted that current award levels are 50% of salary however. Awards are subject to a three year performance period which is not considered sufficiently long-term however a discretionary two year holding period is to be used. The performance conditions to be applied are not disclosed. Dividend equivalent payments are permitted under the plan. Such payments misalign shareholder and executive interests as shareholders must subscribe for shares in order to receive dividends whereas participants in the scheme do not. The scheme also permits the use of upside discretion by the Committee in determining the level and timing of vesting for good leavers and on a change of control.
Overall, LTIPs are not considered an effective means of incentivising performance. These schemes are not considered to be properly long term and are subject to manipulation due to their discretionary nature.

Vote Cast: *Oppose* Results: For: 98.2, Abstain: 0.8, Oppose/Withhold: 1.0,

16. *Approve New Executive Share Option Scheme/Plan*
Shareholder approval is sought for the Connect Group Executive Share Option Scheme. The maximum value of Shares over which an employee may be granted Tax-advantaged Options shall not exceed 200% of salary. This limit is considered excessive. Furthermore, options do not have to be subject to performance conditions,

which is not considered appropriate. For good leavers, options may be exercised on a pro-rated basis and early exercise is permissible on a change of control. The scheme is not open to Executive Directors nor it is open to all employees on an equal basis, and given the concerns raised, an oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 98.6, Abstain: 0.8, Oppose/Withhold: 0.6,

TUI AG AGM - 09-02-2016

5. *Appoint the Auditors*
PWC proposed. Non-audit fees represented 82.76% of audit fees during the year under review and 72.46% on a three-year aggregate basis. This level of non-audit fees raises major concerns about the independence of the statutory auditor. Furthermore, the current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

Vote Cast: *Oppose* Results: For: 96.6, Abstain: 2.0, Oppose/Withhold: 1.4,

10.4. *Elect Peter Long to the Supervisory Board*
Joint Chief Executive and current member of the Executive Board. Proposed to join the Supervisory Board as his term of office on the Executive Board and as Joint CEO will expire at the end of the close of the 2016 Annual General Meeting. This proposal is not considered in line with best practice. The Supervisory Board should be comprised of independent non-executive directors and allowing for German corporate governance, employee representatives. It is considered inappropriate for a member of the Management Board to move directly to the Supervisory Board without a cooling off period.

Vote Cast: *Oppose* Results: For: 95.4, Abstain: 0.2, Oppose/Withhold: 4.4,

10.5. *Elect Prof. Dr Klaus Mangold to the Supervisory Board*
Incumbent Chairman. Considered independent upon appointment. However there are concerns over his aggregate time commitments.

Vote Cast: *Abstain* Results: For: 94.1, Abstain: 0.6, Oppose/Withhold: 5.3,

RWS HOLDINGS PLC AGM - 09-02-2016

1. *Receive the Annual Report*
Financial accounts have been audited and are unqualified and a remuneration report is submitted for shareholder approval. However, there are serious concerns over corporate governance in practice. The Executive Chairman, Andrew Brode, is also a major shareholder with 42.6% of the outstanding shares. This concentration of power is exacerbated by the lack of strong independence on the Board as the two Non-Executive Directors are not considered to be independent. The Executive Chairman also sits on the audit and remuneration committees.

Vote Cast: *Oppose*

2. *Approve the Remuneration Report*
The lack of independence of the Remuneration Committee is a concern as it is comprised of the Executive Chairman, the Vice-Chairman and two Non-Executive Directors, both of whom are not considered to be independent. Specific targets for the performance related bonus are not provided. In the year under review, a bonus representing 8.7% and 14.9% of base salary was granted to the CEO and CFO, respectively. There is a share option scheme in operation. No further information on the scheme including, performance conditions for outstanding awards, or maximum awards have been disclosed in the annual report. This is deemed a significant disclosure oversight. An oppose vote is recommended.

Vote Cast: *Oppose*

5. *To re-elect Elisabeth Lucas*
Non-Executive Director. Not considered independent as she was CEO of RWS Translations division from 1995 to December 2011. She has also served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

6. *To re-elect Richard Thompson*
Chief Financial Officer and Company Secretary. The company secretary is an officer of the company with all of the responsibilities that attach to that status. The holder of the post is often seen as the guardian of governance and an independent adviser to the board. There is a conflict between the company secretarial function and the same person having any other position on the board. For this reason, an abstain vote is recommended.

Vote Cast: *Abstain*

9. *Issue Shares for Cash*
The authority sought is limited to 10% of the share capital. This expires at the next AGM, however, the authority exceeds the recommended 5% maximum. An oppose vote is recommended.

Vote Cast: *Oppose*

NEXT PLC EGM - 10-02-2016

1. *Ratify the dividend and discharge directors and shareholders of liability.*
Shareholders are being asked to approve the appropriation of distributable profits of the Company by way of interim dividends, made previously. These include: (i) The special interim dividend of 50 pence paid on 3 February 2015 (ii) The ordinary interim dividend of 50p per share paid on 2 January 2015. (iii) The special interim dividend of 50p paid on 2 February 2015 and (iv) the special interim dividend of 60p per Ordinary share paid on 2 November 2015. These are referred to as 'the relevant distributions' and together have a total value of £311,157,827.10. The Board has proposed that the Company enter into a Directors' Deed of Release and a Shareholders' Dead of release. As a consequence of the entry into these deeds, the Company will be unable to make any claims against the Directors and former Directors and to past and present shareholders of the Company who were recipients of the relevant distributions. The entry by the Company into the Directors' Deed of Release constitutes a related party transaction and shareholders' approval is sought accordingly.
Background: The Companies Act requires a public company to pay a dividend out of distributable profits as shown in the last accounts circulated to members, or if

interim accounts are used, those filed at the Companies House. Relevant accounts must be filed even if the Company has sufficient distributable profits at the time. The Company states that it has always filed its statutory accounts on time and has had at all times sufficient profits and distributable reserves to pay the relevant distributions as shown by the accounts. However, the Company did not file interim accounts at Companies House before making the relevant distributions.
It is noted that the Company has suffered no financial loss as a result of these actions. However, the circular is silent on the potential liability of directors for the costs of this rectification exercise, and is silent on the company making claims against directors for that consequential loss, which includes the cost of the EGM itself. The circular is also silent on whether there may be a claim against any director liability insurance in place for such costs. Upon engagement with the Company, the Company stated that that the Directors' Officers and Liability insurance does not provide for rectification costs. The company has told PIRC that the cost is less than 0.1% of profit. Given that this could be anything up to £600,000 we would like to see the precise cost disclosed. On this basis, an oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 98.1, Abstain: 0.1, Oppose/Withhold: 1.9,

PARAGON GROUP OF COMPANIES PLC AGM - 11-02-2016

2. *Approve the Remuneration Report*
All elements of each director's cash remuneration are disclosed. All share incentive awards are stated with award dates and market prices at the date of grant. Pension contributions and entitlements are also stated.
Variable rewards realised by the Executive Directors for the year under review are considered excessive, in comparison with their base salaries. The CEO's variable pay is over six times his base salary. The ratio of CEO pay to average employee pay is also not appropriate at 40:1. It is, nevertheless, noted that the balance of CEO realised pay with financial performance is considered adequate as the change in CEO total pay over five years is commensurate with the change in TSR over the same period. Major concerns are expressed as the bonus forms part of contractual termination entitlements for existing directors. This is against best practice.
Rating: BC

Vote Cast: *Abstain* Results: For: 97.5, Abstain: 0.8, Oppose/Withhold: 1.8,

11. *Re-elect Mr H R Tudor*
Non-Executive Director. Not considered to be independent as he was until 2013, an active fund manager at BlackRock, a significant shareholder of the company. There is insufficient independent representation on the Board. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 98.2, Abstain: 0.0, Oppose/Withhold: 1.8,

4. *Re-elect Mr R G Dench*
Incumbent Chairman. Considered independent on appointment. He is also Chairman of the Nomination Committee which has not adhered to the Davies recommendation of setting a target for female representation on the Board. There is insufficient female representation on the Board. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 98.9, Abstain: 0.0, Oppose/Withhold: 1.1,

8. *Re-elect Mr A K Fletcher*
Non-Executive Director. Not considered to be independent as he serves as a Director of the corporate trustee of the Company's pension plan and receives additional remuneration from the sponsoring company of the pension plan. There is insufficient independence on the Board. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 98.4, Abstain: 0.0, Oppose/Withhold: 1.6,

15. *Issue Shares for Cash*
The authority expires at the next AGM and is limited to 10% of the share capital. This level exceeds recommended limits. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 99.1, Abstain: 0.0, Oppose/Withhold: 0.9,

WEYERHAEUSER COMPANY EGM - 12-02-2016

1. *Issue shares in connection with the acquisition*
Weyerhaeuser Company (NYSE: WY) and Plum Creek (NYSE: PCL) have entered into an Agreement and Plan of Merger, dated as of November 6, 2015. Pursuant to the terms of the merger agreement, Plum Creek will merge with and into Weyerhaeuser, referred to as the merger, with Weyerhaeuser continuing as the surviving corporation in the merger.
Voting recommendations on corporate actions, such as merger decisions, are based on the information presented and on the view of the overall independence of the Board and shareholder rights post merger. It is noted that, over the time that the merger agreement was approved and until the present time, three out of ten directors were considered to be independent. This level of independence is not considered to be sufficient and does not provide assurance that the transaction received the appropriate level of objective scrutiny. However, it is noted that Weyerhaeuser has a better governance structure, with both companies operating in the same sector, which could allow for beneficial synergies (through enhancement) that increase shareholder value. An abstain vote is recommended.

Vote Cast: *Abstain* Results: For: 97.8, Abstain: 1.2, Oppose/Withhold: 1.1,

2. *Adjourn the meeting and solicit addition proxies if necessary*
Shareholders should receive sufficient notice of proposals brought forward by either management or other shareholders. As such, any other proposition brought forward in the meeting would provide insufficient time for an informed assessment. Opposition is recommended.

Vote Cast: *Oppose*

FRANKLIN RESOURCES INC AGM - 17-02-2016

1g. *Elect Chutta Ratnathicam*
Non-executive Director. Not considered to be independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose* Results: For: 99.3, Abstain: 0.2, Oppose/Withhold: 0.5,

1a. *Elect Peter K. Barker*
Lead Non-Executive Director. Not considered to be independent as he was a Regional Chairman of JPMorgan Chase & Co., the supplier of various services to the

Company, including brokerage services, custody fees, the registration of one of the Company's subsidiaries with the India securities authority, charges related to the Franklin Templeton funds' global line of credit, and the issuance of debt securities of the Company.

Vote Cast: *Oppose* Results: For: 96.6, Abstain: 0.1, Oppose/Withhold: 3.3,

1b. *Elect Mariann Byerwalter*
Independent Non-Executive Director. There are concerns over her potential aggregate time commitments. Therefore, an abstain vote is recommended.

Vote Cast: *Abstain* Results: For: 98.4, Abstain: 0.2, Oppose/Withhold: 1.3,

1c. *Elect Charles E. Johnson*
Non-executive Director. Not considered to be independent as he has been on the board for over nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose* Results: For: 96.7, Abstain: 0.1, Oppose/Withhold: 3.1,

1d. *Elect Gregory E. Johnson*
Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. Opposition is thus recommended

Vote Cast: *Oppose* Results: For: 98.7, Abstain: 0.2, Oppose/Withhold: 1.1,

1h. *Elect Laura Stein*
Non-executive Director. Not considered to be independent as she has been on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose* Results: For: 99.2, Abstain: 0.1, Oppose/Withhold: 0.7,

2. *Appoint the Auditors*
EY proposed. Non-audit fees were approximately 42.81% of audit fees during the year under review. Non-audit fees over a three year basis were approximately 28.0% of audit fees. There are concerns that this level of non-audit fees creates a potential for conflict of interest on the part of the independent auditor. The auditor has been in place for more than ten years.

Vote Cast: *Oppose* Results: For: 98.9, Abstain: 0.1, Oppose/Withhold: 1.0,

3. *Shareholder resolution: Climate Change Report*
Proposed by: Waterglass, LLC and Friends Fiduciary Corporation.
The proponents request that the Board of Directs should issue a climate change report by September 2016 assessing the performance of the Company's ESG team.

Proponents' Argument
Shareowners debate that one of the ways in which investors can engage themselves in active management of portfolio risks and opportunities related to climate change is proxy voting, but the companies' existing disclosure provides insufficient information to investors about climate change and is inconsistent with the votes that have been cast. The proponents also argue that some of the Company's competitors supported a majority of the climate change resolutions while the Franklin Resources voted against them. Finally, the shareholders believe that this voting pattern could pose a reputational risk to the Company.
Board's Argument
The Board claims that the Company and its investment advisor subsidiaries (FTI Advisers) consider all ESG related issues and would vote in favour of ESG proposal that they believe have significant economics benefit for their clients. The Board also claims that it doesn't have any policy that requires it to vote in favour of climate change resolutions. The Board argues that its portfolio managers have a fiduciary duty to act in the best interest of their clients. The Board suggests that the concerns stated in the proposal are already addressed by FTI Advisers and that the report would not provide any additional benefit.
PIRC Analysis
The premise of the proponents is based upon anecdotal evidence that the Company's voting record on resolutions related to climate change is out of line with that of three named competitors. No information is provided on how the industry as a whole votes on such resolutions and how the Company compares overall to its peers. There is no evidence provided that the Company's ESG approach is lacking vis-a-vis the industry and, accordingly, no rationale for supporting the resolution. A vote to oppose is recommended.

Vote Cast: *Oppose* Results: For: 4.0, Abstain: 11.5, Oppose/Withhold: 84.5,

INFINEON TECHNOLOGIES AG AGM - 18-02-2016

8. *Amend Articles: Supervisory Board compensation*
It is proposed to revise the Company's Articles of Compensation to remove the variable element of the Supervisory Board compensation and subsequently increase the fixed fee.
The increase would bring the basic fee for each member to EUR 90.000, which represents an increase varying between approximately 63% and 77%, depending on the Director. Certain Directors would also be entitled to additional allowances, depending on whether the body to which the Supervisory Board or committee member belongs has convened or passed resolutions in the Fiscal Year.
Whilst the removal of the variable element is welcomed, in light of the excessive increase of directors' fees and the incentive nature of the additional allowances, opposition is recommended.

Vote Cast: *Oppose*

METRO AG AGM - 19-02-2016

5. *Appoint the Auditors*
Non-audit fees were approximately 33.33% of audit fees during the year under review. Non-audit fees over a three year basis were approximately 34.78% of audit fees. There are concerns that this level of non-audit fees creates a potential for conflict of interest on the part of the independent auditor. The current auditor has been in place for ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. On aggregate, opposition is recommended.

Vote Cast: *Oppose* Results: For: 98.2, Abstain: 0.0, Oppose/Withhold: 1.8,

6.3. *Re-elect Peter Kuepfer*
Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the board. In addition, there are concerns over his potential aggregate time commitments.

Vote Cast: *Oppose* Results: For: 95.1, Abstain: 0.0, Oppose/Withhold: 4.9,

KLA-TENCOR CORPORATION EGM - 19-02-2016

2. *To adjourn the special meeting, to solicit additional proxies*
The Board proposes to adjourn the special meeting, if necessary, to permit further solicitation of proxies. Opposition is recommended as it is considered that if a sufficient number of votes are cast at the meeting for a quorum to be present, the outcome should be considered representative of shareholder opinion.

Vote Cast: *Oppose* Results: For: 100.0, Abstain: 0.0, Oppose/Withhold: 0.0,

4. *Extend of the Outside Director Accelerated Vesting Policy*
The Company has put forward a resolution requesting shareholders to approve an extension of its existing Outside Director Accelerated Vesting Policy to outside directors who have served on the KLA-Tencor Board for less than six years at the time their service to KLA-Tencor or Lam Research terminates (Emiko Higashi, Gary B. Moore, and Robert A. Rango have each been directors of KLA-Tencor for less than six years). The Company has had in effect since 2008 a policy of providing prorated vesting acceleration of restricted stock units held by outside directors of the KLA-Tencor Board who are in good standing, who terminate their service before their restricted stock units are fully vested and who, at the time of termination, have served on the Company's Board for six years. Currently, six outside directors have served on the Company's Board for at least six years and are eligible for prorated vesting acceleration, if their service terminates prior to November 4, 2016. The accelerated vesting would not apply to any outside director serving on the Board who becomes a member of the Lam Research Board or otherwise provides services to Lam Research or the Company as of the effective time of the merger. The proposal provides 'single-trigger' accelerated vesting of equity awards. It is not considered appropriate to accelerate vesting of awards to non-executive directors (NEDs) on a merger since this would provide remuneration beyond their period of office. The situation is not analogous to that of executive directors who receive awards under their service contracts in lieu of notice: NEDs are office holders only and do not have service contracts but are paid fees for their period of service. An oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 99.2, Abstain: 0.2, Oppose/Withhold: 0.6,

THOMAS COOK GROUP PLC AGM - 23-02-2016

2. *Approve the Remuneration Report*
The changes in CEO pay over the last five years are considered in line with the changes in Company's TSR performance over the same period. However, CEO's variable pay for the year under review represents 593% of his base salary, which is highly excessive. The value of the PSP award vesting during the year is especially high as share price significantly increased during the performance period. It is noted that share price was also used as performance indicator for this PSP award,

which is considered inappropriate. The value of the current maximum variable opportunity is also considered excessive at 300% of salary for both executives. Finally, the new CEO salary is above the upper quartile of other CEOs salaries in the comparator group.
Rating: AC.

Vote Cast: *Abstain* Results: For: 73.5, Abstain: 1.6, Oppose/Withhold: 24.9,

11. *Appoint the Auditors*
PwC proposed. Non-audit fees represented 14.3% of audit fees during the year under review and 44% on a three-year aggregate basis. This level of non-audit fees raises some concerns about the independence of the statutory auditor. Also, the auditor has been in place for more than five years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. The audit work will be put to tender next year which is welcomed, but PwC will be taking part in the tender process which is not best practice. Based on the above, an abstain vote is recommended.

Vote Cast: *Abstain* Results: For: 99.3, Abstain: 0.7, Oppose/Withhold: 0.0,

15. *Issue Shares for Cash*
The overall authority is limited to 10% of the Company's issued share capital and will expire at the next AGM. The proposed limit is considered excessive and an oppose vote is recommended.

Vote Cast: *Oppose* Results: For: 93.5, Abstain: 0.0, Oppose/Withhold: 6.5,

NOVARTIS AG AGM - 23-02-2016

6.2. *Binding Vote on Total Compensation for Members of the Executive Committee*
The Company has proposed a prospective remuneration proposal, which means that the proposed amount will not be the actual amount to be paid, but only the total remuneration cap. The voting outcome of this resolution will be binding for the Company.
It is proposed to fix the remuneration of members of the Executive Committee until the next AGM at CHF 93 million (CHF 84 million were paid for the year under review). This proposal includes fixed and variable remuneration components.
There are concerns that the variable remuneration component may produce excessive payout, up to 450% of the fixed salary at target, in lack of quantifiable targets. On this basis, opposition is recommended.

Vote Cast: *Oppose* Results: For: 92.4, Abstain: 0.3, Oppose/Withhold: 7.3,

6.3. *Approve the Remuneration Report*
It is proposed to approve the remuneration report of the Company for 2014 with an advisory vote. Submitting a separate advisory resolution on the Company's remuneration structure is not provided for by the Ordinance Against Excessive Payments but it is recommended by the local Corporate Governance Code.
Apart from the fact that the variable remuneration component for the CEO can reach 450% of base salary, the Board of Directors receive share awards as part of their compensation package. Performance periods are limited to three years for both long-term incentive plans, for which there are no holding periods. The CEO's total variable remuneration during the year under review exceeded five times his fixed salary, which is deemed excessive. Severance payments are capped at 12 months of salary. The board cannot award discretionary payments to executives, which is welcomed. There are claw back clauses in place which is welcomed.

Despite some positive features of the compensation structure (such as malus and claw back applicable on any incentive compensation paid to members of the Executive Committee), there continue to be concerns that the variable remuneration component is excessive. In addition, the Company does not disclose quantified performance criteria, which is against best practice. On these grounds, opposition is recommended.

Vote Cast: *Oppose* Results: For: 88.4, Abstain: 0.5, Oppose/Withhold: 11.1,

7.1. *Re-electJoerg Reinhardt, and re-elect as Chairman of the Board of Directors*
Non-Executive Chairman. Not considered to be independent as he has been Chief Operating Officer of the Company previously before moving with Bayer HealthCare AG. There is sufficient independent representation on the Board. However, due to his previous executive responsibilities, abstention is recommended.

Vote Cast: *Abstain* Results: For: 0.0, Abstain: 0.0, Oppose/Withhold: 100.0,

7.6. *Re-elect Pierre Landolt*
Non-Executive Director. Not considered to be independent as Mr. Landolt is Chairman of Emasan AG, a shareholder of the Company with 3.3% of the total share capital. In addition he served on the Board for more than nine years and there are concerns over his potential aggregate time commitments. There is sufficient independent representation on the Board. However, given the concerns over potential time commitments, abstention is recommended.

Vote Cast: *Abstain* Results: For: 97.4, Abstain: 0.3, Oppose/Withhold: 2.3,

7.7. *Re-elect Andreas von Planta*
Non-Executive Director. Not considered independent as he has served on the Board for over nine years. Furthermore, he appears to serve on a number of boards, but the exact number is not specified. There is sufficient independent representation on the Board. However, given the concerns over potential time commitments, abstention is recommended.

Vote Cast: *Abstain* Results: For: 98.4, Abstain: 0.3, Oppose/Withhold: 1.3,

8.1. *Re-elect Srikant Datar as member of the Compensation Committee*
In terms of good corporate governance, it is considered to be best practice that the compensation committee consists exclusively of independent members. Support is granted to independent directors, while opposition will be recommended for non-independent directors.
This director is not considered to be independent. Opposition is recommended.

Vote Cast: *Oppose* Results: For: 95.8, Abstain: 0.3, Oppose/Withhold: 3.9,

DEERE & COMPANY AGM - 24-02-2016

1. *Elect Samuel R. Allen*
Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the

two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. An oppose vote is recommended.

Vote Cast: *Oppose*

2. *Elect Crandall C. Bowles*
Non-Executive Director. Not considered independent as she has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

3. *Elect Vance D. Coffman*
Lead Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

4. *Elect Dipak C. Jain*
Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

6. *Elect Clayton M. Jones*
Non-Executive Director. Not considered independent owing to a tenure of over nine years to be effective next September. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

10. *Elect Dmitri L. Stockton*
Independent Non-Executive Director. There are concerns over his aggregate time commitments.

Vote Cast: *Abstain*

12. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CDC. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

13. *Appoint the Auditors*
Deloitte & Touche LLP proposed. There were no non-audit fees incurred during the year under review or over a three year period. The current auditor has been in place for 21 years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose*

15. *Shareholder resolution: Greenhouse Gas Emissions*
Proposed by: not disclosed. The Proponents request the Board of Directors to generate a feasible plan for the Company to reach a net-zero greenhouse gas emission status by 2030 for all aspects of the business which are directly owned by the Company, including but not limited to manufacturing and distribution, research facilities, corporate offices, and employee travel, and to report the plan to shareholders by June 2016. The Proponents argues that for the purposes of this proposal, "net-zero greenhouse gas emissions" is defined as reduction of Company greenhouse gas (GHG) emissions to a target annual level, and offsetting the remaining GHG emissions by negative emissions strategies which result in a documented reduction equal to or greater than the company's GHG emissions during the same year. The Board recommends shareholders oppose and argues that the proposal of achieving net-zero GHG emissions by 2030, is neither reasonable nor feasible as there is no known adequate electric storage technology to make the electric grid 100% renewable or carbon free, nor is there a credible renewable replacement supply for the natural gas required for manufacturing operations. The Board argues that the Company has a long track record of being a good steward of the environment and between 1972 and 2006, the Company's energy conservation programs reduced its total worldwide GHG emissions by 63% per ton of production. Also, the Company has set a goal of reducing its GHG emissions and its energy consumption per ton of production by 15% from 2012 through 2018.
Whilst PIRC would normally look favourably upon resolutions calling for boards to set quantified and verfiable GHG emission targets, we consider that boards are best placed to set such targets and should report on them so as to be accountable to shareholders. Since the report prescriptively sets targets (which the Board considers impracticable) shareholders are advised to oppose the resolution.

Vote Cast: *Oppose*

APPLE INC AGM - 26-02-2016

2. *Appoint the auditors*
EY proposed. Non-audit fees represented 10.48% of audit fees during the year under review and 11.20% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than five years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

Vote Cast: *Abstain*

3. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: BDB. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

4. *Approve the amended and restated 2014 Employee Stock Plan*

The Company is seeking shareholder approval to amend the 2014 Plan to increase to $30 million per person, per fiscal year, the maximum amount payable as a cash bonus award that may qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code and therefore may be deductible by Apple in determining its income tax liability under the Internal Revenue Code. As a result of the approval, the Company will also be able to meet new shareholder approval requirements for granting tax-qualified restricted stock units ("RSUs") to employees of its subsidiaries in France. *See additional information on page 5.*

The Plan is presented as an omnibus plan, which means that bundled within the same official plan there are various incentive plan elements aimed at rewarding different groups of employees, officers and executives. These plans permit the granting of options, stock appreciation rights, restricted stock, restricted stock units, performance grants and dividend equivalents. However, we note that the Compensation Committee retains the power to select employees to receive awards and determine the terms and conditions of awards.

It is considered that, as performance conditions may be attached to awards at the Compensation Committee's discretion, there are concerns that awards under the Plan will not necessarily be subject to sufficiently robust performance targets (if any). As a result, shareholders cannot assess whether the Plan will operate to align participants' incentives with shareholders' interests. Accordingly, we recommend that shareholders oppose the resolution.

Vote Cast: *Oppose*

5. *Shareholder resolution: Net-Zero Greenhouse Gas Emissions by 2030*

Proposed by: Jantz Management LLC.

The Proponent requests that the Board of Directors issue a report to shareholders by June 30, 2016, at reasonable expense and excluding confidential information, assessing the feasibility and setting forth policy options for the Company to reach a net-zero greenhouse gas emission status for its facilities and major suppliers by 2030.

Supporting Argument: The Proponent lauds Apple for committing to ". . . power[ing] all its operations worldwide on 100 percent renewable energy," and for joining the American Business Act on Climate Pledge. However, these goals do not include suppliers, nor has the Company set a time-frame for this goal. Shareholders believe that to secure the Company's leadership on climate issues, it should set an ambitious target date for becoming net-zero GHG emissions. *See additional information on page 6.*

Opposing Argument: The Board is against this proposal. The Board argues that the Proponent would require to spend valuable time and resources creating a report that provides no meaningful value to shareholders. Apple claims that it would rather allocate time and resources towards continuing to reduce carbon emissions in its worldwide operations and helping its suppliers adopt clean energy rather than debate on climate change. The Company goes further to state that almost 100% of energy used by Apple's US operation was renewable energy in 2014 while 87% of global operations are being powered by renewable energy. However, Apple does agree with the fact that a significant reduction in carbon emission is needed in certain areas of its business and it is working towards its targets to reduce the carbon emission. Apple's objectives on climate change are mentioned on its website.

PIRC Analysis: The Company provides a good level of disclosure surrounding its use of renewable energy and has shown evidence of quantifiable reducing its GHG emissions. The proponent raises fair concerns around the GHG emissions of the Company's suppliers and setting a target date for achieving overall net-zero GHG emissions. In addition, as Apple already provides a good level of disclosure surrounding these issues. The costs of producing this report should be relatively unsubstantial. However, the resolution is considered too prescriptive in setting a target of 2030. We do not believe shareholders are best placed to set emissions targets. On this basis, shareholders are advised to vote against.

Vote Cast: *Oppose*

6. *Shareholder resolution: Diversity among senior management and the Board of Directors*

Proposed by: Antonio Avian Maldonado.

The proponent requests that the Board of Directors adopt an accelerated recruitment policy requiring Apple Inc. to increase the diversity of senior management and its board of directors, two bodies that presently fails to adequately represent diversity (particularly Hispanic, African-American, Native-American and other people of colour).

Supporting Argument: The proponent states that the technology industry is characterised by the persistent and pervasive under-representation of minorities and women in senior positions. The Company is at an advantageous position to be a leader in promoting diversity in senior management and its board of directors, based on its size, breadth and position as the largest company in the world. Shareholders' view of diversity – that everyone matters (irrespective of colour, race, sex, creed or religion) – recognizes the Company's commitment to diversity and the uniqueness of experience, strength, culture, thought and commitment contributed by each employee; however, it does not ignore the Company's senior management and board of directors diminutive level of diversity and its painstakingly slow implementation. Overall, by the Company's own public disclosure, the number of minorities holding senior management-level positions or board of directorship within the Company does not reflect the Company's demographic data. *See additional information on page 6.*

Opposing Argument: The Board argues that diversity is critical to innovation and that it is essential to Apple's future. The Board promotes diversity within the Company and in the communities it is a part of and is proud of the progress it has made, which can be found on the Company's website at apple.com/diversity. In addition, the Company states that its diversity efforts are much broader than the "accelerated recruitment policy" requested by this proposal, which would be focused only on Apple's senior management and Board of Directors.This proposal would require the Board to adopt an accelerated recruitment policy for increasing diversity among senior management and the Board. The Board believes that the proposal is unduly burdensome and not necessary because Apple has demonstrated to shareholders its commitment to inclusion and diversity, which are core values for the Company.

PIRC Analysis: The Proponent raises fair concerns around diversity at senior level in the technology industry. PIRC supports moves that actively promote diversity at all levels since this can create a wider talent pool from which companies can draw to the long-term benefit of shareholders and we accept the Proponent's view of the benefits of diversity. We are, however, concerned at the use of the word "required" in the resolution since this implies the application of recruitment or promotion quotas or other forms of "positive discrimination", which may breach national employment laws. We are particularly concerned that the identification of specific ethnic groups in the resolution could be taken as being discriminatory against members of other ethnic groups. On this basis, shareholder are advised to oppose.

Vote Cast: *Oppose*

7. Shareholder resolution: Human Rights Review – High-Risk Regions

Proposed by: National Center for Public Policy Research.

The Proponent requests that the Board review the Company's guidelines for selecting countries / regions for its operations and issue a report, at reasonable expense excluding any proprietary information, to shareholders by December 2016. The report should identify Apple's criteria for investing in, operating in and withdrawing from high-risk regions.

Supporting Argument: The Proponent argues that the Company's operations in high-risk regions with poor human rights records risk damage to Apple's reputation and shareholder value. Apple has recently shown interest in opening business relations with Iran – a state sponsor of terrorism with an abysmal human rights record. The Company also has a presence (or is expecting to have a presence) in areas such as Saudi Arabia, Qatar, Nigeria and the United Arab Emirates – all nations that have questionable human rights records as relating to suffrage, women's rights and gay rights. The Proponent goes further to state that the CEO bashed state-level religious freedom laws as anti-homosexual bigotry saying, "Apple is open. Open to everyone, regardless of where they come from, what they look like, how they worship or who they love. Regardless of what the law might allow in Indiana or Arkansas, we will never tolerate discrimination." Yet, according to the Washington Post, Apple has a presence in 17 countries where homosexual acts are illegal. In four of those nations, homosexual acts are punishable by death. These company operations are inconsistent with Apple's values as extolled by the Company's CEO. Additionally, Apple's stated policies call for massive reductions in CO2 emissions. However, Apple has manufacturing operations in China – the world's largest emitter of CO2 with a questionable record on human rights and religious freedom. Again, operations in this region appear to conflict with Apple's stated values and policies.

Opposing Argument: The Board is against this proposal. The Company states that Apple products are loved by users all over the world. It believes that it is fortunate

to serve its customers, and has operations in many countries to reach them and support the business, including research and development, sales and marketing, and retail stores. Additionally, the Company has adopted a Supplier Code of Conduct to promote its standards of social and environmental responsibility and ethical conduct throughout its supply chain. Often, these standards exceed what local laws require. In 2014, Apple conducted 633 supply chain audits on labour and human rights, health and safety, and environment, covering over 1.5 million workers in 19 countries. Since 2007, Apple has trained more than 8 million workers on their rights. It does this because it believes that it drives accountability and improvement throughout its supply chain and ultimately has a positive impact on the communities its a part of. More information is available about this work at apple.com/supplier-responsibility/.
PIRC Analysis: The stated purpose behind the resolution is to expose what the proponent sees as Apple's hypocrisy and it is difficult to see how this is in shareholders' best interests. The proponent does not make a case as to how the report will be of benefit to shareholders, particularly as the underlying rationale behind the resolution appears to be that Apple should not operate in certain strategically important markets, such as China. Trading with individuals, companies or countries that is legal under national and international law does not imply moral approval of them. It is not of itself hypocritical to trade with those who do not share your values. The resolution does not appear to be motivated by reference to shareholders' interests and a vote to Oppose is recommended.

Vote Cast: *Oppose*

THE SAGE GROUP PLC AGM - 01-03-2016

3. *Re-elect Mr D H Brydon*
Incumbent Chairman. Independent upon appointment. Mr. Brydon is Chairman of another FTSE 100 company, London Stock Exchange Plc. There are time commitment concerns associated with holding more than one chairmanship in a large public company. An oppose vote is recommended.

Vote Cast: *Oppose*

7. *Re-elect Mr J Howell*
Independent non-executive director. There are concerns over a potential conflict of interest between his role as an Executive in a listed company and membership of the remuneration committee. An abstain vote is recommended.

Vote Cast: *Abstain*

10. *Re-elect Ms R Markland*
Senior Independent Director. Not considered independent as she has served on the Board for more than nine years. An oppose vote is recommended.

Vote Cast: *Oppose*

13. *Approve the Remuneration Report*
Disclosure: Overall disclosure is acceptable however annual bonus targets are not disclosed as they are deemed commercially sensitive.
Balance: Total realised rewards for the new CEO are not considered excessive as the sole reward was the annual bonus at 89% of salary. However his total awards under all incentive schemes are considered excessive as the LTIP was awarded at 250% of salary. In addition, he received an additional one-off PSP award at 125% of salary, based on six year TSR performance. This was awarded as part of his recruitment arrangement, which is not supported. The CEO's salary is considered in

the upper quartile of a peer comparator group. Termination arrangements for the outgoing CEO are considered acceptable.
Rating: BD.

Vote Cast: *Oppose*

14. *Approve Remuneration Policy*
Disclosure: Overall disclosure is acceptable.
Balance: The potential variable pay of CEO's remuneration is considered excessive as it can amount up to 425% of base salary. Performance criteria for the LTIP do not operate inter-dependently. The vesting period is three years, however a two year holding period has been introduced for awards from 2016. On the vesting of awards under the deferred bonus or the PSP, executives receive an amount (in cash or shares) equal to the dividends paid or payable between the date of grant and the vesting of the award on the number of shares which have vested. Such payments misalign shareholder and executive interests as shareholders must subscribe for shares in order to receive dividends whereas participants in the schemes do not.
Contracts: The level of discretion given to the Remuneration Committee when appointing new executive directors or on termination of a service contract raises important concerns. The Committee retains the discretion to "make appropriate remuneration decisions outside the standard policy to meet the individual circumstances of the recruitment". Under the remuneration policy, the Committee can agree to hire an Executive with an initial notice period of 24 months, reducing one month by one month for every month served until it falls to 12 months. Such contracts are not considered in line with best practice. On loss of office (under certain circumstance such as redundancy or retirement) or on a change in control, the Committee also has the discretion to allow full vesting of awards for awards granted before 3 March 2016. For other awards, it is noted that the committee may disapply time pro-rata vesting.
Rating: ADE.

Vote Cast: *Oppose*

TE CONNECTIVITY LTD AGM - 02-03-2016

1f. *Elect Thomas J Lynch*
Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the Board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal.

Vote Cast: *Oppose*

2. *Elect Thomas L Lynch as Chair of the Board of Directors*
It is not considered to be best practice for the positions of CEO and Chairman to be combined therefore an oppose vote is recommended.

Vote Cast: *Oppose*

7.1. *Appoint Deloitte & Touche LLP as the independent registered public accounting firm*
Deloitte and Touche LLP proposed. Swiss law requires shareholders to elect an independent Swiss registered public accounting firm to perform an audit of the statutory

financial statements of the company. The current auditor has been in place for more than five years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

Vote Cast: *Abstain*

7.2. *Appoint Deloitte AG, Zurich, Switzerland as the Swiss registered auditor*
Deloitte proposed. Non-audit fees represented 0.99% of audit fees during the year under review and 1.46% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than five years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

Vote Cast: *Abstain*

8. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CEC. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

13. *Authorise Share Repurchase*
The Board is seeking authority to repurchase shares in the Company up to an aggregate of $3,000,000,000. The shares bought back under this authorisation by TE Connectivity Ltd. may be held for cancellation and, if so held and cancelled, will not be subject to the 10% limitation for the aggregate par value of TE Connectivity Ltd. shares owned by the Company and its subsidiaries under article 659 of the Swiss Code. The authority sought would permit the board to exceed the 10% repurchase limit imposed by the Swiss Code, which is above our maximum share repurchase threshold. On this basis, shareholders are advised to oppose.

Vote Cast: *Oppose*

16. *Meeting Notification-related Proposal*
The Board requests authority to adjourn the meeting until a later date or dates, if necessary, in order to permit further solicitation of proxies if there are not sufficient votes to approve any agenda item. An oppose vote is recommended to any adjournment or postponement of meetings if a sufficient number of votes are present to constitute a quorum. It is considered that where a quorum is present, the vote outcome should be considered representative of shareholder opinion.

Vote Cast: *Oppose*

THE WALT DISNEY COMPANY AGM - 03-03-2016

1a. *Elect Susan E. Arnold*
Non-Executive Director. Not considered independent because she has been on the Board for over nine years. There is insufficient independence on the Board. Therefore, an oppose vote is recommended.

Vote Cast: *Oppose*

1b. *Elect John S. Chen*
Non-Executive Director. Not considered independent as he has been on the Board for over nine years. There is insufficient independence on the Board. Therefore, an oppose vote is recommended.

Vote Cast: *Oppose*

1d. *Elect Robert A. Iger*
Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. On this basis an oppose vote is recommended.

Vote Cast: *Oppose*

1f. *Elect Fred H. Langhammer*
Non-Executive Director. Not considered independent as he has been on the Board for over nine years. There is insufficient independence on the Board. Therefore, an oppose vote is recommended.

Vote Cast: *Oppose*

1g. *Elect Aylwin B. Lewis*
Non-Executive Director. Not considered independent as he has been on the Board for over nine years. There is insufficient independence on the Board. Therefore, an oppose vote is recommended.

Vote Cast: *Oppose*

1h. *Elect Robert W. Matschullat*
Non-Executive Director. Not considered independent as he has been on the Board for over nine years. There is insufficient independence on the Board. Therefore, an oppose vote is recommended.

Vote Cast: *Oppose*

1i. *Elect Mark G. Parker*
Non-Executive Director. Not considered independent as his brother's company received payments from Disney for screen-writing services. There is insufficient independence on the Board. Therefore, an oppose vote is recommended.

Vote Cast: *Oppose*

1k. *Elect Orin C. Smith*
Senior Independent Director. Not considered independent as he has served on the Board for over nine years. There is insufficient independence on the Board. Therefore, an oppose vote is recommended.

Vote Cast: *Oppose*

2. *Appoint the Auditors*
PricewaterhouseCoopers LLP proposed. The total non-audit fees were less than 25% of audit and audit related fees during the year under review. Non-audit fees over a three-year period were approximately 22% of audit and audit related fees. However, the current auditor has been in place for 78 years. This tenure raises concerns about the independence of the auditor. Therefore, an oppose vote is recommended.

Vote Cast: *Oppose*

3. *Advisory Vote on Executive Compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CED. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

SANMINA CORPORATION AGM - 07-03-2016

1a. *Elect Neil R. Bonke*
Non-Executive Director. Not considered independent as Mr Bonke has served on the Board for over nine years. There is insufficient independence on the Board. Therefore, a vote in opposition is recommended.

Vote Cast: *Oppose*

1f. *Elect Mario M. Rosati*
Nono-Executive Director. Not considered independent as he has served on the Board for over nine years. There is insufficient independence on the Board. Therefore, a vote in opposition is recommended.

Vote Cast: *Oppose*

1g. *Elect Wayne Shortridge*
Senior Independent Director. Not considered independent as he has served on the Board for over nine years. There is insufficient independence on the Board. Therefore, a vote in opposition is recommended.

Vote Cast: *Oppose*

1h. *Elect Jure Sola*
Chairman and Chief Executive. Co-founder and President since 1989. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of the company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. An oppose vote is recommended.

Vote Cast: *Oppose*

1i. *Elect Jackie M. Ward*
Non-Executive Director. Not considered independent as she has served on the Board for over nine years. There is insufficient independence on the Board. Therefore, a vote in opposition is recommended.

Vote Cast: *Oppose*

2. *Appoint the Auditors*
PwC LLP proposed. The non-audit fees were 39.99% of audit and audit related fees during the year under review. Non-audit fees over a three year basis were 42.02% of audit and audit related fees. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. Given the level of non-audit fees for the year under review and over a three year period and the auditor tenure, an oppose vote is recommended.

Vote Cast: *Oppose*

3. *Amend existing Long Term Incentive Plan*
The Company has proposed two amendments to its 2009 Incentive Plan. The first is an increase in the number of shares reserved for issuance under the Incentive Plan by 1.9 million shares. The second is a limit on the aggregate value of awards that can be granted each year to non-employee Board members under the Incentive Plan to no more than $900,000. Additional shares will be used for annual grants to non-executive employees and directors, grants to potential executive new hires, annual grants to exectuive management and grants made in connection with acquistions. Around one-third of the grants under the Incentive Plan vest only upon achievement of specific performance critieria, including earnings per share and stock level prices.
However, the Administrator can use sole discretion to reduce or waive any performance objectives or other vesting provisions for performance units and performance shares. Furthermore, granting of awards may be subject to performance goals established by the Compensation Committee but are not required to be subject to these goals. Finally, performance-based awards as cash bonuses are limited to $5 million in any fiscal year.
Because performance criteria are not requirements for issuing or vesting of incentive awards, this Plan is not considerd in line with best practice. Therefore, a proposal to increase the number of shares for issuance under the Plan is not advised, nor is a provision to grant any award to non-employee Board members who should receive only fees for their services. In addition, the goal of the Plan more generally appears to be to attract and retain key talent. It is not considered that Incentive Plans granting non-performance-related awards are key elements in attracting and retaining talent. Instead, appropriate recruitment and assessment of whether a candidate is well-suited to performing the work and being fulfilled by the work are deemed more relevant.
Additionally, LTIPs are not considered an effective means of incentivising performance. These schemes are not considered to be properly long term and are subject to manipulation due to their discretionary nature. Based on the points raised above, shareholders are advised to oppose.

Vote Cast: *Oppose*

4. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: DDD. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

QUALCOMM INCORPORATED AGM - 08-03-2016

2. *Appoint the Auditors*
PwC proposed. Non-audit fees represented 2.94% of audit fees during the year under review and 6% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. However, the current auditor has been in place for 31 years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose*

3. *Approve new Long Term Incentive Plan*
The Company has put forward a resolution requesting shareholders to approve the Company's 2016 Long-Term Incentive Plan (2016 LTIP). The 2016 LTIP provides for the grant of incentive and non-statutory stock options, stock appreciation rights, restricted stock, unrestricted stock, restricted stock units, performance units, performance shares, deferred compensation awards and other stock-based awards. As of 14 December 2015, a total of 63,850,864 shares of the Company's common stock were subject to outstanding awards granted under the 2006 LTIP, and an additional 19,766,726 shares were available for new award grants under the 2006 LTIP. If shareholders approve the 2016 LTIP, no new awards will be granted under the 2006 LTIP, although all outstanding awards under that plan will remain outstanding according to their terms. Awards other than incentive stock options are generally granted to employees and directors, although the 2016 LTIP permits the grant of awards to consultants. Incentive stock options may be granted only to employees. The 2016 LTIP would be administered by the Compensation Committee which has the authority to: determine the recipients; determine the number of shares subject to each award; determine the times when an award will become exercisable or vest and the exercise price; and interpret the 2016 LTIP. Under the Plan, no employee shall be granted within any fiscal year of the Company: i.) one or more options or freestanding stock appreciation rights which in the aggregate are for more than 3,000,000 shares; ii.) one or more restricted stock awards or restricted stock unit awards subject to vesting conditions based on the attainment of performance goals for more than 2,000,000 shares; iii.) performance shares which could result in such employee receiving more than 2,000,000 shares; and performance units which could result in such employee receiving more than $10,000,000.
The 2016 LTIP includes a 'double-trigger' provision for vesting of equity in connection with a change in control. However, the Plan allows the administrator too much discretion to determine the size, type and term of awards. There are concerns that awards may not be subject to robust enough performance targets and be insufficiently challenging. As a result, an oppose vote is recommended.

Vote Cast: *Oppose*

4. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: DCD. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

TYCO INTERNATIONAL PUBLIC LIMITED COMPANY AGM - 09-03-2016

1a. *Elect Edward D. Breen*
Non-Executive Chairman. Not considered to be independent as he has previously held the position of Chairman and CEO. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

1b. *Elect Herman E. Bulls*
Independent Non-Executive Director. There are concerns over his aggregate time commitments.

Vote Cast: *Abstain*

1c. *Elect Michael E. Daniels*
Non-Executive Director. Not considered independent as he served as a consultant to the Company for a period of six months immediately prior to his appointment in 2010. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

5. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CDB. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

1e. *Elect Brian Duperreault*
Lead Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

1f. *Elect Rajiv L. Gupta*
Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. Also, he is a Non-Executive Director at The Vanguard Group, which owns 5.1% of Tyco International Plc. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

1h. *Elect Brendan R. O'Neill*
Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

1j. *Elect Sandra S. Wijnberg*
Non-Executive Director. Not considered independent as she has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

2a. *Appoint the Auditors*
Deloitte and Touche LLP proposed. Non-audit fees represented 6.29% of audit fees during the year under review and 13% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose*

ANALOG DEVICES INC. AGM - 09-03-2016

1a. *Elect Ray Stata*
Non-Executive Chairman. Not considered independent as Mr Stata is the founder of the Company and former CEO and holds other positions from which the business benefits. There is insufficient independence on the Board. Therefore, a vote against is recommended.

Vote Cast: *Oppose*

1d. *Elect James A. Champy*
Senior Independent Director. Not considered independent as he has served on the Board for over nine years. There is insufficient independence on the Board. Therefore, a vote against is recommended.

Vote Cast: *Oppose*

1g. *Elect John C. Hodgson*
Non-Executive Director. Not considered independent as he has served on the Board for over nine years. There is insufficient independence on the Board. Therefore, a vote against is recommended.

Vote Cast: *Oppose*

1i. *Elect Kenton J. Sicchitano*
Non-Executive Director. Not considered independent as he has served on the Board for over nine years. There is insufficient independence on the Board. Therefore a vote against is recommended.

Vote Cast: *Oppose*

2. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The commentary on the disclosures made by the company is contained in the body of this report and the voting outcome for this resolution reflects the balance of our opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CEC. Based upon this rating an against vote is recommended.

Vote Cast: *Oppose*

3. *Appoint the Auditors*
Ernst & Young proposed. Non-audit fees represented 51.51% of audit fees during the year under review and 32.54% on a three-year aggregate basis. This level of non-audit fees raises concerns about the independence of the statutory auditors. In addition, the current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. Therefore, a vote against is recommended.

Vote Cast: *Oppose*

APPLIED MATERIALS INC AGM - 10-03-2016

1a. *Elect Willem P. Roelandts*
Non-Executive Chairman. Not considered independent as he has served on the Board for over nine years. There is insufficient independence on the Board. Therefore, a vote against is recommended.

Vote Cast: *Oppose*

1c. *Elect Aart J. de Geus*
Non-Executive Director. Not considered independent as he has served on the Board for over nine years. There is insufficient independence on the Board. Therefore, a vote against is recommended.

Vote Cast: *Oppose*

1f. *Elect Thomas J. Iannotti*
Non-Executive Director. Not considered independent as he has served on the Board for over nine years. There is insufficient independence on the Board. Therefore, a vote against is recommended.

Vote Cast: *Oppose*

1j. *Elect Dennis D. Powell*
Non-Executive Director. Not considered independent as he has served on the Board for over nine years. There is insufficient independence on the Board. Therefore, a vote against is recommended.

Vote Cast: *Oppose*

2. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CDC. Based on this rating, it is recommended that shareholders vote against.

Vote Cast: *Oppose*

3. *Appoint the Auditors*
KPMG proposed. Non-audit fees represented 0.84% of audit fees during the year under review and 1.14% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. However, the current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. Therefore, a vote against is proposed.

Vote Cast: *Oppose*

BANCO BILBAO VIZCAYA ARGENTARIA SA (BBVA) AGM - 10-03-2016

2.1. *Re-elect Francisco González Rodríguez*
Executive Chairman. In accordance with Law 31/2014, in companies with an executive chairman, non-executive directors must elect a Senior Independent Director (SID) among them. The SID is entitled among other functions to summon board meetings and propose items on the agenda. While the Company has appointed José Antonio Fernandez Rivero as a Lead Director, he is not considered independent as he has served as a executive manager of BBVA until 2003. In addition he has been on the Board for longer than nine years. On this basis, opposition is recommended.

Vote Cast: *Oppose*

4. *Approve extension of the scheme of remuneration for non-executive directors*
The Board requests approval to extend the "system of variable remuneration with deferred delivery of shares" for an additional five years. Under this system,

non-executive directors are allocated theoretical shares which they must hold until they leave their seat on the board, except for the case of grave dereliction of duty. Non-executive directors are allocated theoretical shares equivalent to 20% of their total remuneration paid in the previous year. Additional approval is sought to increase the number of shares allocated to the system to 600,000 ordinary BBVA shares, representing 0.01% of the share capital on the date of this resolution. Therefore, the total number of shares allotted to the System since its implementation in 2006 will be 1.6 million, representing 0.03% of the Bank's share capital on the date of this resolution. The details of the system will be determined by the executive committee who also have the discretion to modify the system without seeking further shareholder approval. The amount of shares awarded under the plan is determined by the non-executive director's own remuneration, which is determined on the basis of membership fees rather than the results of the company, therefore it is not considered that this system might affect the independence of the non-executive directors. Nevertheless, it is of concern that the details of the plan are determined and may be changed at the discretion of the executive committee without further shareholder approval. On this basis, opposition is recommended.

Vote Cast: *Oppose*

5. *Appoint the Auditors*
Deloitte proposed. Non-audit fees were approximately 11.88% of audit fees during the year under review. Non-audit fees over a three year basis were approximately 16.8% of audit fees. The level of non-audit fees does not raise concerns. However, the auditors' term exceeds 10 years, which may create potential for conflict of interest on the part of the independent auditor. Opposition is thus recommended.

Vote Cast: *Oppose*

7. *Approve Board Remuneration Report*
It is proposed to approve the remuneration policy with an advisory vote. Variable remuneration appears to be consistently capped at 200% of the fixed salary, and the payout is in line with best practice. Variable remuneration is based on the annual bonus, which is paid 50% in cash and 50% deferred over three years and subject to further performance criteria. However, the Company has not disclosed quantified targets or performance criteria for its variable remuneration component, which may lead to overpayment against underperformance. On balance, abstention is recommended.

Vote Cast: *Abstain*

DELHAIZE GROUP EGM - 14-03-2016

4. *Approve grant of PSU award to Frans Muller*
Authority is sought to approve the exceptional grant to Mr. Frans Muller, CEO of the Company of Delhaize EU performance share units (PSUs) in the value of EUR 1.5 million. The vesting of the PSUs shall occur three years after grant, subject to company performance against financial targets. There is no disclosure of said targets, which does not permit an assessment on their effectiveness. Furthermore, the three-year performance period is not attached to a further holding period and is considered to be insufficient. A main incentive utilised for the grant of the PSUs to Mr. Muller is the completion of the proposed merger between Ahold and Delhaize, which is not considered to be appropriate as the outcome of such transactions is based on factors unrelated to the Company's performance.
Based on the above concerns, opposition is recommended.

Vote Cast: *Oppose*

5. *Discharge the Board for the Period until EGM*
The discharge of the Board of Directors is a legal requirement for Belgian companies. However shareholders who voted in favour of the discharge are precluded from bringing suit against the Company. Though no concerns have been identified, opposition is recommended in order to conserve the right to decide to pursue future legal action against the Company.

Vote Cast: *Oppose*

SGS SA AGM - 14-03-2016

2. *Release of the members of the Board of Directors and of the Management.*
Standard proposal. Although no evidence of misconduct have been identified, there are serious concerns with respect to the governance at the Company, namely with board committees composition. The presence of major shareholders within the Audit and the Nomination and Remuneration Committee may lead to unhealthy corporate practices. On this basis, abstention is recommended.

Vote Cast: *Abstain*

4.1.1. *Re-election of Paul Desmarais, jr.*
Non-Executive Director. Not considered to be independent as he is the Vice Chairman of Groupe Bruxelles Lambert, which acting through Serena Sàrl owns 15% of the Company's share capital. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

4.2.1. *Re-elect Mr. Sergio Marchionne as Chairman of the Board.*
Mr. Marchionne is not considered to be independent based on tenure on the Board. In addition, there are concerns over his potential aggregate time commitments, which include executive positions (FCA) and chairmanships (Ferrari). On this basis, opposition to his election as Chairman of the Board is recommended.

Vote Cast: *Oppose*

4.3.1. *Re-elect August von Finck as Member of the Remuneration Committee*
This director is not considered to be independent. Opposition is recommended.

Vote Cast: *Oppose*

4.4. *Re-elect Deloitte SA as Auditors of the Company.*
Deloitte proposed. Non-audit fees were approximately 11.32% of audit fees during the year under review. Non-audit fees over a three year basis were approximately 9.77% of audit fees. The level of non-audit fees does not raise concerns. However, the auditors' term exceeds 10 years, which may create potential for conflict of interest on the part of the independent auditor. Opposition is thus recommended.

Vote Cast: *Oppose*

5.2. *Fixed Remuneration of Senior Management for the fiscal year 2017*
It is proposed that fixed remuneration for the operations Council in 2016 would be CHF 9.2 million (CHF 8.2 million in 2015). The increase exceeds guidelines.

Vote Cast: *Oppose*

5.3. *Annual Variable Remuneration of Senior Management for the fiscal year 2015*
It is proposed to approve the prospective variable remuneration for members of the Executive Management of the Company, which means that the proposed amount will not be the actual amount to be paid, but only the remuneration cap. The voting outcome of this resolution will be binding for the Company.
It is proposed to fix the remuneration of members of the Operations Council until next AGM at CHF 5.62 million (CHF 2.94 million were paid for the year under review). The Company submitted two separate proposals for Executives fixed and variable remuneration, which is welcomed. With this separation, if shareholders rejected the variable compensation at a future potential retrospective proposal, the Company may nevertheless pay fixed salaries. The Ordinance Against Excessive Payments provides that if compensation is not approved, it may not be paid.
There are concerns that the annual variable remuneration may be overpaying against performance, as the Company does not provide quantified pre-defined targets. The proposed variable comprises only the annual variable remuneration and excludes LTIPS, which in 2015 paid CHF 13 million. It is regrettable that the Company did not submit the total variable remuneration to shareholders, which would have been in accordance with the Ordinance. On these grounds, opposition is recommended.

Vote Cast: *Oppose*

1.2. *Advisory vote on the 2015 Remuneration report*
It is proposed to approve the remuneration policy with an advisory vote. Variable remuneration does not seem to be consistently capped and as such there are excessiveness concerns as the total potential variable remuneration is 252% and exceed 200% of the salary. In addition, the Company has not disclosed quantified targets or performance criteria for its variable remuneration component, which may lead to overpayment against underperformance. In addition, there are no claw back clauses in place over the entirety of the variable remuneration component, which makes it unlikely for shareholders to reclaim that variable remuneration unfairly paid out. On these grounds, opposition is recommended.

Vote Cast: *Oppose*

4.1.2. *Re-election of August Von Finck*
Non-Executive Director. Not considered to be independent as he holds 15.03% of the company's issued share capital. In addition he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

4.1.3. *Re-election of August François Von Finck*
Non-Executive Director. Not considered to be independent as he is a member of the Finck family (son of August von Finck, also on the Board) which holds 15.03% of the company's issued share capital. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

4.1.4. *Re-election of Ian Gallienne*
Non-Executive Director. Not considered to be independent as he he is the Managing Director of Groupe Bruxelles Lambert. Groupe Bruxelles Lambert holds 15% of the Company's issued share capital. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

4.1.6. *Re-election of Peter Kalantzis*
Non-Executive Director. Not considered to be independent due to Board interlocking with the von Finck family. Dr. Kalantzis is the Chairman of Mövenpick-Holding, founded by August von Finck, who holds 15.03% of the Company's issued share capital. In addition, he is Chairman of Von Roll Holding, which is participated by the Von Finck's. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

4.1.7. *Re-election of Christopher Kirk*
Non-Executive Director. Not considered to be independent as he has been CEO of the Company until the 2015 AGM. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

4.1.8. *Re-election of Gérard Lamarche*
Non-Executive Director. Not considered to be independent as he serves on the Board of Groupe Bruxelles Lambert with Paul Desmarais Jr. and Ian Gallienne. Groupe Bruxelles Lambert holds 15% of the issued share capital through Serena Sàrl. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

4.1.9. *Re-election of Sergio Marchionne*
Non-Executive Chairman. Not considered to be independent as he was CEO of Fiat S.p.A. prior to the merger with Chrysler. He has been on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

4.1.10. *Re-election of Shelby du Pasquier*
Non-Executive Director. Not considered to be independent as he has been on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

4.3.2. *Re-elect Ian Gallienne as Member of the Remuneration Committee*
This director is not considered to be independent. Opposition is recommended.

Vote Cast: *Oppose*

4.3.3. *Re-elect Shelby du Pasquier as Member of the Remuneration Committee*
This director is not considered to be independent. Opposition is recommended.

Vote Cast: *Oppose*

KONINKLIJKE (ROYAL) AHOLD NV EGM - 14-03-2016

3.I. *Elect J.L. Stahl to Supervisory Board*
Independent Non-Executive Director at Delhaize. There are concerns over his aggregate time commitments.

Vote Cast: *Abstain*

5. *Amend Articles: Option right to Stichting Ahold Continuteit*
Authority is sought to amend the Company Articles of Association in order to align Company respond devices where the Company subsidiary, Stichting Ahold Continuiteit, has the right to subscribe for cumulative preferred shares. This is proposed to better arrange the response device in the governance of the Company and to align it with the new capital structure after the Merger. The proposal would allow the Management Board, with Supervisory Board approval, to alter and extend the existing option agreement for an additional five years after its expiry in 2018. This proposal would lead to an unbalanced shareholder structure. It is believed that companies should pursue a one-share, one-vote share capital. Opposition is recommended.

Vote Cast: *Oppose*

8. *Amend Remuneration Policy of the Management Board*
Variable remuneration appears to be consistently capped, however, there are excessiveness concerns as the total potential variable remuneration can exceed 200% of the salary. There are claw back clauses in place over the entirety of the variable remuneration, which is welcomed. As no thresholds have been identified, there are still concerns regarding overpayment against underperformance. Due to a lack of disclosure, opposition is recommended.

Vote Cast: *Oppose*

SANDISK CORPORATION EGM - 15-03-2016

2. *To adjourn the special meeting, to solicit additional proxies*
The Board proposes to adjourn the special meeting, if necessary, to permit further solicitation of proxies. Opposition is recommended as it is considered that if a sufficient number of votes are cast at the meeting for a quorum to be present, the outcome should be considered representative of shareholder opinion.

Vote Cast: *Oppose*

BANKIA SA AGM - 15-03-2016

1.1. *Approve Annual Individual Financial Statements*
At this time, the Company has not published an English language report, which is regrettable as the Company is a large entity as defined by the EU Audit Directive, which has legislative relevance for the European Economic Area (EEA). Although there is no legal obligation in this market, it is considered that lager entities should publish also an English language version of their annual report, for consideration by international investors. On this basis, abstention is recommended.

Vote Cast: *Abstain*

1.2. *Approve Annual Consolidated Financial Statements*
At this time, the Company has not published an English language report, which is regrettable as the Company is a large entity as defined by the EU Audit Directive, which has legislative relevance for the European Economic Area (EEA). Although there is no legal obligation in this market, it is considered that lager entities should publish also an English language version of their annual report, for consideration by international investors. On this basis, abstention is recommended.

Vote Cast: *Abstain*

2.3. *Re-elect Mr. Joaquin Ayuso Garcia as Independent Director*
Independent Non-Executive Director. There are concerns over his potential aggregate time commitments.

Vote Cast: *Abstain*

2.4. *Re-elect Mr. Francisco Javier Campo Garcia as Independent Director*
Independent Non-Executive Director. There are concerns over his potential aggregate time commitments.

Vote Cast: *Abstain*

2.5. *Re-elect Ms. Eva Castillo Sanz as Independent Director*
Independent Non-Executive Director. There are concerns over her potential aggregate time commitments.

Vote Cast: *Abstain*

3. *Appoint the Auditors*
EY proposed. Non-audit fees represented 34.40% of audit fees during the year under review and 39.20% on a three-year aggregate basis. This level of non-audit fees raises some concerns about the independence of the statutory auditor.

Vote Cast: *Abstain*

6. *Approve Authority to Increase Share Capital*
Proposal to authorize the Board to increase the share capital with or without pre-emptive rights for up to 50% (with pre-emptive rights) and 20% (without pre-emptive rights). Exceeds guidelines.

Vote Cast: *Oppose*

7. *Delegation to the Board of Directors of the authority to issue securities convertible into and/or exchangeable for shares of the Company*
Proposal to authorize the Board to issue convertible debt instruments for up to EUR 1.5 billion and to issue capital without pre-emptive rights for up to 20% of the current share capital. Exceeds guidelines.

Vote Cast: *Oppose*

THE ADT CORPORATON AGM - 15-03-2016

3. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CDB. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

SVENSKA HANDELSBANKEN AGM - 16-03-2016

13. *Issuance of Tier 1 Capital rights*
The Board proposes to issue convertible bonds with conversion conditions of a maximum of 356,000,000 shares, with or without deviation from pre-emptive rights. The proposal is not in line with best practice as the authority sought amounts to more than 10% of share capital. On that basis, opposition is recommended.

Vote Cast: *Oppose*

17.1. *Re-elect Jon-Fredrik Baksaas*
Non-Executive Director. Not considered to be independent as he has served on the board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

18. *Elect the Chairman of the Board*
Par Boman proposed. Not considered to be independent as he was the Chief Executive Officer. It is considered best practice that the role of the Chairman is independent.

Vote Cast: *Oppose*

19. *Appoint the Auditors*
KPMG and Ernst&Young proposed. No non-audit fees were were invoiced during the year under review. Non-audit fees over a three year basis were approximately 4.17% of audit fees in aggregate. The level of non-audit fees does not raise concerns. However, the auditors' terms exceed 10 years, which may create potential for conflict of interest on the part of the independent auditors. Opposition is thus recommended.

Vote Cast: *Oppose*

20. *Approve Remuneration Policy*
It is proposed to approve the remuneration policy with a binding vote.
There is lack of disclosure with respect to the components of individual remuneration for Executives, which prevents shareholders from making an informed assessment. Although officially there is no variable compensation (only a profit-sharing scheme), the Board can decide to award special bonuses upon discretion, which raises concerns over the transparency of the remuneration structure. In addition, the Company reports pension contributions together with fixed salary, while they may be considered bonuses unrelated to performance, depending on the weight versus salary, as noted by the European Banking Authority among others. There are no severance agreements in place, however notice can reach 24 months' salary, which is deemed excessive. Based on excessive notice and Board discretion, opposition is advised.

Vote Cast: *Oppose*

17.2. *Re-elect Par Boman*
Non-Executive Chairman. Not considered independent due to his affiliations with Industrivarden. It is considered best practice that the Chairman of the Board is independent. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

17.4. *Re-elect Ole Johansson*
Independent Non-Executive Director. There are concerns over his aggregate time commitments.

Vote Cast: *Abstain*

17.7. *Re-elect Bente Rathe*
Non-Executive Director. Not considered to be independent as she has been on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

17.6. *Re-elect Fredrik Lundberg*
Non-Executive Vice Chairman. Not considered to be independent, as he sits on the board of Industrivärden, which holds 10.34% of the voting rights. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

AGILENT TECHNOLOGIES INC AGM - 16-03-2016

3. *Elect Tadatka Yamada, M.D.*
Non-Executive Director. Not considered independent as he has a material relationship with the Company. Dr. Tadataka Yamada served as a director of Takeda Pharmaceutical Co. Ltd. and as the Chief Medical and Scientific Officer of Takeda Pharmaceuticals International Inc. until June 2015. Takeda had a material relationship with Company in the 2015 fiscal year.

Vote Cast: *Oppose*

1. *Elect Paul N. Clark*
Non-Executive Director. Not considered independent owing to a tenure of over nine years. In addition, Mr. Paul N. Clark serves on the Board of Keysight Technologies Inc., which is a subsidiary of the Company and had a material relationship with the Company in the 2015 fiscal year. There is insufficient independence on the Board.

Vote Cast: *Oppose*

2. *Elect James G. Cullen*
Chairman. Not considered independent owing to a tenure of over nine years. In addition, Mr. James G. Cullen serves on the Board of Keysight Technologies Inc., which is a subsidiary of the Company and had a material relationship with the Company in the 2015 fiscal year. There is insufficient independence on the Board.

Vote Cast: *Oppose*

4. *Appoint the Auditors*
PwC proposed. Non-audit fees represented 1.31% of audit fees during the year under review and 2.66% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditor. The current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

Vote Cast: *Oppose*

5. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CCB. Based on this rating, it is recommended that shareholders abstain.

Vote Cast: *Abstain*

DANSKE BANK AS AGM - 17-03-2016

4a. *Reelect Ole Andersen as Director*
Independent Non-Executive Chairman. There are concerns about his potential aggregate time commitments.

Vote Cast: *Abstain*

4d. *Reelect Rolv Ryssdal as Director*
Independent Non-Executive Director. There are concerns over his aggregate time commitments.

Vote Cast: *Abstain*

4f. *Reelect Trond Westlie as Director*
Non-Executive Vice-Chairman. Not considered to be independent as he is the Group Chief Financial Officer and Member of the Executive Board of A.P. Moller-Maersk A/S, a significant shareholder of the Company. There is sufficient independent representation on the Board. However there are concerns over his aggregate time commitments.

Vote Cast: *Abstain*

4g. *Elect Lars-Erik Brenoe as Director*
Non-Executive Director candidate. Not considered independent as he is Executive VP within the Moller Maersk Group, which is a significant shareholder of the Company. There is sufficient independent representation on the Board. There are however concerns over his aggregate time commitments.

Vote Cast: *Abstain*

5. *Appoint the Auditors*
Deloitte proposed. Deloitte replaced E&Y at the 2015 AGM. Non-audit fees were approximately 94% of audit fees during the year under review. There are concerns that this level of non-audit fees creates a potential for conflict of interest on the part of the independent auditor. The tenure of the auditor is less than five years, which meets guidelines. However, opposition is recommended based on the concerns over the level of non-audit fees and its implications over the independence of the auditor. In addition, the Company does not disclose fully the nature of non-audit work. On these bases, opposition is recommended.

Vote Cast: *Oppose*

9. *Approve Remuneration Policy*
The Company has introduced some changes which implement the EBA guidelines, mostly separating pension contribution from fixed salary in calculating variable-to-fixed ratio, which is welcomed. Variable remuneration is capped at 200% of the fixed salary, which is in line with the CRD IV. However, there are still elements of concern as the company does not fully disclose nor quantifies performance criteria for variable remuneration and this may lead to overpayments against performance. There is clawback over the entire variable remuneration and back testing on the deferred, which is welcomed. Nevertheless, abstention is recommended based on lack of disclosure over performance criteria for variable remuneration.

Vote Cast: *Abstain*

10.1. *Shareholder Resolution: Cease to Make New Investments in Non-Renewable Energy and Scale Down Existing Investments*
Proposed by Nanna Bonde Ottosen. It is proposed that the Company refrains from making new investments in non-renewable energies and scales down such existing investments in the portfolio. The proponents argue that investments in coal, oil and gas are investments in non-renewable energy and hurt climate and the environment. The Board does not support this proposal.
The Company states that it is already working on investment solutions for those customers who wish to focus on renewable energies and that already considers environmental risks within its own investment decisions. Nevertheless, fossil fuels remain a pre-condition for global growth and welfare, the Company states. The Company's position appears short sighted: at this time, there are countries who are no longer relying on fossil fuels, such as Uruguay and Sweden, and are nevertheless growing and maintaining their welfare. However, the shareholder proposal lacks clarity around a proposal timeline and, if approved, may lead to abrupt divestments which could cause damage to the bottom line while not necessarily making a definite contribution against climate change. On balance, abstention is recommended.

Vote Cast: *Abstain*

10.2. *Shareholder Resolution: Introduce Ceiling on Golden Handshakes*
Proposed by Nanna Bonde Ottosen. The proponents request that the Board proposes a ceiling on golden handshakes. No concrete cap has been proposed. The Board supports the motion and refers to the remuneration policy where severance payments are capped at 24 months.
Golden handshakes are not considered an appropriate form of remuneration, as they are not linked to performance and constitute a free grant of emoluments on account of finishing a term. It would be preferred that they be cancelled, although a cap of 12 months of salary would be deemed acceptable. The proposal fails to mention a concrete cap, an alternative to that included in the remuneration policy. Approving this proposal would mean supporting a 24 months severance as proposed by the Board. On this basis, opposition is recommended.

Vote Cast: *Oppose*

10.3. *Shareholder Resolution: At a European Level Support the Introduction of a Tax on Speculation (FTT tax)*
Resolution proposed by Nanna Bonde Ottosen. It is proposed to delegate the Board to support the introduction of a tax on speculation at European level (a 0.1% taxation on equity, bonds and other financial instruments). The Supervisory Board does not support the motion since the adoption of this measure would impact negatively on customers.
The Company has a legal duty to protect the interests of its clients, within legal boundaries. In addition, supporting the implementation of a law at European level may be seen as lobbying and may involve governance concerns, namely within the relations with those shareholders and clients who will not benefit from such legislation. Lastly, the proposal lacks clarity and would not give a clear mandate to the Board in terms of scoping such support. On this basis, opposition is recommended.

Vote Cast: *Oppose*

10.4. *Shareholder Resolution: Create Increased Amount of Traineeship Opportunities at the Company*
Proposed by Nanna Bonde Ottosen. It is proposed to increase the number of young people to be inserted in the staff as office trainees. The Board does not support the motion and argues that the competence requirements of the theoretical knowledge of young new employees are today higher than in the past, and as a consequence the very presence of office tasks has dropped. Increasing office trainees would be counter-productive as, in return, the Company may not be able to hire or attract the highest qualified personnel.
The proponents have provided limited scope regarding the change and impact that such proposal would enhance. Furthermore, the Board appears to have taken

measures towards the process. Opposition is recommended.

Vote Cast: *Oppose*

11. *Shareholder Resolution: Criteria for Appointment of Directors and Management*
It is proposed that candidates to the Board should be nominated only based on qualifications, suitability and experience, and not gender or age. This rationale should apply also during the hiring and promoting process. The proposal does not have the support of the Board of Directors, which considers diversity in terms of age, gender and culture a relevant criterion. The same applies at all other management levels at the bank.
Recent research suggests that diversity within a company increases its performance. Besides and beyond, there are legal provisions in Denmark that require companies to apply a 40% gender quota within their board. Opposition is recommended.

Vote Cast: *Oppose*

KEYSIGHT TECHNOLOGIES INC AGM - 17-03-2016

3. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: ADB. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

HUFVUDSTADEN AB AGM - 17-03-2016

11. *Discharge the Board*
Standard proposal. However, the following serious corporate governance concern has been identified. Non-audit fees have not been disclosed. Opposition is therefore recommended.

Vote Cast: *Oppose*

15. *Approve Remuneration Policy*
It is proposed to approve the remuneration policy with a binding vote. Variable remuneration appears to be consistently capped, and the payout is in line with best practice. There are claw back clauses in place over the entirety of the variable remuneration, which is welcomed. However, the Company has not disclosed quantified targets or performance criteria for its variable remuneration component, which may lead to overpayment against underperformance. On balance, abstention is recommended.

Vote Cast: *Abstain*

17.c. *Shareholder Resolution: Submit a Report in writing to the Annual General Meeting*
Shareholder proposal from Thorwald Arvidsson. It is proposed to annually submit a report in writing to the Annual General Meeting, as a suggestion by including the report in the printed version of the Annual Report. Insufficient information has been disclosed as of the scope and the goals of this proposal. Opposition is recommended.

Vote Cast: *Oppose*

17.d. *Shareholder Resolution: Creation of a Shareholders Association*
Shareholder proposal from Thorwald Arvidsson. It is proposed to enable the creation of a shareholders association. The establishment of an association would enhance shareholder rights for minority investors, especially since the Company does not have a Nomination Committee in place. However, there is a lack of disclosure regarding the goals of the association. Opposition is recommended.

Vote Cast: *Oppose*

17.e. *Shareholder Resolution: Remuneration Issue*
Shareholder proposal from Thorwald Arvidsson that board members should not be allowed to invoice their Board fees via a legal entity. There is a lack of disclosure regarding the scope and the goals of this proposal. Opposition is recommended.

Vote Cast: *Oppose*

17.g. *Shareholder Resolution: Mandate to the Board to write to the Competent Authority on the need for Amendment of the rules in adherence to resolution 17.e*
Shareholder proposal from Thorwald Arvidsson. It is proposed to instruct the Board of Directors to write to the competent authority (the Government of Sweden or the Swedish Tax Agency) in order to draw the attention to the need for amendments for the rules governing the invoicing of Directors to the Board via a legal entity. Writing to the government is lobbying practice and there is a risk of potential governance issues. Opposition is recommended.

Vote Cast: *Oppose*

17.i. *Shareholder Resolution: Mandate to the Board to write the Government of Sweden on the abolishment of Voting Power Differences*
Shareholder proposal from Thorwald Arvidsson. It is proposed to instruct the Board to advocate for the abolishment of voting power differences among the Swedish Government. It is believe that companies should abide by the one-share, one-vote principle. However, writing to the government is lobbying practice and there is a risk of potential governance issues. Opposition is recommended.

Vote Cast: *Oppose*

17.j. *Shareholder Resolution: Mandate to the Board to write the Government of Sweden on implementing rules on the "Cool -off Period" for politicians*
Shareholder proposal from Thorwald Arvidsson. It is proposed to assign the Board to advocate for the implementation of "Cool-off Period" for politicians. Appropriate cool-off period are considered to be a positive governance practice in order to reduce potential "revolving doors" that may act as distortion of fair market practice. However, writing to the government is lobbying practice and there is a risk of potential governance issues. Opposition is recommended.

Vote Cast: *Oppose*

GIVAUDAN SA AGM - 17-03-2016

5.1.1. *Re-elect Prof Dr Werner Bauer*
Non-Executive Director. Not considered independent as he owns Restricted Stock Units which are based on share price evolution and it is considered that it could affect independence in the short term. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

5.1.2. *Re-elect Ms Lilian Biner*
Non-Executive Director. Not considered independent as she own Restricted Stock Units which are based on share price evolution and it is considered that it could affect independence in the short term. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

5.1.3. *Re-elect Mr Michael Carlos*
Non-Executive Director. Not considered independent as he has worked for the Company for over 30 years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

5.6. *Appoint the Auditors*
Deloitte proposed. Non-audit fees were approximately 2.94% of audit fees during the year under review. Non-audit fees over a three year basis were approximately 2.94% of audit fees. The level of non-audit fees does not raise concerns. However, the auditors' term is 7 years, which exceeds best practice. Abstention is thus recommended.

Vote Cast: *Abstain*

5.1.5. *Re-elect Mr Calvin Grieder*
Non-Executive Director. Not considered independent as he owns Restricted Stock Units which are based on share price evolution and it is considered that it could affect independence in the short term. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

5.1.6. *Re-elect Mr Thomas Rufer*
Non-Executive Director. Not considered independent as he owns Restricted Stock Units which are based on share price evolution and it is considered that it could affect independence in the short term. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

5.1.7. *Re-elect Dr Jürg Witmer*
Non-Executive Director. Not considered independent as he was CEO of the Company until April 2005. Additionally, he has been on the Board for over nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

5.3. *Re-elect Dr Jürg Witmer as Chairman of the Board*
It is proposed to re-elect Dr Jurg Witmer as Chairman of the Board. In terms of good governance, it is considered that the Chairman should be considered to be independent or there should be sufficient independent representation on the Board. Since neither of these apply, opposition is recommended.

Vote Cast: *Oppose*

6.2.2. *Approve long term variable remuneration for Executive Committee*
It is proposed to approve the 2016 Performance Share Plan, which has the same elements of concerns of the previous ones: potential excessiveness (approximately 400% of the salary) and vesting considered to be short term, in addition to immediate vesting upon change of control which led to termination of contract. Despite an above-market disclosure, opposition is recommended.

Vote Cast: *Oppose*

6.2.1. *Approve executive short term variable compensation (2015 Annual Incentive Plan)*
The proposed annual incentive for 2015 is CHF 2.39 million, which is less than 100% of the base salary for the Executive Committee and broadly in line with best practice. It is welcomed that the Company has proposed a retrospective approval. However, based on the concerns on the short term remuneration structure (mainly, lack of disclosed targets for the annual incentive), abstention is recommended.

Vote Cast: *Abstain*

2. *Approve the Remuneration Report*
It is proposed to approve the remuneration policy with an advisory vote. Variable remuneration appears to be consistently capped, however the compensation structure may lead to excessive variable remuneration (which is 3 times the fixed salary for the CEO, at target which can be multiplied up to 200%). The Company has disclosed past achievements, however quantified performance criteria have not been disclosed. consists of an annual bonus and long term incentives. Based on potential excessiveness against non-quantified performance criteria, opposition is recommended.

Vote Cast: *Oppose*

5.4.1. *Elect Prof. Dr Werner Bauer to the Compensation Committee*
This director is not considered to be independent. Opposition is recommended.

Vote Cast: *Oppose*

5.4.3. *Elect Mr Calvin Grieder to the Compensation Committee*
This director is not considered to be independent. Opposition is recommended.

Vote Cast: *Oppose*

NORDEA BANK AB AGM - 17-03-2016

9. *Discharge the Board and the CEO*
Standard proposal. However, the following serious corporate governance concern has been identified. In May 2015, the Company received a warning and a SEK 50 million fine from the Swedish Financial Supervisory Authority for insufficient processes to counteract money laundering and territorist financing. The Company has taken steps to strengthen its practices in this area. However, the Company's compliance in several areas, including investment advice and anti-money laundering,was the subject of ongoing investigation in 2015, and the outcomes of these investigations have not yet been released. Opposition is therefore recommended.

Vote Cast: *Oppose*

13. *Elect the Board of Directors*
The Nomination Committee proposes to re-elect the current shareholder-elected Directors on the Board. The Nomination Committee also proposes the re-election of Bjorn Wahlroos as Chairman of the Board. There is insufficient independent representation on the Board. Opposition is recommended.

Vote Cast: *Oppose*

14. *Appoint the Auditors*
Ohrlings PwC proposed. Non-audit fees were approximately 40% of audit fees during the year under review. Non-audit fees over a three year basis were approximately 47% of audit fees. There are concerns that this level of non-audit fees creates a potential for conflict of interest on the part of the independent auditor. The auditors' tenure is less than five years, which meets guidelines. However, an abstain vote on the resolution is recommended based on the concerns over the level of non-audit fees.

Vote Cast: *Abstain*

15. *Elect the Nomination Committee*
The company proposes that the Nomination Committee shall consist of representatives of the four largest shareholders (by voting rights) and the chairman of the board. As the chairman of the board, Bjorn Wahlroos, is related to Sampo plc, which holds a significant stake of the Company's share capital, the composition of the committee does not meet best practice guidelines. Therefore, opposition is recommended.

Vote Cast: *Oppose*

18. *Approve Executive Remuneration Policy*
It is proposed to approve the remuneration policy with a binding vote. Variable remuneration appears to be capped, although there is room for discretionary awards, which brings onto the surface excessiveness concerns, as the total potential variable remuneration may exceed 200% of the salary. In addition, the Company has

not disclosed quantified targets or performance criteria for its variable remuneration component, which may lead to overpayment against underperformance. There are claw back clauses in place over the entirety of the variable remuneration, which is welcomed. However, opposition is recommended based on the potential for excessive remuneration.

Vote Cast: *Oppose*

NOVO NORDISK A/S AGM - 18-03-2016

3.1. *Approve Fees payable to the Board of Directors for 2015*
Proposal to approve the actual remuneration for the Board for the year under review. The proposed amount (DKK 12.2 million) is higher than that approved at the previous AGM. However, the Board has not disclosed a suitable explanation to justify the proposed increase. On this basis, opposition is recommended.

Vote Cast: *Oppose*

3.2. *Approve Fees payable to the Board of Directors for 2016*
The Board is seeking approval for Board and committee membership fees for Non-Executive directors. The actual remuneration will be approved at next year's AGM. The consequences of the adjustments are an estimated total increase in the remuneration level for 2016 for each board member of between 12 % and 59 % with an average increase per board member of 31% compared to the actual total remuneration for 2015. The Board based the adjustments on benchmark data from major Danish companies supplemented with benchmark data from Scandinavian companies and European pharmaceutical companies, which is not considered to be an appropriate justification. Opposition is recommended.

Vote Cast: *Oppose*

5.1. *Elect Göran Ando as Chairman*
Non-Executive Chairman. Not considered to be independent as he is a member of the board of directors of Novo A/S which holds a significant stake of the Company's issued share capital. In addition he has served on the board for more than nine years. There is sufficient independent representation on the board.; however, there are concerns over his aggregate time commitments.

Vote Cast: *Abstain*

5.2. *Elect Jeppe Christiansen as Vice Chairman*
Non-Executive Vice Chairman. Not considered to be independent as he is a member of the board of directors of Novo A/S which holds a significant stake of the Company's issued share capital. There is insufficient independent representation on the board; however, there are concerns over his aggregate time commitments.

Vote Cast: *Abstain*

5.3a. *Elect Bruno Angelici*
Independent Non-Executive Director. However, there are concerns over his aggregate time commitments.

Vote Cast: *Abstain*

6. *Appoint the Auditors: PricewaterhouseCoopers*
PwC proposed. Non-audit fees represented 62.5% of audit fees during the year under review and 69.44% on a three-year aggregate basis. This level of non-audit fees raises serious concerns about the independence of the statutory auditors. Furthermore, the current auditor has been in place for more than ten years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor.

Vote Cast: *Oppose*

7.5c. *Amend Articles: Company announcements in English*
Authority is sought to amend the Company's Articles to include a new Article specifying that the Board of Directors may decide whether company announcements shall be prepared in English only. While disclosure in the English language is welcomed, it would be unfair to local danish shareholders to not disclose information and announcements in the local language. Abstention is recommended.

Vote Cast: *Abstain*

7.6. *Adopt Revised Remuneration Principles*
It is proposed to adopt the revised principles for remuneration of board members and executives in the Company including the general guidelines for incentive- based remuneration.
The proposed increase in fees for the Remuneration Committee Chairman and ordinary members has been increased by 50%, which is excessive. Furthermore, reflection of the remuneration package for executives on international assignments creates a potential for excessive pay in the absence of quantified criteria. Finally, whilst economic value creation is primordial when considering long-term incentive programmes, it is considered that shareholder value creation should also be taken into account.
Based on the above concerns, opposition is recommended.

Vote Cast: *Oppose*

5.3e. *Elect Mary Szela*
Independent Non-Executive Director. However, there are concerns over her aggregate time commitments

Vote Cast: *Abstain*

BANCO SANTANDER SA AGM - 18-03-2016

3b. *Elect Mr Ignacioa Benjurrea Gabeze de Vaca*
Non-Executive Director. Not considered to be independent as he has been working in various capacities of the Company and its subsidiaries in the past. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

3d. *Elect Mr Angel Jado Becerro de Bengoa*
Non-Executive Director. Not considered to be independent as he has been on the Board for more than nine years in aggregate. He was a Director of Banco Santander from 1972 to 1999. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

3e. *Elect Mr Javier Botin-Sanz de Sautuola y O'Shea*
Non-Executive Director. Not considered to be independent as he is a representative of Foundacion Marcelino Botin and other related shareholders. He is a member of the shareholders' agreement. Finally, he has been on the Board for more than nine years. He represents the ownership interests of Ana Botín-Sanz de Sautuola y O'Shea. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

3f . *Elect Ms Isabel Tocino Biscarolasaga*
Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

7. *Approve Authority to Increase Authorised Share Capital*
Proposal to authorize the Board to increase capital with or without pre-emptive rights for up to EUR 500 million (46% of the current share capital) for one year. Exceeds guidelines.

Vote Cast: *Oppose*

10. *Approve Remuneration Policy*
It is proposed to approve the remuneration policy with a binding vote. The approval of the policy will be valid for three years and in case of amendments, the policy should be submitted to shareholder vote for a further three year approval.
The Company proposes to merge short and long term incentives into one incentive: 40% paid every year (the bonus) and the rest deferred over 5 years, of which the last three payments are depending on quantified targets). Variable remuneration appears to be consistently capped at 200% of the salary, and the payout is in line with best practice. There are claw back clauses in place over the deferred part of the variable remuneration, while claw-back over the entire available component would be preferred. In addition, the criteria for the LTI are not considered sufficiently challenging and the LTI vests over three years, which is considered to be short term. On balance, abstention is recommended.

Vote Cast: *Abstain*

13.A. *Approve Deferred Share Bonus Plan - First Cycle*
Proposal to approve the first cycle of the Deferred Multiyear Objectives Variable Remuneration Plan. Consistently with the proposal included in the Remuneration Policy, it is proposed to approve the first cycle of the deferred share plan, which will correspond to 60% of the variable remuneration. there are concerns over the choice of the performance criteria as well as over a vesting period of three years which is considered to be short term.

LTIP based schemes are inherently flawed. There is the risk that they are rewarding volatility rather than the performance of the company (creating capital and - lawful - dividends). They act as a complex and opaque hedge against absolute company underperformance and long-term share price falls. They are also a significant factor in reward for failure.

Vote Cast: *Oppose*

15. *Approve the Remuneration Report*
It is proposed to approve the annual report on remuneration of executive and non-executive directors with an advisory vote. Variable remuneration appears to be consistently capped, and the payout is in line with best practice. There are claw back clauses in place over the deferred part of the variable remuneration. The Company discloses all aspects of the annual remuneration of executives and non-executives, however there are concerns that the long term incentive (valid until 2015) would not effectively measure the impact of executives' performance on the company's long term performance, partly for the choice of performance criteria and partly for their measurement. On this basis, abstention is recommended.

Vote Cast: *Abstain*

13.B. *Approve Deferred Share Bonus Plan - Sixth Cycle*
Proposal to approve the sixth cycle of the Deferred Multiyear Objectives Variable Remuneration Plan. Consistently with the proposal included in the Remuneration Policy, it is proposed to approve the first cycle of the deferred share plan, which will correspond to 60% of the variable remuneration. there are concerns over the choice of the performance criteria as well as over a vesting period of three years which is considered to be short term.
LTIP based schemes are inherently flawed. There is the risk that they are rewarding volatility rather than the performance of the company (creating capital and - lawful - dividends). They act as a complex and opaque hedge against absolute company underperformance and long-term share price falls. They are also a significant factor in reward for failure.

Vote Cast: *Oppose*

SKANDINAVISKA ENSKILDA BANKEN (SEB) AGM - 22-03-2016

15a.1. *Re-elect Johan H. Andresen*
Independent Non-Executive Director. There are concerns over his aggregate time commitments.

Vote Cast: *Abstain*

15a.2. *Re-elect Signhild Arnegard Hansen*
Independent Non-Executive Director. There are concerns over her aggregate time commitment.

Vote Cast: *Abstain*

15a.3. *Re-elect Samir Brikho*
Not considered to be independent as he has been CEO and in the Group Executive Committee of ABB, where Investor AB (the family holding of Mr. Wallenberg) has an 8.35% interest. There is insufficient independent representation on the Board. Furthermore, there are concerns over his aggregate time commitments.

Vote Cast: *Oppose*

15a.5. *Re-elect Winnie Fok*
Non-Executive Director. Not considered to be independent as she is a former advisor to Investor AB. There is insufficient independent representation on the Board. Furthermore, there are concerns over her aggregate time commitments.

Vote Cast: *Oppose*

15a.6. *Re-elect Urban Jansson*
Vice Chairman. Not considered to be independent as he has held previous positions in the Company. In addition he has been on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

15a.8. *Re-elect Tomas Nicolin*
Non-Executive Director. Not considered to be independent as he was the CEO of Alecta which holds 5.9% of the company's issued share capital and voting rights. There is insufficient independent representation on the Board. Furthermore, there are concerns over his aggregate time commitments.

Vote Cast: *Oppose*

15a.9. *Re-elect Sven Nyman*
Non-Executive Director. Not considered to be independent as he is a former executive of Investor AB. There is insufficient independent represenation on the Board. Furthermore, there are concerns over his aggregate time commitments.

Vote Cast: *Oppose*

15a.10. *Re-elect Jesper Ovesen*
Non-Executive Director. Not considered to be independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

15a.11. *Re-elect Marcus Wallenberg*
Non-Executive Chairman. Not considered to be independent as he controls Investor AB through his family holding FAM. Investor is the major shareholder of the Company. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

15b. *Elect Chairman of the Board: Marcus Wallenberg*
Non-Executive Chairman. Not considered to be independent as he is controls Investor Ab, the major shareholder, through his family holding FAM. It is considered best practice that the role of the Chairman is independent.

Vote Cast: *Oppose*

16. *Appoint the Auditors: PricewaterhouseCoopers AB*
Non-audit fees were approximately 96.15% of audit fees during the year under review. Non-audit fees over a three year basis were approximately 96.25% of audit fees. There are concerns that this level of non-audit fees creates a potential for conflict of interest on the part of the independent auditor. In addition, the tenure of the Auditor is more than 10 years, which is considered excessive. On these grounds, opposition is recommended.

Vote Cast: *Oppose*

17. *Approve Remuneration Policy for the President and members of the Group Executive Committee.*
It is proposed to approve the remuneration policy with a binding vote.
There is lack of disclosure with respect of targets and measurable criteria for variable remuneration, which prevents shareholders from making an informed assessment. The CEO's total variable remuneration (equity-based incentives and pension contributions) during the year under review corresponded to 65% of fixed salary, but it may be overpaying for underperformance, in absence of quantified targets. Severance payments are capped at 12 months for executives, which is welcomed, however the Board can award discretionary payments to executives, as it is authorized to deviate from the policy, which is against best practice. There are no claw back clauses in place which is against best practice.
Based on the potential overpaying variable remuneration, against non-quantified performance criteria, and the absence of claw back, opposition is advised.

Vote Cast: *Oppose*

18a. *Long-Term Equity Programmes for 2015: SEB All Employee Programme (AEP) 2016*
It is proposed to approve the Company's All Employee Programme 2015. 50% of the outcome will be paid in cash and 50% is deferred for a three year period and paid out in A-shares in Sweden and in cash for non-residents. The share-based part will give access to class A shares and is conditional to continuous employment during the three-year vesting period. The actual payout is capped at SEK 75,000 (55,000, 2015) per participant and will depend on the performance criteria such as: pre-determined Group targets according to business plan, the financial target return on equity, cost development and the non-financial target customer satisfaction. The payout will be subject to a proposal at the 2017 AGM.
All employee plans are accepted as a way to incentivize the labor force. However, it is unclear whether executives will be able to participate to the programme, whose performance criteria have not been disclosed at this time. On this basis, abstention is recommended.

Vote Cast: *Abstain*

18b. *Approve SEB Share Deferral Programme (SDP) 2016 for the Group Executive Committee, certain other senior managers with critical competencies and a broadened number of other key employees*
It is proposed to approve the 2016 Share Deferral Programme (SDP), reserved to members of the Group Executive Committee (GEC) and other Executives, comprising

a total of approximately 2,000 employees.
The SDP is based on targets set on an annual basis as a mix of the financial target Return on Equity per Return on Business Equity, cost development as well as on customer satisfaction and parameters such as compliance and risk. The initial allotment is capped at 100% of salary for members of the GEC. Deferred shares rights vest after three years (50%) and five years (50%), plus a further holding period of one year. After the qualification period an additional holding period of one year takes place. Each share right carries the right to receive one Class A share in Sweden and deferred outcome outside Sweden. Members of the GEC must also hold shares equal to a predetermined amount, corresponding to one year of salary during the initial three year vesting period. The total number of allotted shares is capped at 14.1 million of Class A shares (0.64% of the share capital) and is deemed accceptable. However, based on lack of quantified targets, opposition is recommended.

Vote Cast: *Oppose*

22a. *Shareholder Resolution: Diversity on all levels within the Company between men and women*
Resolution proposed by Thorwald Arvidsson. It is proposed for the Company to adopt the vision of absolute equality between men and women on all levels. The Board supports this proposal. The Corporate Governance Code of Sweden recommends that companies should aim at equality of gender representation on the Board or explain otherwise. The Company currently has a diversity policy for the board that is in line with the corporate governance recommendations for this market. It is not specified how this proposal would enhance the policy in place. Opposition is therefore recommended.

Vote Cast: *Oppose*

22b. *Shareholder Resolution: Set up a working group to monitor Company Diversity*
Shareholder proposal from Thorwald Arvidsson. It is proposed to enable the creation of a working group to monitor company diversity. The Board does not support this proposal. The Company is compliant with the recommendations of the Corporate Governance Code and has a diversity policy. As such, the added value of the proposal is unclear. Opposition is recommended.

Vote Cast: *Oppose*

22c. *Shareholder Resolution: Submission of a report on Company Diversity in writing at the Annual General Meetings*
Shareholder proposal from Thorwald Arvidsson. It is proposed to annually submit a report on Company diversity in writing to the Annual General Meeting, as a suggestion by including the report in the printed version of the Annual Report. The Company has already a separate report on diversity, which is included in the Annual Report. As such, the added value of this proposal is unclear. Opposition is advised.

Vote Cast: *Oppose*

22d. *Shareholder Resolution: Create a Shareholder's Association in the Company*
Resolution proposed by Thorwald Arvidsson. It is proposed to delegate the Board to create a Shareholder's association within the Company. It is not clear what would be the functions and the role of this association. The Company has already a Nomination Committee where major and minority shareholders are represented. Opposition is recommended.

Vote Cast: *Oppose*

22e. *Shareholder Resolution: Director's Remuneration*
Shareholder proposal from Thorwald Arvidsson that board members should not be allowed to invoice their Board fees via a legal entity. There is a lack of disclosure regarding the scope and the goals of this proposal. Opposition is recommended.

Vote Cast: *Oppose*

22f. *Shareholder Resolution: Inclusion of ethnicity, gender and ethics in Nomination Committee work*
Shareholder proposal from Thorwald Arvidsson. It is proposed that the Nomination Committee in performing its duties should pay particular attention to issues associated with ethics, gender and ethnicity. As the Company already has such a Policy on Diversity in place and the proposed resolution does not disclose how it would enhance the current policy, opposition is recommended.

Vote Cast: *Oppose*

22g. *Shareholder Resolution: Board and Nomination Committee representation for small and medium sized Shareholders*
Shareholder proposal from Thorwald Arvidsson. It is proposed to assign the Board to prepare a proposal to be referred to the Annual General Meeting 2017 regarding representation on the Board and the Nomination Committee for the small and medium-sized shareholders. The Nomination Committee is a common feature among Swedish companies and comprises the biggest shareholders, along with one representative from the Board. The Company already has a Nomination Committee, which already complies with recommendations from the local corporate governance code. On this basis, opposition is recommended.

Vote Cast: *Oppose*

22h. *Shareholder Resolution: Steps to change regulation in accordance with resolution 22.e*
Shareholder proposal from Thorwald Arvidsson. It is proposed to instruct the Board of Directors to write to the competent authority (the Government of Sweden or the Swedish Tax Agency) in order to draw the attention to the need for amendments for the rules governing the invoicing of Directors to the Board via a legal entity. Writing to the government is lobbying practice and there is a risk of potential governance issues. Opposition is recommended.

Vote Cast: *Oppose*

22j. *Shareholder Resolution: National lobbying to abolish the possibility of differentiated voting rights in Swedish limited liability companies*
Resolution proposed by Thorwald Arvidsson. It is proposed to delegate the Board to write the Swedish government and ask to investigate the abolishment of different voting powers within the Swedish Company's Act. Adherence to the one-share, one-vote principle is considered best practice and should be encouraged. However, writing to the government in this case could be a lobbying activity, which may entail governance concerns. Opposition is recommended.

Vote Cast: *Oppose*

22k. *Shareholder Resolution: Lobby for a comprehensive law corresponding to area mentioned in resolution 23*
Shareholder proposal from Thorwald Arvidsson. It is proposed to assign the Board to advocate for the implementation of "Cool-off Period" for politicians. Appropriate cool-off period are considered to be a positive governance practice in order to reduce potential "revolving doors" that may act as distortion of fair market practice. However, writing to the government is lobbying practice and there is a risk of potential governance issues. Opposition is recommended.

Vote Cast: *Oppose*

HEWLETT PACKARD ENTERPRISE COMPANY AGM - 23-03-2016

2. *Appoint the Auditors*
EY proposed. Non-audit fees represented 38.20% of audit fees during the year under review. This level of non-audit fees raises some concerns about the independence of the statutory auditor. An abstain vote is recommended.

Vote Cast: *Abstain*

3. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: BDC. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

STARBUCKS CORPORATION AGM - 23-03-2016

4. *Appoint the Auditors*
Deloitte & Touche LLP proposed. Non-audit fees represented 8.01% of audit fees during the year under review and 7% on a three-year aggregate basis. This level of non-audit fees does not raise serious concerns about the independence of the statutory auditors. The current auditor has been in place for 20 years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose*

1a. *Elect Howard Schultz*
Chairman and CEO. Combined roles at the head of the Company. There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the Company's business. No one individual should have unfettered powers of decision. Combining the two roles in one person represents a concentration of power that is potentially detrimental to board balance, effective debate, and board appraisal. An oppose vote is recommended.

Vote Cast: *Oppose*

1b. *Elect William W. Bradley*
Non-Executive Director. Not considered independent as he has served on the Board for more than nine year. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

1l. *Elect Craig E. Weatherup*
Lead Director. Not considered independent as he as served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

3. *Approve the Amended and Restated Executive Management Bonus Plan*
The Company has put forward a resolution requesting shareholders to approve the Amended and Restated Executive Management Bonus Plan. The Amended Plan would make the following changes: (i) add a fixed performance goal of "positive operating income", as opposed to the Committee selecting the performance goal from a list of performance measures; and (ii) make certain other administrative changes. The Plan is open to partners serving in positions of executive vice president and above and key employees selected by the Compensation Committee. The Plan will be administered by the Compensation Committee which has the authority to: interpret all its provisions; adopt and amend rules; and to reduce or eliminate the amount of any award payable under the Plan. Pursuant to the Plan, the maximum amount paid to any participant with respect to any annual award will be $10m.
Although, the Committee will not have the authority to amend or modify the performance goal, the Plan allows the administrator too much discretion to determine the term of awards. There are concerns that awards may not be subject to robust enough performance targets and be insufficiently challenging. In addition, the maximum value limit of $10m is considered excessive. As a result, an oppose vote is recommended.

Vote Cast: *Oppose*

6. *Shareholder Resolution: Human Rights*
Proposed by: The National Center for Public Policy Research. The Proponent requests the Board of Directors to review its policies related to human rights to assess areas in which the Company may need to adopt and implement additional policies and to report its findings by December 2016. The review may include consideration of: i) whether the Company operates in regions that have a pattern of human rights abuses; whether it operates in regions where some or all individuals are not permitted to partake in their government; whether it operates in regions where individuals face potential retribution for partaking in their government; and the Company's strategies for engaging with stakeholders to ensure its commitments to human rights. The Proponent argues that corporations that lack fundamental human rights protections may face serious risks to their reputations and shareholder value. The Board recommends shareholders oppose and argues that the addition of a separate process to review and assess the Company's human rights policies is duplicative and unnecessary. The Board argues that the Company's Global Human Rights Statement affirms its commitment to upholding basic human rights and eliminating discrimination across its business. In particular, the policy addresses human rights issues identified in the proposal as well as others. The Board argues that in 2004 Starbucks joined the UN Global Compact, which is derived from, among other things, the UN's Universal Declaration of Human Rights (which the proposal also references) and affirms the Company's support and respect of fundamental human rights principles.
Reporting on human rights issues is supported as it allows shareholders to make an informed judgement on social and ethical risks related to their investment. Best practice in reporting on risks relating to environmental and social issues is for the board to report to shareholders on such risks that it considers to be material to the Company and to describe the policies and implementation processes undertaken or proposed to manage the risks. The Company states that the Board's Nominating/Governance Committee annually assesses the effectiveness of environmental and social responsibility policies through the Company's annual Global Responsibility Report and makes recommendations as deemed appropriate based on its assessment. Apart from making a generalised statement that "Corporations that lack fundamental human rights protections may face serious risks to their reputations and shareholder value", the Proponent does not provide particular reasons as to why or how adoption of this resolution would benefit the Company. The Proponent gives no examples of where the Company lacks with regard to fundamental human rights protections. Since the Proponent has failed even to make a prima facie case in favour of the resolution, a vote to oppose is recommended.

Vote Cast: *Oppose*

2. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: BDC. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

1e. *Elect Mellody Hobson*
Non-Executive Director. Not considered independent as she has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

1h. *Elect James G. Shennan, Jr.*
Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. there is insufficient independent representation on the Board.

Vote Cast: *Oppose*

1j. *Elect Javier G. Teruel*
Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

1k. *Elect Myron E. Ullman, III*
Non-Executive Director. Not considered independent as he has served on the Board for more than nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

ST MODWEN PROPERTIES PLC AGM - 23-03-2016

13. *Re-appoint the auditors: Deloitte LLP*
Non-audit fees were approximately 31.79% of audit fees during the year under review and approximately 69.28 % of audit fees over a three-year aggregate basis. Also, the Audit firm has been working with the Company since 2007. There are therefore concerns over the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose*

16. *Issue Shares for Cash*
Authority is limited to 10% of the Company's issued share capital and will expire at the next AGM. The proposed limit is considered excessive. An oppose vote is recommended.

Vote Cast: *Oppose*

19. *Adopt new Articles of Association*
The Company is seeking shareholders approval to change their Articles of Association. The proposed changes relate, among other, to: Annual election of Directors, increasing in aggregate non-executive directors fee limit or to enable scrip dividend for a period of five years. The changes have been clearly described by the Company. While most of the changes do not raise concerns, the proposed increase in NED fee limit is not appropriate. The cap on the fees payable to directors for their services in the office of director has been increased from £600,000 per annum to £800,000 per annum, which represent a 33% increase. The aggregate fee paid to NEDs during the year was £407,000. The current headroom is considered sufficient to provide flexibility to the Board and the proposed increase is also excessive. An oppose vote is therefore recommended.

Vote Cast: *Oppose*

JAPAN TOBACCO INC AGM - 23-03-2016

3.1. *Elect Tango Yasutake*
Chairman. It is considered that it is the responsibility of the most senior Board members to ensure that there is appropriate outside oversight of Board decisions. As there is inadequate outside presence on the Board (less than three outside directors), an oppose vote on the most senior directors is recommended.

Vote Cast: *Oppose*

3.2. *Elect Koizumi Mitsuomi*
President, Representative Director. It is considered that it is the responsibility of the most senior Board members to ensure that there is appropriate outside oversight of Board decisions. As there is inadequate outside presence on the Board (less than three outside directors), an oppose vote on the most senior directors is recommended.

Vote Cast: *Oppose*

CIENA CORPORATION AGM - 24-03-2016

1. *Re-elect Lawton W. Fitt*
Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

2. *Re-elect Patrick H. Nettles*
Executive Chairman. It is not considered good practice for a Chairman to hold an executive position in the Company as we believe that the management of the business and the functioning of the Board are best kept separate.

Vote Cast: *Oppose*

3. *Re-elect Michael J. Rowny*
Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board.

Vote Cast: *Oppose*

4. *Amend existing 2008 Omnibus Incentive Plan*
The Company is seeking to re-approve the material terms of the 2008 Plan. The proposed amendments are as follows: introduce a comprehensive clawback policy; impose a limit of $500,000 on compensation awarded to non-employee directors; and to shorten the minimum vesting period of retention awards from three years to one year. The Plan is presented as an omnibus plan, which means that bundled within the same official plan there are various incentive plan elements aimed at rewarding different groups of employees, officers and executives. These plans permit the granting of options, stock appreciation rights, restricted stock, restricted stock units, performance grants and dividend equivalents. However, we note that the Compensation Committee retains the power to select employees to receive awards and determine the terms and conditions of awards (and also note that 'management employees' appear most likely to be the principal beneficiaries of the Plan). It is considered that, as performance conditions may be attached to awards at the Compensation Committee's discretion, there are concerns that awards under the Plan will not necessarily be subject to sufficiently robust performance targets. In addition, while the majority of the amendments are considered acceptable (introduction of clawback and $500,000 limit on non-employee compensation). The reduction of the minimum vesting period from three years to one year is not considered in the best interest of shareholders as the Company would utilize this to give retention awards that vest annually to the executives. Currently there is a 5% annual limit of these type of awards. Accordingly, we recommend that shareholders oppose the resolution.

Vote Cast: *Oppose*

6. *Advisory vote on executive compensation*
The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of our opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. The compensation rating is: CDB. Based on this rating, it is recommended that shareholders oppose.

Vote Cast: *Oppose*

BRIDGESTONE CORP AGM - 24-03-2016

3.10. *Elect Terui Keikou*
Newly nominated Non-Executive Outside Director, but not considered to be independent due to his affiliation with the government. However, there is a majority of independent directors on the Board and a vote for is recommended.

Vote Cast: *Oppose*

ICAP PLC EGM - 24-03-2016

6. *Approve Newco 2016 Performance Share Plan*
Shareholders are asked to approve the Newco 2016 performance Share Plan. Certain features of the plan do not meet best practice criteria. The maximum limit on awards which may be granted is 300% of salary, which is considered excessive. Dividend equivalent payments are permitted under the plan. Such payments misalign shareholder and executive interests as shareholders must subscribe for shares in order to receive dividends whereas participants in the scheme do not. The scheme also permits the use of upside discretion by the Committee in determining the level of vesting for good leavers and on a change of control. The performance period is three years which is not considered sufficiently long term however a two year holding period is used.
Overall, LTIPs are not considered an effective means of incentivising performance. These schemes are not considered to be properly long term and are subject to manipulation due to their discretionary nature.

Vote Cast: *Oppose*

7. *Approve Newco 2016 Long Term Incentive Plan (LTIP)*
Shareholders are asked to approve the Newco 2016 Long term Incentive Plan. It is stated that awards under the Newco LTIP may be in the form of Conditional Awards or Cash Awards. The flexibility to allow Cash awards is not acceptable. The individual maximum cap for awards to be granted is not stated, contrary to best practice. Dividend equivalent payments are permitted under the plan. Such payments misalign shareholder and executive interests as shareholders must subscribe for shares in order to receive dividends whereas participants in the scheme do not. The scheme also permits the use of upside discretion by the Committee in determining the level of vesting for good leavers and on a change of control. The performance period is three years which is not considered sufficiently long term however a two year holding period is used.
Overall, LTIPs are not considered an effective means of incentivising performance. These schemes are not considered to be properly long term and are subject to manipulation due to their discretionary nature.

Vote Cast: *Oppose*

9. *Approve Newco 2016 Unapproved Company Share Option Plan*
Approval is sought for the Newco 2016 Unapproved Company Share Option plan. Awards under the Newco UCSOP take the form of options to acquire Newco Ordinary Shares at a price set by the board. Options are subject to the satisfaction of performance conditions and become exercisable in three equal instalments on each of the third, fourth and fifth anniversaries of grant subject, on each anniversary, to a minimum requirement that the earnings per share must be in excess of growth in the Retail Price Index by at least 9% over the three years from date of grant.
The individual limit placed in respect of the number of options shares that may be granted is 1,250,000. The amount of options that may be granted under the scheme shall not exceed 10% of the Company's issued ordinary share capital in a ten year period. Any employee of the Company including executive directors or any participating member of the ICAP Group who is required to devote substantially the whole of his working time to his employment or office, is eligible to participate in the CSOP. Options becomes capable of exercise in three equal instalments, on each of the third, fourth and fifth anniversaries of grant provided that the performance condition to which it is subject has been fulfilled or waived. The price at which an option exercises shall not be less than the greater of the market value of an ordinary share on the last dealing day before the Grant at the time of the grant (or, in the case of an option to subscribe for Newco Ordinary Shares, the nominal value of a

Newco Ordinary Share if higher).
There are concerns over the potential excessiveness of individual awards under this plan. Also, it is noted that performance conditions are not clearly disclosed and may be varied or waived at the discretion of the Board. LTIPs are not considered an effective means of incentivising performance. These schemes are not considered to be properly long term and are subject to manipulation due to their discretionary nature. Based on the above, an oppose vote is recommended.

Vote Cast: *Oppose*

BEAZLEY PLC EGM - 24-03-2016

4a. *Approve new Long Term Incentive Plan 2016*
It is proposed that the New Beazley Plc Long Term Incentive Plan (LTIP), be approved by shareholders. Awards may take the form of conditional awards or nil-cost options.
Certain features of this plan do not meet best practice criteria. For example, the maximum award is 200% of salary, which could potentially lead to excessive remuneration when considered with other remuneration elements.Half of the award is subject to a three year performance period with the other half subject to a five year performance period. It would be best practice for the entire award to be subject to a five year performance period, as this is considered sufficiently long term. It is stated that vesting of awards will be subject to the satisfaction of **a** performance condition. Best practice is for awards to be subject to more than one performance condition, with these performance conditions operating inter-dependently. Furthermore, the non-disclosure of the performance condition and targets to be used is not in line with best practice. The Company, upon engagement states that it is their practice to make full disclosure of measures and targets in the remuneration report.
Overall, LTIPs are not considered an effective means of incentivising performance. These schemes are not considered to be properly long term and are subject to manipulation due to their discretionary nature. An oppose vote is recommended.

Vote Cast: *Oppose*

NABTESCO CORP AGM - 24-03-2016

3.1. *Elect Ioku Kensuke*
Newly nominated Inside Corporate Auditor. Not considered to be independent. Opposition is recommended.

Vote Cast: *Oppose*

BEAZLEY PLC AGM - 24-03-2016

17. *Re-appoint the auditors: KPMG*
KPMG proposed. Non-audit fees were approximately 30.77% of audit fees during the year under review and approximately 29.84% of audit fees over a three-year aggregate basis. Also, the Audit firm has been working with the Company for more than ten years. There are therefore concerns over the independence of the auditor. An oppose vote is recommended.

Vote Cast: *Oppose*

1. *Receive the Annual Report*
There is clear evidence that environmental and employment policies are in place. However, there are important elements missing from the strategic report. Disclosure of environmental data, and especially quantified carbon emissions, is lacking. These are disclosure requirements for all companies incorporated in the UK and should be followed by all companies listed on the FTSE All-Share Index, regardless of their country of incorporation. An oppose vote is therefore recommended.

Vote Cast: *Oppose*

2. *Approve the Remuneration Report*
Disclosure: Overall disclosure is acceptable. However, past targets for the annual bonus are not fully disclosed and accrued dividends on share incentive awards are not separately categorised.
Balance: Total realised pay for the CEO is considered highly excessive as it is 729% of salary (Annual Bonus: 293%, LTIP: 436%). It is noted that this high percentage is partly due to the significant share price appreciation over the performance period. The ratio of CEO to employee pay has been estimated and is found unacceptable at 22:1. The balance of CEO realized pay with financial performance is considered acceptable as the change in CEO total pay over five years is commensurate with the change in TSR over the same period. The TSR increased by 41.85% while the CEO pay increased by 46% in that same period. Termination arrangements for Jonathan Gray, who resigned from the Group on June 30, 2015 are considered acceptable.
Rating: BD.

Vote Cast: *Oppose*

KUBOTA CORP AGM - 25-03-2016

2.1. *Elect Kimata Masatoshi*
President. It is considered that it is the responsibility of the most senior Board members to ensure that there is appropriate outside oversight of Board decisions. As there is inadequate outside presence on the Board (less than three outside directors) an oppose vote on the most senior directors is recommended.

Vote Cast: *Oppose*

MARRIOTT INTERNATIONAL INC. EGM - 28-03-2016

2. *To adjourn the special meeting, to solicit additional proxies*
The Board proposes to adjourn the special meeting, if necessary, to permit further solicitation of proxies. Opposition is recommended as it is considered that if a sufficient number of votes are cast at the meeting for a quorum to be present, the outcome should be considered representative of shareholder opinion.

Vote Cast: *Oppose*

VESTAS WIND SYSTEMS AS AGM - 30-03-2016

4.A. *Re-elect Bert Nordberg*
Non-Executive Chairman. Independent upon appointment. However, there are concerns over his aggregate time commitments.

Vote Cast: *Abstain*

4.B. *Re-elect Carsten Bjerg*
Independent Non-Executive Director. There are concerns over his aggregate time commitments.

Vote Cast: *Abstain*

4.F. *Re-elect Lars Josefsson*
Independent Non-Executive Vice-Chairman. There are concerns over his excessive time commitments.

Vote Cast: *Abstain*

4.H. *Re-elect Torben Ballegaard Sorensen*
Independent Non-Executive Director. There are concerns over his aggregate time commitments.

Vote Cast: *Abstain*

5.2. *Approval of remuneration for directors for 2016*
The Board is seeking approval for Board and committee membership fees for Non-Executive Directors. The actual remuneration will be approved at the next year's AGM. An increase of 1.5% has been proposed. However, an increase of 26.9% and 14.2% has been proposed for committee membership and chairmanship, respectively, and the Board has not disclosed an explanation to the proposed increase. On this basis, opposition is recommended.

Vote Cast: *Oppose*

6. *Appoint the Auditors*
PWC proposed. Non-audit fees represented 150.00% of audit fees during the year under review and 150.00% on a three-year aggregate basis. This level of non-audit fees raises major concerns about the independence of the statutory auditor. The current auditor has been in place for more than five years. There are concerns that failure to regularly rotate the audit firm can compromise the independence of the auditor. As opposition is not a valid voting option for this resolution, abstention is recommended.

Vote Cast: *Abstain*

7.3. *Amend Articles: Article 5(5) of the articles of association: Disclosure of Company announcements in english*
Proposal to amend the Bylaws so that Annual Report and interim reports may be prepared in English only and, if decided by the Board of Directors, in Danish. This

proposal would increase disclosure for non-Danish investors, which is welcomed. However, it would be reasonable to expect that filings be available also in the local language. Abstention is recommended.

Vote Cast: *Abstain*

7.4. *Amend remuneration policy*
It is proposed to approve the remuneration policy with a binding vote. Variable remuneration does not seem to be consistently capped and as such there are excessiveness concerns as the total potential variable remuneration may exceed 200% of the salary. In addition, the Company has not disclosed quantified targets or performance criteria for its variable remuneration component, these are kept kept confidential, from year to year, since they describe details of Company's business objectives. In addition, there are claw back clauses in place over the entirety of the variable remuneration. However, opposition is recommended based on potential excessive remuneration.

Vote Cast: *Oppose*

ZURICH INSURANCE GROUP AG AGM - 30-03-2016

1.2. *Approve the Remuneration Report*
It is proposed to approve the remuneration policy with an advisory vote. There are excessiveness concerns with the remuneration structure, where the variable remuneration exceeds 200% of the fixed salary at target (350% of CEO fixed salary), while there are no clear quantified and pre-determined targets for either the bonus or the long term incentive. There are claw back clauses and malus in place over the entirety of the variable remuneration, which is welcomed. Nevertheless, opposition is recommended based on the potential excessive variable remuneration.

Vote Cast: *Oppose*

4.1.1. *Re-elect Tom De Swaan*
It is proposed to re-elect Tom De Swaan as Chairman of the Board. In terms of good governance, it is considered that the Chairman should be a Board member that is considered to be independent. The Chairman has also served as Chairman & Interim Chief Executive Officer from 01 December 2015 until 07 March 2016. However, it is considered that term Chairman & Interim Chief Executive Officer position are detrimental to the implementation of the supervisory functions required by the Chairmanship. In addition, he owes to a tenure of over nine years. Opposition is recommended.

Vote Cast: *Oppose*

4.1.3. *Re-elect Ms. Susan Bies*
Independent Non-Executive Director. There are concerns over her aggregate time commitments.

Vote Cast: *Abstain*

4.1.4. *Re-elect Dame Alison Carnwath*
Independent Non-Executive Director. However, there are concerns over her aggregate time commitments. A vote abstain is recommended.

Vote Cast: *Abstain*

4.1.5. *Re-elect Christoph Franz*
Independent Non-Executive Director. There are concerns over his aggregate time commitments.

Vote Cast: *Abstain*

4.1.6. *Re-elect Fred Kindle*
Vice Chairman. Not considered to be independent as he has been on the Board for more than nine years. However, there is sufficient independence on the Board. There are also concerns over his potential aggregate time commitments.

Vote Cast: *Abstain*

4.2.1. *Elect Remuneration Committee Member: Tom De Swaan*
The Chairman is not considered to be independent. Opposition is recommended.

Vote Cast: *Oppose*

4.2.3. *Elect Remuneration Committee Member: Fred Kindle*
The Vice Chairman is not considered to be independent. Opposition is recommended.

Vote Cast: *Oppose*

4.4. *Appoint the Auditors*
PWC proposed. Non-audit fees were approximately 10.17% of audit fees during the year under review. Non-audit fees over a three year basis were approximately 13.63% of audit fees. The level of non-audit fees does not raise concerns. However, the auditors' term exceeds 10 years, which may create potential for conflict of interest on the part of the independent auditor. Opposition is thus recommended.

Vote Cast: *Oppose*

5.2. *Approve Remuneration Policy*
It is proposed to approve the prospective remuneration for the management. The voting outcome of this resolution will be binding for the Company.
The Board of Directors proposes to approve a maximum total amount of remuneration for the Group Executive Committee (GEC) of CHF 74,300,000 for the financial year 2017. The actual remuneration for the GEC in 2015 has been of CHF 40.1 million. This proposal includes fixed and variable remuneration components. Opposition is recommended based on potential excessiveness concerns within the remuneration structure.

Vote Cast: *Oppose*

BEKAERT SA/NV EGM - 30-03-2016

2. *Authorise Share Repurchase*
Authority sought to allow the Board to repurchase and use capital stock within legal boundaries and to make the subsequent amendments to the Articles of Association. The repurchase is limited to 20% of share capital and will be in force for five years. As the authority exceeds guidelines, opposition is recommended.

Vote Cast: *Oppose*

3. *Amend Articles: Transfer of own shares*
It is proposed to replace Article 12bis of the Company's Articles of Association to give authority to the Board to issue the Company's repurchased shares without prior shareholder approval. As the authority has the potential of exceeding guidelines, ignores shareholder approval and may be used in times of public offer, opposition is recommended.

Vote Cast: *Oppose*

4. *Extension of the provisions relative to the authorised capital*
It is proposed to extend the authority granted to the Board to increase the issued registered capital of the Company in one or more times by an amount not to exceed the amount of such registered capital (EUR 176 million), and to increase the registered capital of the Company in the case of a public take-over bid for the Company's securities. The authority would be valid for five years.
This is an anti-take over device and may be used to entrench under performing mangement. On this basis, opposition is recommended.

Vote Cast: *Oppose*

5. *Amend Articles: Interim provisions*
It is proposed to amend the Company's Articles of Association. The authority to acquire own shares pursuant to Article 12 will continue in effect until the publication of the new authorization relative to the purchase of own shares. Given the concerns noted in resolution 2, opposition is recommended.

Vote Cast: *Oppose*

RANDSTAD HOLDINGS NV AGM - 31-03-2016

6.a. *Authorize the Board to issue shares*
The authority is limited to 3% of the share capital and will be for the purposes of senior management and Executive Board stock option and share plans. As there is no disclosure of performance criteria underlying the aforementioned executive share programmes, which would permit an assessment on their effectiveness, opposition is recommended.

Vote Cast: *Oppose*

SKF AB AGM - 31-03-2016

13. *Approve Fees payable to the Board of Directors*
The Board is seeking approval for Board and Committee membership fees for Non-Executive Directors. No increase has been proposed. However, the Board receives variable remuneration. This is of concern, as it may lead Directors to align with short term objectives. Therefore, opposition is recommended.

Vote Cast: *Oppose*

14.1. *Re-elect Leif Östling*
Non-Executive Chairman. Not considered to be independent as he is an executive of Volkswagen, which is involved in business relationships with the company via Audi, a subsidiary of Volkswagen, to deliver components for use in a wide range of their vehicles. He has also been on the board for more than nine years. There are concerns over his aggregate time commitments. Although there is sufficient independence, an abstain vote is recommended.

Vote Cast: *Abstain*

14.5. *Re-elect Joe Loughrey*
Independent Non-Executive Director. There are concerns over his aggregate time commitments.

Vote Cast: *Abstain*

17. *Approve principles of remuneration for Group Management*
The Board seeks approval for remuneration of Executive Management. Executive remuneration consists of a fixed salary, variable salary, performance shares, pension benefits, conditions for notice of termination and severance pay, and other benefits such as a company car.
It is welcomed that variable remuneration is capped at 70% of the fixed salary. However, no performance targets are disclosed. In addition, severance payment are limited to two years' base salary which exceeds best practice. The board may deviate from the policy in certain cases, which is considered contrary to best practice. Due to these concerns, a vote to oppose the proposal is recommended.

Vote Cast: *Oppose*

18. *Approve Performance Share Programme 2016*
The Board seeks approval of the Performance Share Programme 2016. It covers up to 225 senior managers and key employees with an opportunity to be allotted, free of charge, SKF B shares. The performance criteria are the Total Value Added (TVA) for 2016 and the TVA development for the financial year 2018 compared to 2016. However, no specific targets were disclosed, which makes it impossible for shareholders to assess if incentive remuneration is sufficiently tied to the Company's long-term success. Due to this concern, opposition is recommended.

Vote Cast: *Oppose*

BEIERSDORF AG AGM - 31-03-2016

5. *Appoint the Auditors*
E&Y proposed. Non-audit fees were approximately 52.10% of audit fees during the year under review. Non-audit fees over a three year basis were approximately 24.32% of audit fees. This level of non-audit fees raises concerns over the independence of the auditor. Furthermore, the auditors' term exceeds 10 years, which may create potential for conflict of interest on the part of the independent auditor. Opposition is thus recommended.

Vote Cast: *Oppose*

6. *Elect Frederic Pflanz*
Non-Executive Vice-Chairman. Not considered independent as he serves as a member of the Executive Board of Maxingvest AG, which holds 51.0% of the Company's issued share capital. An oppose vote is recommended.

Vote Cast: *Oppose*

ELISA CORP AGM - 31-03-2016

15. *Appoint the Auditors*
KPMG Oy proposed. Non-audit fees were approximately 100% of audit fees during the year under review. Non-audit fees over a three year basis were approximately 114% of audit fees. There are concerns that this level of non-audit fees creates a potential for conflict of interest on the part of the independent auditor. In addition, the tenure of the auditor is more than 10 years, which is considered excessive. On these grounds, opposition is recommended.

Vote Cast: *Oppose*

4 Appendix

The regions are categorised as follows:

ASIA	China; Hong Kong; Indonesia; India; South Korea; Laos; Macao; Malaysia; Philippines; Singapore; Thailand; Taiwan; Papua New Guinea; Vietnam
SANZA	Australia; New Zealand; South Africa
EUROPE/GLOBAL EU	Albania; Austria; Belgium; Bosnia; Bulgaria; Croatia; Cyprus; Czech Republic; Denmark; Estonia; France; Finland; Germany; Greece; Hungary; Ireland; Italy; Latvia; Liechtenstein; Lithuania; Luxembourg; Moldova; Monaco; Montenegro; Netherlands; Norway; Poland; Portugal; Spain; Sweden; Switzerland
JAPAN	Japan
USA/CANADA	USA; Canada; Bermuda
UK/BRIT OVERSEAS	UK; Cayman Islands; Gibraltar; Guernsey; Jersey
SOUTH AMERICA	Argentina; Bolivia; Brazil; Chile; Colombia; Costa Rica; Cuba; Ecuador; El Salvador; Guatemala; Honduras; Mexico; Nicaragua; Panama; Paraguary; Peru; Uruguay; Venezuela
REST OF WORLD	Any Country not listed above

The following is a list of commonly used acronyms and definitions.

Acronym	Description
AGM	Annual General Meeting
CEO	Chief Executive Officer
EBITDA	Earnings Before Interest Tax Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
FY	Financial Year
KPI	Key Performance Indicators - financial or other measures of a company's performance
LTIP	Long Term Incentive Plan - Equity based remuneration scheme which provids stock awards to recipients
NED	Non-Executive Director
NEO	Named Executive Officer - Used in the US to refer to the five highest paid executives
PLC	Publicly Listed Company
PSP	Performance Share Plan
ROCE	Return on Capital Employed
SID	Senior Independent Director
SOP	Stock Option Plan - Scheme which grants stock options to recipients
TSR	Total Shareholder Return - Stock price appreciation plus dividends

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Version 1

Nottinghamshire County Council

Report to Pensions Sub-Committee

5 May 2016

Agenda Item:

REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT

LGPS ASSET POOLING

Purpose of the Report

1. To update members on progress towards the government's requirements for asset pooling within the Local Government Pension Scheme (LGPS).

Information and Advice

2. This report is to inform the Sub-Committee of the progress towards creating an asset pool to meet government requirements. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position in relation to the Pension Fund. The exempt information is set out in the exempt appendix.

3. In July 2015, the Government announced its intention to work with Local Government Pension Scheme (LGPS) administering authorities to ensure that they pool investments to significantly reduce costs while maintaining overall investment performance. In November 2015 the Department for Communities and Local Government (DCLG) published *Local Government Pension Scheme: Investment Reform Criteria and Guidance* which includes the 4 criteria against which proposals for pooling will be assessed. The criteria cover the following:
   A. Asset pool(s) that achieve the benefits of scale
   B. Strong governance and decision making
   C. Reduced costs and excellent value for money
   D. An improved capacity to invest in infrastructure

4. As members are aware, the Nottinghamshire fund is involved in creating a Midlands based pool, known as "LGPS Central". A joint initial response to the government proposals was developed by the pool and this was used as the basis for the Fund's response. This was submitted to the Government on 15 February 2016 and is attached as Appendix A. The Minister for Local Government, Marcus Jones MP, has responded to each pool and the response to LGPS Central is attached as Appendix B.

5. LGPS Central continues to have regular meetings between officers of each participating fund. A detailed work programme is being developed with the Director of the West Midlands Pension Fund as programme director. One meeting has already been held with Chairs, Vice-

Chairs and s151 Officers from each fund and two further sessions are planned on 24 May 2016 and 4 July 2016. The programme director will report regularly to s151 officers.

6. Pool meetings have included presentations from external organisations including Eversheds, Northern Trust and JLT Employee Benefits as well as discussions with representatives from HM Treasury, DCLG and the Local Government Association (LGA). Members of LGPS Central are also participating in regular meetings with the other pools.

7. Legal advice has been procured jointly with two other pools on possible structures for the pool. The advice was received from Eversheds who subsequently attended a pool meeting to present and answer questions. An executive summary of this advice is attached as an exempt appendix. Two main options were considered for the structure:
    - A collective investment vehicle (CIV) that satisfies the definition of a "collective investment scheme" under the Financial Services and Markets Act 2000 (FSMA)
    - A collective asset pool (CAP) that is intended to be a joint committee structure

    The attached summary lists the pros and cons of each structure.

8. Taking into account the advice from Eversheds, discussions with representatives from HM Treasury and DCLG and the response from the Minister, the pool representatives have determined that the CIV option, with an operator regulated by the FCA, is the only viable option for the structure of LGPS Central. Further advice has now been sought for detailed appraisal of the options available for establishing the CIV.

9. Refined and completed submissions are expected by 15 July 2016, which fully address the criteria from DCLG. At this second stage, the submissions should comprise:
    - for each pool, a joint proposal from participating authorities setting out the pooling arrangement in detail. For example, this may cover the governance structures, decision-making processes and implementation timetable; and
    - for each authority, an individual return detailing the authority's commitment to, and expectations of, the pool(s). This should include their profile of costs and savings, the transition profile for their assets, and the rationale for any assets they intend to hold outside of the pools in the long term.

10. Four workstreams are underway and a huge amount of data has already been collated to ensure that each of the criteria is addressed in the final submissions. Workstream leads will report to the programme director and pool members at each meeting.

11. Further updates will be brought to this Sub-Committee as appropriate.

Statutory and Policy Implications

12. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

1) That the report be noted.

Report Author: Simon Cunnington
Senior Accountant – Pensions & Treasury Management

For any enquiries about this report please contact: Simon Cunnington

Constitutional Comments
13. Because this report is for noting only, no Constitutional Comments are required.

Financial Comments (SRC 14/04/16)
14. There are no direct financial implications arising from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- DCLG: Local Government Pension Scheme: Investment Reform Criteria and Guidance

DCLG Consultation: Local Government Pension Scheme: Revoking and replacing the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009

This matter is being dealt with by:
Simon Cunnington
Reference:
T 0115 977 2581
E simon.cunnington@nottscc.gov.uk
W nottinghamshire.gov.uk

Nottinghamshire County Council

LGPS Reform
Department for Communities and Local Government
2/SE Quarter, Fry Building
2 Marsham Street
London
SW1P 4DF

11 February 2016

Dear Sir/Madam

Local Government Pension Scheme: Investment Reform Criteria and Guidance

Consultation on Local Government Pension Scheme: Revoking and replacing the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009

Thank you for the opportunity to bring forward proposals for pooling assets within the Local Government Pension Scheme (LGPS) and to respond to the consultation on the proposed Investment Regulations.

In framing the investment reform criteria, we are pleased to see that the government has recognised a number of strengths that have been present within the Nottinghamshire Fund for many years and that we have highlighted in our previous responses on LGPS reform:

- Strong and effective governance is key to long term performance
- Local fund authorities are best placed to determine asset allocation
- Returns are enhanced by adopting a long-term, responsible investment approach
- Internal investment management is low cost and performs strongly over the long-term
- Active management can add value over the long term

A key theme to these strengths is the focus on the long-term. It is also vital that the government recognises that there will be significant costs incurred in setting up the pools and resourcing them effectively and that cost savings on the scale envisaged may take a number of years to achieve.

Our Fund has been active in progressing a pool of Midlands based funds, known as LGPS Central. This collaboration will see the creation of a multi asset investment pool of around £35 billion in size that will meet all of the criteria set by government in terms of:

- Asset pools that achieve the benefits of scale
- Strong governance and decision making
- Reduced costs and excellent value for money
- An improved capacity to invest in infrastructure

A joint submission has been agreed by all the LGPS Central participating funds and this is attached as our response.

Nottinghamshire County Council, County Hall, West Bridgford, Nottingham NG2 7QP

Also attached is our response to the consultation on the revised investment regulations. The Nottinghamshire Fund has always taken a prudent approach to its investments and this will not change under the proposed new regulations. In terms of the new powers of intervention, it is vital that measures are put in place to ensure that these are justified and proportionate in all cases. It is hoped that the wealth of published information available on the LGPS is used as evidence to support intervention and that appropriate expert advice is sought by the Secretary of State.

There is a huge amount of work to do to prepare for the detailed submissions in July and then to implement the new asset pool. We look forward to working with the government through this period to ensure the long term sustainability of the LGPS in continuing to provide decent, affordable pensions to the thousands of members within the scheme.

Yours faithfully,

Cllr Reg Adair
Chairman
Nottinghamshire Pension Fund Committee

Cllr Mike Pringle
Vice-Chairman
Nottinghamshire Pension Fund Committee

Nottinghamshire County Council, County Hall, West Bridgford, Nottingham NG2 7QP

Joint submission to government in response to the DCLG issue of *Local Government Pension Scheme: Investment Reform Criteria and Guidance*

5 February 2016

In the July Budget 2015, the government announced its intention to work with Local Government Pension Scheme (LGPS) administering authorities to ensure that they pool investments to significantly reduce costs while maintaining overall investment performance. In November 2015, the government published *Local Government Pension Scheme: Investment Reform Criteria and Guidance* which asked for submissions from funds on their proposals to meet the four specified criteria.

Initial submissions should include a commitment to pooling and a description of progress towards formalising arrangements with other authorities. This is a joint submission on behalf of LGPS Central, a collaboration of nine LGPS Funds, all based in the Midlands, who are working together to create an investment pool of around £35 billion.

The following funds have committed to be involved in the creation of LGPS Central:

- Cheshire Pension Fund
- Derbyshire County Council Pension Fund
- Leicestershire County Council Pension Fund
- Nottinghamshire County Council Pension Fund
- Shropshire County Pension Fund
- Staffordshire Pension Fund
- West Midlands Pension Fund
- West Midlands ITA Pension Fund
- Worcestershire County Council Pension Fund

Six of the funds involved have already collaborated on a joint procurement exercise, realising significant savings on passive investment fees. This demonstrates the ability to work together and achieve agreement through open and constructive discussion. This approach forms a firm basis for the creation of LGPS Central.

Officers of the participating funds have been meeting regularly since November 2015 and are continuing to meet on a fortnightly basis to ensure the tight timescales for establishment of the pool are met. An event was held in January 2016 for the Chairs, Vice-Chairs and chief finance officers of each participating fund to meet and talk through progress to date and how it is envisaged that the pool will meet the criteria set by government.

A. Asset pool(s) that achieve the benefits of scale

The collaboration will see the creation of a multi asset investment pool of around £35 billion in size, meeting the scale sought by the Government in its investment pooling criteria. It is expected that all investment will be made through the pool over time although the transition period for illiquid assets will extend beyond 2018. Participating funds will consider if they propose to hold assets outside the pool where this can demonstrate clear value for money. Any assets that are held outside of the pool will be kept under review.

The pool will aim to deliver cost savings and to build on the individual participating funds' strong investment knowledge and performance by providing scale, increased resilience and knowledge sharing. The new investment pool will offer access to both internal and external investment expertise.

B. Strong governance and decision making

The pool will ensure robust governance and decision making arrangements with equal say in the oversight of the new entity to each participating Fund. Preliminary investigations have been made into the process and possible structures for the pool and discussions are being held with the other emerging pools on procuring joint external advice. At this stage, no decision has been made over the structure but options being considered include:

- A joint committee
- FCA regulated operating company overseeing pooled vehicles including authorised contractual schemes (ACS), unit trusts and limited partnerships

The final structure will ensure a clear link between the pool and the governance structures in each participating fund. Decisions over investment strategy and strategic asset allocation will remain with individual funds.

A "Statement of Commitment" has been agreed to outline the key characteristics and investment beliefs of the pool, and this is attached below. A detailed work plan is being formulated to determine the structure of the pool, the internal and external resources required and the timescales for establishing the pool and moving assets.

C. Reduced costs and excellent value for money

The pool has already begun to collate data on costs incurred by participating funds for years ending 31 March 2013 and 31 March 2015. This is being collected on a consistent basis and will be analysed to inform the detailed submissions required in July. The pool is expected to generate savings over the long term but implementation and transition costs are likely to be significant.

The size of the pool will enable significant savings to be made on external management fees. A number of participating funds have internal investment expertise which is recognised to be relatively low cost and it will be difficult for these funds to achieve cost savings. However, additional savings will be realised through stronger procurement of supporting services and the building and sharing of expertise across funds, particularly in alternative asset classes.

The pool intends to work collaboratively with the Local Government Pension Scheme more widely and with the other emerging pools. Procurement will be undertaken where possible through the LGPS National Frameworks, other approved frameworks or jointly with other LGPS pools.

D. An improved capacity to invest in infrastructure

Consideration will be given to participating funds' current asset allocation and the best ways to access all asset classes including infrastructure. It is recognised that infrastructure has a role to play for many LGPS funds given their long term liabilities and the nature of returns from infrastructure. Analysis of participating funds' current allocations to infrastructure shows that LGPS Central already has a higher than average allocation to the asset class and that this has increased substantially since 2013. Funds also invest in infrastructure assets (in areas such as energy, utilities, logistics and housing) through their allocations to property, bonds and listed equities.

Participating funds within LGPS Central have different funding levels and deficit recovery profiles and so have differing risk appetites and return requirements from infrastructure. It is expected that an LGPS infrastructure platform will be set up that will allow all LGPS funds to access the asset class in a manner that is low-cost and also allows individual funds to match their required risk/return profiles. LGPS Central will ensure that appropriate cost-effective ways of accessing infrastructure are available, which may include building on internal expertise.

STATEMENT OF COMMITMENT

LGPS Central is investigating the opportunities for investment collaboration between like-minded Local Government Pension Scheme funds against the background of the government's proposals for pooling LGPS investments. The Group has a regional identity but collaboration with other LGPS pools will be welcomed. **One fund**, **one vote**, will be an overriding principle of any resulting pooling arrangement. Recognising that Funds have different funding levels and deficit recovery profiles; the pool's structure will aim to meet the Funds' needs in this respect.

Characteristics

- Assets will be managed by both internal and external investment managers
- The split between internal and external management will vary over time
- The internal investment resource and resilience will be developed where appropriate
- Knowledge and expertise will be shared
- Participants will be open to challenge and change
- Participants will listen and be constructive
- Strong governance, based on openness and transparency, within the pool will be paramount
- Costs will be actively managed and transparent, and will be shared fairly between participants
- Responsible investment will be an integral part of the investment process
- Collaboration with other LGPS pools will be encouraged

Investment Beliefs

- A long term approach to investment will deliver better returns
- The long term nature of LGPS liabilities allows for a long term investment horizon
- Asset allocation is the most important factor in driving long term investment returns
- Liabilities influence the asset structure; funds exist to meet their obligations
- Risk premiums exist for certain investments and this can help to recover funding deficits
- Markets can be inefficient; therefore there is a place for both active and passive management
- Diversification across investments with low correlation improves the risk/return profile
- Secure and growing income streams underpin the ability to meet future liabilities
- Responsible investment can enhance long term investment performance

Measurement of Success

- Successful delivery of the pool against the government's published criteria

5 February 2016

Nottinghamshire County Council

Response to *Local Government Pension Scheme: Revoking and replacing the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009*

1. Does the proposed deregulation achieve the intended policy aim of removing any unnecessary regulation while still ensuring that authorities' investments are made prudently and having taken advice?
The Nottinghamshire Fund has always taken a prudent approach to its investments, seeking appropriate advice from officers and independent advisers. The Fund has an approved Risk Management Strategy and Risk Register and manages the investment risk by ensuring an adequate number of suitably qualified investment managers and by requiring managers to hold a diversified spread of assets. This will continue to work well within a "prudential" approach to investment.
2. Are there any specific issues that should be reinstated? Please explain why.
No
3. Is six months the appropriate period for the transitional arrangements to remain in place?
Six months is appropriate.
4. Should the regulation be explicit that derivatives should only be used as a risk management tool? Are there any other circumstances in which the use of derivatives would be appropriate?
One of the concerns over the existing regulations is that they are not clear. The new regulations should therefore be explicit. Derivatives are currently used by some of the Fund's investment managers for purposes other than risk management.
5. Are there any other sources of evidence that the Secretary of State might draw on to establish whether an intervention is required?
There is a wealth of published information available on the LGPS and individual funds and this should provide sufficient evidence to support a belief that intervention may be required. It should be expected that, where intervention is being considered, funds are contacted in advance of a final decision to intervene in order to present additional evidence or justification for their position.
6. Does the intervention allow authorities sufficient scope and time to present evidence in favour of their existing arrangements when either determining an intervention in the first place, or reviewing whether one should remain in place?
The timescale for authorities to respond is unclear. A period of 3 to 6 months would be appropriate.

7. Does the proposed approach allow the Secretary of State sufficient flexibility to ensure that he is able to introduce a proportionate intervention?
The proposals give sufficient flexibility. It is hoped that appropriate expert advice is sought by the Secretary of State in all cases of intervention to ensure that it is justified and proportionate.
8. Do the proposals meet the objectives of the policy, which are to allow the Secretary of State to make a proportionate intervention in the investment function of an administering authority if it has not had regard to best practice, guidance or regulation?
If the Secretary of State seeks appropriate expert advice in all cases of intervention (as stated at question 7) then the proposals meet the policy objectives.

Department for Communities and Local Government

Marcus Jones MP
Minister for Local Government

Department for Communities and Local Government
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Cllr Reg Adair
Cllr Stephen Sweeney
Cllr Bob Banks
Cllr Jasbir Jaspal
Cllr Richard Worrall
Cllr Malcolm Pate
Cllr Lesley Smetham
Cllr Steve Marshall-Clarke

2 4 MAR 2016

Dear Councillors,

LGPS CENTRAL INVESTMENT POOLING PROPOSAL

I would like to thank you and all the authorities involved in the proposed LGPS Central pool for submitting your initial proposal by 19 February. I was pleased to see that all 90 authorities made a commitment to pooling, with the overwhelming majority already involved in developing a pool. The move towards collective investment represents a significant opportunity for administering authorities to deliver substantial savings and efficiencies, and your contribution is much appreciated.

I welcome the initial LGPS Central proposal and encourage you to continue with your work to develop a detailed submission that fully addresses the criteria by 15 July. Your initial grouping clearly meets the scale criterion and the agreement to a Statement of Commitment will provide a strong foundation upon which a more detailed proposal can be built. I also welcome your commitment to transparent reporting of costs. However, as you know, there remains a considerable amount of work to do before July, and I am glad to note that you are meeting officials in April.

The key challenge for the LGPS Central pool, as for most pools, is the development of clear and effective governance which provides the assurance authorities, beneficiaries, and co-investors require. In my view the structure, standards and systems required for an entity regulated by the Financial Conduct Authority provide substantial assurance, but I know that you are exploring a range of possibilities. As a minimum, I expect to see a single entity at the heart of any proposal, with responsibility for selecting and contracting with managers, as well as the employment of staff. There should also be a clear distinction between the roles of those involved in the governance of the pool, and its operations.

In your July submission I will want to see more detail against the infrastructure criteria, including setting out your constituent fund's ambition for infrastructure investment where the right opportunities exist. You and other pools committed to exploring a national vehicle to access infrastructure investment at a larger scale and at lower cost. We will therefore work with administering authorities to establish a new Local Government Pension Scheme (LGPS) infrastructure investment platform that meets the specific needs of LGPS investors.

I will also expect the final proposal to address the reporting requirements in the criteria and guidance in detail. Reporting will need to cover progress in establishing the pool and moving assets into it, implementation costs, fees and other costs incurred, including hidden costs, estimated savings, and net performance in each asset class.

I will also take this opportunity to respond to two questions raised in many pooling submissions:

- Some authorities have indicated that they would prefer to use more than one pool, often to ensure that their investment strategy can be fully implemented. I do not consider that this approach should be necessary as the governance structure should enable authorities to hold the pool to account and ensure that their investment strategy is implemented effectively. However, one pool may of course procure services from another, especially if a particular asset class is not yet available. The use of multiple pools should certainly not be considered as a means to access a preferred manager or very specific asset class not available through your pool.

- My expectation remains that all investments should be made through the pool. However, I recognise that there may be a limited number of existing investments that might be less suitable to pooled arrangements, such as local initiatives or some products tailored to specific liabilities. The rationale for retaining any existing investments outside of the pool will need to be set out in the final proposal, making clear how this offers value for money. Any exemptions should be minimal and kept under review. I also recognise that a similar approach will need to be taken for illiquid assets with high penalty costs for early exit of a contract. Such investments should not be wound up early as a result of pooling but instead transferred across when practicable, taking into account value for money.

I strongly encourage you to continue dialogue with officials as you develop your thinking over the coming months. For the final assessment, the panel will include members with specific expertise in investment management, and you may be asked to present at a meeting of the assessment panel well ahead of your July submission. I look forward to receiving your detailed proposals.

I am copying this letter to the chairs of Pension Committees in all the participating authorities.

Yours Sincerely,

Marcus Jones.

MARCUS JONES MP

Nottinghamshire County Council

Report to Pensions Sub-Committee

5 May 2016

Agenda Item:

REPORT OF SERVICE DIRECTOR – FINANCE, PROCUREMENT & IMPROVEMENT

WORKING PARTY RECOMMENDATIONS

Purpose of the Report

1. To report the discussions at the Pensions Working Party in respect of the Fund's equity benchmarks and the Specialist Portfolio.

Information and Advice

2. This report is to inform the Sub-Committee of the discussions at the Pensions Working Party. Some information relating to this report is not for publication by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972. Having regard to the circumstances, on balance the public interest in disclosing the information does not outweigh the reason for exemption because divulging the information would significantly damage the Council's commercial position in relation to the Pension Fund. The exempt information is set out in the exempt appendices.

3. A meeting of the Pensions Working Party was held on 28 January 2016 to discuss proposals relating to the Fund's equity benchmarks and the Specialist Portfolio. The following members of the Sub-Committee attended:

Councillor Reg Adair	County Councillor
Councillor Mike Pringle	County Councillor
Councillor Chris Barnfather	County Councillor
Councillor Mrs Kay Cutts	County Councillor
Councillor John Wilkinson	County Councillor
Chris King	Union Representative
William Bourne (City Noble Ltd)	Independent Adviser

4. The first part of the meeting considered a paper prepared by William Bourne, the Fund's independent advisor, regarding changes to the equity benchmarks. When the revised equity benchmarks were approved, it was agreed that ranges should be set around the regional allocations to allow for market movements and active asset allocation decisions. Members of the Working Party were happy with the recommended ranges.

5. It was also agreed that:
   - Discussions should be held with external managers regarding the proposed new benchmark and possible changes to performance targets.

- A staged approach should be taken in moving to the new benchmarks and further reports brought to update the Sub-Committee as appropriate.

6. Discussions have been held between Schroders (the Fund's main external active equity manager) and the Fund's independent adviser and officers, and interim and final benchmarks have been set. Changes to Schroders' investment management agreement have been agreed as an operational matter falling under the responsibility of the Service Director, Finance, Procurement & Improvement exercised by the Senior Accountant (Pensions & Treasury Management). The move to the new benchmarks will be implemented in two stages and will be completed by 31 December 2016. Reports to Pensions Investment Sub-Committee (PISC) will take account of the revised benchmarks as appropriate.

7. The second part of the meeting considered the Fund's Specialist Portfolio, in particular the benchmark used to assess performance of the investments within the portfolio. It was agreed that:
    - The benchmark for the portfolio should be set as the triennial valuation discount rate plus 0.5%
    - The assets within the portfolio should be reviewed (apart from private equity and infrastructure which have been considered recently by the Working Party)
    - Private equity performance should be reported to PISC

8. The change to benchmark will take effect from 1 April 2016. An initial meeting has been held with the Fund's independent adviser to begin to assess the assets within the portfolio and further reports will be brought to the Sub-Committee to inform members of progress and recommendations. Private equity performance will be included in quarterly reports to PISC.

Statutory and Policy Implications

9. This report has been compiled after consideration of implications in respect of finance, the public sector equality duty, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

1) That the report be noted

Report Author:
Simon Cunnington
Senior Accountant – Pensions & Treasury Management

For any enquiries about this report please contact: Simon Cunnington

Constitutional Comments

10. Because this report is for noting only, no Constitutional Comments are required.

Financial Comments (SRC 14/04/16)

11. There are no direct financial implications arising from this report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None