



Nottinghamshire CC Pension Fund

PROXY VOTING REVIEW

PERIOD 1st October 2018 to 31st December 2018

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1 Resolution Analysis

- Number of resolutions voted: 47 (note that it MAY include non-voting items).
- Number of resolutions supported by client: 33
- Number of resolutions opposed by client: 11
- Number of resolutions abstained by client: 3
- Number of resolutions Non-voting: 0
- Number of resolutions Withheld by client: 0
- Number of resolutions Not Supported by client: 0

1.1 Number of meetings voted by geographical location

Location	Number of Meetings Voted
UK & BRITISH OVERSEAS	2
EUROPE & GLOBAL EU	1
JAPAN	3
TOTAL	6

1.2 Number of Resolutions by Vote Categories

Vote Categories	Number of Resolutions
For	33
Abstain	3
Oppose	11
Non-Voting	0
Not Supported	0
Withhold	0
US Frequency Vote on Pay	0
Withdrawn	0
TOTAL	47

1.3 List of meetings not voted and reasons why

Company	Meeting Date	Type	Comment
UNILEVER PLC	26-10-2018	COURT	Meeting cancelled
UNILEVER PLC	26-10-2018	EGM	Meeting cancelled
REDROW PLC	07-11-2018	AGM	zero votable shares

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	For	Abstain	Oppose	Non-Voting	Not Supported	Withhold	Withdrawn	US Frequency Vote on Pay	Total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	12	2	6	0	0	0	0	0	20
EUROPE & GLOBAL EU	1	0	0	0	0	0	0	0	1
JAPAN	20	1	5	0	0	0	0	0	26
TOTAL	33	3	11	0	0	0	0	0	47

1.5 Votes Made in the Portfolio Per Resolution Category

	Portfolio						
	For	Abstain	Oppose	Non-Voting	Not Supported	Withheld	Withdrawn
All Employee Schemes	0	0	0	0	0	0	0
Annual Reports	0	1	2	0	0	0	0
Articles of Association	1	1	0	0	0	0	0
Auditors	1	1	0	0	0	0	0
Corporate Actions	0	0	1	0	0	0	0
Corporate Donations	0	0	0	0	0	0	0
Debt & Loans	0	0	0	0	0	0	0
Directors	24	0	6	0	0	0	0
Dividend	3	0	0	0	0	0	0
Executive Pay Schemes	1	0	1	0	0	0	0
Miscellaneous	1	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	2	0	1	0	0	0	0
Shareholder Resolution	0	0	0	0	0	0	0

1.6 Votes Made in the UK Per Resolution Category

	UK						
	For	Abstain	Oppose	Non-Voting	Not Supported	Withheld	Withdrawn
Annual Reports	0	0	1	0	0	0	0
Remuneration Reports	0	1	1	0	0	0	0
Remuneration Policy	0	0	0	0	0	0	0
Dividend	0	0	0	0	0	0	0
Directors	8	0	1	0	0	0	0
Approve Auditors	0	1	0	0	0	0	0
Share Issues	2	0	0	0	0	0	0
Share Repurchases	0	0	1	0	0	0	0
Executive Pay Schemes	0	0	0	0	0	0	0
All-Employee Schemes	0	0	0	0	0	0	0
Political Donations	0	0	0	0	0	0	0
Articles of Association	0	0	0	0	0	0	0
Mergers/Corporate Actions	0	0	1	0	0	0	0
Meeting Notification related	0	0	0	0	0	0	0
All Other Resolutions	2	0	1	0	0	0	0
Shareholder Resolution	0	0	0	0	0	0	0

1.7 Votes Made in the US Per Resolution Category

US/Global US & Canada

	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	0	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	0	0	0	0	0	0	0
Dividend	0	0	0	0	0	0	0
Executive Pay Schemes	0	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

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	0	0	0	0	0	0	0
Annual Reports	0	0	0	0	0	0	0
Articles of Association	1	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	0	0	0	0	0	0	0
Dividend	0	0	0	0	0	0	0
Executive Pay Schemes	0	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

1.9 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	0	1	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	16	0	5	0	0	0	0
Dividend	3	0	0	0	0	0	0
Executive Pay Schemes	1	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
2	0	0	0

EU

Meetings	All For	AGM	EGM
1	1	0	1

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
3	1	1	0

US

Meetings	All For	AGM	EGM
0	0	0	0

TOTAL

Meetings	All For	AGM	EGM
6	2	1	1

1.11 List of all meetings voted

Company	Meeting Date	Type	Resolutions	For	Abstain	Oppose
WHITBREAD PLC	10-10-2018	EGM	1	0	0	1
BHP GROUP PLC (GBR)	17-10-2018	AGM	19	12	2	5
AKZO NOBEL NV	13-11-2018	EGM	1	1	0	0
CYBER AGENT LTD	14-12-2018	AGM	14	11	0	3
OPEN HOUSE CO LTD	19-12-2018	AGM	11	8	1	2
OBARA GROUP INC	21-12-2018	AGM	1	1	0	0

2 Notable Oppose Vote Results With Analysis

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

3 Oppose/Abstain Votes With Analysis

WHITBREAD PLC EGM - 10-10-2018

1. *Approve Sale by the Company of Costa Limited*

Approval is sought for the sale by the Company of Costa on the terms and subject to the conditions contained in the Sale and Purchase Agreement.

Background and Rationale: On 31 August 2018, Whitbread PLC (the Company) announced that it had entered into an agreement to sell Costa Limited (Costa) to The Coca-Cola Company (Coca-Cola), for an enterprise value of £3.9 billion. The Board believes the Transaction sale multiple of 16.4x Costa FY18 EBITDA recognises the strategic value of Costa's brand strength, multi-channel presence and international growth potential and represents a substantial premium to the value that would have been created through the previously announced demerger (which, subject to Completion, will no longer occur) given Coca-Cola's global product development, distribution, marketing and vending platform. After adjustment for estimated transaction and separation costs, the net cash proceeds from the Transaction are expected to be approximately £3.8 billion (the Net Cash Proceeds) and the Board intends to return a significant majority of the Net Cash Proceeds to Shareholders. The Board also intends to use some of the Net Cash Proceeds to reduce the Group's financial indebtedness and to make a contribution to its pension fund, both of which will provide headroom for further expansion of Premier Inn in the UK and Germany.

Terms: The agreement is to sell Costa Limited (Costa) to The Coca-Cola Company (Coca-Cola), for an enterprise value of £3.9 billion. In the event that the Sale and Purchase Agreement is terminated in circumstances where the Board changes its recommendation, Whitbread Group PLC must pay to Coca-Cola a break fee of £73.5 million. In the event that the Sale and Purchase Agreement is terminated due to any of the Antitrust Conditions not having been satisfied or waived, then Coca-Cola must pay £73.5 million to Whitbread Group PLC by way of reimbursement of costs. Both Whitbread Group PLC and Coca-Cola are entitled to defer Completion if Whitbread Group PLC fails to provide the relevant documents releasing Costa. If both of Whitbread Group PLC and Coca-Cola have previously deferred Completion in these circumstances, and Whitbread Group PLC fails to provide the relevant documents releasing Costa at Completion, then Coca-Cola has a right to terminate the Sale and Purchase Agreement and, following such termination, Whitbread Group PLC would be obliged to pay an amount equal to £73.5 million to Coca-Cola.

Recommendation: The proposal has been adequately described and justified by the Board. There is sufficient balance of independent representation on the Board which provides assurance that the proposed transaction is undertaken with appropriate independent judgement and oversight. However, remuneration for the Executives as a result of this sale has not been disclosed. There are concerns that excessive payments may be made to Executive Directors with the gains made from the sale. An oppose vote is recommended.

Vote Cast: *Oppose*

Results: For: 98.7, Abstain: 0.5, Oppose/Withhold: 0.7,

BHP GROUP PLC (GBR) AGM - 17-10-2018

1. *Receive the Annual Report*

The Strategic Review is considered adequate. There are adequate environmental and employment policies in place. Quantified environmental data has been published. It is noted that the Company has not provided shareholders with an opportunity to approve dividends paid during the year. Given the lack of opportunity to approve the dividend, it is recommended to oppose.

Vote Cast: *Oppose*

2. *Appoint the Auditors*

KPMG proposed. Non-audit fees represented 11.23% of audit fees during the year under review and 18.12% 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. However, a tender for a new external auditor was carried out during 2017 and subsequently the Company announced that EY had been selected to replace KPMG with effect from 1 July 2019. The Company states that it was not possible for EY's appointment to take place earlier due to the various independence rules that apply to the auditor, including US requirements that require one year of "cleansing period" after certain non-audit services have ceased, before the firm can take over as auditor. A vote in opposition would usually be recommended on the basis of excessive tenure, however given the circumstances described an abstain vote is instead recommended.

Vote Cast: Abstain

6. Authorise Share Repurchase

The authority is limited to 10% of the Company's issued share capital and will expire at the next AGM. This resolution will not be supported unless the Board has set forth a clear, cogent and compelling case demonstrating how the authority would benefit long-term shareholders. As no clear justification was provided by the Board, an oppose vote is recommended.

Vote Cast: Oppose

7. Approve the Remuneration Report, other than the part containing the remuneration policy

Overall disclosure is adequate. The CEO's salary did not change from last year, while the change in salary for Australian employees was an increase of 2.6%, and average employee pay across the Company rose by 1.22%. Total variable pay for the year under review was not excessive, amounting to 144% of salary for the CEO. Variable pay consisted only of STI awards, and no LTI awards vested during the year under review, as the Company's TSR performance was minus 9.3 per cent over the five-year period from 1 July 2013 to 30 June 2018, which was below the weighted median Peer Group TSR of 9.6 per cent and below the Index TSR of positive 67.6 per cent over the same period. This level of performance results in zero vesting for the 2013 LTIP awards, and accordingly all of the CEO's awards have lapsed. However, awards granted were excessive, as the CEO was granted LTI awards of \$6,800,000, which is four times the CEO's salary. It is recommended that total awards under all incentive plans should not exceed 200% of salary. The ratio of CEO pay compared to average employee pay is not acceptable at 31:1; it is recommended that the ratio does not exceed 20:1. Finally, the CEO's salary is in the upper quartile of the Company's comparator group.

Rating: AC.

Vote Cast: Abstain

8. Approve the Remuneration Report

In accordance with Section 250R of the Australian Corporations Act, the directors are seeking approval of the remuneration report. The Act does not require directors to act on approval of the resolution and the vote is advisory. The CEO did not receive any LTIP rewards for the year under review. However, the maximum potential award for the CEO under all incentive schemes is considered excessive as it can represent more than 200% of base salary. There are concerns over certain features of the LTIP which are not considered appropriate. Some of these concerns include: performance conditions which do not run interdependently and which do not include a non-financial element, contrary to best practice.

An oppose vote is therefore recommended.

Vote Cast: Oppose

9. Approve Equity Grant to Executive Director

The Board is seeking shareholder approval for the purposes of ASX Listing Rule 10.14 for the grant of 304,523 LTIP awards to Andrew Mackenzie, Chief Executive, under the Company's Long-term Incentive Plan. The proposed grant has an approximate value of USD 6,800,000 which equates to 400% of his annual base salary. The Company also plans to grant Mr Mackenzie and STIP award with a maximum value of US\$1,224,000.

Concerns are raised over the plan as the value of this award is considered excessive. Also, awards under the LTI are based on performance conditions which do not run interdependently and which do not include a non-financial element, contrary to best practice. Lastly, the awards mentioned above are excessive.

An oppose vote is recommended.

Vote Cast: Oppose

16. Re-elect Lindsay Maxsted

Independent Non-Executive Director. It is noted that KPMG is the auditor of the Company since December 2003 while he was CEO of KPMG Australia between 2001 and 2007. This connection with the audit firm is considered inappropriate due to his position of Chairman of the Audit Committee. An oppose vote is therefore recommended.

Vote Cast: Oppose

CYBER AGENT LTD AGM - 14-12-2018

2.9. Elect Naitou Takahito

Newly appointed Executive Director. It is considered that the election of new executive directors, should not be supported, as their appointment to the Board would lead to a Board where independent directors comprise less than one-third of the whole board.

Vote Cast: Oppose

2.10. Elect Nagase Norishige

Newly appointed Executive Director. It is considered that the election of new executive directors, should not be supported, as their appointment to the Board would lead to a Board where independent directors comprise less than one-third of the whole board.

Vote Cast: Oppose

2.11. Elect Yamada Riku

Newly appointed Executive Director. It is considered that the election of new executive directors, should not be supported, as their appointment to the Board would lead to a Board where independent directors comprise less than one-third of the whole board.

Vote Cast: Oppose

OPEN HOUSE CO LTD AGM - 19-12-2018*2. Amendment of Article of Association*

The Board is seeking shareholders' approval of amended Articles of Association. Although not a controversial item; there is insufficient disclosure available in English language in order to make an informed vote. Abstention is recommended.

Vote Cast: Abstain

3.1. Elect Arai Masaaki

President, from major shareholder, Representative Director. After this meeting, there will be no female directors on the Board. Regardless of the level of independence, it is considered that it is the responsibility of the most senior Board members to ensure that there is adequate gender diversity on the Board. Although there are no specific legal requirements or recommendations in this market, it is considered that companies should not rely on minimum standards, but aim to best practice, including in gender diversity.

Vote Cast: Oppose

5. Election of Reserve Corporate Auditor: Kazumi Ido

The candidate is not independent, and is standing as a substitute corporate auditor and potential replacement for any candidate on the corporate auditor board. Should the candidate be required to serve as substitute for an incumbent, independent outsider, there will be a negative impact on the independence ratio, and therefore an oppose vote 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; Paraguay; 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 provides 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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