



Global Corporate Governance Report

Proxy Voting Report: Quarter to 31 December 2015

PROFIT WITH PRINCIPLES

UK Corporate Governance Report

Quarter to 31 December 2015

PROFIT WITH PRINCIPLES



UK Key Events: Quarter to 31 December 2015

- A survey by Hermes Investment Management found that fewer than a quarter of managers felt **diversity** at Board level is important. Only 23% of respondents said they placed importance on gender diversity at Board level
- The UK Government has demanded an end to **all male Boards** and has set out plans requiring all companies to report on gender pay inequality. In his last report, Lord Davies has called for a new target of 33% of women on Boards by 2020. In a separate move, former Business Secretary Vince Cable is calling for greater ethnic diversity on UK company Boards
- Greater disclosure of **bonus targets** by companies appears to be strengthening the link between pay and performance according to research by PwC. Over the past three years FTSE100 CEOs received on average 75% of their maximum bonus whilst the FTSE100 Index rose just 6% over the whole period
- UK regulators finally released its 551 page report into the £20bn bailout of **HBOS** in 2009, which presents a picture of a bank failing at 'every level' from Board, senior executives to operational management. The report also suggests regulatory failure by the former FSA which ignored or failed to perceive the seriousness of the situation prior to the bank's collapse
- **WH Smith** has increased CEO pay by 55% including a 12.5% salary rise, £783,000 bonus and £2.5m in long-term incentives; the total package rises to £3.9m up from £2.5m awarded in 2014

UK Proxy Voting: Quarter to 31 December 2015

	For	Oppose	Abstain	Total		
Resolutions	402	31	4	437	Equity	Fixed
%	92	7	1	100	42	-
Meetings				42		

Reason for Action	Oppose	Abstain
Remuneration Report	8	-
Board Balance (Directors)	9	1
Individual Incentive Schemes	6	-
Other	8	3

Proxy voting statistics relate to all EdenTree Funds under management, institutional and retail, and therefore may include companies excluded on ethical grounds in the Amity Funds, but allowed in other Funds

Oppose Votes

Company	Date*		Resolution	Reason
BHP Billiton	16.10.15	2	Re-appoint Auditors	No tender for 12 years; no tender before 2019
		7	Approve Remuneration Report	Excessive awards given poor performance; over 500%
		8	Australia: Remuneration Report	Excessive awards given poor performance; over 500%
		9	Australia: Approve Grants to CEO	Excessive awards given poor performance; over 500%
Jupiter European Opportunities	28.10.15	10	Re-appoint Auditors	No tender for 15 years
Picton Property Income Trust	06.11.15	4	Re-elect Mr M Morris	Non-independent NED; insufficient Board independence
		5	Re-elect Mr R Sinclair	Length of tenure: insufficient Board independence
		6	Re-elect Mr N Thomson	Length of tenure: insufficient Board independence
Pacific Horizon Investment Trust	02.11.15	5	Re-elect Mr D McDougall	Non-independent NED; insufficient Board independence
		6	Re-appoint Auditors	No tender for more than 25 years; fails best practice
Sky	29.10.15	3	Approve Remuneration Report	Excessive awards; matching scheme unwarranted
		4	Re-elect Mr N Ferguson	Non-independent Chairman; insufficient independence
		11	Re-elect Mr M Pigasse	Connected Director; insufficient Board independence
		13	Re-elect Mr M C Carey	Non-independent NED; insufficient Board independence
		14	Re-elect Mr J Murdoch	Non-independent NED; insufficient Board independence
		15	Re-appoint Auditors	No tender for 13 years; no proposed tender until 2020
Smiths Group	17.11.15	2	Approve Remuneration Policy	Excessive in aggregate; over 500% salary available
		3	Approve Remuneration Report	Excessive; significant vesting at median; performance

* Date refers to date of company meeting; all proxies were voted within the calendar quarter. UK includes Jersey (JE) Guernsey (GG) and Isle of Man (IOM)

Oppose Votes

Company	Date		Resolution	Reason
Smiths Group	17.11.15	13	Re-appoint Auditors	No tender for 18 years; no tender before 2019
		21	Approve 2015 LTIP	Scheme maxima increase; significant vesting at median
Close Brothers	19.11.15	2	Approve Remuneration Report	Tiered towards the short-term; excessive in aggregate
		13	Re-appoint Auditors	No tender for 35 years; no tender before 2017
Scapa Group	10.11.15	1	Adopt Value Creation Plan	Unchallenging criteria; no cap; poor link to performance
Dunelm Group	18.11.15	18	Approve Remuneration Policy	Bonus increase without justification; LTIP has no cap
		26	Approve 2015 LTIP	LTIP has no maximum cap; potentially excessive
Wolseley	25.11.15	2	Approve Remuneration Report	Duplicate schemes; over 500% salary available; excess
		3	Approve Remuneration Policy	Significant vesting at threshold performance; excessive
Vernalis	26.11.15	8	Re-appoint Auditors	No tender for 12 years; no disclosure on future tender
Bellway	07.12.15	11	Re-appoint Auditors	No tender for 36 years; no disclosure on future tender
The Investment Company	11.12.15	3	Re-elect Mr S Cockburn	Non independent NED; insufficient Board independence
DotDigital	15.12.15	9	Amend LTIP	Unchallenging performance hurdles; potential excess

Abstain Votes

Company	Date		Resolution	Reason
Assura (EGM)	12.10.15	1	Approve Issuance of Shares	Potential dilution limits breach best practice
Jupiter European Opportunities	28.10.15	7	Re-elect Mr A Darwall	Non-independent NED; insufficient Board independence
		14	Dis-apply Pre-emption Rights	Dilution breaches market best practice
Wolseley	25.11.15	17	Authorise Political Donations	Mandate of £125,000 sought; breaches EIM threshold

The following votes were registered in support of management

Company	Date	Resolutions	Action
Dechra Pharmaceuticals	23.10.15	17	For All Resolutions
Schroder Japan Growth Fund	03.11.15	11	For All Resolutions
City of London Investment Trust	23.10.15	15	For All Resolutions
Hays	05.11.15	18	For All Resolutions
Kier Group	06.11.15	20	For All Resolutions
DX Group	09.11.15	8	For All Resolutions
Target Healthcare REIT	12.11.15	12	For All Resolutions
Genus	19.11.15	15	For All Resolutions
Galliford Try	13.11.15	20	For All Resolutions
Trinity Mirror (EGM)	13.11.15	1	For Resolution
Ladbrokes (EGM)	24.11.15	4	For All Resolutions
Xeros Technology Group (EGM)	30.11.15	2	For All Resolutions
Bioventix	02.12.15	6	For All Resolutions
Jupiter European Opportunities IT (EGM)	03.12.15	1	For Resolution
JP Morgan Japanese IT	14.12.15	13	For All Resolutions
Johnson Matthey (EGM)	16.12.15	2	For All Resolutions
Bacit (EGM)	11.12.15	1	For Resolution
NCC Group (EGM)	16.12.15	2	For All Resolutions
Xeros Technology Group	11.12.15	9	For All Resolutions

The following votes were registered in support of management

Company	Date	Resolutions	Action
Inland Homes	08.12.15	8	For All Resolutions
Hayward Tyler (EGM)	15.12.15	2	For All Resolutions
GCM Resources	14.12.15	7	For All Resolutions
Japan Residential Investment Co. (EGM)	21.12.15	2	For All Resolutions
Japan Residential Investment Co. (CRT)	21.12.15	1	For Resolution
Connect Group	04.02.16	20	For All Resolutions
UBM (EGM)	07.01.16	2	For All Resolutions

FTSE 100 Board Diversity*

Company	Rank	%	Comment
BHP Billiton	6	25%	Meets Davies criteria
Sky	33	16%	Materially below Davies diversity target – Engagement
Smiths Group	88	25%	Meets Davies criteria
Wolseley	46	30%	Significantly exceeds Davies criteria

*Data correct at time of voting. 10

Un-voted holdings*

Company	Date	Resolutions	Reason
Wadworth & Co. Ltd	18.12.15	5	Insufficient Information provided by the company

**It is our policy to vote all UK and overseas holdings, however, in exceptional circumstances we may elect not to vote if there is insufficient information provided by the company to allow us to take an informed view.*

International Corporate Governance Report

Quarter to 31 December 2015

PROFIT WITH PRINCIPLES



International Key Events: Quarter to 31 December 2015

- The effective ousting of **DuPont** Chairman and CEO, Ellen Kullman comes after a bruising fight with activist investor Trian Partners. She leaves with \$2.8m severance and having earned \$140m in six years as CEO whilst the company's return to shareholders has only matched the S&P500
- The adoption of a poison pill by **Canadian Oil Sands** in order to fend off a hostile bid by **Suncor** must, under Canadian regulation, be approved by shareholders within six months. The use of such devices as an anti-takeover device is usually viewed critically as not in shareholder interests
- The proxy access campaign in the US has achieved two further notable results as resolutions to allow shareholders to nominate directors to the Board were passed by 55% and 54% at **Chevron** and **Conoco Phillips**. They have adopted Article amendments to effect this. **Blackrock** will also propose an amendment to its Articles after it was criticised for supporting the majority of proxy access votes but failed to adopt provisions itself
- The hiring of Omid Kordestani as Executive Chair of **Twitter** after his role became redundant at **Google**, was described as 'inexpensive'. He received a signing on equity award of \$24m, but was said to have foregone equity awards amounting to \$125m at Google
- Japanese tyre conglomerate, **Bridgestone Corporation** has announced plans to change its system of governance by moving away from the traditional 'board of corporate auditors' model to a more western style 'committee' based model

International Key Events: Quarter to 31 December 2015

- In a surprise move the French Government has consolidated its ownership of **Renault-Nissan** to prevent the company from opting out of the controversial Florange Law that gives long-term investors double voting rights unless two thirds of shareholders oppose it. By increasing its stake, the French Government is seeking to ensure the law can take effect at Renault. In turn Nissan is threatening to end its 16 year alliance with Renault in which it has no voting rights, despite Renault controlling the Japanese Group with a 43.4% stake
- The European Banking Authority (EBA) has found that of 35 European banks examined, eight may have circumvented **EU bonus limits** imposed in 2014. The rules allow a maximum 100% salary bonus, or 200% with shareholder approval; the study found some banks had introduced 'role based allowances' that were variable but not classed as bonuses
- The Chief Executive of **Deutsche Bank** has publicly criticised the bonus culture saying its payment will not make him work any harder. Brought in to turn the troubled bank around, John Cryan, Co-CEO has criticised those in financial services motivated by the bonus culture. Although his package has not been revealed, it has been widely reported he rejected a contract with a bonus attached
- Of the 89 publicly traded signers of three climate compacts, only 13 have made specific reference to **sustainability** as part of the CEO's **performance-linked remuneration**. **Schneider Electric** has gone further than most with 12% of the CEO's compensation linked to sustainability metrics

International Proxy Voting: Quarter to 31 December 2015

	For	Oppose	Abstain	Total
Resolutions	114	23	3	140
%	81	16	3	100
Meetings				22
Shareblocking				-

Meeting Region	No.
Europe ¹	6
USA/Canada	1
HK/Singapore	13
Japan	-
Asia – Other ³	1
Australia/NZ	1
Emerging ²	-
Total	22

Reason for Action	Oppose	Abstain
Executive Compensation	4	1
Board Balance (Directors)	14	-
Shareholder Capital Issues	2	1
Other	3	1

- 1 Ex-UK (see separate report)
 2 Latin America/India/Africa/Israel/Offshore
 3 Malaysia, Thailand, Vietnam

Proxy voting statistics relate to all EdenTree Funds under management, institutional and retail, and therefore may include companies excluded on ethical grounds in the Amity Funds, but allowed in other Funds. At companies where shareblocking is exercised, such as in Switzerland and Norway, it is our policy to take no action rather than waive our shareholder rights.

Oppose Votes

Company	Date*		Resolution	Reason
Eu San Yang International Limited	28.10.15	3	Elect Mr D Hian	Board insufficiently independent; Audit Committee Chair
Global Yellow Pages Limited	30.10.15	3	Elect Mr S Leng	Insufficient independence on Compensation Committee
		5	Elect Mr P Min	Insufficient independence on Audit Committee
Cisco Systems Inc.	02.11.15	1	Elect Ms C Bartz	Insufficient independence; director has served 19 years
		4	Elect Mr J Chambers	Insufficient independence; director has served 22 years
		6	Elect Mr J Hennessy	Insufficient independence; director has served 13 years
		11	Elect Mr S West	Insufficient independence; director has served 19 years
		12	Executive Compensation	Remuneration excessive in aggregate; \$20.7m for CEO
		13	Appoint Auditors	No tender for 27 years; no disclosure on tender
		14	Shareholder Resolution	Holy Land Principles; not in shareholder interests
Digital Global Services Limited	12.11.15	2	Elect Mr D Flowers	Non independent; insufficient Board independence
		5	Appoint Auditor & Set Fees	Insufficient disclosure on audit fees to take a view
Pernod Ricard	06.11.15	9	Elect Ms V Vargas	Non independent; insufficient Board independence
		10	Elect Ms N Boulton	Chair Nomination Committee; insufficient independence
		15	Remuneration of the CEO	Equity award to outgoing CEO not pro-rated
China Oilfield Services	29.12.15	3	Elect Mr C Chi	Board insufficiently independent
Nine Dragons Paper (Holdings) Ltd.	11.12.15	5	Elect Mr L Shun	Board insufficiently independent; NEDs received bonus
		6	Elect Ms M Chu	Serves on too many Boards; time issues
		7	Elect Mr C Pang	Award of discretionary bonus to NEDs; poor governance

* Date throughout refers to the date of company meeting; all proxies were however voted within the calendar quarter

Oppose Votes

Company	Date*		Resolution	Reason
Nine Dragons Paper (Holdings) Ltd.	11.12.15	8	Director's Fees	Remuneration is excessive in aggregate
		10	Issue Shares w/o Pre-emption	Issue price discount not disclosed; issuance excessive
		12	Issue Repurchased Shares	Issue price discount not disclosed
		13	Adopt New Option Scheme	Non-executive participation; no performance targets

Abstain Votes

Company	Date		Resolution	Reason
Alstom	18.12.15	9	Shareholder Resolution	Elect Mr O Bourges: Board recommendation to abstain
Ansaldo STS S.P.A	02.11.15	9	Director's Fees	Insufficient information provided by the company
		10	Resigned Director Waive	Insufficient information provided by the company

The following votes were registered in support of management

Company	Country	Date	Resolutions	Action
China Petroleum & Chemical Corp.	China	23.10.15	1	For Resolution
Comba Telecom Systems Holdings (EGM)	Hong Kong	12.10.15	1	For Resolution
Global Yellow Pages Limited	Singapore	30.10.15	1	For Resolution
Sound Global Ltd.	Singapore	27.10.15	1	For Resolution
Telstra Corporation	Australia	13.10.15	6	For All Resolutions
Lerado Group (Holding) Co. Ltd.	Hong Kong	10.11.15	2	For All Resolutions
Anhui Tianda Oil Pipe Co. Ltd.	China	10.12.15	1	For Resolution
Beni Stabili S.p.A	Italy	10.12.15	5	For All Resolutions
BYD Electronic (International) Co. Ltd.	Hong Kong	24.12.15	4	For All Resolutions
Immofinanz AG	Austria	01.12.15	9	For All Resolutions
Nine Dragons Paper (Holdings) Ltd. (EGM)	Hong Kong	11.12.15	4	For Resolution
Philips N.V	Netherlands	18.12.15	1	For Resolution
Tenaga Nasional Bhd	Malaysia	14.12.15	12	For All Resolutions

US Shareholder Resolutions Supported

Company	Resolution	Date
Cisco Systems Inc.	Proxy Access: to provide for shareholders to nominate directors to the Board	19.11.15

It is EdenTree Investment Management's policy to support US Shareholder Resolutions where these appear reasonable and proportionate and in keeping with our general stance on ESG (environmental, social and governance) positives. Where they appear to mandate an unreasonable financial charge or represent narrow lobby interests we may exercise discretion to oppose or abstain

Annual Corporate Governance Statistics

Year to 31 December 2015

PROFIT WITH PRINCIPLES



UK Proxy Voting: Year to 31 December 2015

	For	Oppose	Abstain	Total		
Resolutions	3,833	164	45	4,042	Equity	Fixed
%	95	4	1	100	271	8
Meetings				279		

Reason for Action	Oppose	Abstain
Remuneration Report	75	19
Board Balance (Directors)	49	4
Individual Incentive Schemes	23	6
Other	17	16

International Proxy Voting: Year to 31 December 2015

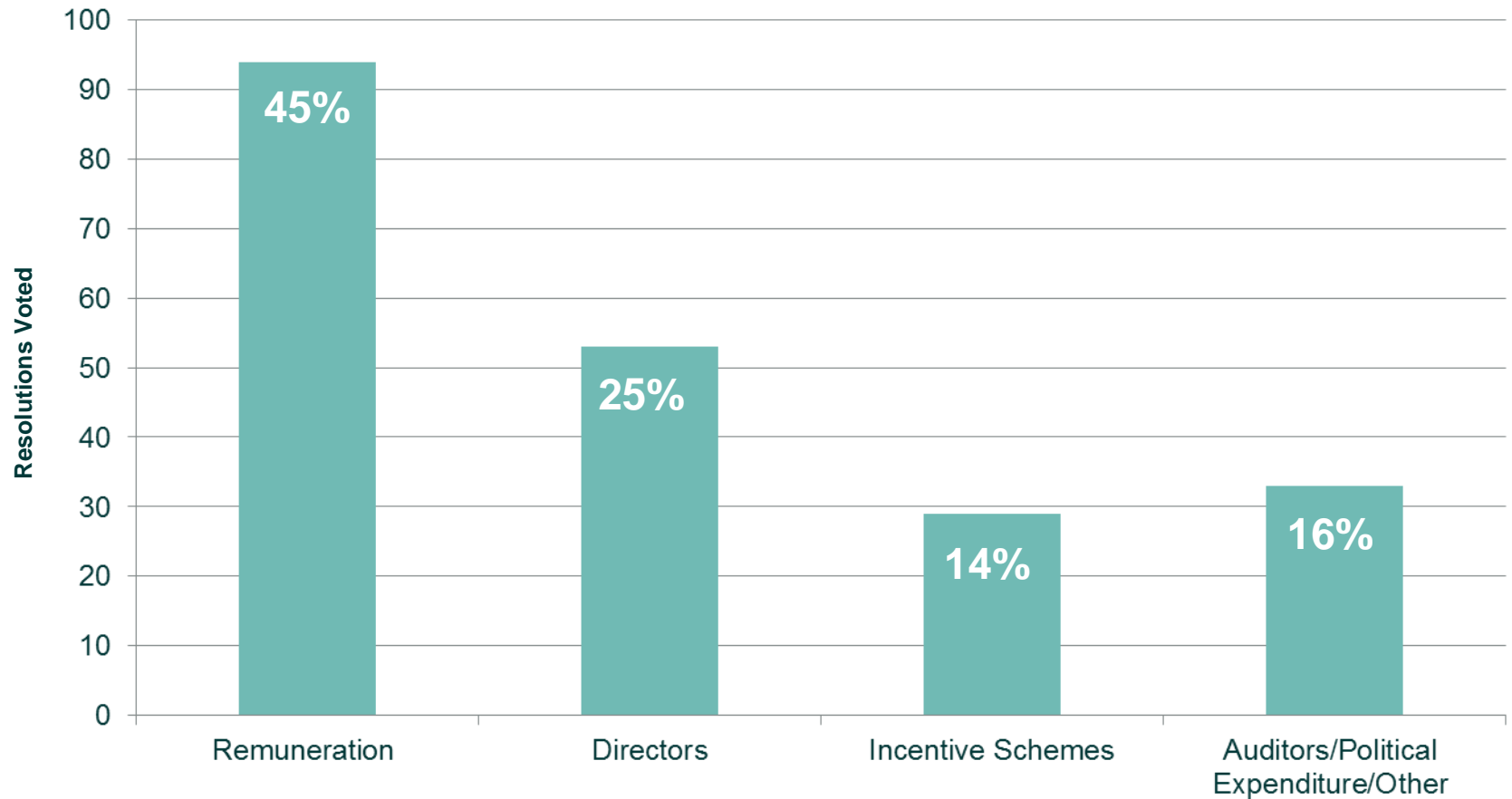
	For	Oppose	Abstain	Total
Resolutions	1,995	329	39	2,363
%	84	14	2	100
Meetings				213
Shareblocking				1

Meeting Region	No.
Europe ¹	89
USA/Canada	40
HK/Singapore	60
Japan	5
Asia – Other ³	7
Australia/NZ	2
Emerging ²	10
Total	213

Reason for Action	Oppose	Abstain
Executive Compensation	57	6
Board Balance (Directors)	137	15
Shareholder Capital Issues	65	3
Other	70	15

- 1 Ex-UK (see separate report)
 2 Latin America/India/Africa/Israel/Offshore
 3 Malaysia, Thailand, Vietnam

Breakdown of UK Voting 2015: Resolutions Opposed/Abstained

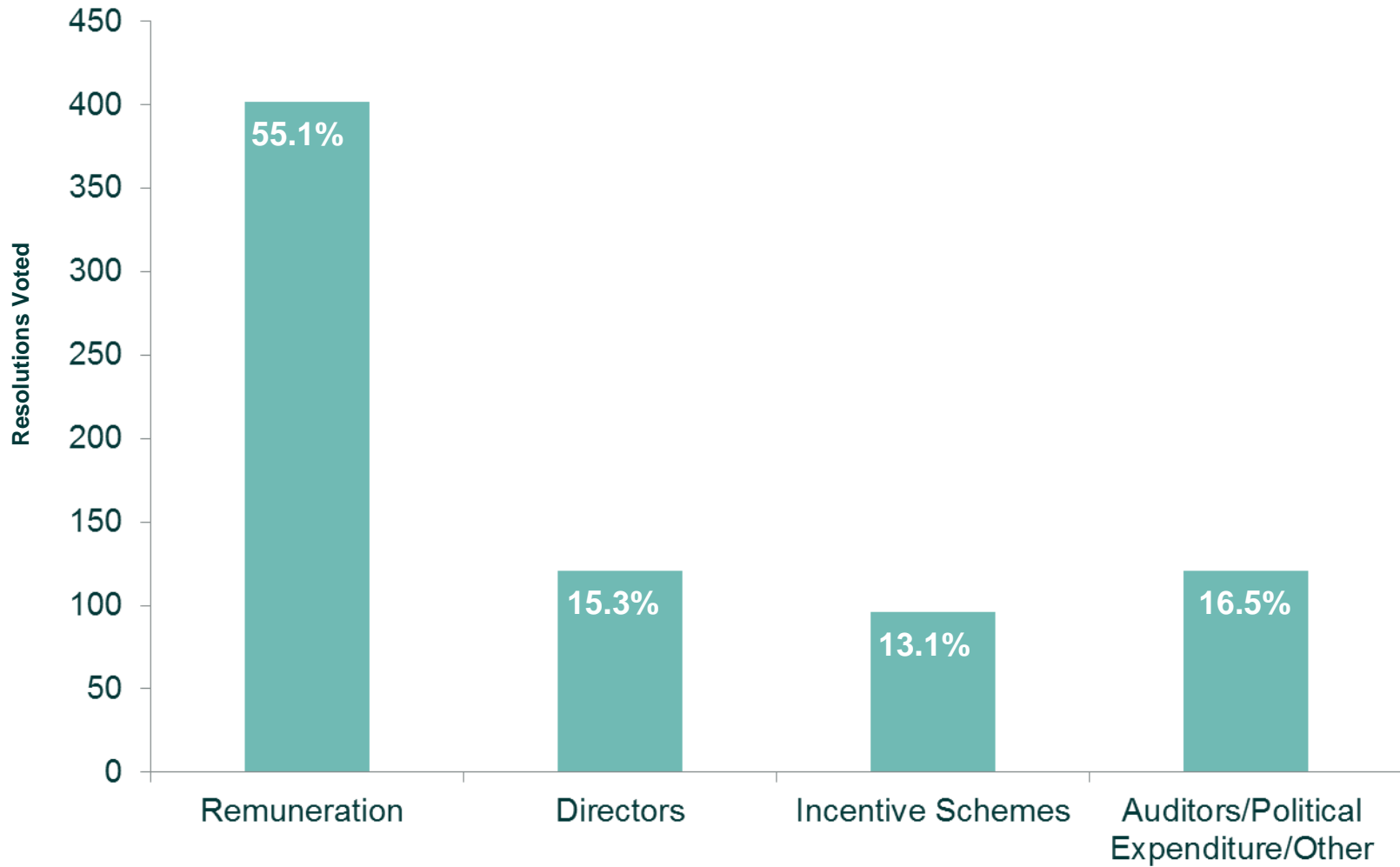


Five Year Trends 2011-2015

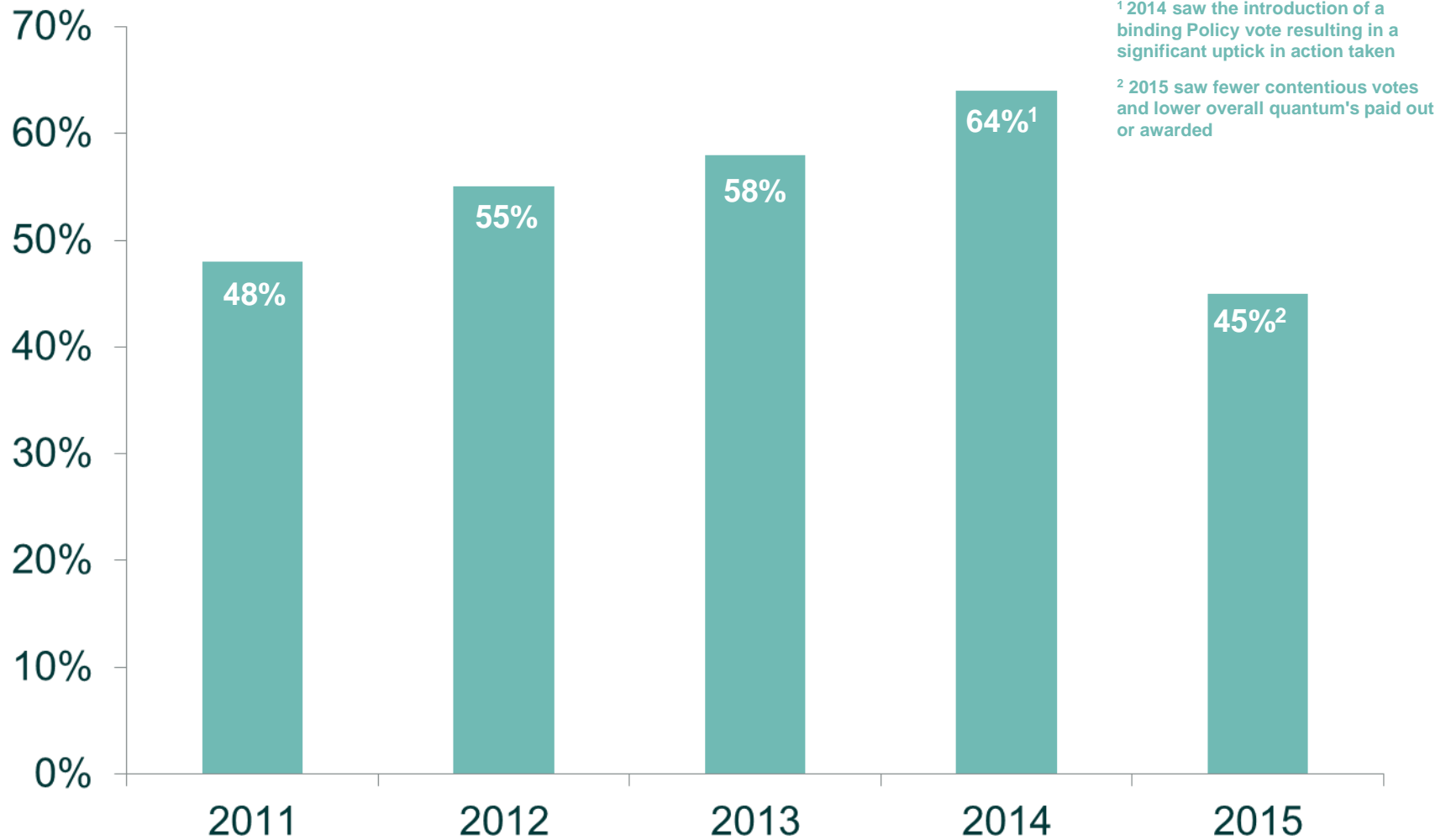
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UK Voting 2011-2015: Resolutions Opposed/Abstained



Remuneration as a % of all UK Voting Action Taken



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