Triodos Investment Management

LIBERTY GLOBAL PLC

Meeting Date:	Thu, 26 Jun 2014 15:00pm	**Type:**	AGM	**Issue date:**	Fri, 13 Jun 2014
Meeting Location:	The May Fair Hotel, Stratton Street, London, W1J 8LT				
Current Indices:	PIRC Global				
Sector:	Cable and other pay television services				

	PROPOSALS	ADVICE
1	**To elect Miranda Curtis** Non-Executive Director. Not considered independent as she is a former executive of the Company. There is insufficient independent representation on the board.	**Oppose**
2	**To elect John W. Dick** Non-Executive Director. Not considered independent as he has been on the Board for more than nine years. There is insufficient independent representation on the board.	**Oppose**
3	**To elect J.C. Sparkman** Senior Independent Director. Not considered independent as he was employed by the company's former parent Tele-Communications, Inc. for 26 years, including 8 years as Executive Vice President and Chief Operating Officer. Furthermore, he has served on the Board for more than nine years. There is insufficient independent representation on the board.	**Oppose**
4	**To elect J. David Wargo** Non-Executive Director. Not considered independent as he has been on the Board for more than nine years. There is insufficient independent representation on the board.	**Oppose**

5 Approve Remuneration Policy **Oppose**

The remuneration policy for the executive director comprises a base salary, benefits, Employer Matching and Saving Plans, an Annual Cash Performance Award and Equity Incentive Awards. An additional Compensation opportunity plan can also be used to award director a bonus in a form of cash or equity.

Non-Executive Directors pay packages include the elements mentioned above with the exception of the bonus. Equity incentive awards for Non-Executive Directors are time-vested and only subject to continued employment. However, awarding of options/ shares to Directors is not supported. Remuneration of non-executive board members should not be directly linked to the company's performance lest the incentive to challenge management's risk-taking decisions is weakened.

For the Executive Director, equity incentive awards may be subject to performance conditions over a period of three years which is not considered sufficiently long term. Performance conditions are not disclosed. It is therefore not possible to determine the effectiveness of the plan. Some of the awards may be only time-vested and not be subject to performance conditions (usually a third of the awards). Maximum awards that can be granted to CEO under the annual bonus and the PSUs are not provided in terms of base salary percentages. However, they have been estimated and the CEO may receive a bonus representing 732.4% of his base salary in a year, which is considered excessive. PSU awards that can be made to the director in a year are 8 million ordinary shares which includes 4 millions of class B shares. The monetary value is not provided.

Awards that can be made under the additional compensation opportunity are not capped, which may allow generous payouts unrelated to the performance of the Company.

The Company's recruitment policy allows for the replication of new appointees' forfeited schemes at their previous employers. This is considered an inappropriate practice as it undermines the rationale behind the remuneration policy to retain Executive Directors. There is no evidence that upside discretion can not be used while determining severance. The CEO's service of contract has a five -year term ending in 2019, after which, agreement will be renewed on an annual basis. The Fries Agreement effective from 30 April 2014, allows a cash bonus of US $ 5 million paid ten days after the signing. The award is considered excessive and is not justified in light his performance in fulfilling his responsibilities. The CEO's predetermined compensation is equivalent to two years basic salary and the value of contractual benefits. The termination arrangements also allow payments of future bonuses for the same period. These practices are considered unacceptable.

Based on concerns over potentially excessive awards and the excessive severance agreements and lack of performance conditions on some awards, Triodos opposes this resolution.

6 Approve Pay Structure **Abstain**

It is proposed that shareholders approve the compensation of the named executive officers.

All elements of each director's cash remuneration are disclosed. All share incentive awards are stated with award dates and prices. Rewards made to the CEO for the year, are considered excessive in comparison with his fees and salary. They represent approximately 1156% of his base salary. Non-executive Directors receive options awards which runs against best practice. It is noted the Chairman's pay only consisted of these options in the year.

Based upon the excessive awards, Triodos abstains on this resolution.

7 The option of once every one year, two years, or three years that receives a majority of the affirmative votes cast for this resolution will be determined to be the frequency for the advisory vote on the compensation of the named executive officers as disclosed pursuant to the Securities and Exchange Commission's compensation disclosure rules. **1**

It is proposed that shareholders indicate how frequently they believe the board should seek an advisory vote on the compensation of NEOs. Although, the board recommends that a three-year interval for the advisory vote is adequate, a shorter period of one year gives shareholders the opportunity to assess the effectiveness of the executive compensation policies and decisions more regularly.

Triodos supports the annual vote on remuneration.

8	**Receive the Annual Report** Disclosure is acceptable and the report was made available sufficiently before the meeting. No major concerns have been identified that would lead to an oppose vote recommendation. It is however noted that only one of the twelve directors on the board is considered independent and consequently, no board committee is independent. Acceptable proposal.	**For**
9	**Appoint the auditors** KPMG LLP (U.S.) proposed. Non-audit fees represent approximately 2.52% of audit fees during the year under review. This level of audit fees does not raise significant concerns over the Auditors' independence. Acceptable proposal.	**For**
10	**To appoint KPMG LLP (U.K.) as Liberty Global's U.K. statutory auditor** KPMG LLP (U.K.) proposed. Non-audit fees represent approximately 2.52% of audit fees during the year under review. This level of audit fees does not raise significant concerns over the Auditors' independence. Acceptable proposal.	**For**
11	**Allow the board to determine the auditors remuneration** Standard proposal. **** = Special resolution***	**For**

Supporting Information for Resolutions

Proposal 5 - It is noted The Fries Agreement provides for the award of restricted share units of one million Class A shares and one million Class B shares (the Performance Grant Award) upon signing of the Fries Agreement. The Performance Grant Award is subject to the achievement of a performance condition measured in 2014 and a three-year service-based vesting period. However, if compensation policy is not approved at the AGM, the performance grant award will vest and be settled no later than December 20, 2014, subject to satisfaction of the performance conditions.

For Private Circulation only

Researcher: Anita Sangwa
Email: pircresearch@pirc.co.uk

Pensions & Investment Research Consultants Limited
6th Floor
9 Prescot Street
London E1 8AZ

Tel: 020 7247 2323
Fax: 020 7247 2457
http://www.pirc.co.uk

Regulated by the Financial Conduct Authority
Version 2