



Voting Policy

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1. Introduction

- 1.1. The overriding obligation of the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC/the Fund) is to act in the best financial interests of the pension scheme beneficiaries. Within this fiduciary role, NILGOSC takes its responsibilities as an asset owner seriously and believes that effective stewardship can have a positive impact on the performance of its investment portfolios.
- 1.2. The [UK Stewardship Code 2020](#) defined Stewardship as "*the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society*". NILGOSC believes that responsible ownership is about recognising that the impacts of corporations on the environment, on workers and on communities can seriously affect shareholder value. It also places a high value on companies' own good governance. This differs from ethical investment, which generally focuses on excluding or including companies from an investment portfolio (positive or negative screening). By contrast, responsible ownership involves investors using their shareholder power to influence the companies they invest in.
- 1.3. NILGOSC believes that, as a responsible investor, it has a legitimate interest in the management and corporate governance of the companies in which it invests and supports the use of voting as a means of expressing concern over Environmental, Social and Governance (ESG) issues. By exercising its right to vote at company meetings, NILGOSC seeks to improve corporate behaviour and protect shareholder value by maintaining effective shareholder oversight of the directors and company policies, a process on which the current system of corporate governance depends.
- 1.4. NILGOSC expects the companies in which it invests to comply with best practice and wishes to actively encourage improvements in global standards of corporate governance. This Voting Policy is reviewed annually and sets out NILGOSC's view on what it believes are the most important

elements of good corporate governance and the principles which will be used to determine voting decisions on specific issues. It is laid out based on the overarching principles of the [UK Corporate Governance Code](#) with additional sections on ‘Shareholder’s Rights’, ‘Capital’, ‘Corporate Actions’, ‘Sustainability and Social Factors’, and ‘Shareholder Resolutions’.

- 1.5. NILGOSC will vote in accordance with this policy while taking into consideration company explanations for deviation from best practice, as well as recommendations provided by its specialist corporate governance research provider where appropriate. Recommendations and advice from other sources, such as investment managers, may also be considered.

Corporate governance research provider

- 1.6. NILGOSC has appointed a specialist corporate governance partner, Minerva Analytics, to coordinate its corporate governance and voting activities. NILGOSC avails of Minerva Analytics’ corporate governance research service, which provides detailed information and financial analysis on which informed voting decisions can be made.
- 1.7. NILGOSC’s Voting Policy preferences are stipulated on Minerva’s research and advisory systems, thereby producing a Voting Policy template which is applied uniquely and only to NILGOSC’s accounts. The policy guidance is generated by: expert analysis of governance and sustainability disclosures, as well as the meeting business to be voted on by shareholders; and uses Minerva’s proprietary governance analytics template and database technology.¹
- 1.8. The template consists of a set of agreed criteria and actions to be taken in the event of any resolution having failed to meet NILGOSC’s policy criteria. The policy takes a robust and objective approach to the guidance that it generates in order to ensure a consistent application of NILGOSC’s principles. Where the resolution in question is in line with the Voting Policy standards, the guidance is to vote ‘For.’ Where a concern is identified, the voting guidance will be determined by the Voting Policy system settings

¹ <https://nilgosc.org.uk/wp-content/uploads/2025/01/Review-of-Proxy-Voting-2024.pdf> - Section 1.2

chosen by NILGOSC: most commonly ‘Against’, but sometimes ‘Case-by-Case’; while ‘Abstain’ is rarely used (except in certain markets where it is the only voting option available to express opposition or dissent).²

- 1.9. Before placing votes in accordance with the template, a NILGOSC officer will review the available research and recommendations from Minerva Analytics, in addition to any advice received from investment managers and other sources. Votes are cast electronically on Minerva Analytics’ platform.

Securities lending

- 1.10. NILGOSC participates in a Securities Lending Programme managed by its Global Custodian. It is not NILGOSC policy to recall lent stock for voting purposes. However, NILGOSC retains the right to do so in the event of a contentious vote or in relation to engagement activities.

Engagement letters

- 1.11. NILGOSC also engages directly with the companies in which it invests. In cases where NILGOSC intends to, or has, voted against a management recommendation at a European-listed company’s Annual General Meeting (AGM), NILGOSC issues an engagement letter outlining its rationale for doing so. It is hoped that by providing this explanation, the flow of information between companies and their shareholders can be improved.
- 1.12. When possible, engagement letters will be sent in advance of the AGM, giving the company the opportunity to respond and offer explanations for deviation from best practice. NILGOSC will consider any explanations received and may decide to amend voting decisions if the company’s argument is sufficiently persuasive or if significant improvement is scheduled to take place within an appropriate time period. Where a response is received after the deadline for submitting voting decisions, or where the letter has been sent after the meeting, any explanations or further information will be recorded and considered in advance of the following year’s meeting.

² <https://nilgosc.org.uk/wp-content/uploads/2025/01/Review-of-Proxy-Voting-2024.pdf> - Section 1.2

Disclosure

- 1.13. An annual summary of NILGOSC's voting activity is published on its website, alongside detailed annual disclosure of how NILGOSC voted on Shareholder Resolutions. NILGOSC also annually reports on voting activity in its Stewardship Code Report.
- 1.14. Detailed monthly disclosure of votes cast is released on a quarterly basis.

Voting rights

- 1.15. NILGOSC will exercise its voting rights, if possible, at all company meetings within its actively managed equity holdings and will vote against management where there are significant ESG failings.
- 1.16. For passively managed equities, votes are cast by NILGOSC's passive investment manager, according to its own voting policies. The manager reports to NILGOSC on its voting activities on a quarterly basis.
- 1.17. For issuers where holdings in the actively managed equity portfolios overlap with those in the passively managed funds, NILGOSC may avail of the opportunity to use 'pass-through voting'. When a meeting occurs for a company which is held both in an actively managed segregated mandate and in a passively managed fund, NILGOSC may direct how a proportional share of the votes on the passively managed holding are placed through an arrangement with its passive investment manager. Doing so should increase alignment of voting decisions across NILGOSC's equity holdings.

2. Important notice

- 2.1. This guidance is not exhaustive and votes on matters not covered should be determined in accordance with the overall principles stated below, referring to the available research from Minerva Analytics and advice from investment managers and other sources.
- 2.2. In general, NILGOSC's decisions on voting are based on the interpretation of the facts disclosed to NILGOSC, which, on occasion, may result in voting in a manner that may not be in line with NILGOSC's stated voting policies.

3. Voting principles

- 3.1. Voting is a means of maintaining effective shareholder oversight of directors and company policies. Through the exercise of voting rights, NILGOSC will seek to improve corporate behaviour in respect of ESG issues in addition to meeting the Fund’s fiduciary responsibility to add value to its investments.
- 3.2. NILGOSC believes that ESG issues can affect the performance of investments. Examples of how an organisation’s ESG practices can have a financial impact may be where poor environmental performance results in compensation claims and/or costly clean-up measures, or where exploitative labour practices may affect a company’s brand, reputation, worker productivity and, ultimately, its share value.

Figure 1: Environmental, Social and Governance (ESG) issues to consider

Environmental
The environmental pillar of ESG considers how an organisation impacts the physical environment. In addition to climate change and reducing greenhouse gas emissions, examples of key environmental considerations include: biodiversity loss; resource depletion; energy efficiency; renewable energy; waste management; ocean acidification; stratospheric ozone depletion; nitrogen and phosphorus cycles.
Social
The social pillar refers to an organisation’s relationships with all of its stakeholders, including employees, customers and the community at large. Examples of social considerations include: activities in conflict zones; distribution of fair trade products; health and access to medicine; workplace health, safety and quality; labour standards in the supply chain; child labour; slavery; relations with local communities; human capital management; employee relations; diversity within workforces; controversial weapons and freedom of association.
Governance
Governance is the system by which organisations are directed and controlled. Issues may include: executive benefits and compensation; bribery and corruption; shareholder rights; business ethics; board diversity; board structure; director independence; risk management; whistle-blowing schemes; stakeholder dialogue; lobbying and disclosure. Governance may also include the implications an organisation’s strategy has on environmental and social issues, and how the strategy is implemented.

- 3.3. This Voting Policy sets out NILGOSC's expectations for good governance, including how companies manage their impact on society and the environment. It also sets out how NILGOSC addresses sustainability-related resolutions, including specific reference to climate risk and climate related financial disclosures.
- 3.4. NILGOSC has been informed by best practice guidance set out in the [Organisation for Economic Co-operation and Development \(OECD\) Principles of Corporate Governance](#), the [UK Corporate Governance Code](#), the [PLSA's Stewardship and Voting Guidelines](#) and other related governance best practice guidelines and corporate governance codes.
- 3.5. Many countries or regions have corporate governance codes that operate only within those specific countries or regions. NILGOSC will support compliance with these codes in the relevant markets. However, the scope and detail of these codes vary considerably, and while some are well established, others have only recently been introduced and their guidelines have not yet become common practice. Additionally, a number of these codes fail to recommend adherence to the standards NILGOSC would eventually hope to see implemented. Therefore, in some instances, NILGOSC's Voting Policy specifies a minimum standard which it would expect all companies to adhere to, while expecting that market-specific best practice guidelines are followed where they recommend a higher standard.
- 3.6. In many markets, corporate governance operates on the basis of 'comply or explain.' In instances where companies choose to adopt a different approach to that which is set out in the relevant Corporate Governance Code, they are required to explain the reason to their shareholders, who must decide whether they are content with the approach that has been taken. The 'Reporting on the Code' section of the [UK Corporate Governance Code 2024](#) states that, "*Explanations should set out the background, provide a clear rationale for the action the company is taking, and explain the impact that the action has had. Where a departure from a Provision is intended to be limited in time, the explanation should indicate when the company expects to conform to the provision.*" NILGOSC

supports this approach and will consider company explanations for deviation from best practice when making its voting decisions.

General voting guidelines

- 3.7. NILGOSC will vote against any management proposed resolution where the company has not provided sufficient background data to enable an informed voting decision to be made.
- 3.8. If the Chair of the Nomination committee is not standing for election, and board composition concerns are considered to be sufficiently egregious or persistent, NILGOSC may consider a vote against the Chair of the Board or a vote against the approval of the Report & Accounts.
- 3.9. In markets where the Report & Accounts are not presented for shareholder approval, NILGOSC may consider a vote against the Chair of the board where a vote against the Report & Accounts would otherwise have been recommended.
- 3.10. NILGOSC will not support resolutions which propose to allow the conduct of 'any other business'.
- 3.11. Many institutional shareholders will choose to abstain from voting on a resolution, rather than directly vote against it, believing such an approach sends a warning signal to the company. However, if companies do not disclose the level of abstentions, a higher level of support may be portrayed than was actually received. NILGOSC believes that there should be no grey area when it comes to voting, and therefore has a policy of not abstaining unless it is the only available voting option to signal dissent.
- 3.12. Some overseas markets can impose costly trading restrictions, such as the practice of 'share blocking' - where restrictions are placed on shares which prevent holders from trading, from the time that votes are cast until the close of a company meeting. This can pose a risk to investors who may be considering selling the shares, and in such circumstances it may be more beneficial to NILGOSC to be free to trade, rather than to vote. Therefore, NILGOSC may choose not to vote shares in a meeting where share blocking is in effect.

4. Board leadership and Company purpose

- 4.1. Principle D of Section 1 of the [UK Corporate Governance Code](#) states that *“in order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.”* NILGOSC believes that companies should disclose how they have ensured that the views of shareholders and other stakeholders have been considered, as well as the actions taken to address any significant shareholder dissent after an AGM.
- 4.2. The UK Corporate Governance Code states that the board *“should understand the views of the company’s other key stakeholders and describe in the annual report how their interests and the matters set out in section 172 of the Companies Act 2006 have been considered in board discussions and decision making.”* NILGOSC expects the board to have appropriate mechanisms in place as per [UK Corporate Governance Code Section 1: Board Leadership and Company Purpose](#).
- 4.3. NILGOSC considers the failure of a company to make suitable disclosures on internal controls, sustainability issues and their workforce, such as those outlined in the PLSA’s [“Understanding the worth of the workforce – a stewardship toolkit for pension funds”](#) document, to be in breach of Corporate Governance best practice.
- 4.4. Company disclosure should comply with applicable, market-specific Corporate Governance codes or provide a comprehensive explanation for non-compliance.

Voting guidelines

- 4.5. NILGOSC will consider voting against the approval of the Report & Accounts where:
- the company has not complied with the disclosure requirements of the applicable corporate Governance Code or best practice guidelines and has not provided an adequate explanation for non-compliance;

- the company has not complied with current guidance regarding internal controls;
 - the company has a controlling shareholder, and no relationship agreement has been disclosed; or
 - the disclosures made by the company do not comply with relevant regulation or are considered insufficient for an informed voting decision to be made.
- 4.6. NILGOSC will consider voting against the Chair of the board where:
- there are concerns that the company is not complying with the spirit of the code with regards to stakeholder engagement; or
 - significant shareholder dissent is not addressed appropriately.

5. Division of responsibilities

- 5.1. Per the [UK Corporate Governance Code Section 2: Division of responsibilities](#) “*The company secretary ...is responsible for advising the board on all governance matters.*” NILGOSC considers that combining the position of Company Secretary with that of an executive director is likely to compromise the independence of the Company Secretary with respect to governance responsibilities to the board and the Chair.
- 5.2. NILGOSC considers that, in order to ensure that they have sufficient time to discharge their responsibilities effectively, Non-Executive Directors (NEDs) should serve on a maximum of five listed companies’ boards. This should be reduced to four if the director is the Chair of the board or of another listed company’s board. A full-time executive director at a listed company should serve as an NED on no more than one other listed company’s board.³ NILGOSC will also take into consideration a director’s attendance at board meetings when determining whether to vote for his or her re-election.

³ UK Corporate Governance Code July 2024: 2: Division of responsibilities

The Chair

- 5.3. The role of a Chair is to ensure that the board functions effectively, that appropriate procedures and structures are in place and that relevant issues are discussed. The board's role is to hold executive management accountable and accordingly, the board Chair should be seen as a separate role to that of an Executive Director with operational responsibilities. The role expected of a Chair may well also affect his or her ability to perform the function of a fully independent director. However, NILGOSC believes that it is important for the Chair to be independent on appointment.
- 5.4. NILGOSC considers that company boards should display a clear division of responsibilities at the top and is opposed to a Chief Executive becoming Chair of the board in the same company.
- 5.5. NILGOSC may accept the combination of the Chair and Chief Executive roles on a temporary basis (less than one financial year) provided the company's explanation is compelling.
- 5.6. NILGOSC is aware that in some countries, the Chief Executive and Chair roles are combined more routinely than is the case in the UK. In these situations, NILGOSC expects the board to provide a convincing explanation of why it believes the combined role is in the best interests of shareholders, and to name a Lead Independent Director (LID) whose role and responsibilities should be such that he or she provides an appropriate balance between the powers of the Chief Executive and those of the independent directors.
- 5.7. NILGOSC also supports the appointment of a LID where the roles of Chief Executive and Chair have been split but the Chair is: an executive; a former Chief Executive; or otherwise not independent on appointment.
- 5.8. A LID should also be appointed if country-specific best practice guidelines recommend such a position, such as the Senior Independent Director (SID) in the UK.

Board structure

- 5.9. The OECD Principles of Corporate Governance⁴ acknowledge that “*board structures and procedures vary both within and among jurisdictions. Some jurisdictions have two-tier boards that separate the supervisory function and the management function into different bodies. Such systems typically have a ‘Supervisory board’ composed of non-executive board members, often including employee representatives, and a ‘Management board’ composed entirely of executives. Other jurisdictions have ‘Unitary’ boards, which bring together executive and non-executive board members. In some jurisdictions, there is also an additional statutory body for audit purposes.*”
- 5.10. NILGOSC believes that an important shareholder role is to ensure that the balance of directors on any board is adequate to enable them to perform the varied roles expected of them. Irrespective of any constitutional requirements, the overriding principle is that the balance of the board composition should demonstrate a strong independent influence.
- 5.11. NILGOSC understands that in some markets the practice of having a significant independent influence on the board is relatively new, and that the number of independent non-executives is not yet at the level of the UK. However, it is essential to have enough Independent Non-Executive Directors (INEDs) for an adequate spread of views on the board and for membership of board committees.
- 5.12. NILGOSC expects board composition to comply with best practice in the country of primary listing. Furthermore, NILGOSC will support any effort to ensure that a majority of the board is comprised of INEDs and expects all boards to have at least one third independent directors.
- 5.13. Where the two-tier board system is used, NILGOSC expects that at least half, and preferably a majority, of the Supervisory board is made up of INEDs.

⁴ https://www.oecd-ilibrary.org/governance/g20-oecd-principles-of-corporate-governance-2023_ed750b30-en

- 5.14. NILGOSC accepts that a number of countries have legislation mandating a certain percentage of employee representatives on the board. Similarly, some companies will have government representatives on the board. However, NILGOSC does not consider these individuals to be independent. NILGOSC expects companies in these countries to ensure that the board and its committees have adequate representation of truly independent directors.
- 5.15. Where a company has an Executive Chair or a combined Chair/Chief Executive, that individual will be classified as an executive for the purposes of assessing board balance.
- 5.16. In Japan, three different board structures are possible: a company with Kansayaku (Statutory Auditor) Board; a company with three committees (Nomination, Audit and Remuneration); or a company with a Supervisory committee. NILGOSC considers the ‘company with three committees’ model best practice and strongly encourages companies to adopt it.
- 5.17. Where Japanese companies have chosen to retain the traditional ‘Kansayaku’ structure, the independence of the statutory auditors is key to the effective oversight of the company. The statutory auditors should number at least three, the majority of whom should be independent. Statutory auditors should stand for re-election every four years, as required by the Japanese Code, but preferably more frequently. For the ‘company with a Supervisory Committee’ structure where the Supervisory committee members are also directors and can vote at board meetings, NILGOSC also expects that the outside directors appointed are considered independent of the company.
- 5.18. NILGOSC does not support the practice, in some French companies, of appointing ‘censors’ to the board of directors, as non-voting advisors. Their role is not defined under French law and can be unclear, yet censors can have considerable influence on boards.

Non-executive directors

- 5.19. NILGOSC considers that the independence of NEDs is an essential element of the board's composition. Non-executives have two important roles on any board: supervisory and advisory. NEDs are responsible for ensuring that the board, as a whole, concentrates on maximising long-term shareholder value. Not only do non-executives bring an independent perspective to issues where the executive directors face a conflict of interest, they also strengthen the board by expanding its range of experience.
- 5.20. NILGOSC believes that NEDs should normally be wholly independent of the company and supports the inclusion of independence criteria in a country's corporate governance code or listing rules, for example: NYSE Listed Company Manual Section 3: Corporate Responsibility 303A.02 Independence Tests. In addition to any such criteria, NILGOSC considers that a director's independence is impaired if he or she:
- is designated by the company as a non-independent non-executive director;
 - is or has been an employee of the company or group within the last five years;
 - has, or has had within the last three years, a material business relationship with the company directly, or as a partner, shareholder, director or senior employee of a body that has such a relationship with the company;
 - is a member of the company's pension scheme;
 - has close family ties with any of the company's advisers, directors or senior employees;
 - holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
 - represents a significant shareholder;

- has served on the board for more than 15 years from the date of his or her first election (or less if market-specific best practice);
 - represents employees or employee shareholders of the company;
 - is a government representative; or
 - is a significant shareholder of the company, or is an employee or executive of a significant shareholder of the company.
- 5.21. While NILGOSC recognises that in some markets it is common practice for non-executives to receive additional remuneration such as stock options, it is NILGOSC's belief that this may impair independence. NILGOSC will evaluate independence on a case-by-case basis if an NED receives or has received additional remuneration from the company apart from a director's fee or participates in the company's share option or a performance-related pay scheme, taking into account country-specific best practice guidelines, as well as any recommendation provided by Minerva Analytics.
- 5.22. In Australia, where it is a requirement that Australian resident NEDs receive superannuation contributions, this will not be seen as an impairment to independence.
- 5.23. NILGOSC believes that NEDs should meet in the absence of executives of the company as often as required and on a regular basis, in order to empower them to serve as a more effective check on management.

Voting guidelines

- 5.24. NILGOSC will consider voting against the election of the Chair of a board if:
- the nominee also serves as the Chief Executive;
 - the nominee is a former CEO or executive director of the company, or was otherwise not considered independent on appointment;
 - there is no evidence that non-executives have met in the absence of executives during the year; or
 - no LID has been appointed, where it is best practice to do so.

- 5.25. NILGOSC will support any effort to separate the roles of Chief Executive and Chair, or to appoint an Independent Chair, in accordance with best practice.
- 5.26. NILGOSC will consider voting against the Chair of the Nomination committee if the board is not considered to have sufficient independent representation.
- 5.27. NILGOSC will normally vote against the appointment of censors to the boards of French companies.
- 5.28. NILGOSC will consider voting against the election of individual directors if:
- the nominee is not considered to be independent, and the board is not considered to have sufficient independent representation;
 - the nominee is not considered to be independent and sits on a committee which is not considered to have sufficient independent representation;
 - the nominee is also the Company Secretary;
 - the nominee is not considered to have sufficient time to discharge their responsibilities effectively due to serving on a number of other listed company boards; or
 - the nominee's level of attendance and board and committee meetings is a cause for concern, and the company has not provided a sufficient explanation.

6. Composition, Succession and Evaluation

- 6.1. NILGOSC supports the principle of diversity and encourages boards to select new board members from a diverse pool of candidates. NILGOSC considers that company reporting should include a description of the board's policy on diversity, including gender and ethnicity. NILGOSC supports the recommendations of the [FTSE Women Leaders Review](#) and [Parker Review](#) regarding gender and ethnic diversity on boards and

expects companies to set aspirational targets where the board makeup does not already comply with recommended levels of representation.

- 6.2. Per the [UK Corporate Governance Code Section 3: Composition, Succession and Evaluation](#), the nomination committee “*should ensure plans are in place for orderly succession to both the board and senior management positions, and oversee the development of a diverse pipeline for succession*”. NILGOSC considers that companies should disclose their board succession plans.
- 6.3. In order to ensure the continued effectiveness of the board, NILGOSC believes that every board should evaluate its performance and the performance of individual directors on an annual basis. Periodical external evaluations, preferably at least every three years, should be undertaken.

Director elections/nominations

- 6.4. NILGOSC considers that it is fundamental to good corporate governance that all directors (executive and non-executive) seek regular re-election by the shareholders, preferably at least every three years, although local best practice guidelines will be taken into account.
- 6.5. NILGOSC also believes that shareholders should be entitled to vote on the election of each director separately.
- 6.6. NILGOSC accepts that directors of any age can contribute effectively to board management and believes that directors, who in the opinion of the board as a whole can still provide an active contribution, should not be barred from offering themselves for re-election solely on the grounds of age.
- 6.7. The board should disclose, in their annual report, sufficient information about directors to enable shareholders to make an informed decision on whether to support their (re-)election to the board. This should include, but not be limited to: biographical information; factors affecting independence; and board and committee meeting attendance.

- 6.8. In a two-tier board system where the Management board is appointed by the Supervisory board, it is doubly important that the election of Supervisory board members by shareholders follows best practice.
- 6.9. Where directors are elected by cumulative voting, NILGOSC will vote according to normal policy while taking into consideration any recommendations provided by Minerva Analytics.
- 6.10. In many European markets, the annual formal discharge of the board and management represents shareholder approval of actions taken during the year. Discharge is a tacit vote of confidence in the company's management and policies. It does not necessarily eliminate the possibility of future shareholder action, although it may make such action more difficult to pursue.

Committees

- 6.11. NILGOSC supports the establishment of the key committees of the board which include the Audit, Remuneration/Compensation and Nomination committees.
- 6.12. Where committees of the board are established, their remit, composition, accountability and working procedures should be well-defined and disclosed by the board.
- 6.13. The membership of the Audit committee should be sufficiently independent to fulfil the role of that committee. Ideally, it should consist exclusively of INEDs (at least three in number). Where the committee is not entirely independent, it should, at least, have a majority of independent members. At least one should have recent and relevant financial expertise.
- 6.14. In countries where it is not customary to have a board Audit committee (e.g. Italy and Japan), a majority of the individual auditors should be independent and fulfil the role of the committee. However, NILGOSC supports any effort to establish an Audit committee consisting of independent directors.
- 6.15. The Remuneration committee is responsible for setting the remuneration of executive directors and senior executives and overseeing the policy for remuneration throughout the company. The membership of the committee

should be sufficiently independent to fulfil this role. Ideally, it should consist exclusively of INEDs (at least three in number). Where the committee is not entirely independent, it should, at least, have a majority of independent members.

- 6.16. A Nomination committee should oversee all board and senior executive appointments. Ideally, it should consist of a majority of INEDs and have a minimum of three members.
- 6.17. In Sweden, where the Nomination committee is usually composed of representatives of major shareholders and includes only one board member; the board member in question should be independent.
- 6.18. Where the Nomination committee and Remuneration committee are combined, the composition of the combined committee should meet whichever guidelines are more stringent.
- 6.19. Where a two-tier board system is in operation, it is often customary that the Supervisory board takes on the role of some or all of these committees. If this is the case, the board should be sufficiently independent to do this effectively. NILGOSC also expects disclosure of how committee functions are fulfilled in this case.
- 6.20. Where a country's corporate governance code or listing rules impose stricter guidelines regarding independent membership of committees than those described above, NILGOSC expects companies to adhere to those guidelines.

Voting guidelines

- 6.21. NILGOSC will consider voting against the Chair of the board if:
- there is no board performance evaluation process and/or no recent external performance evaluation has taken place.
- 6.22. NILGOSC will consider voting against the election of individual directors if:
- insufficient biographical details are available in respect of the nominee.
 - the nominee is not subject to regular re-election.

- 6.23. NILGOSC will generally oppose slate elections. However, where the laws of a country mandate a slate system (such as the ‘voto de lista’ system in Italy), NILGOSC will vote for the proposal if the slate of directors proposed is more than 50% independent.
- 6.24. For contested director elections where there are multiple candidates for limited board positions, NILGOSC will consider a vote against all candidates if the company has not provided equally comprehensive disclosure on all the candidates.
- 6.25. NILGOSC will normally vote for the discharge of directors, including members of the Management board and/or Supervisory board, unless there is reliable information about significant and compelling controversies that the board is not fulfilling its fiduciary duties.
- 6.26. NILGOSC will consider voting against the Chair of the Nomination committee if:
- the nominee is not considered to be independent;
 - the board has not shown sufficient progress when it comes to board diversity, e.g. it has not complied with the recommendations of the Parker Review or the FTSE Women Leaders Review; or
 - a succession plan is not in place.

7. Audit, Risk and Internal control

- 7.1. NILGOSC believes that, as a matter of best practice and in compliance with directors’ stewardship duties, companies should put a formal resolution to their AGM, seeking approval for the annual Report & Accounts.
- 7.2. Financial reporting should be as transparent as possible with all material issues clearly identified in the Report & Accounts.
- 7.3. Section 4 of the [UK Corporate Governance code](#) notes that “*The board should establish and maintain an effective risk management and internal control framework, and determine the nature and extent of the principal*

risks the company is willing to take in order to achieve its long-term strategic objectives.”

Audit

- 7.4. NILGOSC expects that shareholders should be given the opportunity to vote on the appointment and payment of auditors. NILGOSC welcomes any separation of the resolution covering the appointment of the auditors from the setting of auditors’ remuneration.
- 7.5. NILGOSC will generally support management proposals for the appointment of an auditor unless there is reason to question the auditor’s independence and objectivity, or if there is reason to believe that the auditor has rendered an inaccurate opinion.
- 7.6. The Audit committee should be responsible for ensuring the independence and objectivity of the external auditors, as well as the effectiveness of the audit process. Where it is not normal practice for an Audit committee to be set up, suitable alternative arrangements should be made to ensure the role is fulfilled.
- 7.7. NILGOSC believes that companies should seek shareholder approval of the Audit committee report, where applicable. NILGOSC will generally support the adoption of the report, providing that it complies with market best practice guidelines.
- 7.8. It is essential that the audit process is seen to be objective and independent, and NILGOSC will not support practices which may be perceived to compromise that objectivity, including but not limited to:
- employing the auditor to provide advice on executive remuneration;
 - employing the auditor continuously for a period of 10 years without the function being put out to a competitive tender (or 20 years in total);
 - the indemnification of auditors; or
 - any restrictions on auditor liability.
- 7.9. NILGOSC considers that auditors should not be employed simultaneously to provide non-audit services, as this may be perceived to compromise their

objectivity. NILGOSC will be particularly concerned if non-audit fees exceed audit fees in a year. Where non-audit services are provided, the Audit committee should disclose the cost of these services and their policy on how auditor objectivity and independence is safeguarded.

- 7.10. NILGOSC will also take into consideration the level of non-audit fees over a period of three years when assessing auditor independence. When an auditor has been providing non-audit services to the company for a period of three or more consecutive financial years, the total non-audit fees in the fourth year shall be limited to a maximum of 70% of the average of the audit fees paid in the last three consecutive financial years.

Voting guidelines

- 7.11. NILGOSC will consider voting against the approval of the Report & Accounts if:
- there is no internal audit function and the company has not provided an adequate explanation for its absence; or
 - the annual report does not provide sufficient disclosure around the company's risk management and internal control framework and its effectiveness.
- 7.12. NILGOSC may vote against the appointment and/or remuneration of the auditor if:
- the auditor has been changed and the company has not disclosed the reasons for the change, or if the outgoing auditors have publicly raised concerns regarding the company;
 - there are concerns about the independence or objectivity of the auditor, such as those detailed above;
 - there is inadequate disclosure regarding non-audit services provided by the auditor;
 - the fees for tax-related services as a percentage of the audit fees are considered to be too high; or

- there are concerns in relation to the quality of the audit or if the lead audit partner who signed off the external auditor's report is linked with a significant auditing controversy.
- 7.13. NILGOSC may vote against the Chair of the Audit committee where:
- the level of non-audit fees is considered to be excessively high or have been consistently high for several years;
 - there is no or insufficient disclosure on the company's policy on non-audit services provided by the external auditor;
 - the tenure of the auditor has not been disclosed; or
 - the company has not identified at least one director on the Audit committee as being a financial expert.

8. Remuneration

- 8.1. NILGOSC acknowledges that management leadership, ability and effort are critical to the long-term success of the business and remuneration policies should be positioned to attract, retain and motivate management within best practice guidelines. NILGOSC considers it essential that any rewards for employees, in particular the remuneration of senior management, should be aligned with long-term benefits for shareholders.
- 8.2. The overriding principle is that NILGOSC will support companies whose remuneration policies and payments are compatible with the best interests of shareholders.
- 8.3. When assessing remuneration policies, NILGOSC will give consideration to the Minerva Analytics remuneration grade as well as any other contentious issues raised by Minerva Analytics or other sources.
- 8.4. In order to ensure full accountability over remuneration, NILGOSC supports full individualised disclosure of all elements of directors' pay. As a matter of good practice, the directors' policy on remuneration should be set out in the annual Report & Accounts, and should reflect principles of general integrity, equity and affordability.

- 8.5. NILGOSC believes that, while it is appropriate for Remuneration committees to make recommendations, any remuneration policy should be approved directly by the shareholders as a matter of principle. In the UK, per the Companies Act 2006 (UK) as modified by the Enterprise and Regulatory Reform Act 2013, companies are required to provide an advisory vote on directors' remuneration annually and a binding vote triennially. Several other countries have implemented similar requirements. NILGOSC welcomes the opportunity to vote on remuneration on a regular basis in all markets.
- 8.6. Remuneration disclosure, and the design of remuneration packages, should comply with relevant best practice guidelines⁵ and be clear and understandable to shareholders.
- 8.7. NILGOSC also welcomes the disclosure of specific performance targets that trigger awards, as well as maximum potential pay-outs, so that investors may judge if targets are stretching.
- 8.8. Where remuneration consultants are appointed, a statement should be made available as to whether they have any other connection with the company.
- 8.9. Lengthy rolling contracts remain a controversial issue for shareholders as they can find themselves in the position of paying large compensation awards to directors who have been dismissed following a failure to perform. NILGOSC supports the view that executives should be appointed on rolling contracts of a maximum of one year. However, NILGOSC will consider supporting executive directors appointed with a rolling contract in excess of one-year that subsequently reduces to a one-year rolling contract within a three-year period.
- 8.10. NILGOSC believes that only basic salary should be pensionable and that executive pension arrangements should not be more favourable than those generally offered to ordinary employees.

⁵ For example, the ICGN Executive Remuneration Principles and Policy Disclosure Guidance, the Investment Association Principles of Remuneration – October 2024 and the PLSA's Stewardship and Voting Guidelines.

- 8.11. NILGOSC does not support any payment to directors which is in excess of shareholder approved contractual rights or is not related to a performance target. Bonuses and other performance related pay should not be excessive and should have adequate performance conditions attached.
- 8.12. NILGOSC believes that performance related payments should not be based solely on financial measures. NILGOSC encourages the inclusion of ESG-related and other non-financial goals in incentive arrangements, and believes that the management of risk, including ESG risk, should be taken into account when setting performance targets. NILGOSC also expects companies to disclose the process undertaken to identify such targets and an explanation as to why they are considered relevant.
- 8.13. NILGOSC considers that substantial, direct stock ownership by key executives and directors is the best way to align management and investor interests and that shareholdings should be retained for a period after an executive or director has left the company.

Long-term incentives

- 8.14. NILGOSC recognises that incentive schemes can play an important role in contributing to company performance for the benefit of shareholders. However, such schemes should be structured in such a way as to link rewards to superior performance, provide sufficient incentive without encouraging imprudent risk taking, and which recognises contributions from all employees.
- 8.15. NILGOSC considers it the responsibility of the Remuneration committee to evaluate the costs and benefits of long-term incentive schemes and ensure performance conditions are adequate. Full details of all plans should be disclosed, as well as the cost of new plans or material amendments to existing plans.
- 8.16. Incentive plans should include 'clawback' and 'malus' provisions, as well as appropriate dilution limits.

- 8.17. NILGOSC believes that shareholder approval should be sought for all new long-term incentive plans or any material amendments to existing plans, and that plans should have expiration dates.
- 8.18. NILGOSC does not believe that NEDs should participate in incentive schemes and will not support schemes which propose providing benefits to non-executives. Awards of shares as part of normal remuneration for directors will be deemed acceptable.

Non-executive remuneration

- 8.19. NILGOSC believes that NEDs' fees should be reasonable in relation to peer companies.
- 8.20. Levels of remuneration for NEDs should reflect the time commitment and responsibilities of the role.
- 8.21. While it is recognised that, in some countries, performance-related compensation for non-executives is the norm, NILGOSC does not support any payment in excess of typical directors' fees, believing that such payments may compromise independence.
- 8.22. NILGOSC does not believe that NEDs should participate in incentive schemes or receive share options or retirement benefits. Payment of part, or all, of the director's fee in shares is considered acceptable.
- 8.23. In Australia, it is a requirement that Australian-resident NEDs receive superannuation contributions. Per best practice guidelines, superannuation contributions should be included within the non-executive fee cap approved by shareholders for Australian listed companies.

Voting guidelines

- 8.24. NILGOSC will consider voting against the remuneration policy & report if:
- the Minerva Analytics' Assessment of Total Remuneration awards the company a remuneration grade of 'D' or below; or
 - the Remuneration committee has not considered ESG factors when designing the remuneration policy.

- 8.25. NILGOSC will vote against the adoption of the remuneration policy if the changes therein are likely to cause the remuneration grade to drop.
- 8.26. NILGOSC will also consider a vote against the Chair of the Remuneration committee if:
- there are continuing concerns regarding the remuneration policy year on year;
 - there is no 'Say on Pay' vote; or
 - the remuneration policy/report/disclosures are not considered to be adequate.
- 8.27. NILGOSC may consider voting against the Report & Accounts if there is no opportunity to vote against the Chair of the Remuneration committee or if the concerns about the remuneration policy are severe enough to warrant a greater sanction.
- 8.28. NILGOSC will vote against Long Term Incentive Plans if concerns are held about their design, including if:
- non-executives can participate;.
 - performance conditions are absent or not disclosed;
 - the performance period is considered to be too short;
 - sufficient 'clawback' and 'malus' provisions are not present;
 - the cost is not disclosed; or
 - there are concerns around dilution.
- 8.29. NILGOSC will consider voting against the approval of non-executive remuneration if:
- non-executives can participate in incentive schemes or receive retirement benefits;
 - the increase is considered to be too high; or
 - pay is not individually disclosed.

- 8.30. NILGOSC will consider voting against other proposals to pay executive directors where:
- the increase is considered to be too high;
 - pay is not individually disclosed;
 - there is insufficient remuneration disclosure;
 - the Minerva Analytics' Assessment of Total Remuneration report awards the company a remuneration grade of 'D' or below; or
 - the Remuneration committee has not considered ESG factors when designing the remuneration policy.

9. Shareholders' rights

- 9.1. NILGOSC does not support proposed changes to any constitutional documents that: reduce shareholder rights; are not in line with good corporate governance practices; or are otherwise inconsistent with the interests of existing shareholders.
- 9.2. NILGOSC supports confidential voting systems whereby all proxies and voting tabulations, which identify individual shareholders, are kept confidential from the company. Such voting systems can eliminate any real or perceived coercion against voters. However, NILGOSC may and does report how it has voted to its own stakeholders, via detailed monthly disclosure on its website, released on a quarterly basis.
- 9.3. NILGOSC believes that all shareholders should be treated equally. Companies' ordinary shares should provide one vote for each share, and companies should facilitate the owners' rights to vote.
- 9.4. Supermajority provisions violate the principle that a simple majority of voting shares should be all that is necessary to effect change regarding a company and its corporate governance provisions. Requiring more than this may entrench managers by blocking actions that are in the best interests of shareholders.

- 9.5. Where a change in jurisdiction is proposed, NILGOSC will expect the company to provide comprehensive disclosure on the board approval process. NILGOSC will also consider any material changes in shareholder rights or if the new jurisdiction is considered a 'tax haven' when voting on such proposals.

Voting guidelines

- 9.6. NILGOSC will consider voting against the Chair of the board where a Dual Class Share structure is in place, or the capital structure otherwise includes a deviation from the 'one-share one-vote' principle.
- 9.7. NILGOSC believes that shareholders should be able to vote on separate issues and will not support proposals which bundle several issues into combined resolutions.
- 9.8. NILGOSC will generally support resolutions which seek to remove supermajority provisions.
- 9.9. NILGOSC will not support the issue of shares with restricted voting rights or any other action which effectively restricts or diminishes the voting rights of shareholders.
- 9.10. NILGOSC will not support proposals which are likely to reduce the rights of shareholders.

10. Capital

- 10.1. NILGOSC considers that the setting of dividends and allocation of profits should be proposed under separate resolutions, and that dividends should be covered by earnings.

Pre-emptive rights

- 10.2. Pre-emptive rights allow existing shareholders to share proportionately in any new issues of stock of the same class. These rights guarantee shareholders first refusal on the purchase of new issues of stock in the same class that they already hold. Pre-emptive rights therefore provide

shareholders with some protection from involuntary dilution of their ownership holding.

- 10.3. NILGOSC expects companies to repurchase shares in the market when it is advantageous for the company and its shareholders. Directors should seek shareholders' authority for such transactions for a period limited to about one year, and the amount should also be limited to no more than 10% of the issued equity.

Anti-takeover measures

- 10.4. NILGOSC requires that companies seek shareholder approval on any action which alters the fundamental relationship between shareholders and the board, including anti-takeover measures (such as poison pills and greenmail payments).
- 10.5. In the UK, takeovers are regulated by the City Code on Takeovers and Mergers (the 'Takeover Code'), a body of rules that is written and administered by the Panel on Takeovers and Mergers (the 'Takeover Panel'). The Takeover Code applies to all companies incorporated in the UK, the Channel Islands or the Isle of Man that are listed on the Official List. It also applies to certain companies whose shares are traded on the Alternative Investment Market. The Irish Takeover Panel Rules are substantially aligned to the UK Takeover Code.
- 10.6. According to the Takeover Panel, *"The Code is designed principally to ensure that shareholders in an offeree company are treated fairly and are not denied an opportunity to decide on the merits of a takeover and that shareholders in the offeree company of the same class are afforded equivalent treatment by an offeror. The Code also provides an orderly framework within which takeovers are conducted. In addition, it is designed to promote, in conjunction with other regulatory regimes, the integrity of the financial markets."*
- 10.7. In some instances, for example when a company proposes to institute a share buyback programme in which a large investor or concert party intends not to participate, a company may request a waiver to Rule 9 of the

Takeover Code. NILGOSC does not normally support proposals for such a waiver as doing so has the potential to allow for creeping control by the concert party.

Voting guidelines

- 10.8. NILGOSC will consider voting against the approval of dividends where:
- a dividend policy is not disclosed;
 - dividends are not covered by earnings; or
 - there is no cash alternative when a scrip dividend is proposed, or the scrip dividend is not related to the cash dividend.
- 10.9. NILGOSC will consider a vote against the approval of the Report & Accounts or a vote against the election of the Chair where a company has paid a dividend, yet no resolution to approve the distribution has been proposed.
- 10.10. NILGOSC will consider voting against:
- proposals which are inconsistent with good practice such as the rules of the Pre-emption Group of the London Stock Exchange or the equivalent standard institutional guidelines in other markets;
 - requests for disapplication of pre-emption rights where the authority requested is more than 20% of issued share capital (or less if recommended by market specific best practice guidelines);
 - resolutions which do not conform to best practice guidelines in the relevant market;
 - anti-takeover measures such as poison pills or greenmail payments;
 - waivers of Rule 9 of the Takeover Code; or
 - share buyback proposals where there is the risk it will result in creeping control by the largest shareholder.

11. Corporate actions

- 11.1. NILGOSC supports mergers and acquisitions that enhance shareholder returns in the long-term. NILGOSC therefore requires companies to fully disclose any relevant information and provide separate proposals on all issues requiring shareholder approval, in particular the effect of a merger or acquisition on directors' remuneration and compensation packages.
- 11.2. Major changes to the core business of a company and other major corporate changes, which may materially dilute the equity or erode the economic interests or share ownership rights of existing shareholders, including major acquisitions and major dispositions and closures of businesses, should not be made without prior shareholder approval of the proposed change.
- 11.3. When assessing resolutions on Corporate actions, NILGOSC may give consideration to any information provided by or requested from its Investment Managers or other sources.

Voting guidelines

- 11.4. NILGOSC will normally support management-recommended proposals provided that the board has disclosed all relevant information and there are sufficient independent directors on the board.
- 11.5. NILGOSC will generally not support capital restructuring which is conditional on incentive payments being approved.

12. Sustainability and Social factors

- 12.1. NILGOSC has a fiduciary duty to its employers and members to maximise the financial return on investments and must exercise its power to invest on investment grounds only. Therefore, NILGOSC makes decisions around investments on investment grounds only, which includes taking into account the effects of ESG risks on future financial performance or long-term value.

- 12.2. NILGOSC also supports the belief that good corporate governance includes the management of a company's impact on society and the environment. NILGOSC believes that failure to satisfactorily address these issues can result in higher operating costs, reputational damage and subsequent loss of confidence and a decline in shareholder value.
- 12.3. NILGOSC encourages all companies in which it invests to fully disclose and report their policies on sustainability. Additionally, NILGOSC believes companies should identify significant ESG risks and opportunities, including cyber-security and climate risk, and take account of widely accepted reporting standards such as the Global Reporting Initiative.
- 12.4. NILGOSC recognises that many companies have begun the transition to a lower carbon world, including many companies whose traditional business models had been carbon intensive. NILGOSC is supportive of companies seeking to diversify their business into renewables and low-carbon technologies and will support calls for greater disclosure of climate change risks and robust company strategies aligned with the Paris Agreement. NILGOSC considers such action to be consistent with its fiduciary duty and is essential to achieve the goals of the Paris Agreement.
- 12.5. NILGOSC supports the recommendations of the Financial Stability Board's (now disbanded) Task Force on Climate-related Financial Disclosures (TCFD) and encourages the companies it is invested in to comply with them.
- 12.6. NILGOSC expects that companies' auditors should reference Climate Risk in their Reports.
- 12.7. NILGOSC acknowledges that "*Biodiversity loss presents significant risks for businesses, investors and the wider economy. The unprecedented scale of biodiversity loss currently occurring is a systemic risk contributing to the potential breakdown of financial and natural systems, a phenomenon that would affect all asset classes and sectors.*"⁶ NILGOSC encourages the

⁶ <https://www.unpri.org/introductory-guides-to-responsible-investment/an-introduction-to-responsible-investment-biodiversity-for-asset-owners/12202.article>

- companies in which it invests to take account of biodiversity loss and its associated financial risks and impacts in their disclosures.
- 12.8. NILGOSC believes that companies should implement the UN Guiding Principles on Business and Human Rights (UNGPs) and adopt measures to prevent, monitor, mitigate or remediate negative human rights impacts within their operations.
- 12.9. Remuneration committees should consider ESG issues, including climate risk when setting the remuneration of executive directors.
- 12.10. As a local government pension fund, NILGOSC does not support payments to any politically related entity. NILGOSC considers it inappropriate that part of the return that rightfully belongs to shareholders should be diverted by way of a political donation. This includes non-monetary donations but excludes reasonable charitable donations.
- 12.11. Companies should make comprehensive disclosures regarding political donations, lobbying expenditure and trade associations membership and ensure that they are aligned with the company's stance on climate change.
- 12.12. Companies should report on their policies and procedures as they relate to modern slavery and publish a Modern Slavery Statement where appropriate.
- 12.13. NILGOSC will take into account market best practice guidelines regarding ESG reporting, as well as how established these practices are, when considering the adequacy of reporting. NILGOSC will also give consideration to the Minerva Analytics sustainability grade, as well as any other contentious issues raised by Minerva Analytics or other sources.

Voting guidelines

- 12.14. NILGOSC will consider voting against the Report & Accounts if:
- sustainability related disclosures are not considered to be adequate;
 - the Minerva sustainability grade is "D" or below;
 - the company has not referenced the TCFD recommendations or other internationally recognised sustainability reporting standards;

- the company has not referenced the UN Sustainable Development Goals in its disclosures;
 - there are no disclosures to indicate that the board has considered ESG issues as part of its risk assessments; or
 - the company's tax policy is not publicly disclosed.
- 12.15. In markets where the Report & Accounts are not routinely put to shareholder vote, NILGOSC may consider voting against the election of the Chair of the board or Chairs of the Sustainability or Audit committees to signal concerns on the issues listed above.
- 12.16. Where a there is separate resolution to approve non-financial information or Sustainability reporting, NILGOSC will apply the same voting guidelines as for the Report & Accounts above.
- 12.17. NILGOSC will consider voting against the appointment and/or remuneration of the auditor if there is no disclosure to indicate how they have considered climate risk in their report.
- 12.18. NILGOSC will generally vote against the approval of political donations.
- 12.19. Given the wide definitions of political “donation” and “expenditure” within the Companies Act 2006, NILGOSC will consider granting authority to UK companies to incur political expenditure. These companies must have no record of previous political donations or political expenditure, as well as a policy in place ensuring that no political donations will be made or that political expenditure will occur.

13. Shareholder resolutions

- 13.1. A shareholder proposal is a resolution that is put forward by a single shareholder, or group of shareholders, to a company board, asking for a matter to be voted upon at the company’s AGM.⁷

⁷ <https://www.unpri.org/filing-shareholder-proposals/a-guide-to-filing-impactful-shareholder-resolutions/10995.article>

- 13.2. While shareholder resolutions are relatively rare at AGMs in Europe, they can provide an important tool for shareholders wishing to exact change at North American companies and are becoming increasingly common at AGMs in other markets.
- 13.3. Shareholder resolutions are proposed on a range of issues, including but not restricted to: shareholders rights; compensation practices; environmental issues; human rights; and animal welfare.
- 13.4. NILGOSC believes that these resolutions should be approached on a case-by-case basis, taking into consideration both whether the resolution is in line with NILGOSC policy and whether it is appropriate to the circumstances at the targeted company. In determining appropriateness, NILGOSC will consider the independence of the board, existing practices and levels of disclosure, whether the proposal relates to a core business decision better left to management, as well as any recommendation provided by Minerva Analytics or other sources.
- 13.5. NILGOSC may also on occasion co-file shareholder resolutions with other like-minded investors at a company meeting in order to influence change at the company, provided that it is considered to be in the best interest of shareholders.

Voting guidelines

- 13.6. NILGOSC will consider supporting:
- proposals which are compatible with its policies and are considered to be in the best interests of shareholders;
 - proposals which are likely to result in an improvement in shareholders rights; and.
 - proposals which are likely to result in an increased alignment with best practice.

13.7. NILGOSC will normally vote against:

- proposals which are not considered to be in the best interest of shareholders, are overly restrictive in nature or would incur excessive cost to the company;
- proposals which are contrary to NILGOSC's stated policies;
- proposals which would be detrimental to shareholders rights; or
- proposals which are considered to be at odds with generally accepted investor principles or those which could be interpreted as favouring political agendas and allegiances.

13.8. NILGOSC will normally support Management's recommendation if there is insufficient information provided to support the shareholders' proposal or if the company's current policies or levels of disclosure are considered to substantially address the proponents' concerns.