REVIEW OF PROXY VOTING 2024

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AUGUST 2024

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1. INTRODUCTION

1.1 OVERVIEW OF THE REPORT

The report details the voting activities of the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) for the period 1 July 2023 to 30 June 2024. The report provides a snapshot on a region-by-region basis of how key resolutions were voted by NILGOSC and compares NILGOSC's voting activity with general shareholder voting.

The outcome of shareholder meetings held by companies in the NILGOSC portfolio has been collated by Minerva Analytics Ltd (Minerva) and the data subsequently analysed in terms of dissent. Minerva defines "dissent" to be where a vote is cast contrary to the management recommendation. Hence, where the management recommendation is to vote in favour, dissent is measured as the sum of against votes plus abstentions.

The most contentious resolutions are identified from this process, and the reasons for this dissent are discussed by reference to Minerva's research and public sources of information. The NILGOSC voting activity is cross-referenced against these 'contentious' resolutions.

The structure of the report is described below:

The executive summary is presented at Section 2.

Section 3 identifies the number of meetings and resolutions voted by NILGOSC and the voting direction in comparison to management recommendations.

The following sections, 4-6, examine the resolutions voted upon during the period under review on a region-by-region basis. It identifies the NILGOSC voting direction by resolution category and provides a snapshot of key resolutions and governance concerns in each category that attracted noteworthy shareholder dissent, in comparison to how NILGOSC voted.

Section 7 examines climate disclosures within NILGOSC's global portfolios.

The document concludes with Section 8.

1.2 VOTING POLICY

NILGOSC has an agreed bespoke voting policy for which Minerva generates voting guidance for NILGOSC's officers. 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 and the meeting business to be voted on by shareholders using Minerva's proprietary governance analytics template and database technology.

The voting policy 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 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). These recommendations may or may not be carried out by NILGOSC's officers, who will take all available information into account when exercising NILGOSC's voting rights.

2. EXECUTIVE SUMMARY

2.1 REGIONS AND COUNTRIES

NILGOSC voted at 229 shareholder meetings held by 193 companies over the period (1 July 2023 to 30 June 2024). The companies are listed in the following jurisdictions:

Europe: Denmark, France, Germany, Italy, Netherlands, Switzerland, United Kingdom

North America: Canada, United States

Rest of the World: Brazil, China, Hong Kong, India, Indonesia, Japan, Mexico, Singapore, South Africa, South Korea, Taiwan, Thailand and United Arab Emirates.

2.2 EUROPE

There were 30 shareholder meetings at 28 companies in the Europe region, resulting in 568 resolutions. NILGOSC voted in opposition to management on 194 (34.46%) of 563 management-proposed resolutions, although no management-proposed resolutions were voted down by shareholders in the region. There were five shareholder resolutions in the Europe region. Four of the proposals occurred at French companies and related to the appointment of a director representing employee shareholders with the elections conducted on a contested basis. In each case, NILGOSC supported the board-backed candidate, each of whom was successful, and voted against the other shareholder proposed candidates. The remaining shareholder proposal occurred at Nestle SA and asked for the insertion of a new article in the articles of association requiring Nestle to report on the sales figures for food & beverages according to their healthfulness and the adoption of a timebound target to increase the proportion of sales derived from healthy products. NILGOSC voted against the proposal, as it considered Nestle's existing disclosures to be sufficient, and the proposal was defeated, receiving 11.07% votes in favour.

2.3 NORTH AMERICA

NILGOSC voted at 94 shareholder meetings held by 93 North American companies. North America was the region with the highest number of resolutions (1,415) and the second-highest number of events (94). NILGOSC voted in opposition to management on 581 (47.20%) of 1,231 management-proposed resolutions. NILGOSC voted against all remuneration reports in the region, including a defeated remuneration report at Salesforce Inc. NILGOSC voted 'For' on 129 (70.11%) of 184 shareholder proposals during the period, which included nine successful shareholder proposals: five requesting the removal of supermajority voting provisions; two requesting enhancements to the shareholder ability to call special general meetings; one asking for the adoption of annual director elections; and one requesting enhanced reporting on company lobbying governance and practices.

2.4 REST OF THE WORLD

NILGOSC voted at 105 events at 72 companies. There were 67 Annual General Meetings (AGMs), 18 Ordinary General Meetings (OGMs), 15 Extraordinary General Meetings (EGMs), three General Meetings (GMs) and two Special General Meetings (SGMs). The Rest of the World region represented the largest number of meetings voted (105) and the second largest number of resolutions voted (936). NILGOSC voted in opposition to management on 343 (36.68%) of 935 management proposed resolutions. No management-proposed resolutions opposed by NILGOSC were defeated. The only management-proposed items that were unsuccessful in the region were procedural items (i.e., where there were multiple options to select the voting method to be used on director elections and only one could pass). There was one shareholder proposal in the region, which concerned a shareholder-proposed director candidate at Japan-listed Nippon Telegraph & Telephone Corp. NILGOSC supported the proposal, as the election of the candidate would have enhanced board independence and thus improved corporate governance standards. The shareholder proposal was not successful.

2.5 KEY POLICY ISSUES

NILGOSC voted contrary to management on 42.62% of resolutions during the period (1 July 2023 to 30 June 2024), demonstrating an active approach to share voting. This is an increase of 2.8% percentile points from last year's dissent of 39.82%. The general average dissent level (i.e., from the meeting results data) for the year was 7.55% (2023: 7.21%), thus it can be assumed that shareholders tend to support management to a considerable extent.

During the period under review, one management-proposed resolution NILGOSC voted against was defeated, and NILGOSC supported nine successful shareholder proposals. In the previous year, six management proposals NILGOSC opposed were defeated (inclusive of say-on-pay frequency votes in the US) and NILGOSC supported six successful shareholder proposals.

NILGOSC opposed board-related resolutions more than any other category. Almost half (48.07%) of all dissenting votes were within this category, followed by audit & reporting and remuneration the next largest source of dissenting votes (18.97% each).

NILGOSC's voting policy preferences are stipulated on Minerva's research and advisory systems, thereby producing a voting policy template applied uniquely and only to NILGOSC's accounts. Where a company's governance practice varies from NILGOSC's template preference, a 'policy flag' is created. Analysis of the voting template allows for a study of the specific governance issues that have been flagged according to NILGOSC's governance preferences to identify the most common 'issues' at companies in the NILGOSC portfolio.

The overall majority of policy flags were recorded in the following resolution categories: board-related resolutions had in aggregate 1,744 policy flags; 691 for remuneration; 677 for audit & reporting; 203 for sustainability; 107 for capital; 73 for corporate actions; 42 for shareholder rights; 10 for 'other'; eight for charitable activity; and four for political activity. Readers should note that a single resolution may have more than one policy flag (NB. while there are a large number of board-related policy flags, board-related resolutions account for 55.53% of resolutions voted. As such the larger number of board-related policy flags is in part due to the larger number of board-related resolutions voted on when compared to other categories). The overall number of policy flags, 3,599, is larger than last year's count of 2,923, due both to changes in holdings within NILGOSC's global portfolio and revisions made to NILGOSC's voting policy template. The overall proportion of resolutions with a policy flag has however actually fallen (55.50% compared to 56.20%).

For many of the issues identified in the analysis, portfolio companies will have provided explanations for non-compliance, in line with the principle of "comply-or-explain". These explanations may, in some cases, be accepted.

Corporate governance is important to investors because it defines the system of checks and balances between the directors of the company and its owners. Hence, good governance is the first step to effective risk management and sustainable long-term returns. Although the volume (in absolute terms) of the most common governance concerns identified is affected by the sheer number of director election resolutions compared to other types of resolution, readers should not dismiss the significance of board-related considerations.

In part due to various external factors, including macroeconomic and geopolitical uncertainty, there has been a return to a focus on the G in ESG, and a back-to-basics approach as companies seek to protect the bottom line in an uncertain operating environment. Investors are looking for companies to demonstrate sound governance and are re-examining board composition, skills and diversity to ensure companies are positioned to provide effective oversight of material long-term financial and sustainability risks and opportunities.

The election of directors, and the governance structures which they constitute on the board, is the lifeblood of accountability between boards and owners. It is the (non-executive) individuals on the board whose job it is to protect and look out for the interests of shareholders, so it follows that they are held accountable regularly and that a wide number of considerations are taken into account.

Remuneration continues to be a contentious issue, and remuneration-related resolutions prove to be the most consistently contentious resolution category of those routinely and predominantly proposed by management. Remuneration packages are increasingly complex, with both fixed and variable elements. Voting decisions are based on the absolute levels of pay for the past year, the size of any increases proposed for the coming year and the alignment between performance targets and company strategy.

The election of directors and approval of directors' remuneration are important shareholder rights in this context. It should be noted that key governance themes such as remuneration practices and board composition should be assessed over the longer term when looking for changes in company practices and should be considered to be an evolutionary process over time. These two general themes taken together, namely remuneration and board issues, raise questions about the significance which many companies attribute to the quality of board input, as well as their approach and attitude towards pay for performance. These questions are ongoing general concerns for shareholders and continue to spark debate and regulatory initiatives.

3. MEETINGS AND VOTING SNAPSHOT

3.1 MEETINGS AND RESOLUTIONS BY REGION

NILGOSC voted on 2,919 resolutions during the period under review, 1 July 2023 to 30 June 2024, across all markets.

Table 1: Total Number of Meetings and Resolutions by Region

REGION	MEETINGS HELD			TOTAL NUMBER OF RESOLUTIONS			AVG NO OF RESOLUTIONS		
	AGM	OTHER	TOTAL	AGM	OTHER	TOTAL	AGM	OTHER	TOTAL
Europe	28	2	30	564	4	568	20.14	2.00	18.93
North America	91	3	94	1409	6	1415	15.48	2.00	15.05
Rest of the World	67	38	105	795	141	936	11.87	3.71	8.91
TOTAL	**186**	**43**	**229**	**2768**	**151**	**2919**	**14.88**	**3.51**	**12.75**

Company law in most jurisdictions sets out certain mandatory business which must be put to the shareholders at an AGM. Such business typically includes: receiving of the annual report & accounts; director (re-)elections; director remuneration proposals; capital return proposals; and (re-)appointment and remuneration of auditors.

AGM business will also often contain resolutions to approve the issue of new share capital up to a certain maximum, along with an accompanying request for the dis-application of pre-emption rights. For this reason, a larger number of resolutions are proposed at AGMs on average, than are for other types of meetings.

Other types of meetings include: an Extraordinary General Meeting (EGM) or a Special General Meeting (SGM) where a special resolution is the substance of the meeting (i.e., a resolution which requires a special level of support or turnout); Court Meetings which are technically called by a Court of Law (most commonly when there is a need to approve a Scheme of Arrangement), rather than by management; and Class Meetings where only shareholders of a specified class of share are able to vote.

3.2 NILGOSC VOTING VS MANAGEMENT RECOMMENDATION

Where we use the term ‘Dissent’ or ‘Opposition’, this is the result of having added up all votes cast differently to the management recommendation, represented as a percentage of all votes cast (‘Against’ plus ‘Abstain’ votes where management recommended a ‘For’ vote; and ‘For’ and ‘Abstain’ votes where management recommended ‘Against’).

NILGOSC uses its voting rights as a means of expressing concern over corporate governance issues and fulfilling its fiduciary duty to members. NILGOSC voted against management recommendation on 42.62% of all resolutions. In the case of shareholder proposals, this figure was 66.32%.

The overwhelming number of resolutions were proposed by management, however, 6.50% of resolutions were proposed by shareholders, a higher proportion than last year (6.15%). NILGOSC’s policy was to support those shareholder proposals which sought governance improvements in cases where compelling arguments were made by the proponent and where the proposal followed market good practice.

Of the 190 shareholder resolutions voted by NILGOSC during the year, 184 were in the North America region, where, in the absence of a corporate governance code, active shareholders make use of shareholder resolutions as a tool to try to change environmental, social and governance practices at companies. There were five shareholder resolutions proposed in the Europe region and one shareholder resolution proposed in the Rest of the World region.

3.3 NILGOSC ANNUAL VOTING

Table 2: NILGOSC Annual Voting Direction

MANAGEMENT RECOMMENDATION	NILGOSC VOTING				
	FOR	ABSTAIN	WITHHOLD	AGAINST	TOTAL
For	1579	2	51	1064	2696
Abstain	1	33	-	-	34
Against	126	-	-	60	186
Case-by-Case	3	-	-	-	3
TOTAL	**1709**	**35**	**51**	**1124**	**2919**

NILGOSC believes that there should be no grey area when it comes to voting and therefore has a policy of not abstaining. The 'Abstain' votes in the table above were mainly due to certain markets which allow abstentions as the only voting option to oppose a resolution and say-on-pay frequency proposals at US companies. Technically, the latter is a single resolution at which investors have to choose amongst three options - annual, biennial, and triennial – to determine the frequency of a say-on-pay vote. On all say-on-pay frequency proposals, NILGOSC voted for an annual frequency, and 'abstained' on the biennial and triennial alternatives.

NILGOSC 'Withheld' its vote on resolutions where it was the only contrary voting option available to register dissent. Such instances occurred at shareholder meetings in the North America region where shareholders could either vote 'For' or 'Withhold' on a resolution.

3.4 GENERAL RESOLUTION CATEGORY ANALYSIS

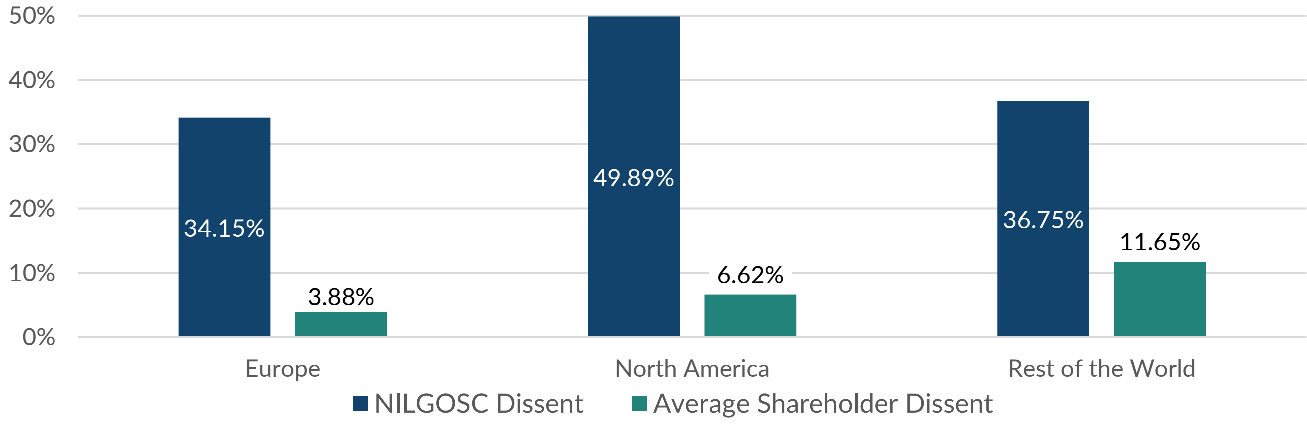
Table 3 shows the most common categories of resolutions at meetings voted at the companies within the NILGOSC portfolio on an annual basis. Minerva calculates the average dissent figure by aggregating all the poll data (expressed in terms of percentage of votes cast 'For') on all resolutions of that type, then dividing the aggregate figure by the number of resolutions. In most cases, this gives an accurate statistical indication of the dissent that a typical resolution type attracts, relative to others.

Table 3: Annual NILGOSC Dissent by Resolution Category

RESOLUTION CATEGORY	TOTAL NUMBER OF RESOLUTIONS PROPOSED	NILGOSC DISSENT	AVERAGE SHAREHOLDER (S/HOLDER) DISSENT*
Audit & Reporting	352	67.05%	2.25%
Board	1621	36.89%	8.11%
Capital	211	14.22%	3.23%
Charitable Activity	5	20.00%	2.77%
Corporate Actions	62	17.74%	3.39%
Other	11	100.00%	-
Political Activity	18	83.33%	19.79%
Remuneration	361	65.37%	7.83%
Shareholder Rights	153	17.65%	14.15%
Sustainability	125	63.20%	13.13%
TOTAL	**2919**	**42.62%**	**7.55%**

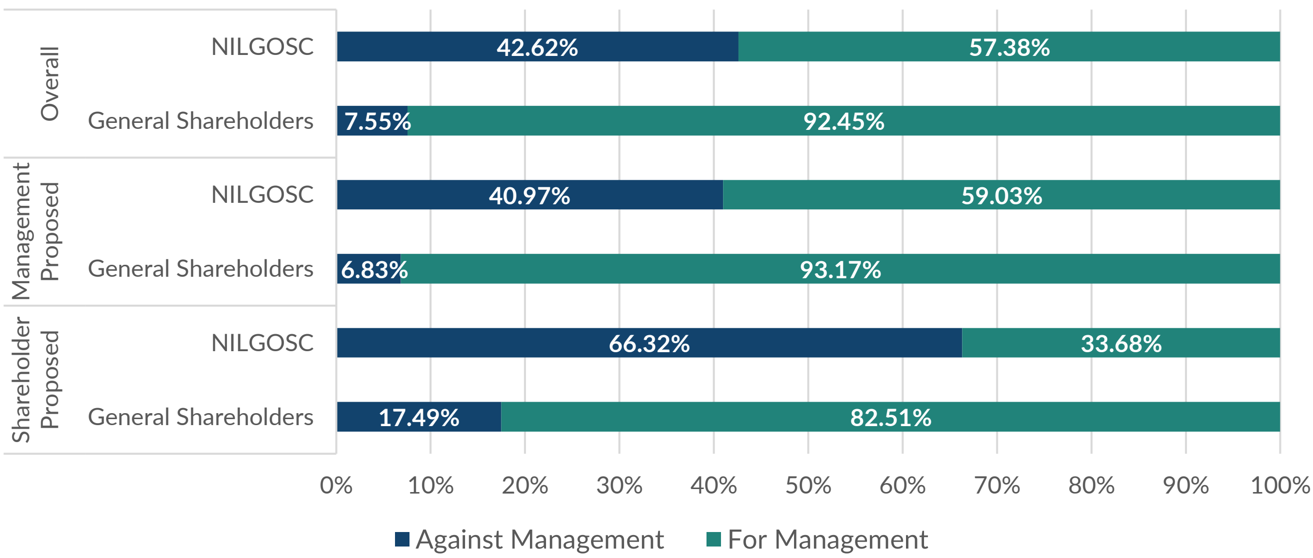
** Average Shareholder Dissent calculated from resolutions in respect of which shareholder voting results were available. No poll data was collected for 11 Any Other Business resolutions in the 'Other' category, as no shareholders proposed an agenda item for consideration.*

Figure 1: NILGOSC Dissent by Region



In some global markets, poll data is made available on a lesser degree by companies, although Minerva is seeing a gradual improvement. In markets where it is not compulsory to report meeting results, companies may choose not to do so. As of August 2024, Minerva has been able to collect poll data in respect of 91.16% of all resolutions. On a regional basis, Minerva has collected voting results for over 80% of resolutions in each of the individual portfolios.

Figure 2: NILGOSC Dissent by Resolution Proponent



When looking at the general average dissent levels (i.e., the meeting results data), it is clear that shareholders in general support management to a considerable extent. Recent developments indicate that shareholders are ‘picking’ their battles, resulting in a small number of high-profile significant dissent levels. Average dissent across all resolutions was 7.55% - in other words, an approval rating of more than 92%. In terms of management-proposed resolutions, general shareholder dissent stood at 6.83% whereas, for shareholder-proposed resolutions, it stood at a much higher level of 17.49%. This shows that shareholders are more likely to oppose management by supporting a shareholder-proposed resolution than by opposing a management-proposed resolution.

The data shows that NILGOSC is much more active in expressing concerns through its votes at corporate meetings than the average shareholder, voting against management recommendation on 1,244 occasions, which constitutes an overall average opposition level of 42.62%. As with the general shareholder pattern, NILGOSC’s dissent figure for shareholder-proposed resolutions were higher than that for resolutions proposed by management, 66.32% compared to 40.97%. It is recognised that public sector pension funds do tend to have a much higher propensity to oppose management on resolutions than the general shareholder average.

4. EUROPE

4.1 SUMMARY

- During the reporting period, there were 30 shareholder meetings in the Europe region held by 28 companies, resulting in 568 resolutions (563 were management proposed and five were shareholder proposed).
- NILGOSC voted in opposition to management on 194 (34.15%) of 563 management proposed resolutions.
- There were five shareholder resolutions in the Europe region. Four of the proposals occurred at French companies and related to the appointment of a director representing employee shareholders. In each case, NILGOSC voted in favour of the candidate backed by the board. In each case the board backed candidate was successful. The remaining proposal occurred at Nestle SA and asked for insertion of a new article in the articles of association requiring Nestle to report on the sales figures for food and beverage according to their healthfulness and the adoption of a timebound target to increase the proportion of sales derived from healthy products. NILGOSC voted against the proposal, as it considered Nestle's existing disclosures to be sufficient, and the proposal was defeated receiving 11.07% votes in favour.

4.2 DISSENT BY RESOLUTION CATEGORY

Table 4 notes the number of resolutions opposed by NILGOSC as a percentage by resolution category.

Table 4: NILGOSC Dissent by Resolution Category in Europe Region

CATEGORY	RESOLUTIONS	NILGOSC DISSENT	AVERAGE S/HOLDER DISSENT*	NILGOSC ACTION
Board	280	32.14%	3.65%	The majority of NILGOSC's oppositional votes concerned director elections and the discharge of directors from liability.
Capital	89	19.10%	3.03%	NILGOSC opposed 14.29% of share issue authorities and 56.25% of share buyback authorities. NILGOSC also opposed dividend and appropriation of profits approvals due to concerns with dividend cover.
Remuneration	87	54.02%	7.85%	NILGOSC opposed 82.14% of remuneration reports and 70.00% of remuneration policies voted on. NILGOSC also voted against 53.85% of resolutions to approve the amount to be paid to an individual executive director.
Audit & Reporting	68	44.12%	1.13%	NILGOSC voted against 65.52% of auditor (re-) elections and 28.57% of report & accounts resolutions.
Shareholder Rights	20	0.00%	1.40%	NILGOSC voted in line with management on all shareholder rights-related resolutions.
Sustainability	11	27.27%	5.90%	NILGOSC voted against two resolutions to approve company climate transition action plans (due to concerns over Paris Agreement alignment) and against one standalone sustainability report put forward.
Other	7	100.00%	-	NILGOSC opposed resolutions to approve any other business. As no shareholders proposed any other agenda items for consideration at the meetings, the resolutions were withdrawn.
Corporate Actions	5	0.00%	4.06%	NILGOSC voted in line with management on all corporate actions-related resolutions.
Political Activity	1	0.00%	2.36%	NILGOSC voted in line with management on all political activity-related resolutions.

** Based on NILGOSC portfolio and voting results availability.*

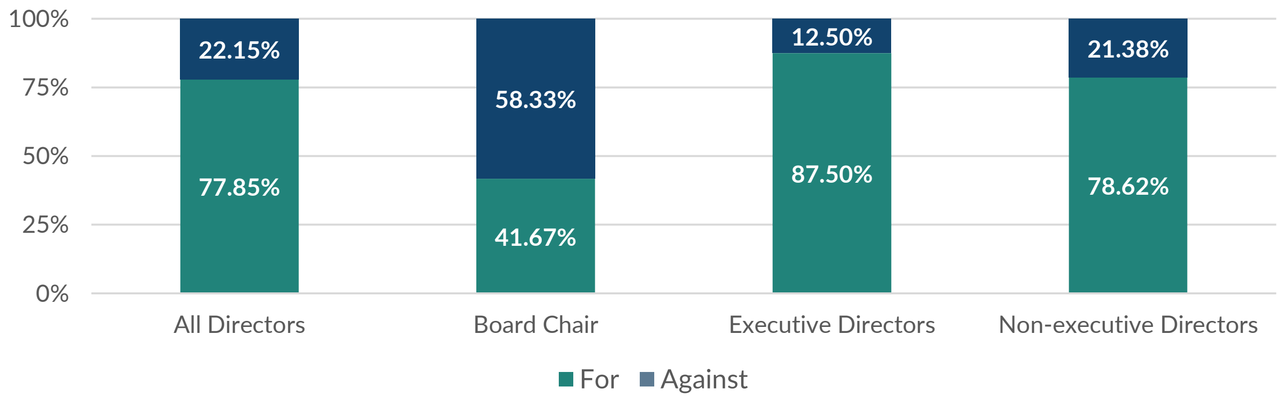
4.3 BOARD

The table below sets out different governance principles in the Europe region regarding board composition:

Table 5: Europe Region Board Structures

BOARD STRUCTURE	COMMENTS
UNITARY BOARD	There is a single board comprising both executive and non-executive directors. This system is prevalent in France, Spain, and Italy. Some Scandinavian markets operate a unitary board, with only non-executives on the board.
DUAL BOARD	The two-tier system, found typically in Germany and Austria, is also widespread in Denmark, Finland, Netherlands, Norway, Poland, and Switzerland. This system consists of a supervisory board of non-executives and a separate management board of executives. In the Austrian and German markets, amongst others, the supervisory board must consist of both employee representatives and directors elected by shareholders.
ITALIAN SYSTEM	Italian companies may choose a system comprising a board of directors and a board of statutory auditors. The board of statutory auditors undertakes monitoring functions, including: adherence to company law and the company's articles; the adequacy of the company's organisational structure; and the implementation of corporate governance arrangements. They are responsible for supervising the financial reporting, internal control, and risk management systems.

Figure 3: NILGOSC Director Elections Voting Direction in Europe Region



4.3.1 Executive Directors and Board Chairs

NILGOSC voted against 58.33% of board chair elections in the Europe region. The most common policy concerns related to chair independence, such as the chair having previously served as the CEO. NILGOSC also held the chair accountable for concerns regarding board operational issues, including a lack of regular external board performance evaluations and where there were no disclosures to indicate non-executive-only meetings were held without executive directors present. NILGOSC voted against the (re-)election of executive directors in instances where the nominee's notice period had not been disclosed. The average dissent for board chairs and executive director (re-)elections was 5.84% and 1.71% respectively.

4.3.2 Non-Executive Directors

NILGOSC voted against 21.38% of non-executives standing for (re-)election and the average general shareholder dissent was 2.98%. The common reasons for NILGOSC's oppositional votes were concerns regarding a non-executive director's independence and composition of the board and/or a board committee, where the director served on a committee and there were concerns with the committee's functioning, or where a nominee held a significant number of other directorships thereby raising aggregate time commitment concerns.

Table 6: High Shareholder Dissent – Directors in Europe Region

COMPANY	COUNTRY	DIRECTOR	DISSENT	OUTCOME	NILGOSC VOTE	COMMENTS
SGS SA	Switzerland	Ian Gallienne	22.55%	Passed	**Against**	The nominee held a significant number of other directorships and there were independence concerns.
Novartis AG	Switzerland	Patrice Bula	12.64%	Passed	**Against**	The nominee served as Chair of the Nomination Committee and concerns were held with the level of female representation on the Board and lack of disclosure on a gender diversity target.
Nestlé SA	Switzerland	Paul Bulcke	12.47%	Passed	**Against**	The nominee served as Chair of the Board and was considered non-independent and there had also not been an external Board performance evaluation within the last three years.

4.4 REMUNERATION

Across the Europe region, shareholder approvals on remuneration differ widely between markets. The EU Shareholder Rights Directive II introduced new 'say-on-pay' rules including an annual advisory vote on the remuneration report and a vote on the remuneration policy at least every four years. Member States have the discretion to decide whether the policy vote will operate on a binding or advisory basis. Notably, France has opted to make the remuneration report a binding vote. The revised directive also states that the remuneration policy should contribute to the company's overall business strategy, long-term interests, and sustainability. Member states had until June 2019 to transpose the directive into law and the legislative changes have resulted in an increased number of remuneration resolutions in the region with varying approaches.

4.4.1 Remuneration Reports and Remuneration Policies

NILGOSC opposed 82.14% of remuneration reports and 70.00% of remuneration policies voted on in the Europe region. The average general shareholder dissent was 11.40% and 9.50% respectively.

Table 7: High Shareholder Dissent – Remuneration Reports and Remuneration Policies in Europe Region

COMPANY	COUNTRY	DISSENT	OUTCOME	NILGOSC VOTE	COMMENTS
Geberit AG (Report)	Switzerland	43.42%	Passed	**Against**	Concerns included a weak alignment of directors' and shareholders' interests, incomplete disclosure of performance conditions, overlapping metrics between incentive plans, a lack of disclosure on dilution limits for share awards and a lack of disclosure of CEO salary rate.
Bayer AG (Report)	Germany	34.58%	Passed	**Against**	Concerns included incomplete disclosure of performance conditions, lack of disclosure of CEO salary rate, potentially excessive severance provisions and the high level of incentive pay available.
Moncler SA (Report)	Italy	26.44%	Passed	**Against**	Concerns included a weak alignment of directors' and shareholders' interests, incomplete disclosure of performance conditions, overlapping metrics between incentive plans, excessive severance provisions and the high level of incentive pay available.

4.5 AUDIT & REPORTING

4.5.1 Reports & Accounts

NILGOSC opposed 28.57% of resolutions to approve the report & accounts in the Europe region, and the average general shareholder dissent was 0.41%.

The common issues contributing to NILGOSC's oppositional votes were cases where NILGOSC considered the level of sustainability disclosure provided by a company to be inadequate, where political donations had been made without shareholder approval and/or a lack of disclosures to indicate that non-executive-only meetings took place.

4.5.2 Auditor Elections

NILGOSC opposed 19 of 29 auditor (re-)election resolutions in the Europe region. The most common reasons for opposition related to instances where there was no disclosure to indicate the external auditor has taken account of climate risks in their report and concerns regarding the disclosure provided on non-audit fees and services. Auditor (re-)election resolutions received average shareholder dissent of 2.14% in the Europe region.

4.6 CAPITAL

4.6.1 Capital Authorities

NILGOSC opposed 14.29% of share issue authorities sought in the Europe region and such resolutions received average shareholder dissent of 5.37%. The regulatory systems on share issues differ widely between markets, with multiple authorities often sought in France – each for a different purpose. In Austria, Switzerland and Germany, authorities to issue shares and to disapply pre-emption rights are often combined into one resolution, although there may be multiple resolutions as authorities relate to specific types of share issuance and capital types.

The most common reasons for dissent were: when the overall ceiling with respect to share capital increases without pre-emption rights exceeded NILGOSC's policy guidelines (20% of the share capital); where the duration of the authority was considered too long (more than three years); and due to concerns regarding the impact issuances may have on shareholder rights, due to the capital structure including a deviation from the one-share one-vote principle.

NILGOSC opposed 56.25% of resolutions allowing companies to make market purchases of their own shares. Concerns regarding creeping control and maximum purchase price and/or authority size were the factors for NILGOSC's oppositional votes. The average general shareholder dissent on share buybacks was 1.84%.

NILGOSC also opposed three resolutions to appropriate profits and/or to approve the dividend for the reporting due to concerns the dividend was too high in comparison to profits, thereby raising concerns over capital allocation strategy.

4.7 SUSTAINABILITY

4.7.1 Say on Climate

The Say on Climate initiative was launched in 2020 and encourages companies to consult shareholders about their climate strategies and net zero action plans at shareholder meetings. Say on Climate calls on companies to voluntarily submit their climate plan and/or progress report to a consultative shareholder vote at AGMs. In the Europe region, two companies held a say on climate vote, Glencore plc and Holcim Ltd. NILGOSC voted against both resolutions due to concerns over the strength of alignment of their climate plans with the goals of the Paris Climate Agreement. Noticeably, the resolution at Glencore received 17% shareholder dissent thereby indicating shareholder concerns over the strength of the company's climate commitments.

5. NORTH AMERICA

5.1 SUMMARY

- During the reporting period, NILGOSC voted at 94 company meetings held by 93 North American companies. The region had the highest number of resolutions (1,415) and the second highest number of events (94).
- NILGOSC voted in opposition to management on 581 (47.20%) of 1,231 management proposed resolutions.
- One management proposed resolution opposed by NILGOSC was voted down by shareholders during the period. The resolution related to the approval of Salesforce Inc's remuneration report.
- NILGOSC voted 'For' on 129 (70.11%) of 184 shareholder proposals.
- NILGOSC supported nine successful shareholder proposals during the period. The successful proposals were as follows: five proposals requested the removal of supermajority voting provisions, two requested enhancements to the shareholder ability to call special general meetings, one asked for the adoption of annual director elections, and one requested enhanced reporting on company lobbying governance and practices.

5.2 DISSENT BY RESOLUTION CATEGORY

Table 8 below shows the number of resolutions opposed by NILGOSC as a percentage by resolution category.

Table 8: NILGOSC Dissent by Resolution Category in North America Region

RESOLUTION CATEGORY	RESOLUTIONS	NILGOSC DISSENT	AVERAGE S/HOLDER DISSENT*	NILGOSC ACTION
Board	905	40.11%	4.39%	Over 97% of NILGOSC's opposing votes concerned director elections. NILGOSC supported 8 of 16 shareholder proposals.
Remuneration	197	68.53%	9.44%	NILGOSC voted against all remuneration reports and 90.91% of LTIP resolutions. NILGOSC supported 15 shareholder proposals.
Sustainability	114	66.67%	13.86%	All (but one sustainability resolution) was proposed by shareholders. NILGOSC supported 66.37% of the shareholder proposals. NILGOSC voted against the management resolution due to a lack of sustainability disclosures provided by the company.
Audit & Reporting	104	92.31%	4.17%	NILGOSC voted against 97.83% of auditor elections and 75% of report & accounts approvals.
Shareholder Rights	43	37.21%	21.97%	NILGOSC opposed two resolutions to amend the articles of association due to potential negative impacts on shareholder rights. NILGOSC supported 14 shareholder proposals seeking enhanced governance and shareholder rights practices.
Capital	26	11.54%	8.45%	NILGOSC voted against two share buyback authorities and one share issue authority.
Political Activity	17	88.24%	20.81%	All of NILGOSC's oppositional votes were via support for shareholder proposals seeking enhanced reporting on political expenditure and/or lobbying.
Charitable Activity	4	25.00%	3.39%	NILGOSC supported 1 shareholder proposal seeking greater transparency on charitable donations and opposed 3 proposals filed by anti-ESG organisations.
Corporate Actions	4	0.00%	5.12%	NILGOSC voted in-line with management on all corporate actions-related resolutions.
Other	1	100.00%	-	Opposed a resolution to approve any other business.

**Based on NILGOSC portfolio and voting results availability.*

Companies in the US are incorporated in individual states, as each US state has its own company law. This means there is no independent national corporate governance code, like, for example, the Financial Reporting Council's UK Corporate Governance Code. Companies in the US are therefore subject to a much higher potential variance of general governance standards compared with other developed markets, which partly explains why NILGOSC's dissent was higher in the North American region as compared to the Europe region.

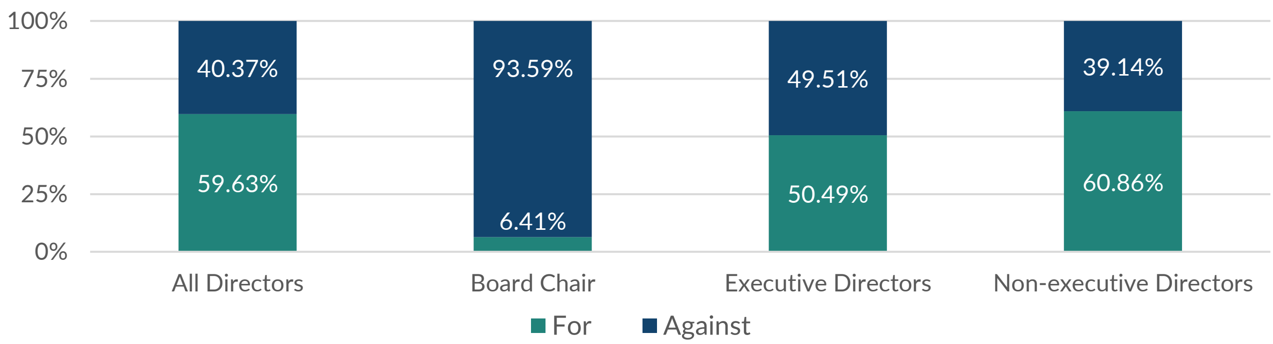
5.3 BOARD

The US Council of Institutional Investors (CII) Corporate Governance Policies and guidance published by the Canadian Coalition for Good Governance (CCGG) recommend that at least two-thirds of the board should comprise independent directors. NILGOSC will vote against non-independent directors if the board falls short of this level of independent representation.

Some 72.22% of resolutions in North America proposed by management dealt with the board, as did 8.70% of shareholder-proposed resolutions.

Good practice recommends that directors in uncontested elections be elected by a majority of the votes cast and for plurality voting to apply to contested elections. An election is contested when there are more director candidates than there are available board seats. It is common in the United States market for shareholders to put forward resolutions requesting a change in the method of voting used on director elections with the majority vote standard generally considered best practice. It is also considered good practice for directors to stand for (re-)election annually, although several North American companies still appoint directors on three-year terms.

Figure 4: NILGOSC Director Elections Voting Direction in North America Region



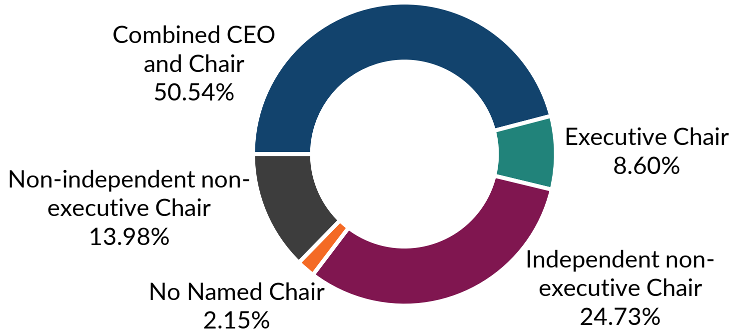
5.3.1 Executive Directors and Board Chairs

NILGOSC opposed 93.59% of board chair (re-)elections and 49.51% of executive director elections. The two most common reasons for opposing the (re-)election of a board chair and/or executive director were independent leadership concerns, typically due to: combined chair and chief executive officer (CEO) roles, and/or the chair serving in an executive capacity; as well as due to Minerva's Say on Sustainability Grade. The average general shareholder dissent on the (re-) elections of chairs and executive directors was 5.83% and 4.18% respectively.

The board's role is to hold the executive management accountable, and accordingly, NILGOSC believes that the board chair should be seen as a separate role from that of an executive director with operational responsibilities. The CII Policies recommend that the board should be chaired by an independent director and the CEO and chair roles should be combined only in very limited circumstances. If combined, the board should name a lead independent director to ensure a structure that provides an appropriate balance between the powers of the CEO and those of the independent directors.

While the number of companies separating the roles of board chair and CEO has grown over the years, 50.54% of companies in NILGOSC's North America portfolio combine the roles. Whilst 38.75% of companies had a non-executive chair, 36.11% of the non-executive chairs had a potential independence issue identified, such as being a former executive or having long tenure. Two companies did not have a named board chair at the time of voting (Datadog Inc and NVIDIA Corp).

Figure 5: NILGOSC Board Chair Independence in North America Region



5.3.2 Non-executive directors

NILGOSC opposed 39.14% of non-executive director (re-)elections. NILGOSC primarily voted against non-executives where independence issues were identified with the director and the board, or where a board committee was considered insufficiently independent. Both NILGOSC and Minerva apply tenure of 15 years as an additional criterion when assessing independence in North America, resulting in a stricter policy application than the typical US and Canadian standards. Shareholder dissent on non-executive director (re-) elections averaged 3.99%.

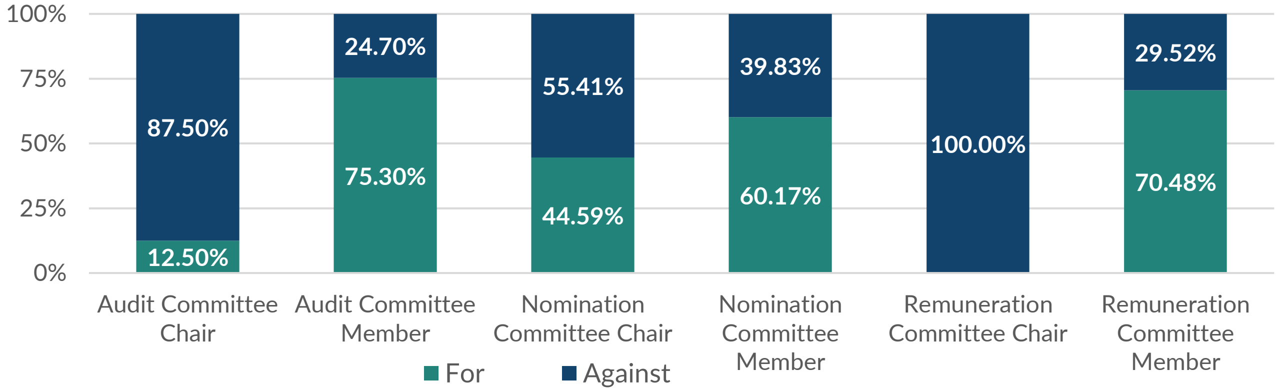
NILGOSC voted against 68.75% of lead independent director (re-)elections. The vast majority of cases were due to the nominee being considered non-independent or where the nominee chaired a committee and concerns were held with the committee's oversight functions, such as remuneration structure and disclosure issues. Lead independent director (re-)elections received average dissent of 6.45%.

Table 9: High Shareholder Dissent – Directors in North America Region

COMPANY	DIRECTOR	DISSENT	OUTCOME	NILGOSC VOTE	COMMENTS
Coca-Cola Co	Thomas Gayner	39.10%	Passed	**Against**	The nominee was considered non-independent and served on the key committees and the Board was insufficiently independent.
CME Group Inc	Phyllis Lockett	35.88%	Passed	**Against**	The nominee served as Chair of the Nomination Committee - there were concerns about Board independence and diversity.
Warner Bros Discovery Inc	John Malone	28.79%	Passed	**Withhold**	The nominee was considered non-independent and served on key committees, and the Board was insufficiently independent. The nominee also served as Chair of the Nomination Committee and concerns were held with board diversity. There were additional concerns that the nominee was over boarded.
Warner Bros Discovery Inc	Paul Gould	25.72%	Passed	**Withhold**	The nominee was considered non-independent and served on key committees and the Board was insufficiently independent. The nominee also served as Chair of the Remuneration Committee and ongoing concerns were held with remuneration structure.
Shopify Inc	Gail Goodman	23.67%	Passed	**Withhold**	The nominee served as Chair of the Remuneration Committee and ongoing concerns held with remuneration structure.

5.3.3 Board Committees

Figure 6: NILGOSC Board Committees Voting Direction in North America Region



As Figure 6 shows, NILGOSC is generally more likely to vote against the chair of a committee rather than its individual members. The chair of a committee is more likely to be held accountable and responsible where governance concerns are highlighted relating to the committee's remit. The average general shareholder dissent for the (re-)election of committee chairs was 6.04%; with audit committee chairs receiving 3.96%; nomination committee chairs 7.73%; and remuneration committee chairs 6.39%.

Audit Committee - NILGOSC opposed the (re-)election of chairs and members of audit committees in instances where the nominee was considered non-independent, having considered explanations from the company. In addition, NILGOSC held committee chairs accountable in instances where concerns were held with the external auditor's tenure and independence.

Nomination Committee - NILGOSC holds the chairs of nomination committees accountable for board composition concerns, including a lack of independence and a lack of gender diversity. NILGOSC also voted against chairs and members of nomination committees where the nominee was considered non-independent, and the committee was insufficiently independent.

Remuneration Committee - NILGOSC opposed the (re-)election of chairs and members of remuneration committees in instances where the nominee was considered non-independent, having considered explanations from the company. NILGOSC also registered dissent on committee chairs where significant concerns were held with remuneration practices, particularly if there was no 'say-on-pay' resolution at the AGM. Due to market practice in North America differing from a UK investor's perspective on remuneration good practice, NILGOSC voted against all remuneration committee chairs.

5.4 REMUNERATION

In the United States, a 'say-on-pay' advisory vote is taken on the remuneration of the named executive officers. These are defined as being a company's CEO and the four most highly compensated executive officers serving as executive officers at the end of the fiscal year. The entitlement of the directors to remuneration is not conditional upon the approval of this resolution. However, most companies that have previously received significant levels of dissent have taken remedial steps. The vote takes in both forward-looking policy and the details of the amounts paid in respect of the year.

This is a different approach to the UK market where the remuneration report is voted on to approve the remuneration of all directors (although none below board level). By contrast, there is no regular opportunity available to vote on non-executive director remuneration in North America.

US companies are required to have a 'say-on-pay' vote at least every three years, with the frequency to be voted on by shareholders. The 'say-on-pay' frequency resolution is non-binding and must be submitted to a vote at intervals of no more than six years. The options are to hold 'say-on-pay' votes on an annual, biennial, or triennial basis. The resolution has majority requirements with the frequency receiving the most votes in favour considered to be passed.

Due to the cyclical nature of the frequency votes, 17 companies held a vote during the year compared to 40 in the previous year. NILGOSC voted in accordance with good practice recommendations and supported the annual frequency in all cases. 16 of the companies recommended shareholders to support an annual frequency and the annual frequency option was successful in each case. The exception to this was at Trade Desk Inc, with Trade Desk's board recommending a triennial frequency. The triennial frequency passed at Trade Desk, in part due to CEO Jeff Green's material shareholding giving him 49% of the voting power.

5.4.1 Remuneration of Named Executive Officers ('Say-on-Pay')

North American remuneration policies typically contain many practices viewed as unacceptable in other markets, such as in the Europe region. This divergence in practice resulted in NILGOSC opposing 100% of remuneration reports in the region. Based on company disclosures, there was an average dissent of 12.41% on remuneration report approvals.

NILGOSC incorporates consideration of the Minerva Total Remuneration Assessment when voting on executive remuneration. The Minerva Total Remuneration Assessment looks at four key policy elements of executive reward: alignment, quantum, contracts, and dilution. Companies are assigned a grade on a scale of 'A' to 'F' and NILGOSC will vote against companies assessed as having poor remuneration governance.

This year NILGOSC voted against one say-on-pay vote in the region, that was voted down by shareholders, (which is down from four in the previous reporting period).

Table 10: High Shareholder Dissent – Remuneration Reports in North America Region

COMPANY	DISSENT	OUTCOME	NILGOSC VOTE	COMMENTS
Salesforce Inc	54.83%	**Defeated**	**Against**	Concerns included the overall remuneration structure, a grant of a discretionary additional equity award to the CEO during the year, concerns regarding the disclosure and stretch of performance targets, and pay ratio concerns.
Warner Bros Discovery Inc	46.65%	Passed	**Against**	Concerns included the overall remuneration structure, the alignment of pay with corporate performance given an increase in CEO pay during a loss-reporting year, a lack of disclosures to indicate that the Remuneration Committee considers ESG issues when setting performance targets for incentive remuneration, pay ratio concerns and lack of response to shareholder concerns.
General Motors Co	42.27%	Passed	**Against**	Concerns included the overall remuneration structure, concerns regarding the disclosure and stretch of performance targets, and pay ratio concerns.
BlackRock Inc	41.38%	Passed	**Against**	Concerns included the overall remuneration structure particularly in regard to the approach in determining annual bonus awards and pay ratio concerns.
American International Group Inc	35.54%	Passed	**Against**	Concerns included the overall remuneration structure, concerns regarding the disclosure and stretch of performance targets and pay ratio concerns.

5.4.2 Incentive Pay

Approval (or re-approvals) of Long-term Incentive Plans (LTIPs) attracted average general shareholder dissent across the market of 12.21%. NILGOSC voted against 90.91% of LTIP resolutions. Three companies received over 20% shareholder dissent: Shopify Inc, Take Two Interactive Software Inc and Tesla Inc.

The most common issues for NILGOSC's oppositional votes were a short vesting period and/or performance period; non-executive directors being eligible to participate in the scheme; the scheme allowing for the vesting of awards on favourable terms in the event of a change of control i.e., where options would vest without reference to performance; and awards could partially vest for below median performance.

5.5 AUDIT & REPORTING

5.5.1 Auditor Elections

There is no legal requirement for auditor election to be put to a shareholder vote in most US states but increasing numbers of companies seek the ratification of the auditor appointment, seeing it as good practice.

Auditor (re-)election resolutions attracted average shareholder dissent of 4.44% and NILGOSC voted against 98.55% of such resolutions. The most common policy issue related to auditor tenure and no recent, or planned, audit tender. Unlike other markets, such as in the Europe region, there are no regulatory requirements in the US or Canada on mandatory audit rotation, resulting in a number of companies having the same auditor in place for an extended period of time. Another common concern was that there was no disclosure to indicate the external auditor had taken account of climate risks in their report. It is increasingly expected for auditors to demonstrate consideration of material climate-related matters, such as the impact of emissions reduction targets, changes to regulations, or declining demand for company products in their audits of company financial statements.

5.5.2 Reports and Accounts

Only eight report & accounts resolutions were proposed in the North America region, which was due to the jurisdiction of incorporation and relevant legal requirements of the companies in question. A number of US-listed companies are incorporated in the Europe region and are therefore required to submit their report & accounts for approval. The resolutions received average dissent of 0.41% and NILGOSC opposed six of the report & accounts approvals, due to concerns regarding sustainability disclosure, a lack of individualised attendance disclosure for board/committee meetings and no recent external board evaluation.

5.6 SHAREHOLDER PROPOSALS

Shareholder proposals are resolutions put forward by shareholders who want the board of a company to implement certain measures, for example around environmental, social and governance practices. Although they are generally not binding, they are a powerful way to advocate publicly for change on policies, such as climate change. A minority are binding, such as proposals to amend the articles of association (rather than requesting the board to do so) and thus may be subject to a higher majority. NILGOSC voted on 184 shareholder resolutions in the North America portfolio during the reporting period, this compares to 138 in 2023, 166 in 2022 and 64 in 2021.

Shareholder proposals are a more prominent feature of the North America market as compared with the Europe region. There are a number of reasons for this difference.

(I) Regulatory rules are more open to shareholder proposals than company law. For example, there has been an increase in shareholder proposals coming to the ballot following changes in the United States of America Securities Exchange Commission (SEC) rules reducing the ability of companies to exclude proposals from meeting agendas.

(II) In the absence of an independent national corporate governance code (e.g., the UK Corporate Governance Code), shareholders use resolutions as a tool to try and improve corporate governance practices at companies.

(III) Not all countries have a culture of direct shareholder communication and dialogue.

NILGOSC values the right of shareholders to submit proposals to company general meetings. NILGOSC will vote in favour of shareholder proposals that promote good corporate citizenship while enhancing long-term shareholder value, sustainability, and good governance. NILGOSC will vote against shareholder proposals that are misaligned with these principles and proposals that, in its assessment, are considered duplicative of existing company disclosure, practice and policy, or are too prescriptive and seek to micromanage the company.

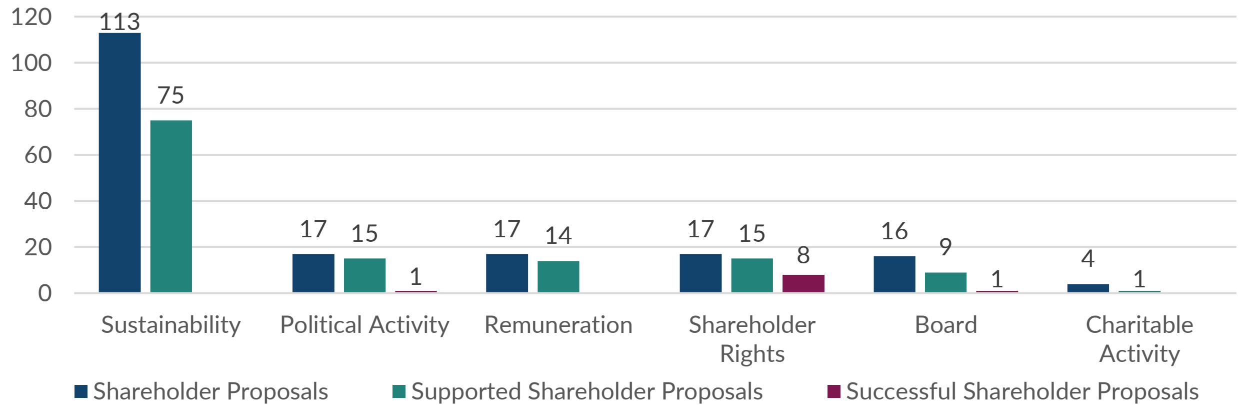
When reviewing shareholder voting on shareholder proposals, it is important to consider a number of recent trends:

- Due to changes in the SEC's legal guidance, fewer shareholder proposals have been excluded by boards, resulting in new types of proposals and more proposals being voted on in the market.
- Shareholder activists may have been emboldened by success in 2021, resulting in more ambitious proposals being filed in subsequent years, with more requests for the adoption of targets rather than calls for greater transparency. The higher pass-rate for disclosure requests indicates shareholders are more supportive of pushing for additional information from companies, than asking for the adoption of specific policies. At the same time, with increasing ESG disclosure regulatory requirements, companies may become more transparent, resulting in less support for proposals.
- Some institutional investors have clarified their voting approach on proposals that are considered too prescriptive or constraining on companies.
- The war in Ukraine and the crisis in the energy market has resulted in political and economic uncertainty, impacting voting decisions around climate strategy and the need to ensure short-term energy security.
- The number of 'anti-ESG' proposals has increased. Whilst they receive low levels of support (less than 5% on average), they bring the overall average support on shareholder proposals down. The increased rhetoric and legislation around ESG may also be contributing to lower levels of support for pro-ESG proposals due to institutional investors being more cautious with their votes, wishing to avoid attention and targeting by politicians and lobby groups.

Nonetheless, shareholder proposals are an important corporate engagement mechanism that can push for improvements in how a company manages ESG risks and opportunities, drive progress on sustainability outcomes and a company's influence on systematic issues and bring about wider industry and market change. They allow investors to use their formal rights as owners to escalate important matters in a public and transparent way, and directly interact with a company's board.

This year, shareholders continued to put forward proposals on sustainability concerns, with proposals relating to human rights & workforce, and environmental practices (including climate change) being the most numerous.

Figure 7: Number of Shareholder Proposals in North America Region



This year shareholder proposals received a lower level of average support than in the previous year, with average support (i.e., votes cast in favour) of 18.28% compared to 20.32% in the previous year – representing a consecutive decline. NILGOSC supported nine successful proposals, representing 4.89% of all shareholder proposals voted. In the previous reporting period, NILGOSC supported six successful proposals out of 138 proposals (4.35%). Notably, all successful proposals in 2024 related to governance issues such as shareholder rights, political expenditure and board effectiveness. A shareholder proposal at Canadian Imperial Bank of Commerce asking that virtual meetings be added as a complement to, but not a replacement of, in-person meetings also received majority support. NILGOSC did not support the proposal as it considered the Company's current policy and processes to be adequate.

Table 11: Shareholder Proposals in North America Region

Sustainability	In the Sustainability category, there were 113 shareholder proposals with 56 relating to human rights & workforce issues. These proposals covered topics such as gender & ethnic pay gap reporting, employee diversity disclosure, racial equity audits, human rights policy and practices, worker rights and the potential risks of use and development of artificial intelligence, and NILGOSC supported 75 of them. These proposals received average support of 12.64%. There were 34 proposals concerning environmental practices, of which NILGOSC supported 27. These proposals covered topics such as climate change, biodiversity, water risk management and the use of plastics. The environmental proposals received 14.23% average support. The remaining proposals covered various ESG issues, including online content governance, board ESG oversight, responsible tax practice, public health impact and risks, animal welfare, and how pharmaceutical companies approach drug access and pricing. NILGOSC supported 11 of the remaining proposals in this category. No sustainability-related shareholder proposal was successful in the year under review, this compares to three successful proposals in the prior year. Sustainability-related proposals received average votes in favour of 12.61% with a proposal seeking enhanced disclosure on Netflix's use of artificial intelligence receiving the highest level of support at 43.06%.
Political Activity	There were 17 proposals on political activity, namely enhanced disclosure on, or prohibition of, political donations and/or lobbying. The political activity proposals received average shareholder support of 19.53%. NILGOSC supported 15 of them. NILGOSC supported a successful proposal at DexCom Inc which asked for the provision of enhanced reporting on the policies and procedures for making political expenditure and the disclosure of monetary and non-monetary contributions and expenditure for political purposes on a semi-annual basis.
Remuneration	There were 17 remuneration-related shareholder proposals; such resolutions averaged 14.97% support, and none were successful. NILGOSC supported 14 proposals; seven proposals asking for a shareholder vote on severance pay, three asking for greater consideration of employee pay when setting executive compensation, two asking for strengthened clawback provisions, one asking for the inclusion of sustainability-related metrics in incentive pay and one asking for a shareholder vote on non-executive director compensation.
Shareholder Rights	The shareholder rights proposals supported by NILGOSC consisted of the removal of supermajority voting provisions (6), the right for shareholders to call a special meeting (5), the shareholder right to take action by written consent (3) and adoption of a recapitalisation plan to introduce the one-share one-vote principle (1). Shareholder rights-related proposals received average support of 54.60% and eight of the 17 proposals were successful. Whilst the focus of shareholder proposals has tended to focus on environmental and social issues in recent years, the voting results suggest a renewed interest in governance factors and the adoption of good governance practices that strengthen accountability and shareholder rights. NILGOSC supported seven successful proposals in the category: five concerned the replacement of supermajority voting requirements with the simple majority voting standard and two asked for the threshold for shareholders to call a SGM be lowered. At General Mills whilst the proposal on special meetings received a majority vote, it was part of a conflicting set of resolutions with the board also proposing its own resolution on special meetings. As the shareholder proposal proposed a lower threshold, NILGOSC supported the proposal. NILGOSC also supported the board resolution as the introduction of the right, even at a higher threshold, would still enhance governance practices. The board proposed resolution received a higher number of votes in favour.
Board	Eight of the board-related shareholder proposals requested the adoption of a policy requiring the chair to be an independent director. NILGOSC supported all such proposals, and they received average support of 29.63%. The remaining proposals concerned director election and succession processes, including requests for the adoption of a hard-line director resignation bylaw should a director receive an insufficient level of votes in favour. NILGOSC supported a proposal at Tesla Inc asking the board to adopt annual director elections which received a majority vote in favour.
Charitable Activity	There were four shareholder proposals filed on charitable activity seeking enhanced transparency on charitable contributions; notably three of which were filed by anti-ESG organisations. NILGOSC voted in favour of one of the proposals and the proposals received average support of 2.49%.

6. REST OF THE WORLD

6.1 SUMMARY

- During the reporting period, NILGOSC voted at 105 events at 72 companies. There were 67 AGMs, 18 OGMs, 15 EGMs, three GMs and two SGMs. Rest of the World was the region with the highest number of events (105) and second highest number of resolutions (936).
- NILGOSC voted in opposition to management on 343 (36.68%) of 935 resolutions proposed by management.
- No management-proposed resolutions opposed by NILGOSC were defeated. The only items that were unsuccessful were procedural items (i.e., where there were multiple options to select the voting method to be used on director elections).
- There was one resolution put forward by shareholders in the Rest of the World region during the period under review. The resolution occurred at Japan-listed Nippon Telegraph & Telephone Corp and concerned a shareholder proposed director candidate. NILGOSC supported the proposal as the election of the candidate would have enhanced the independence of the board and thus improve corporate governance standards. The proposal was not successful.

6.2 DISSENT BY RESOLUTION CATEGORY

Table 12 below notes the number of resolutions opposed by NILGOSC as a percentage by resolution category.

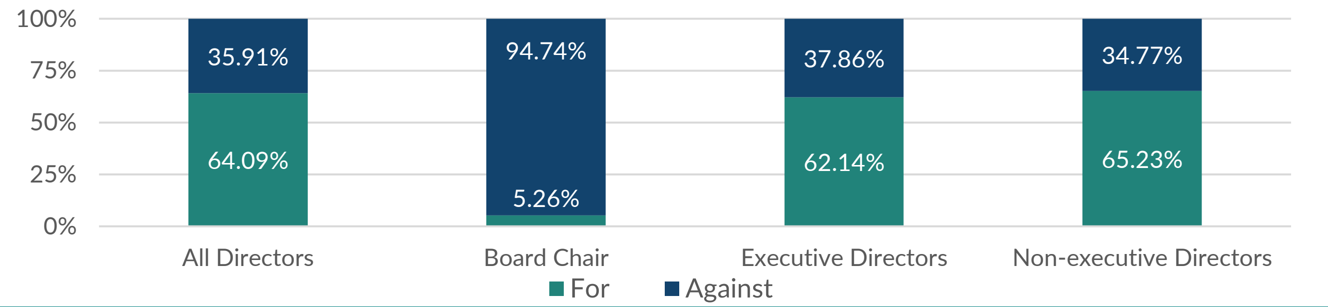
Table 12: NILGOSC Dissent by Resolution Category in Rest of the World Region

RESOLUTION CATEGORY	RESOLUTIONS	NILGOSC DISSENT %	AVERAGE S/HOLDER DISSENT*	NILGOSC ACTION
Board	436	33.26%	20.40%	The majority (99.31%) of NILGOSC's oppositional votes in the category related to director elections where NILGOSC had concerns with the composition of the board or with the individual director candidate. NILGOSC supported one board-related shareholder proposal.
Audit & Reporting	180	61.11%	1.57%	NILGOSC opposed 76.15% of report & accounts resolutions and 88.46% of auditor (re-)elections.
Capital	96	10.42%	2.48%	NILGOSC opposed 35.00% of share buybacks. NILGOSC also opposed two share issue authority requests and one dividend approval.
Shareholder Rights	90	12.22%	13.62%	NILGOSC opposed 11 (16.92%) resolutions to amend the articles of association due to concerns with disclosure and/or the impact on shareholder rights.
Remuneration	77	70.13%	3.54%	NILGOSC voted against all remuneration reports and remuneration policies proposed. In addition, NILGOSC opposed 66.67% of LTIP approvals, 76.60% of non-executive remuneration resolutions and two resolutions to approve the aggregate remuneration payable to the board.
Corporate Actions	53	20.75%	3.19%	NILGOSC opposed 11 corporate action-related items due to insufficient information provided by the company in question to make an informed voting decision.
Other	3	100.00%	-	NILGOSC opposed resolutions to approve any other business.
Charitable Activity	1	0.00%	0.27%	NILGOSC voted in line with management on all charitable activity-related resolutions.

**Based on NILGOSC portfolio and voting results availability.*

6.3 BOARD

Figure 8: NILGOSC Director Elections Voting Direction in Rest of the World region



NILGOSC voted against 94.74% of board chair (re-)election resolutions and shareholder dissent averaged 20.56%. The most common issues were that the board chair was not independent, and no lead independent director had been appointed; the chair served in an executive capacity (including as combined CEO and chair); the board chair previously served as CEO; there was insufficient disclosure on board evaluation; and there was no disclosure to suggest that non-executives held meetings without the executives present.

NILGOSC typically opposed executive director (re-)elections within the Rest of the World portfolio where the nominee held an excessive number of other directorships, when the executive director also served as chair of the board and/or where the director sat on a board committee thereby causing the committee to fall below NILGOSC's independence expectations. Executive directors averaged general shareholder dissent of 18.30%.

NILGOSC voted against non-executive directors in instances where the board and/or committee composition, subsequent to that appointment, would have fallen short of recommended local market good practice due to independence concerns. Other issues included committee-specific issues, such as the audit committee's oversight of audit fees and the nomination committee's oversight of gender diversity, as well as overboarding and attendance concerns. NILGOSC voted against 34.77% of non-executive directors standing for (re-)election. The average general shareholder dissent on non-executive directors was 21.42%.

NILGOSC voted against all resolutions to elect directors by way of a slate in the Rest of the World portfolio. NILGOSC considers it good practice for directors to be elected on an individual basis, rather than by way of slate which limits individual director accountability.

Table 13: High Shareholder Dissent – Directors in Rest of the World region

COMPANY	COUNTRY	DIRECTOR	DISSENT	OUTCOME	NILGOSC VOTE	COMMENTS
Fast Retailing Co Ltd	Japan	Masaaki Shintaku	36.47%	Passed	**Against**	The nominee served as Chair of the Nomination Committee and concerns were held with Board gender diversity.
Bridgestone Corp	Japan	Scott Trevor Davis	27.57%	Passed	**Against**	The nominee served as Chair of the Board and there was no disclosed performance evaluation in place for the Board or evidence of non-executive only meetings.
Bangkok Dusit Medical Services PCL	Thailand	Chavalit Sethameteekul	26.67%	Passed	**Against**	The nominee was considered non-independent and there were concerns with board and committee independence. Further, nominee also served as Chair of the Audit Committee - there were auditor independence concerns due to long tenure, and Committee terms of reference were not publicly available.

In certain markets in the Rest of the World portfolio, director elections are conducted by way of cumulative voting whereby shareholders may vote proportionately to the number of shares they hold. Accordingly, shareholders may choose to cumulate their votes behind a single director even if multiple directors are standing for election. This explains the high level of average shareholder dissent in the Board category in the region.

6.4 REMUNERATION

6.4.1 Remuneration Reports and Remuneration Policies

NILGOSC voted against the sole remuneration report and sole remuneration policy vote put forward in the Rest of the World region. The resolutions were put forward at South Africa-listed Capitec Bank Holdings Ltd with no other company in the region holding such a vote. NILGOSC voted against the remuneration resolutions at Capitec Bank due to concerns over the structure and disclosure of remuneration, including a lack of disclosure around incentive pay limits.

6.4.2 Level of Directors' Fees

NILGOSC voted against 76.00% of resolutions pertaining to the level of director fees. The most common issues were remuneration not being disclosed on an individual basis and non-executives receiving remuneration other than director fees. NILGOSC continues to push companies to provide adequate disclosures on remuneration and considers aggregate remuneration disclosures insufficient to make informed voting decisions.

6.4.3 Incentive Pay

NILGOSC voted against 14 of 21 LTIP resolutions due to concerns regarding the length of the vesting period and/or performance conditions applicable to executive awards, the level of alignment between performance criteria and a company's reported key performance indicators and a lack of disclosure of an upper limit for individual awards.

The LTIP resolutions received average dissent of 5.90%. The resolution to approve a new performance share plan at India-listed Hindustan Unilever Ltd received the highest level of dissent of 16.00%. NILGOSC opposed the plan due to non-executive directors being permitted to participate in the plan, a lack of disclosure on clawback provisions, and insufficient information provided on the applicable performance conditions.

6.5 AUDIT & REPORTING

6.5.1 Report & Accounts

NILGOSC voted against 76.15% of report & account approvals and such resolutions averaged 1.52% dissent. The most common concerns related to an inadequate level of sustainability reporting, no say-on-pay resolution and a lack of disclosure on whether non-executive directors met independently of the executives or if a board evaluation process was in place. In a number of cases, the lack of availability of an English-language version of the annual report in advance of the AGM was a contributing factor. It remains a matter of concern for institutional investors that the annual report and meeting materials are available in English in a timely fashion ahead of the proxy voting deadline.

6.5.2 Auditor Elections

NILGOSC opposed 23 of 26 (88.46%) auditor (re-)election resolutions in the region. The most common reasons for opposition related to concerns over tenure and no recent, or planned, audit tender; no disclosure to indicate the external auditor has taken account of climate risks in their report; and a lack of disclosure regarding audit and non-audit fees. Auditor (re-)election resolutions received average shareholder dissent of 1.64%.

6.6 CAPITAL

NILGOSC opposed 35.00% of proposals to allow a company to make market purchases of its own shares and such resolutions received average dissent of 1.44%. The key issue for opposition concerned creeping control concerns in respect of a major shareholder that could see an increase in the percentage of the share capital they held.

6.7 SHAREHOLDER RIGHTS

6.7.1 Article Amendments

NILGOSC opposed 11 resolutions seeking shareholder approval to amend the articles of association. NILGOSC opposed article amendments where the company had not disclosed marked-up article changes and/or a summary of the proposed article amendments in the meeting materials, and where the proposal sought to permit the holding of virtual-only general meetings absent exceptional circumstances.

Disclosure concerns also contributed to NILGOSC's opposition to resolutions in the Corporate Actions category. Where a company does not provide sufficient background data in respect of a resolution concerning a related party transaction, or another type of transaction to enable an informed voting decision to be made, NILGOSC will generally vote against the resolution.

7. CLIMATE DISCLOSURE

Climate change has been a key issue of focus for both investors and regulators in recent years. Following the Paris climate agreement, investors cannot overlook the implications for investment risks and returns amidst a shift in market sentiments towards a transition to a low-carbon economy.

Climate change is already impacting economies and markets today. The Stern Review on the Economics of Climate Change estimates that left unabated, the global costs of climate inaction are equivalent to losing between 5% and 20% of the global gross domestic product each year, now and forever. Climate action has been internationally prioritised as Goal 13 of the United Nations Sustainable Development Goals (SDGs), a framework for overcoming global challenges such as poverty and public health, all inextricably linked to climate change. A 2014 report published by the United Nations Conference on Trade and Development estimated achieving the SDGs requires a shift in global investments of US$5 to US$7 trillion per year until 2030, with climate-related costs of inaction valued at US$1 trillion per year.

Climate change remains a strong topic of debate in discussions between shareholders, companies, and lobbyists at company AGMs. Despite controversies such as the crisis in the energy market and windfall profits, support for climate ambition remains strong. How companies are aligning their business models to the climate goals of the Paris Agreement and responding to climate change risks and opportunities are therefore important to investors.

7.1 TCFD RECOMMENDATIONS

The G20's now-disbanded Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) developed voluntary, consistent climate-related financial risk disclosures to help investors, lenders, insurers, and other stakeholders understand, measure, and respond to climate change risks. The TCFD recommendations have become the de facto climate framework for global regulators. The TCFD framework recommends companies make public disclosures, i.e., in annual reports, on:

- **Governance**: The organisation's governance around climate-related risks and opportunities.
- **Strategy**: The actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning.
- **Risk Management**: The processes used by the organisation to identify, assess, and manage climate-related risks.
- **Metrics and Targets**: The metrics and targets used to assess and manage relevant climate-related risks and opportunities.

NILGOSC became a TCFD signatory in 2020, and continues to support its recommendations, encouraging the companies it is invested in to comply with them and report their climate risks under the framework. NILGOSC's corporate governance research provider Minerva Analytics Ltd is an accredited supporting company of TCFD.

This year saw a clear majority (86.02%) of the companies in NILGOSC's portfolio that held an AGM during the reporting period making a specific reference to the TCFD framework. The proportion of companies referencing the TCFD framework is 14.3% higher than in 2023 (71.72%). Proportionally, the highest percentage of companies reporting against the TCFD recommendations was in the Europe region (92.86%), followed by North America (85.71%) and finally Rest of the World (83.58%). The North America and Rest of the World regions saw drastic increases in the proportion of companies referencing the TCFD framework, increasing by 11.06% and 19.65% respectively.

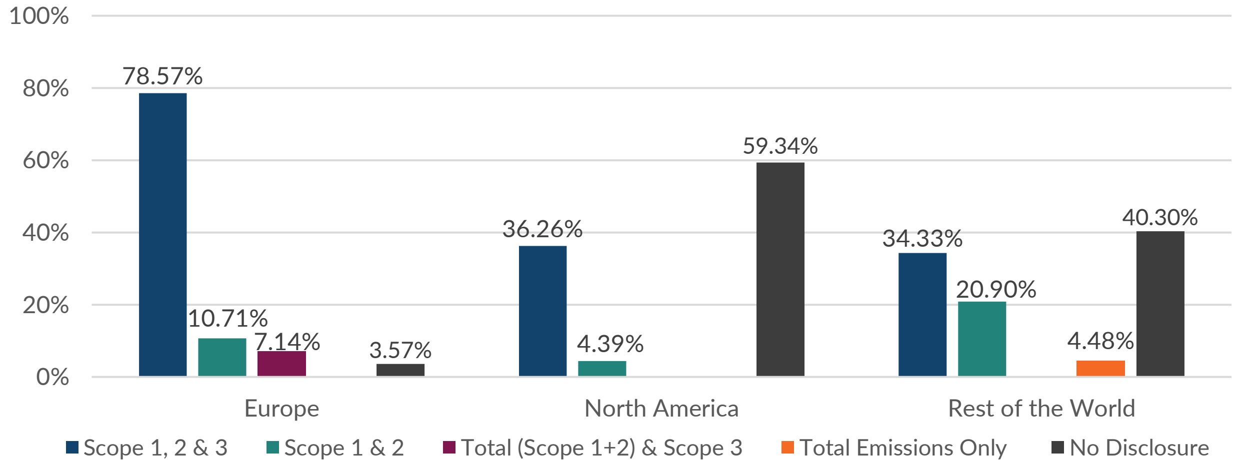
7.2 CARBON DISCLOSURE

An analysis of the carbon disclosures of NILGOSC's global portfolios identified that:

- 'No disclosure' of emissions data for the financial year under review was highest amongst North America-based organisations, with 59.34% making no such disclosure, however, this is a 15.31% reduction in comparison to last year. Notably, the majority of the companies (90.57%) that did not disclose emission data for the financial year under review, did disclose data from the previous financial year. Accordingly, there is a regional timeliness issue in carbon disclosures.

- Within the Rest of the World region, eight of the nine Japanese companies had 'no disclosure', with only one, Shimano Inc, disclosing 'Scope 1 & 2' emissions. Companies in the market often do not publish the standalone sustainability report for the financial year under review until after the AGM has been held, meaning up-to-date carbon data is not available at the time of voting. The lack of timeliness in disclosure impacts shareholders' ability to make informed voting decisions on climate risk management. In the Rest of the World region, companies listed in Hong Kong, India, Singapore and Indonesia were the more likely to disclose emissions by Scope 1, 2 & 3 in a timely manner.
- From the perspective of industry trends, the highest number of companies with disclosure of scope 1, 2 & 3 emissions were from the 'Banks' sector (13 out of 15 companies), which could be due to the high regulatory standards for the financial industry. No disclosure of any kind for the financial year under analysis was highest among 'Integrated Oil & Gas' with all four companies voted at by NILGOSC in this sector not disclosing up-to-date carbon emission data, including one of the largest companies in the sector, ConocoPhillips. Some 'Software' and 'Pharmaceuticals' companies, including several large companies such as Johnson & Johnson Inc, AbbVie Inc, Adobe Inc, and Microsoft Corp did not disclose up-to-date carbon emissions at the time of the analysis.
- Scope 1, 2 & 3 emissions reporting rates were highest amongst companies in the Europe region (78.57%), whilst disclosure of scope 1 & 2 only was highest in Rest of the World (20.90%). Three 'Rest of the World' companies reported total emissions only and this financial year also saw the disclosure of total (scope 1+2) & scope 3 emissions from two companies in the Europe region (Deutsche Telekom AG and Zurich Insurance Group AG) rather than reporting each scope individually.

Figure 9: Regional Carbon Disclosure



Contrary to the previous year, this year, no company primarily disclosed only 'total emissions offset' or only 'emissions efficiency' for their carbon emissions. Companies that provided limited carbon data in the previous year displayed improvements in their disclosures this year. For example, Deutsche Telekom AG only disclosed total (Scope 1+2) emissions, last year, but it expanded reporting by also disclosing scope 3 this year. Additionally, last year Intuitive Surgical Inc had only disclosed emissions offset, whereas this year the Company disclosed Scope 1, 2 & 3, although the data was not up to date. Finally, Kweichow Moutai Co Ltd disclosed Scope 1 & 2 this year, contrary to disclosing only 'emissions offset' last year.

8. CONCLUSION

As direct owners of shares, NILGOSC can have a positive influence on the running of the companies it invests in. Most shares give their owners a right to vote on some company decisions, such as whether to take over another company or approve executive remuneration. Voting usually takes place at each company's AGM.

Voting shares is a pivotal tool through which shareholders can voice their opinion and act as good stewards. Should an investor use its governance preferences purely as a means of selecting companies in which to invest, the choice would be between compromising the investible universe of companies (not a choice which sits comfortably alongside the fiduciary obligation to maximise returns on investment) or compromising the values of the investor.

There is therefore a fiduciary duty for investors, especially public sector pension funds who hold shares on behalf of thousands of individual members, to hold management to account for the corporate culture of some of the largest companies, as economic actors and for their social and environmental impact. Many of the voting rights shareholders have today, have been granted over time with company law developments, often in response to public policy problems caused by failures of governance.

Due to an uncertain geopolitical and economic environment, there has been a return to a focus on the G in ESG in shareholder voting and company disclosure and practice, with companies seeking to protect the bottom line in an uncertain operating environment. At the same time, investors have been looking for companies to demonstrate sound governance and re-examining board composition, skills and diversity. The election of directors and approval of directors' remuneration are therefore important shareholder rights in this context.

Reflecting the importance of board composition and effectiveness in ensuring effective oversight of material sustainability and financial risks and opportunities, almost half (48.07%) of all NILGOSC's dissenting votes were within the Board category. Audit & reporting and remuneration-related resolutions were the joint second most frequently opposed resolution category by NILGOSC (18.97%). In regard to remuneration, the design and structure of executive pay is important in rewarding sustained long-term sustainable value creation and reinforcing corporate strategy and risk management. The level of executive pay in the Europe region is a particularly contested topic, with some companies arguing that it may be necessary to go beyond typical market practices to compete with global/US talent market competitors.

ESG investing has become a mainstream issue for institutional investors and an increasing number of boards are providing disclosure on how they oversee material ESG risks and opportunities. At the same time, ESG has also increasingly become a contested and politicised concept and a return to a focus on governance may form part of this debate. The anti-ESG backlash is most prevalent in the US, with several states introducing laws limiting the consideration of ESG factors in investment and business decisions. Nonetheless, shareholders have found themselves voting on a record number of ESG-related resolutions in recent years. Companies have started to voluntarily put forward their climate transition action plans for shareholder approval and there has been a proliferation in the number of shareholder proposals filed on environmental and social issues.

The number of shareholder proposals voted on by NILGOSC increased from 142 to 190 in the year under review. However, there has been consecutive decline in general shareholder support on shareholder proposals. The decline can be attributed to changes in US SEC rules allowing for more prescriptive shareholder proposals to reach the ballot; and the impact of the war in Ukraine on the global economy leading investors to give companies more leniency on their climate initiatives.

Another contributing factor to the fall in shareholder support has been the rise of anti-ESG activism. There has been an increase in "anti-ESG shareholder proposals", which are drafted similarly to "pro-ESG" proposals but involve different rationales, motivations, and consequences if they are approved. NILGOSC voted against 36 "anti-ESG shareholder proposals" during the year and these proposals received average support of just 1.44%. The anti-ESG proposals therefore drag the overall average support for shareholder proposals down.

Whilst the anti-ESG proposals themselves have not attracted material support, the increased rhetoric and legislative action around ESG, such as the passing of state laws in the US prohibiting the use of ESG factors in making investment and business decisions, may be contributing to the lower levels of support seen for pro-ESG shareholder proposals. Due to the changing political environment, institutional investors are maybe being more cautious with their votes, wishing to avoid attention and targeting by politicians or lobbyist groups. It is expected that shareholder proposals will continue to garner attention next year and the voting results this year suggest that well-crafted and targeted shareholder proposals can receive majority support. The number of successful shareholder proposals supported by NILGOSC increased by 33% from six to nine, with there being a notable increase in the number of successful governance proposals this year, offsetting the decline in support for environmental and social proposals.

In total, NILGOSC voted contrary to management recommendation on 42.62% of resolutions, demonstrating an active approach to voting.

NILGOSC's dissent is broken down as follows:

- 40.97% of management-sponsored resolutions were voted contrary to management recommendation; &
- 66.32% of shareholder-sponsored resolutions were voted contrary to management recommendation.

NILGOSC's dissent has increased by 2.80% percentile points from last year's dissent level of 39.82% and is 35.07% higher than general shareholders. Average general shareholder dissent for the year stood at 7.55%, a 0.34% percentile points increase from last year's 7.21% dissent figure. Accordingly, NILGOSC's dissent level continues to stand significantly higher than the average shareholder.

Notably, resolutions where NILGOSC opposed management received 9.73% average dissent, a higher dissent figure than for resolutions where NILGOSC supported management (5.90%). This highlights that NILGOSC has a robust voting policy which is consistent and aligned with other investors' governance concerns. At the same time, it is recognised that public sector pension funds do tend to have a much higher propensity to oppose management on resolutions than the general shareholder average.

Key Shareholder Votes

NILGOSC opposed one management-proposed resolution that was defeated during the reporting period. The resolution concerned the approval of the remuneration report at Salesforce Inc.

NILGOSC supported nine successful shareholder-proposed resolutions targeted at improving shareholder rights and sustainability practices:

- **Shareholder Rights**: five proposals seeking the removal of supermajority voting provisions (ConocoPhillips, NVIDIA Corp, Roper Technologies Inc, Tesla Inc and Verisk Analytics Inc) and two proposals seeking a lower threshold for the shareholder right to call a general meeting (General Mills Inc and Warner Bros Discovery Inc);
- **Board**: one proposal requesting a reduction of director terms to one year (Tesla Inc); and.
- **Political Activity**: one proposal requesting enhanced reporting on lobbying activity report (DexCom Inc).

Audit & reporting, board, and remuneration-related resolutions continue to be most flagged by NILGOSC's voting template, which is reflected in NILGOSC's dissent levels in these categories. Taken together, audit & reporting, board, and remuneration resolutions accounted for 86.01% of all NILGOSC's dissenting votes. Hence, it may be plausible to question whether companies attribute significance to the quality of board input, as well as their approach and attitude towards pay for performance and oversight of audit and accountability issues.

A key factor for NILGOSC's dissenting votes in the audit & reporting category was when there was no disclosure to indicate the external auditor has taken account of climate risks in their audit report. The financials define profitability and drive executive remuneration, so ensuring they properly reflect climate-related risks is crucial. Investment decisions, both by companies and investors, depend on the numbers disclosed in the audited financial statements. Whilst good practice on accounting for climate change is still emerging, it is a growing area of focus for responsible investor groups such as the Principles for Responsible Investment and Climate Action 100+ and investor engagement and voting activities.

The debate on corporate governance continues to grow in importance, and the quality of governance scrutiny, and the perception of its importance, is on the increase. It is up to asset owners like NILGOSC to ensure that the quality and focus of this scrutiny is maintained by professional investors.