REVIEW OF PROXY VOTING 2022

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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 2021 to 30 June 2022. 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 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:

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

The following sections, 4-7, 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 8 examines climate disclosures within NILGOSC's global portfolios.

1.2 VOTING POLICY

NILGOSC has an agreed bespoke voting policy for which Minerva generates voting guidance for NILGOSC officers. NILGOSC's voting policy preferences are defined 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. NILGOSC's policy takes a robust and objective approach to the guidance that it generates in order to ensure a consistent application of the fund's principles. Where the resolution in question is in line with the NILGOSC 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. These recommendations may or may not be carried out by the officers of the fund, who will take all available information into account when exercising NILGOSC's voting rights.

2. EXECUTIVE SUMMARY

2.1 REGIONS & COUNTRIES

NILGOSC voted at 202 shareholder meetings held by 156 companies annually (1 July 2021 to 30 June 2022). These companies are listed in the following jurisdictions:

Europe: Denmark, Finland, France, Germany, Netherlands, Switzerland

Japan: Japan

North America: Canada, United States

Rest of the World: Brazil, China, Hong Kong, India, Indonesia, Mexico, Peru Singapore, South Africa, South Korea, Taiwan

2.2 NORTH AMERICA

NILGOSC voted at 85 company meetings held by 80 North American companies. North America was the region with the second largest number of events and the highest number of resolutions (1,125). NILGOSC voted in opposition to management on 441 (45.99%) of 959 management proposed resolutions. NILGOSC voted against all remuneration reports in the region, including three remuneration reports that were voted down by shareholders. The defeated remuneration reports occurred at Electronic Arts Inc, JPMorgan Chase & Co, and Netflix Inc. There were 166 shareholder proposals put forward in the region and NILGOSC voted in favour of 120 (72.29%). NILGOSC supported nine successful shareholder proposals. The successful proposals included two proposals asking for enhanced reporting on lobbying and/or political expenditure, one proposal asking for a shareholder vote on severance pay, one proposal requesting the removal of supermajority voting provisions, one proposal requesting the shareholder right to take action by written consent, one proposal asking for the adoption of Paris-aligned emission targets, one proposal asking for a third-party racial justice audit, one proposal asking for a report on the effectiveness of workplace sexual harassment policies, and one proposal asking for the appointment of an independent Board Chair.

2.3 EUROPE

There were 14 shareholder meetings at 13 companies in the Europe portfolio, resulting in 245 resolutions. NILGOSC voted in opposition to management on 88 (35.92%) of 245 management proposed resolutions. All management proposed resolutions passed. There were no resolutions put forward by shareholders in the Europe portfolio during the period under review.

2.4 JAPAN

NILGOSC voted at 136 resolutions at 11 AGMs in the Japan portfolio during the period under review. An overwhelming majority of Japanese companies prepare their accounts to a year end of 31 March, and Japanese corporate law stipulates that companies must hold a shareholder meeting within three months of the year-end. Due to this, the majority (54.55%) of AGMs were held in the month of June. NILGOSC voted in opposition to management on 33 (24.26%) of 136 management proposed resolutions. All management proposed resolutions passed. There were no resolutions put forward by shareholders in the Japan portfolio during the period under review.

2.5 REST OF THE WORLD

NILGOSC voted at 92 events at 52 companies. There were 51 AGMs and 41 non-AGMs. The Rest of the World region represented the largest number of meetings voted and the second largest number of resolutions voted (804). NILGOSC voted in opposition to management on 308 (38.31%) of 804 resolutions. NILGOSC voted against five defeated resolutions in the region; three concerned remuneration report approvals (Capitec Bank Holdings Ltd, Clicks Group Ltd, and Locaweb Servicos de Internet SA), one concerned aggregate director fees (Locaweb Servicos de Internet SA) and one requested the installation of a fiscal council at TOTVS SA. There were no resolutions put forward by shareholders in the Rest of the World region during the period under review.

2.6 KEY POLICY ISSUES

NILGOSC voted contrary to management on 42.86% of resolutions during the annual period (1 July 2021 to 30 June 2022), demonstrating an active approach to share voting. This is an increase of 9.54 percentile points from last year's dissent of 33.32%.

The general average dissent level (i.e., the meeting results data) for the year was 6.31% (2021: 4.88%), thus it can be assumed that shareholders tend to support management to a considerable extent. Both NILGOSC and general average shareholder dissent levels have increased from the previous year.

During the period under review, 10 management-proposed resolutions NILGOSC voted against were defeated (inclusive of two say-on-pay frequency votes in the US) and NILGOSC supported nine successful shareholder proposals. In the previous year, 11 management proposals NILGOSC opposed were defeated (including eight say-on-pay frequency votes in the US) and NILGOSC supported 10 successful shareholder proposals.

NILGOSC opposed board related resolutions more than any other category. Almost half (43.03%) of all dissenting votes were within this category, with remuneration the next largest source of dissenting votes (21.72%), followed by audit & reporting (20.10%).

NILGOSC's voting policy preferences are defined 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 voting policy template preference, a 'policy flag' is created. Analysis of the voting template settings 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 1,302 policy flags in comparison to 597 for audit & reporting, 469 for remuneration, 190 for sustainability, 110 for capital, 76 for corporate actions, 70 for shareholder rights and one for 'other'. Readers should note that a single resolution may have more than one policy flag, and that board related resolutions accounted for 54.50% of resolutions voted, when considering the large number of board related policy flags. The overall number of policy flags, 2,815, is larger than last year's count of 2,259. This is due to the higher number of resolutions voted during the year by NILGOSC (2,310 compared to 2,223), meaning an increased opportunity for a policy flag, and change in composition of NILGOSC's global portfolio (with no UK & Ireland companies voted this year).

For many of the issues identified in the analysis, portfolio companies will have provided explanations for non-compliance, in-line with "comply-or-explain". These explanations may, in some cases, be accepted, although NILGOSC has 'red lines' on certain governance matters.

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 heavily 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.

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.

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 on-going general concerns for shareholders and continue to spark debate and regulatory initiatives. In 2022, these themes continue to have heightened focus due to continued expectations on the corporate response to the coronavirus pandemic and the stakeholder experience.

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.

The coronavirus pandemic has continued to cause severe economic and social costs globally, and the world and business landscapes have changed. Consequently, boards and investors are facing new and challenging decisions. The impact of the coronavirus crisis also presents an opportunity for businesses to focus on their environmental, social and governance (ESG) impact and performance.

Executive pay continues to be a high-profile issue for companies, shareholders and stakeholders. The primary drivers behind shareholder dissent on executive pay appear to be remuneration complexity, base pay increases larger than the wider workforce, and the continuing impact of COVID-19 concerning the use of discretion and/or adjustments. This year, there were six remuneration reports defeated, double the number defeated last year.

During the pandemic, shareholders have expected executive remuneration to be aligned with the overall experience of the company, its shareholders, employees, and other stakeholders, and for remuneration committees to exercise discretion to ensure appropriate remuneration outcomes. It remains to be seen whether the easing of coronavirus-related restrictions and a return to some degree of normalcy will result in less pressure on executive remuneration. Whilst shareholders will recognise the need to retain and incentivise executives in the post-pandemic recovery, they may pay special attention to outcome-aligned performance. In particular, they will need to remain vigilant in checking that variable pay does not provide windfall gains for wider post-pandemic market performance.

3. MEETINGS AND VOTING SNAPSHOT

3.1 MEETINGS AND RESOLUTIONS BY REGION

NILGOSC voted on 2,310 resolutions during the period under review, 1 July 2021 to 30 June 2022, 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
North America	79	6	85	1,115	10	1,125	14.11	1.67	13.24
Rest of the World	51	41	92	619	185	804	12.14	4.51	8.74
Europe	13	1	14	244	1	245	18.77	1.00	17.50
Japan	11	-	11	136	-	136	12.36	-	12.36
TOTAL	**154**	**48**	**202**	**2,114**	**196**	**2,310**	**13.73**	**4.08**	**11.44**

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: Extraordinary General Meeting or a Special General Meeting where a special resolution is the substance of a 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 42.86% of all resolutions. In the case of shareholder proposals, this figure was over 70%.

The overwhelming number of resolutions were proposed by management, however 7.19% of resolutions were proposed by shareholders, more than double the previous year (3.06%). 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.

All of the shareholder resolutions were proposed in North America (last year: 94.12%), where, in the absence of a corporate governance code, active shareholders make use of shareholder resolutions as a tool to try and improve environmental, social and governance practices at companies.

3.3 NILGOSC ANNUAL VOTING

Table 2: NILGOSC Annual Voting Direction

MANAGEMENT RECOMMENDATION	NILGOSC VOTING				
	FOR	ABSTAIN	WITHHOLD	AGAINST	TOTAL
For	1,272	6	66	797	2,141
Abstain	-	2	-	-	2
Against	120	-	-	47	167
TOTAL	**1,392**	**8**	**66**	**844**	**2,310**

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, this 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 frequency 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

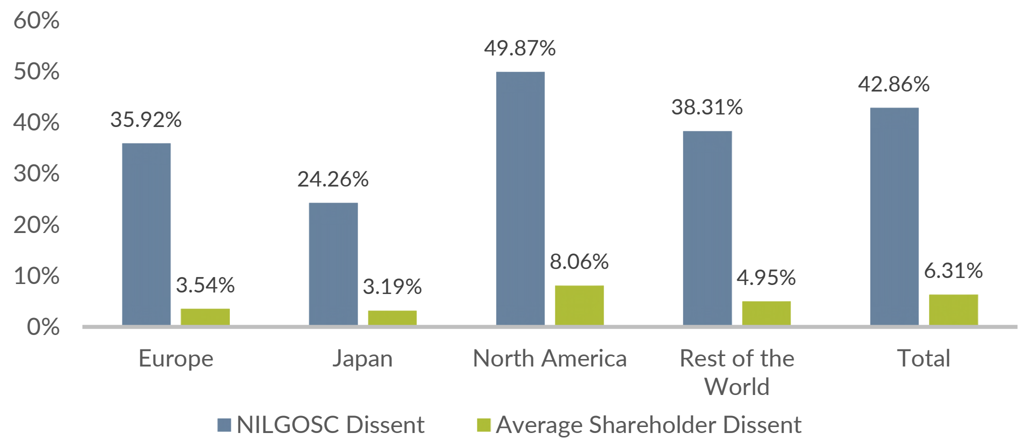
Table 3 shows the most common categories of resolutions at meetings voted at the companies within the NILGOSC portfolio on an annual basis. Minerva calculates the average dissent figure by aggregating all the poll data (expressed in terms of percentage of votes cast 'For') on all resolutions of that 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 DISSENT*
Audit & Reporting	285	69.82%	2.43%
Board	1,259	33.84%	4.90%
Capital	155	24.52%	4.13%
Corporate Actions	65	12.31%	4.54%
Other	1	100.00%	-
Remuneration	264	81.44%	8.92%
Shareholder Rights	162	13.66%	10.08%
Sustainability	119	63.83%	22.80%
TOTAL	**2,310**	**42.81%**	**6.31%**

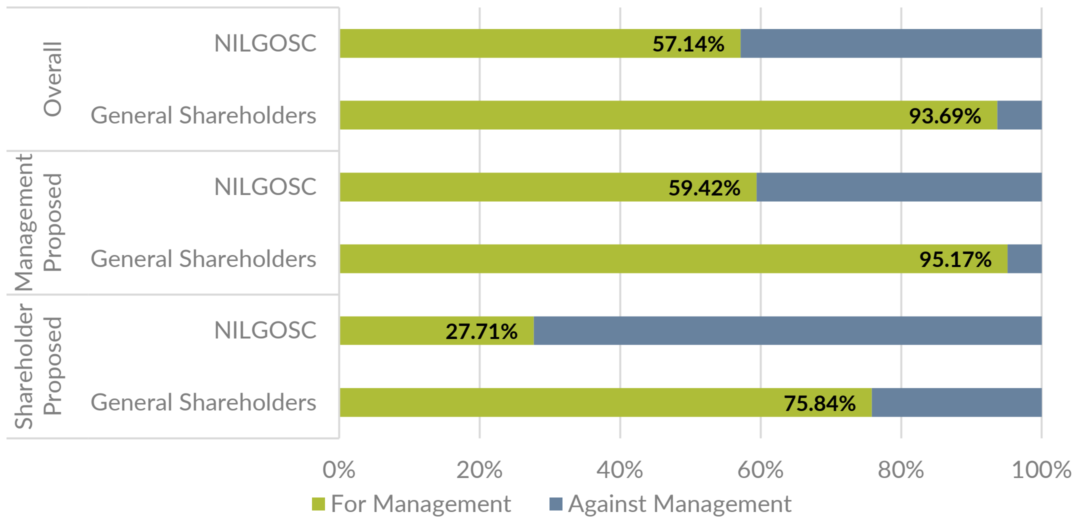
** Average Shareholder Dissent calculated from resolutions in respect of which shareholder voting results were available. No poll data was collected for one Any Other Business resolution in the 'Other' category at Novartis, as no shareholders proposed an agenda item for consideration.*

Figure 1: NILGOSC Dissent by Region



In some global markets, poll data is made available on a lesser degree by companies, though Minerva are 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 2022, Minerva has been able to collect poll data in respect of 92.69% of all resolutions. On a regional basis, Minerva has collected voting results for at least 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 6.31% - in other words, an approval rating of more than 93%. In terms of management proposed resolutions, general shareholder dissent stood at 4.83% whereas, for shareholder proposed resolutions, it stood at a much higher level of 24.16%. 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 990 occasions, which constitutes an overall average opposition level of 42.86%. As with the general shareholder pattern, NILGOSC's dissent figure for shareholder proposed resolutions was higher than that for resolutions proposed by management, 72.29% compared to 40.58%. 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. NORTH AMERICA

4.1 SUMMARY

- During the reporting period, NILGOSC voted at 85 company meetings held by 80 North American companies. North America was the region with the highest number of events and the highest number of resolutions (1,125).
- NILGOSC voted in opposition to management on 441 (45.99%) of 959 management proposed resolutions.
- Three remuneration reports opposed by NILGOSC were voted down by shareholders during the period.
- NILGOSC voted 'For' 120 (72.29%) of 166 shareholder proposals.
- NILGOSC supported nine successful shareholder proposals during the period. The successful proposals included two proposals asking for enhanced reporting on lobbying and/or political expenditure, one proposal asking for a shareholder vote on severance pay, one proposal requesting the removal of supermajority voting provisions, one proposal requesting the shareholder right to take action by written consent, one proposal asking for the adoption of Paris-aligned emission targets, one proposal asking for a third-party racial justice audit, one proposal asking for a report on the effectiveness of workplace sexual harassment policies, and one proposal asking for the appointment of an independent Board Chair.

4.2 DISSENT BY RESOLUTION CATEGORY

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

Table 4: NILGOSC Dissent by Resolution Category North America

RESOLUTION CATEGORY	RESOLUTIONS	NILGOSC DISSENT	AVERAGE SHAREHOLDER DISSENT*	NILGOSC ACTION
Board	729	37.45%	5.09%	Over 94% of opposing votes concerned director elections. NILGOSC supported 15 of 17 board-related shareholder proposals voted on.
Sustainability	116	67.24%	23.20%	All Sustainability resolutions were proposed by shareholders. NILGOSC supported 78 of the proposals.
Remuneration	115	90.43%	12.99%	NILGOSC voted against all remuneration reports and 94.12% of LTIP related resolutions. NILGOSC supported nine shareholder proposals.
Audit & Reporting	89	88.76%	3.01%	NILGOSC voted against 96.10% of auditor (re-)elections and five report & accounts approvals.
Shareholder Rights	35	48.57%	18.43%	NILGOSC voted against three article amendments and one resolution seeking to adjourn the meeting for the purpose of soliciting proxies to enable the management recommended vote outcome to be successful. NILGOSC also supported 13 shareholder proposals seeking enhanced shareholder rights.
Capital	26	15.38%	4.26%	NILGOSC voted against two share buyback authorities, one share issue authority, and one resolution seeking an increase in the authorised share capital.
Corporate Actions	15	33.33%	9.53%	All of NILGOSC's oppositional votes in the corporate actions category were via support for shareholder proposals on company purpose & strategy.

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

Companies in the United States are incorporated in individual states, as each US state has its own company law. This means there is no independent national corporate governance code, as in, for example, the FRC's UK Corporate Governance Code. Companies in the United States region 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 this region as compared to Europe.

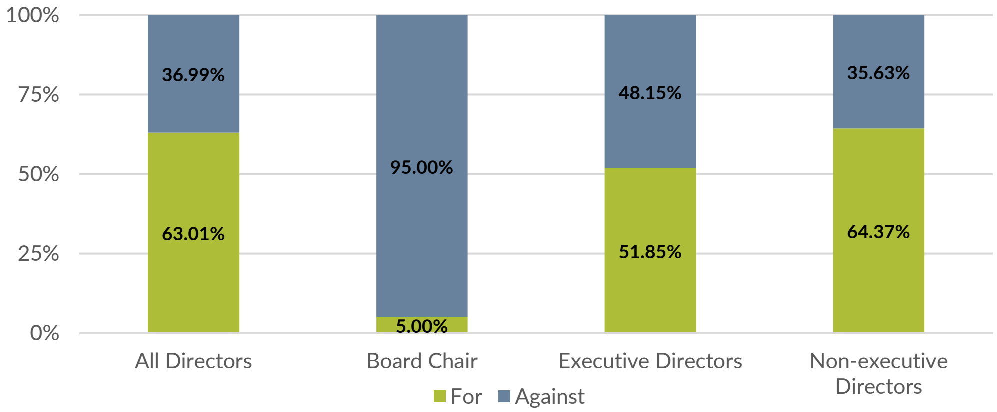
4.3 BOARD

The United States 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 directors if the board falls short of this level of independent representation.

Some 74.24% of resolutions in North America proposed by management dealt with the board and 10.24% of shareholder proposed resolutions likewise.

Good practice recommends for directors in uncontested elections to 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 3: NILGOSC Director Elections Voting Direction North America



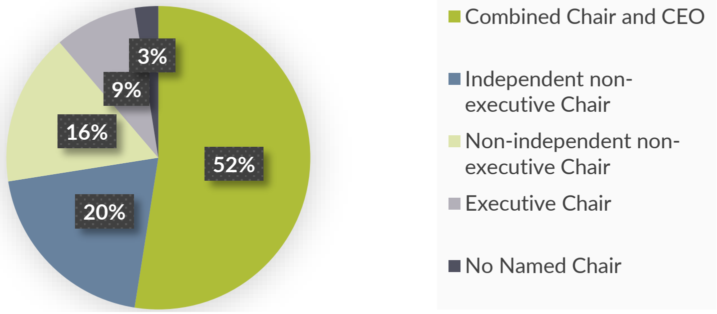
4.3.1 Executive Directors and Board Chairs

NILGOSC opposed 95.00% of board chair (re-)elections. The two most common reasons for opposition were independence concerns, typically due to the combined chair and CEO roles and serving in an executive capacity; and Minerva's Say on Sustainability Grade. The average general shareholder dissent on the (re-) elections of chairs and executive directors was 5.80% and 4.43% 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 to 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, 52.50% of companies in NILGOSC's North America portfolio combined the roles. Whilst 36.25% of companies had a non-executive chair, 44.83% 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 (Bank of Nova Scotia and NVIDIA Corp).

Figure 4: NILGOSC Board Chair Independence North America



4.3.2 Non-executive directors

NILGOSC opposed 35.63% 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 4.61%.

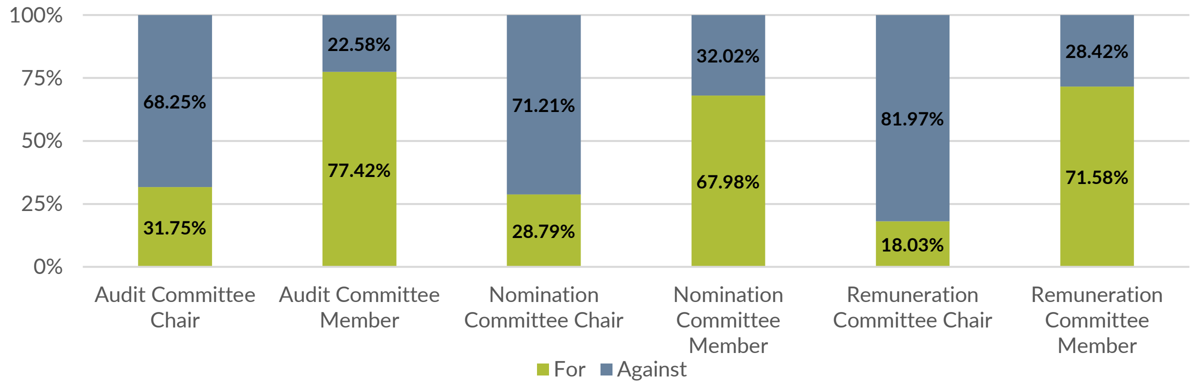
NILGOSC voted against 69.44% of lead independent director (re-)elections. The vast majority of cases were due to the nominee being considered non-independent or where the nominee chaired a committee and concerns were held with the committee's oversight functions, such as remuneration structure and disclosure issues. Lead independent director (re-)elections received average dissent of 9.66%.

Table 5: High Shareholder Dissent – Directors North America

COMPANY	DIRECTOR	DISSENT	OUTCOME	NILGOSC VOTE	COMMENTS
Netflix Inc	Timothy Haley	67.78%	Passed	**Withhold**	The nominee was considered non-independent and served as Chair of the Remuneration Committee. Ongoing concerns were also held with remuneration. Due to the use of plurality voting on director elections, Haley was re-elected despite the high level of shareholder dissent.
Netflix Inc	Ann Mather	43.92%	Passed	**Against**	The nominee held a significant number of other directorships.
Oracle Corp	George Conrades	35.44%	Passed	**Against**	The nominee served as Chair of the Remuneration Committee and ongoing concerns were held with remuneration.
Oracle Corp	Naomi Seligman	32.39%	Passed	**Against**	The nominee was non-independent, and the Board was insufficiently independent.
Danaher Corp	Walter Lohr	32.12%	Passed	**Against**	The nominee was non-independent, and the Board was insufficiently independent.

4.3.3 Board Committees

Figure 5: NILGOSC Board Committees Voting Direction North America



As Figure 5 shows, NILGOSC is generally more likely to vote against the chair of a committee rather than its individual members. The chairman 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 7.62%, with nomination committee chairs receiving 8.95%, remuneration committee chairs 7.79%, and audit committee chairs 6.06%.

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 a notable number of remuneration committee chairs.

4.4 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 who were serving as executive officers at the end of fiscal year. The entitlement of the directors to remuneration is not conditional upon the approval of this resolution. However, most companies who 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 (and none below board level). There is no regular opportunity available to vote on non-executive director remuneration in North America.

Companies are required to have a 'say on pay' vote at least every three years, with the frequency to be voted on by shareholders. This resolution is proposed in accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act 2010, which requires quoted companies to provide shareholders with a non-binding shareholder advisory vote on named executive officers' compensation at least once every three years. 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, only one company held a vote during the year compared to six in the previous year. NILGOSC voted in accordance with good practice recommendations and supported the annual frequency; the annual frequency was successful.

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

North American remuneration policies typically contain many practices seen as unacceptable in other markets, such as the UK. 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 13.74% on remuneration report.

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 three say on pay votes in the region that were defeated, the same number in the previous reporting period. Netflix has received high dissent on remuneration in consecutive years, including a defeat in 2019, while Electronics Art Inc has now suffered two consecutive remuneration defeats, indicating the boards of the two companies have not fully addressed shareholder concerns.

Table 6: High Shareholder Dissent – Remuneration Reports North America

COMPANY	DISSENT	OUTCOME	NILGOSC VOTE	COMMENTS
Netflix Inc	73.08%	**Defeated**	**Against**	Concerns included no ESG related performance targets in incentive pay, performance conditions did not apply to long-term incentive awards and had a short vesting period, excessive termination provisions and a lack of response to shareholder concerns.
JPMorgan Chase & Co	69.00%	**Defeated**	**Against**	Concerns included stretching targets had not been set for the annual bonus and long-term incentives, no upper bonus cap for certain of the executive directors has been set, and special one-off retention awards had been granted to the executives.
Electronic Arts Inc	60.02%	**Defeated**	**Against**	Concerns included a lack of alignment between executive and shareholder interests, performance conditions did not apply to all long-term incentive awards, a high level of incentive pay available including a larger than normal LTIP grant during the year, excessive termination provisions and lack of response to s/holder concerns.
Amazon.com Inc	44.16%	Passed	**Against**	Concerns included no ESG related performance targets in incentive pay, lack of response to shareholder concerns, long-term incentive awards are not subject to performance conditions, a high level of incentive pay available, and excessive termination provisions.

4.4.2 Incentive Pay

Approval (or re-approvals) of Long-term Incentive Plans (LTIPs) attracted average general shareholder dissent across the market of 12.02%. NILGOSC voted against all LTIP resolutions. Two companies received over 20% dissent: Intuitive Surgical Inc and Oracle Corp. The most common issues for NILGOSC's oppositional votes were a high individual participation limit or no upper limit disclosed, a short vesting and/or performance period, incomplete disclosure on performance conditions, a lack of disclosure on dilution limits, and the fact that non-executive directors could participate in the scheme.

4.5 AUDIT & REPORTING

4.5.1 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. This is largely a non-contentious item within the region given the highly stringent regulatory and compliance requirements imposed on the auditors and companies to safeguard auditor independence by the US Securities and Exchange Commission. Auditor (re-)election resolutions attracted average shareholder dissent of 3.38% and NILGOSC voted against 96.10% 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 EU, 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.

4.5.2 Reports and Accounts

Only five 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 Europe and are therefore required to submit their report & accounts for shareholder approval. The resolutions received average dissent of 0.26% and NILGOSC opposed four of the report & account approvals due to sustainability disclosure concerns.

4.6 SHAREHOLDER RIGHTS

4.6.1 Shareholder Rights

NILGOSC voted against three resolutions seeking shareholder approval of an amendment of the articles of association. The article amendment opposed at Bilibili Inc concerned the ability to hold virtual only shareholder meetings. Historically, institutional investors have been opposed to the use of virtual meetings and view the AGM as an important forum at which the Board is publicly accountable. Whilst investors have backed the online switch during the pandemic, there may be concerns as to whether this temporary pandemic-related measure will become the new normal. Some organisations have started to develop practical suggestions on how virtual meetings can be held in a way that leverages technology to enfranchise shareholders. For example, the International Corporate Governance Network (ICGN) has published a discussion paper on the future of annual general meetings. There could be an expectation that companies will utilise hybrid meetings – a mix of online and physical - when the opportunity arises. NILGOSC will support article amendments seeking the ability to hold virtual meetings provided the articles state virtual only meetings will be held only in exceptional circumstances, such as due to coronavirus-related restrictions.

NILGOSC also opposed two resolutions at Sea Ltd and Shopify Inc which sought to establish multiple capital classes with differential voting rights. NILGOSC believes that all shareholders should be treated equally, and that companies' ordinary shares should provide one vote for each share, and companies should facilitate the owners' rights to vote.

4.7 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 166 shareholder resolutions in the North America portfolio during the reporting period, this compares to 64 last year. This year the US Securities Exchange Commission ("SEC") had a significant impact on the number of shareholder proposals coming to a vote in the market. Following the SEC's release of Staff Legal Bulletin No. 14L in November 2021, US-listed companies are faced with a significantly lower likelihood of obtaining approval to exclude shareholder proposals from the voting agenda meaning a greater number of proposals came to a vote in the 2022 AGM season. Additionally, in July 2022, the SEC proposed further amendments to the substantive bases for the exclusion of shareholder proposals which narrows company ability to exclude shareholder proposals from meeting agendas.

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.

This year shareholders continued to put forward proposals on sustainability concerns, with proposals relating to human rights & workforce and environmental practices (including climate change) the most numerous. Proposals concerning shareholder rights received the highest level of support.

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 22.86% compared to 30.33% in the previous year. NILGOSC supported nine successful proposals, representing 5.42% of all shareholder proposals voted. In the previous reporting period NILGOSC supported nine successful proposals out of 67 proposals (13.85%).

Figure 6: Shareholder Proposals – North America

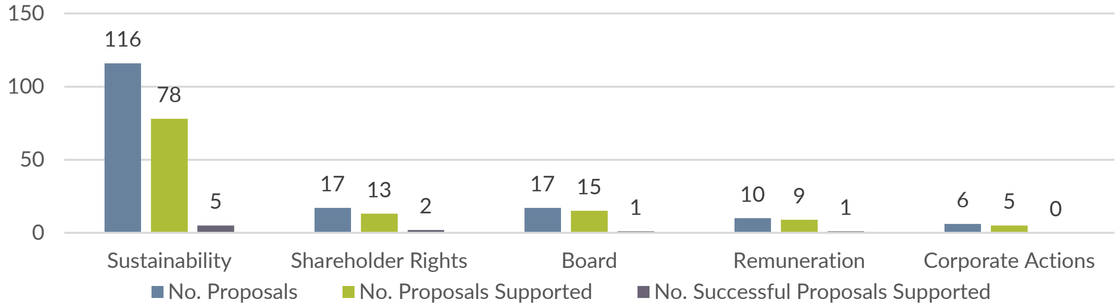


Table 7: Shareholder Proposals in North America

SUSTAINABILITY	In the Sustainability category there were 116 shareholder proposals and 50 related to human rights & workforce issues. These proposals covered topics such as gender & ethnic pay gap reporting, employee diversity disclosure, racial equity audits, and human rights policy and practices, and NILGOSC supported 30 of such proposals. These proposals received average support of 23.54%. There were 22 proposals concerning environmental practices, of which NILGOSC supported 16. These proposals covered topics such as climate change, water risk management and use of plastics. The environmental proposals received 22.13%% average support. There were 16 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 32.45% and NILGOSC supported all such proposals. The remaining proposals covered various ESG issues, including online content governance, board ESG expertise, responsible tax practice, animal welfare, charitable donations, and how pharmaceutical companies intend to take public financial support for the development of COVID-19 vaccines into account when making decisions that affect access to such products. NILGOSC supported 16 of the remaining proposals in this category. NILGOSC supported five successful Sustainability shareholder proposals, two requested enhanced disclosure on political activity (Dollar General Inc and Netflix Inc), one requested the adoption of science-based climate targets (Costco Wholesale Corp), one requested a third-party racial justice audit (Johnson & Johnson Inc), and one asked for a report on the effectiveness of workplace sexual harassment policies (Microsoft Corp).
BOARD	11 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 31.88%, including one successful proposal at NortonLifeLock Inc. There were three proposals concerning proxy access (the right for shareholders to nominate directors) and three asking boards to consider appointing an employee representative director.
CORPORATE ACTIONS	There were six shareholder proposals in the Corporate Actions category and the resolutions received average support of 3.84%, the lowest support rate of all categories. All six resolutions related to matters regarding company purpose and strategy. The resolutions requested the companies to transition to a public benefit corporation. NILGOSC supported five of the proposals.
SHAREHOLDER RIGHTS	The shareholder rights proposals supported by NILGOSC consisted of the right for shareholders to call a special meeting (8), recapitalisation plans to introduce the one-share, one-vote principle (3), the removal of supermajority voting provisions (1), of the right for shareholders to act by written consent (1). Shareholder rights-related proposals received average support of 31.07%. NILGOSC supported two successful proposals in the Shareholder Rights category. One of the proposals requested the removal of supermajority voting requirements and the introduction of the simple majority voting standard (Netflix Inc), and the other requested the adoption of the right to take action by written consent (Electronic Arts Inc).
REMUNERATION	There were 10 remuneration related shareholder proposals; such resolutions averaged 26.66% support and one was successful. NILGOSC supported nine proposals, and these concerned five proposals asking the remuneration committee to consider employee pay and conditions when setting executive compensation, two asking for strengthened share retention requirements and/or shareholding guidelines, one on adjustments to performance conditions and a successful shareholder proposal asking for a shareholder vote on severance pay at Abbvie Inc.

5. EUROPE

5.1 SUMMARY

- During the reporting period, there were 14 shareholder meetings in the Europe portfolio held by 13 companies, resulting in 245 resolutions.
- NILGOSC voted in opposition to management on 88 (35.92%) of 245 management proposed resolutions.
- All management proposed resolutions passed.
- There were no resolutions put forward by shareholders in the Europe portfolio during the period under review.

5.2 DISSENT BY RESOLUTION CATEGORY

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

Table 8: NILGOSC Dissent by Resolution Category Europe

CATEGORY	RESOLUTIONS	NILGOSC DISSENT	AVERAGE SHAREHOLDER DISSENT*	NILGOSC ACTION
Board	119	26.89%	3.56%	The majority of NILGOSC's oppositional votes concerned director elections. NILGOSC also opposed board committee appointments when independence concerns were held.
Capital	42	35.71%	2.43%	NILGOSC opposed 62.50% of share issue authorities and 40.00% of share buyback authorities.
Remuneration	40	62.50%	7.24%	NILGOSC opposed 91.67% of remuneration reports and 100% of remuneration policy approvals. NILGOSC also voted against 40.00% of resolutions to approve the amount to be paid to an individual executive or a collective.
Audit & Reporting	32	43.75%	1.16%	NILGOSC voted against 53.85% of auditor (re-)elections and 50.00% of report & accounts resolutions.
Shareholder Rights	8	12.50%	0.26%	NILGOSC voted against one article amendment concerning director fees due to concerns with the increase in fee rates proposed.
Corporate Actions	3	0.00%	2.27%	NILGOSC voted in-line with management on all corporate actions-related resolutions.

** Based on NILGOSC portfolio and voting results availability. There was one resolution in the 'Other' category. The resolution was to conduct any other business presented at the AGM of Novartis AG, as no shareholders proposed any agenda item for consideration the resolution was withdrawn.*

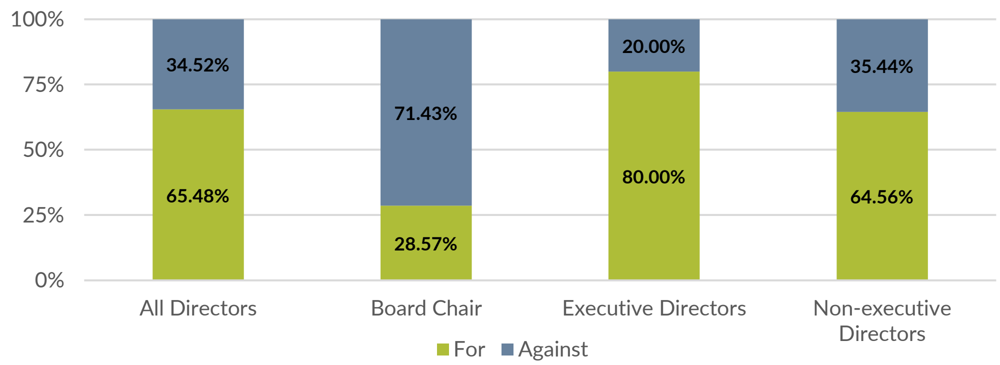
5.3 BOARD

The table below sets out an element of different governance principles in Europe regarding board composition:

Table 9: Europe 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, although there are no 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 certain markets, such as Austria and Germany, the supervisory board must consist of both employee representatives and directors elected by shareholders.
ITALIAN SYSTEM	Italian companies may choose a system comprising the board of directors and the board of statutory auditors. The board of statutory auditors undertakes monitoring functions, including of 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 7: NILGOSC Director Elections Voting Direction Europe



5.3.1 Executive Directors and Board Chairs

NILGOSC voted against 71.43% of board chair elections in the Europe region. The most common policy concerns related to chair independence, such as serving as combined CEO and chair or having previously served as the CEO. NILGOSC also held the chair accountable for concerns regarding board evaluation, including a lack of regular external evaluations.

NILGOSC voted against 20.00% of executive directors with the majority of cases being where the director also served as the chair of the board. NILGOSC considers board chairs should serve in a non-executive capacity and be demonstrably independent. NILGOSC also voted against executive directors where the nominee sat on a key board committee, which NILGOSC considers inappropriate for an executive. The average dissent for board chairs and executive director (re-)elections was 9.47% and 4.25% respectively.

5.3.2 Non-Executive Directors

NILGOSC voted against 35.44% of non-executives standing for (re-)election and the average general shareholder dissent was 3.57%. The common reasons for NILGOSC's oppositional votes were concerns regarding a non-executive director's independence and composition of the board and/or committee, or where the director served on a committee and there were concerns with the committee's functioning. Other factors considered included instances where a nominee held a significant number of other directorships thereby raising aggregate time commitment concerns and/or where the individual did not attend as many board meetings as expected.

Table 10: High Shareholder Dissent – Directors Europe

COMPANY	COUNTRY	DIRECTOR	DISSENT	OUTCOME	NILGOSC VOTE	COMMENTS
SGS SA	Switzerland	Kasper Rørsted	20.78%	Passed	**Against**	The nominee held a significant number of other directorships and had independence concerns.
Geberit AG	Switzerland	Ian Gallienne	16.22%	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.
Kone Oyj	Finland	Board Slate Election	15.09%	Passed	**Against**	NILGOSC believes that shareholders should be entitled to vote on the election of each director separately and will generally oppose slate elections.
Allianz SE	Germany	Albert Baehny	10.85%	Passed	**Against**	NILGOSC considers that company boards should display a clear division of responsibilities at the top and were concerned that the nominee served as CEO prior to being appointed as Chair. Concerns were also held with the level of independence on the Board and its Committees.
Allianz SE	Germany	Florian Stetter	8.79%	Passed	**Against**	The nominee served as Chair of the Audit Committee and concerns were held with the level of disclosure provided on the non-audit services approval process.

5.4 REMUNERATION

Across Europe the 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 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 10 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.

5.4.1 Remuneration Reports and Remuneration Policies

NILGOSC opposed 91.67% of remuneration reports and all remuneration policies voted on in the European region. The average general shareholder dissent was 11.09% and 9.03% respectively.

Table 11: High Shareholder Dissent – Remuneration Reports and Remuneration Policies Europe

COMPANY	COUNTRY	DISSENT	OUTCOME	NILGOSC VOTE	COMMENTS
Nestlé SA (Report)	Switzerland	27.30%	Passed	**Against**	Concerns included weak alignment of directors' and shareholders' interests, incomplete disclosure of performance conditions, and the high level of incentive pay available and awarded during the year.
Deutsche Telekom AG (Report)	Germany	21.43%	Passed	**Against**	Concerns included incomplete disclosure of performance conditions, the high bonus cap, potentially excessive severance provisions, lack of disclosure regarding dilution, and use of extraordinary bonus awards.
Kering SA (Policy)	France	15.05%	Passed	**Against**	Concerns included incomplete overlap between variable pay performance metrics, concerns that targets are not stretching, lack of a post departure share retention policy, lack of disclosure, and the high level of incentive pay available.

5.4.2 Remuneration Amount

In certain EU markets shareholders have the ability to vote on the individual and/or aggregate amounts paid to directors. For example, in France shareholders are provided with a binding vote on the variable and exceptional remuneration granted to an executive during the financial year. While in Switzerland shareholders have a binding vote on the aggregate fixed and variable remuneration paid to the board of directors and the executive committee.

There were 15 votes in total, 10 of which concerned aggregate approvals and five of which concerned individual approvals. Overall, NILGOSC opposed 40.00% of the resolutions and the average dissent level was 5.48%. No resolution received significant dissent during the reporting period.

5.5 AUDIT & REPORTING

5.5.1 Reports & Accounts

NILGOSC opposed 53.85% of resolutions to approve the report & accounts in Europe and the average general shareholder dissent was 0.53%.

The common issues contributing to NILGOSC oppositional votes were cases where; NILGOSC considered the level of sustainability disclosure provided by a company to be inadequate, there were no disclosures to indicate that non-executive only meetings took place, the company had not conducted an external board performance evaluation within the last three years and/or did not provide disclosure regarding whether a board performance evaluation process was in place.

5.5.2 Auditor Elections

NILGOSC opposed 7 of 14 auditor (re-)election resolutions in the European market. The most common reasons for opposition related to instances where the auditor provided non-audit services however there was no disclosure on the Audit Committee's policy in relation to the allocation of non-audit work, and there was no disclosure to indicate the external auditor has taken account of climate risks in their report. Auditor (re-)election resolutions received average shareholder dissent of 2.15% in the European portfolio.

5.6 CAPITAL

5.6.1 Capital Authorities

NILGOSC opposed 62.50% of share issue authorities sought in the European region and such resolutions received average shareholder dissent of 4.16%. 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 dis-apply 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 in respect of share capital increases without pre-emption rights exceeded NILGOSC's policy guidelines (10% of the share capital) or that duration of the authority was considered too long (more than three years).

NILGOSC opposed 40.00% of resolutions allowing companies to make market purchases of their own shares. Concern regarding creeping control was a factor in each of the buyback authorities opposed by NILGOSC, with concern over the size of an authority's maximum purchase price also a common issue as well as the existence of a capital class which included a deviation from the principle of one-share one-vote. The average general shareholder dissent on share buybacks was 3.35%.

6. JAPAN

6.1 SUMMARY

- NILGOSC voted on 136 resolutions at 11 AGMs in the Japan portfolio during the period under review.
- An overwhelming majority of Japanese companies prepare their accounts to a year end of 31 March, and Japanese corporate law stipulates that companies must hold a shareholder meeting within three months of the year-end. Due to this the majority (54.55%) of AGMs were held in the month of June.
- NILGOSC voted in opposition to management on 33 (24.26%) of 136 management proposed resolutions. All management proposed resolutions passed.
- There were no resolutions put forward by shareholders in the Japan portfolio during the period under review.

6.2 DISSENT BY RESOLUTION CATEGORY

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

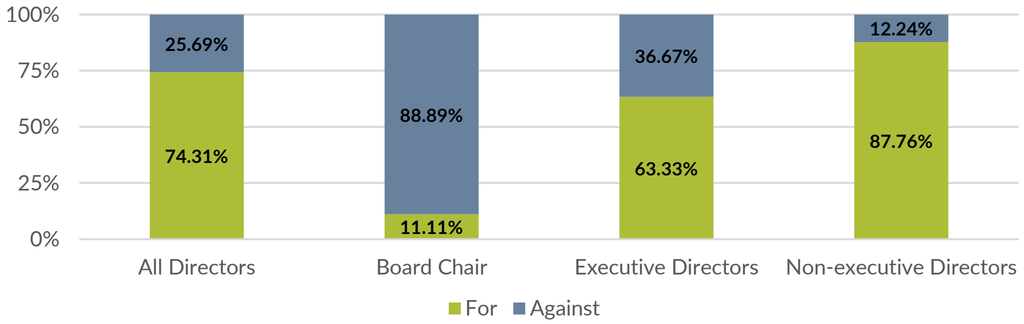
Table 12: NILGOSC Dissent by Resolution Category Japan

CATEGORY	RESOLUTIONS	NILGOSC DISSENT	AVERAGE SHAREHOLDER DISSENT*	NILGOSC ACTION
Board	115	25.22%	3.44%	All of NILGOSC's oppositional votes in the board category concerned director elections. The most common cause was board independence concerns.
Shareholder Rights	10	10.00%	2.15%	NILGOSC voted against one resolution seeking approval to amend the articles of association in relation to virtual-only meetings.
Audit & Reporting	7	0.00%	1.81%	NILGOSC voted in-line with management on all audit & reporting-related resolutions.
Remuneration	3	100.00%	1.14%	NILGOSC voted against all remuneration-related resolutions.
Capital	1	0.00%	0.64%	NILGOSC voted in-line with management on all capital -related resolutions.

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

6.3 BOARD

Figure 8: NILGOSC Director Elections Voting Direction Japan



In line with market good practice NILGOSC set its independence requirement at one-third independent directors in the Japan market. NILGOSC registered its dissent in cases where there were too few independent non-executive directors on companies' boards by opposing the (re-)election of executive directors and non-independent non-executive directors.

NILGOSC opposed 88.89% of board chair elections in the Japan market. The most common reasons for opposition were that the chair was considered non-independent, typically because the chair served in an executive capacity; and the board had insufficient independent representation. NILGOSC also held the board chair accountable in instances where concerns were held with sustainability reporting. Chair (re-)elections received average shareholder dissent of 6.59% and executive director (re-)elections 4.06%.

NILGOSC opposed non-independent directors who sat on board committees where committee composition concerns were held, as well as non-independent corporate auditors where the statutory auditor board was not majority independent. Non-executive directors averaged 2.94% dissent and corporate auditors 1.43%.

Table 13: High Shareholder Dissent – Directors Japan

COMPANY	DIRECTOR	DISSENT	OUTCOME	NILGOSC VOTE	COMMENTS
Pan Pacific International Holdings Ltd	Isao Kubo	23.10%	Passed	**Against**	The nominee was non-independent, and the Board was insufficiently independent.
Shimano Inc	Yozo Shimano	20.52%	Passed	**Against**	The nominee served as combined CEO and Chair and concerns were held with Board composition and sustainability disclosures.
Shimano Inc	Taizo Shimano	17.20%	Passed	**Against**	The nominee was non-independent, and the Board was insufficiently independent.
Shimano Inc	Takashi Toyoshima	13.85%	Passed	**Against**	The nominee was non-independent, and the Board was insufficiently independent.
Pan Pacific International Holdings Ltd	Naoki Yoshida	12.38%	Passed	**Against**	The nominee was non-independent, and the Board was insufficiently independent.

Table 14 summarises Japanese board structures.

Table 14: Japan Board Structures

BOARD STRUCTURE	EXPLANATION
CORPORATE AUDITORS SYSTEM	This is the dominant structure in Japan. The board of directors has ultimate responsibility for administration of the company's affairs and monitoring of the execution of business by directors. Companies with this system are not obliged to appoint an independent director, although company law requires companies to provide an explanation if none are appointed and the Governance Code recommends boards to have at least two independent directors. The board of corporate auditors must include some outside corporate auditors and is independent of the company's finance and reporting functions. The corporate auditors make decisions concerning audit policies, duty assignments and other relevant matters. Each corporate auditor attends board of directors' meetings and other important meetings, audits the execution of duties by the directors and reports to shareholders.
COMMITTEE SYSTEM	This system is based around a unitary board with audit, nomination and remuneration committees given the authority to make decisions on issues including candidates for the board, audits concerning the business execution of directors and executive officers, and compensation for directors and executive managing directors. Under the committee system, the directors are primarily responsible for the oversight of management. This system resembles the board structure seen in the UK and other markets and an increasing number of companies are adopting it.
SUPERVISORY SYSTEM	In this structure, a supervisory committee comprised of three or more directors, with a majority of outside directors, audit the management of the company instead of a corporate auditor board. Such directors have a term of office of two years, rather than the one-year term for other directors and are appointed by shareholders separately from other directors. Supervisory committee members are also directors and can therefore vote at board meetings.

6.4 REMUNERATION

There were three remuneration-related resolutions in the Japan market, two concerned director fee limits and one concerned LTIP awards. NILGOSC voted against all three resolutions due to a lack of individualised remuneration disclosure and the non-disclosure of the performance conditions used under LTIPs. The remuneration resolutions received average dissent of 3.43%.

7. REST OF THE WORLD

7.1 SUMMARY

- During the reporting period, NILGOSC voted at 92 events at 52 companies. There were 51 AGMs, 31 EGMs, five OGMs, four GMs and one Court Meeting.
- NILGOSC voted in opposition to management on 308 (38.31%) of 804 resolutions.
- NILGOSC voted against five defeated resolutions in the region. Three concerned remuneration report approvals, one concerned aggregate director fees and one requested the installation of a fiscal council.
- There were no resolutions put forward by shareholders in the Rest of the World region during the period under review.

7.2 DISSENT BY RESOLUTION CATEGORY

Table 15 below notes the number of resolutions opposed by NILGOSC as a percentage by resolution category.

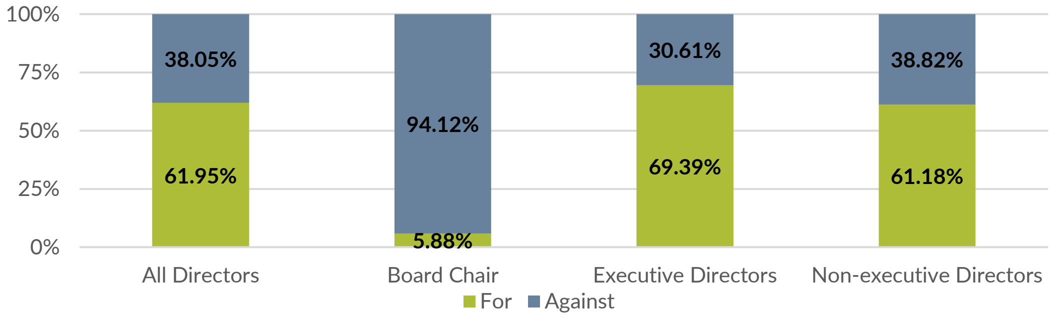
Table 15: NILGOSC Dissent by Resolution Category Rest of the World

RESOLUTION CATEGORY	RESOLUTIONS	NILGOSC DISSENT %	AVERAGE SHAREHOLDER DISSENT*	NILGOSC ACTION
Board	296	31.08%	5.58%	The majority of NILGOSC's oppositional votes in the category related to director election resolutions where NILGOSC had concerns with the composition of the board or with the individual director candidate.
Audit & Reporting	157	67.52%	2.36%	NILGOSC opposed 88.04% of report & account resolutions and 70.00% of auditor (re-)elections.
Shareholder Rights	109	3.67%	8.58%	NILGOSC opposed resolutions to amend the articles of association due to insufficient disclosures provided by the company in respect of the proposed amendments.
Remuneration	106	78.30%	4.95%	NILGOSC voted against 75% of remuneration reports and 90.91% of LTIP resolutions in the region. In addition, NILGOSC opposed 79.59% of non-executive remuneration resolutions.
Capital	86	22.09%	4.90%	NILGOSC opposed 57.14% of share buybacks and 30.43% of resolutions to issue shares. NILGOSC also opposed four dividend resolutions where the dividend was not covered by earnings.
Corporate Actions	47	6.38%	3.18%	NILGOSC opposed two resolutions seeking approval of the provision of external guarantees to subsidiaries due to the potential exposure to unnecessary risks relative to its ownership stake without compelling justification
Sustainability	3	33.33%	0.05%	NILGOSC opposed a resolution seeking to approve Grupo Aeroportuario Del Pacifico SAB de CV's public objectives in environmental, social and governance structure matters for the year 2030 due to a lack of transparency of the company's net-zero transition plan.

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

7.3 BOARD

Figure 9: NILGOSC Director Elections Voting Direction Rest of the World



NILGOSC voted against 16 of 17 board chair (re-)election resolutions and shareholder dissent averaged 5.13%. The most common issues were that the board chair was not independent, and no lead independent director had been appointed; 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 or when the executive director also served as chair of the board. Executive directors averaged general shareholder dissent of 2.25%.

In the India market companies combine the resolution to elect an executive to the board with the approval of their contractual entitlement to remuneration. NILGOSC voted against executive elections in the market where concerns were held with the nominee's proposed remuneration terms.

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 36.18% of non-executive directors standing for (re-)election. The average general shareholder dissent on non-executive directors was 2.83%.

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 16: High Shareholder Dissent – Directors Rest of the World

COMPANY	COUNTRY	DIRECTOR	DISSENT	OUTCOME	NILGOSC VOTE	COMMENTS
Clicks Group Ltd	South Africa	David Nurek	38.49%	Passed	**Against**	The nominee was considered non-independent, and concerns were held with the level of independence on the Board and its Committees.
Tencent Holdings Ltd	Hong Kong	Dong Sheng Li	17.06%	Passed	**Against**	The nominee held a significant number of other directorships, was non-independent and sat on key committees.
Motherson Sumi Systems Ltd	India	Takeshi Fujimi	17.03%	Passed	**Against**	The nominee had board meeting attendance concerns.
Tencent Holdings Ltd	Hong Kong	Ian Charles Stone	16.73%	Passed	**Against**	There was no say on pay resolution and the nominee served as Chair of the Remuneration Committee and concerns were held with remuneration structure.
WEG SA	Brazil	Fiscal Council Slate	15.60%	Passed	**Against**	NILGOSC believes that shareholders should be entitled to vote on the election of each director separately and will generally oppose slate elections.

7.4 REMUNERATION

7.4.1 Remuneration Reports

NILGOSC voted against three of four (75%) remuneration report approvals in the Rest of the World and against both remuneration policy resolutions voted on in the region. Common policy concerns contributing to against votes included policy concerns and a lack of disclosure on performance targets. NILGOSC voted against three remuneration report resolutions that were defeated, at Clicks Group Ltd, Capitec Bank Holdings Ltd and Locaweb Servicos de Internet SA.

Table 17: High Shareholder Dissent – Remuneration Reports Rest of the World

COMPANY	COUNTRY	DISSENT	OUTCOME	NILGOSC VOTE	COMMENTS
Clicks Group Ltd	South Africa	64.27%	**Defeated**	**Against**	Concerns included incomplete disclosure of performance conditions, lack of disclosure on incentive pay limits and a high level of incentive pay granted during the year, and no share ownership requirements.
Locaweb Servicos de Internet SA	Brazil	61.97%	**Defeated**	**Against**	Concerns included a lack of individualised disclosure on remuneration and incomplete disclosure of performance conditions.
Capitec Bank Holdings Ltd	South Africa	55.75%	**Defeated**	**Against**	Concerns included incomplete disclosure of performance conditions, lack of disclosure on incentive pay limits and a high level of incentive pay granted during the year, and no ESG related performance targets in incentive pay.

7.4.2 Level of Director's Fees

NILGOSC voted against 79.59% 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 take informed voting decisions. The resolution to set the annual global compensation of managers and members of the Fiscal Council at Locaweb Servicos de Internet SA was voted down by shareholders; NILGOSC opposed the resolution due to disclosure concerns.

7.4.3 Incentive Pay

NILGOSC voted against 30 of 33 LTIP resolutions due to concerns regarding the disclosure on the plan's operation and the length of the vesting and performance conditions applicable to executive awards. The LTIP resolutions received average dissent of 2.74%. Three resolutions received over 10% dissent, two requests for authority to issue share awards at DBS Group Ltd and the grant of restricted share awards at Taiwan Semiconductor Manufacturing Company Ltd. NILGOSC had concerns regarding the upper limit on individual participation in respect of the long-term incentive plans at both companies.

7.5 AUDIT & REPORTING

7.5.1 Report & Accounts

NILGOSC voted against 88.04% of report & account approvals and such resolutions averaged 2.69% 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.

7.5.2 Auditor Elections

NILGOSC opposed 21 of 30 (70.00%) 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; a lack of disclosure regarding audit and non-audit fees; and the provision of material non-audit related services. Auditor (re-)election resolutions received average shareholder dissent of 1.81%.

7.6 CAPITAL

NILGOSC voted against 30.43% of requested share issue authorities in the region with the primary reason being that the authority, or aggregate authority, sought for the dis-application of pre-emption rights exceeded 10% of the share capital. Share issue resolutions received average dissent of 14.61%. There were six authority requests opposed by NILGOSC that received over 10% dissent and all of these were at companies listed on the Hong Kong market.

NILGOSC opposed 57.14% of proposals to allow a company to make market purchases of its own shares and such resolutions received average dissent of 0.43%. 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.

NILGOSC also opposed management on four dividend approvals because the proposed dividend was not covered by earnings.

8. SUSTAINABILITY 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 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.

8.1 TCFD RECOMMENDATIONS

The G20's Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) has developed voluntary, consistent climate-related financial risk disclosures to help investors, lenders, insurers, and other stakeholders understand, measure and respond to climate change risks. Since its launch, the TCFD has become the de facto climate framework for global regulators. The TCFD framework recommends companies to 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 has been a TCFD signatory since 2020, and supports 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 majority (57.25%) of the companies that held an AGM which NILGOSC voted on during the reporting period making a specific reference to the TCFD framework and alignment with the disclosure pillars. The highest percentage of companies reporting against the TCFD was in the Europe (76.92%), followed by Japan (70.00%), North America (57.89%) and finally Rest of the World (47.83%).

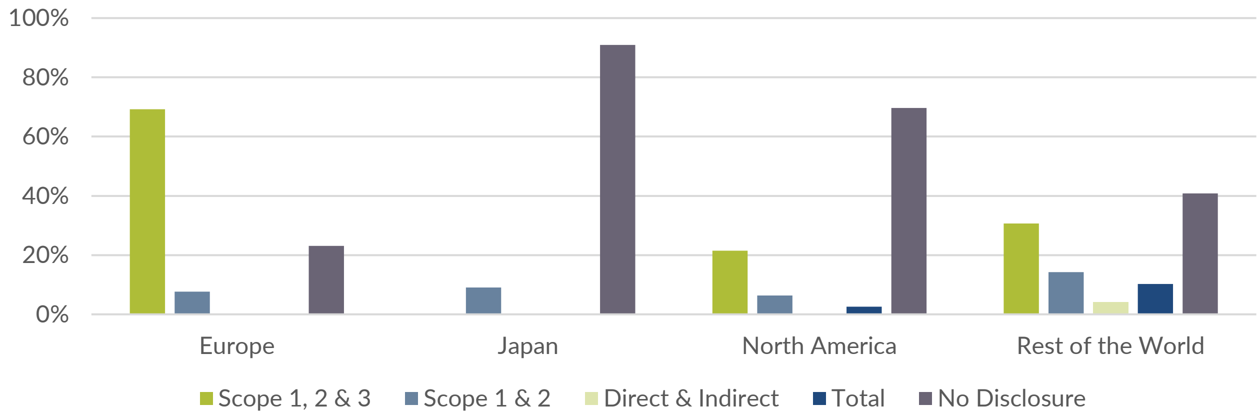
8.2 CARBON DISCLOSURE

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

- No disclosure of emissions data was highest amongst Japan-based organisations, with 90.91% making no statement of any nature. In Japan, whilst the majority of companies (70.00%) did reference the TCFD framework in its annual reporting, there are timeliness issues in the disclosure of carbon data. 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.

- From the perspective of industry trends, disclosure of scope 1, 2 & 3 emissions were most notable amongst the 'Banks' group, which could be due to the high regulatory standards. No disclosure of any kind was highest among 'Software' companies, including several large companies such as Adobe Inc (48%, C), Cloudflare Inc (10%, E) and Shopify Inc (31%, D). Although Shopify Inc had gone to the effort of producing a sustainability report for their stakeholders, the data contained was of comparatively poor quality and detail. However, they have taken steps to build a sustainable company, including committing to carbon neutrality within the last year.
- Scope 1, 2 & 3 emissions reporting rates were found highest amongst European companies (69.23%), whilst disclosure of Scope 1 & 2 only was highest in Asia (14.29%). The Rest of World had the highest proportion of companies providing total emissions only (10.20%).

Figure 10: Regional Carbon Disclosure



Only two companies disclosed direct and indirect emissions this year: China Merchants Bank Co Ltd (Rest of the World) and UPL Ltd (Rest of the World). Their location and industry appear to show no particular trend. Direct & indirect emissions comprise 100% of emissions from activities by a company and also include emissions from certain other activities, such as contracted drilling activities. Whilst the companies did disclose all required data as per IPIECA guidelines for reporting greenhouse gas emissions, their method of disclosure prevents comparisons with other companies.

9. 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 therefore 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.

The 2021 and 2022 voting seasons continued to be impacted by the coronavirus pandemic. The outbreak of coronavirus caused companies to rethink their arrangements for 2020 corporate meetings due to the introduction of restrictions and guidance on movement, travel, public gatherings, and self-isolation; this resulted in the postponement and rescheduling of meetings and a move to virtual meetings. In comparison, 2021 and 2022 saw fewer meetings postponed as companies and shareholders were better prepared for the changed environment and operational challenges.

The coronavirus pandemic has however continued to cause severe economic and social costs globally and the world and business landscapes have changed. Consequently, boards and investors are facing new and challenging decisions. NILGOSC believes the impact of the coronavirus crisis also presents an opportunity for businesses to focus on their ESG impact and performance as society prepares for the post-pandemic recovery.

Climate risks have tangible financial implications for institutional investors, which gives them a key role to play in driving progress in the transition to a low-carbon world. As the risk of climate inaction becomes clear, investors have begun calling for proactive climate-related disclosures, moving away from retroactive, year-end climate reporting. Companies have come under increasing pressure to align their business models with the Paris Agreement climate goals, which call for global warming to be capped at 1.5°C compared with pre-industrial levels.

In August 2021, the Intergovernmental Panel on Climate Change (IPCC) published the first instalment of its sixth assessment report. The report found that it is unequivocal that human influence has warmed the atmosphere, ocean and land, and human-induced climate change is already affecting many weather and climate extremes in every region across the globe. Climate change is already impacting economies and markets today.

There have been two recent developments in climate stewardship that aim to give shareholders a direct say over a company's climate stewardship:

1. More prominent use of climate-related shareholder proposals; and
2. The emergence of the Say on Climate initiative.

As a result of these developments, shareholders have found themselves voting on a record number of climate-related resolutions in 2021 and 2022 and it is likely that 2023 will continue this trend. This is reflected in the material increase in the number of shareholder proposals and sustainability-related resolutions voted by NILGOSC during the reporting period compared to last year. The proliferation in the number of shareholder proposals highlights the increasing importance of voting on shareholder proposals in stewardship.

In total, NILGOSC voted contrary to management recommendation on 42.86% of resolutions, demonstrating an active approach to voting.

NILGOSC's dissent is broken down as follows:

- 40.58% of management sponsored resolutions were voted contrary to management recommendation; and
- 72.29% of shareholder sponsored resolutions were voted contrary to management recommendation.

NILGOSC's dissent has increased by 9.54 percentile points from last year's dissent level of 33.32% and is 36.55 percentile points higher than general shareholders. Average general shareholder dissent also increased, 6.31% compared to 4.88% in the previous year. Accordingly, NILGOSC's dissent level continues to stand significantly higher than the average shareholder.

Two key factors have contributed to the increase in dissent. Firstly, due to a change in composition of the global portfolio, NILGOSC did not hold shares in any UK & Ireland companies meaning no votes were cast in the region by NILGOSC this year and this region has historically had the lowest level of dissent. Secondly, there has been an increase in the number of shareholder proposals voted on; 166 compared to 68 in the previous year. The actual proportion of resolutions proposed by shareholders has increased from 3.06% of resolutions to 7.19% of resolutions this year. Shareholder proposals tend to receive a higher level of dissent from NILGOSC and from shareholders in general and therefore increase overall dissent levels.

Notably, resolutions which NILGOSC opposed management on received 9.26% dissent, more than double the dissent for resolutions where NILGOSC supported management (4.08%). 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 10 management-proposed resolutions that were defeated (inclusive of two say-on-pay frequency votes in the US) during the reporting period. NILGOSC voted against six remuneration reports that were voted down by shareholders. The resolutions occurred at Capitec Bank Holdings Ltd, Clicks Group Ltd, Electronic Arts Inc, JPMorgan Chase & Co, Locaweb Servicos de Internet SA, and Netflix Inc.

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

- **Sustainability**: two proposals requesting enhanced disclosure on political activity (Dollar General Inc and Netflix Inc), one proposal requesting the adoption of science-based climate targets (Costco Wholesale Corp), one proposal requesting a third-party racial justice audit (Johnson & Johnson Inc), and one proposal asking for a report on the effectiveness of workplace sexual harassment policies (Microsoft Corp).
- **Shareholder Rights**: one proposal requesting the removal of supermajority voting requirements (Netflix Inc), and one proposal requesting the adoption of the right to take action by written consent (Electronic Arts Inc).
- **Board**: one proposal requesting a policy requiring the chair be an independent director (NortonLifeLock Inc).
- **Remuneration**: one proposal asking for a shareholder vote on severance payments (Abbvie Inc).

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, board and remuneration resolutions accounted for 64.75% (2022: 67.43%) 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.

NILGOSC's dissent in the audit & reporting category has notably increased and now accounts for a fifth of all NILGOSC's dissent votes. A key factor in the increase is due to NILGOSC voting against auditor appointments where there was no disclosure to indicate the external auditor has taken account of climate risks in their 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.

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 the Northern Ireland Local Government Officers' Superannuation Committee to ensure that the quality and focus of this scrutiny is maintained by professional investors.