



Nest's UK voting and engagement guidelines

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About this document

Nest owns assets, including shares in UK companies, on behalf of our members. These shares give us a say in how companies are run through voting rights and engaging with companies on how they operate. We believe sound corporate governance and companies that consider their impact on society and the environment have a better chance of sustaining long-term economic success which supports better investment outcomes for our members. Nest believes voting and engaging with companies can help support positive behavioural change and build good relationships and trust with companies. Our responsibilities as a global asset owner and signatory to the [Financial Reporting Council's Stewardship Code](#) means we execute stewardship across all of our assets globally in the interest of our members. For us to undertake our stewardship responsibilities effectively companies need to exercise their disclosure obligations to a high standard. Comprehensibility of information is a critical input into our stewardship process, and we look for consistency and high-quality explanations on matters that are material to a company.

The changes to the [Occupational Pension Schemes \(Investment\) Regulations 2005](#), which came into effect in October 2019, broadened the definition of stewardship to 'engagement and voting'. We see these two aspects as being linked and complementary. Although voting is limited to equity holdings, engagement can apply across all asset classes. Our guidelines are drafted with both these functions in mind to demonstrate that Nest applies both voting and engagement to send signals to companies, develop understanding, and drive behavioural change in the long-term interests of our members.

Scope

This document sets out our high-level beliefs on the issues Nest votes and engages on with UK-listed companies we invest in. Every year Nest commits to review its voting and engagement guidelines to ensure our research, viewpoints, and regulatory changes on governance and sustainability issues are factored into the way we vote and engage with our investee companies. This document is supplemented by our global voting and engagement guidelines, which sets out our views and expectations of best practice corporate governance and sustainability reporting and our guiding principles for voting and engagement for all companies. Whilst we advocate that all companies we invest in adhere to progressive standards of behaviour and reporting, we recognise that the regulatory framework and business culture in other regions may promote different standards requiring a more tailored approach to stewardship. We aim to engage on similar issues with companies/investments in other asset classes, including in private markets.

There are a number of issues where our expectations don't directly translate into an obvious voting outcome or we determine that voting is not the most appropriate method to voice concern. In these instances, we would expect that engaging with the company to communicate our views is more effective. We've highlighted the instances where we're more likely to engage rather than vote on a resolution. We also include engagement guidelines for certain principles to demonstrate how our voting and engagement activity is linked. Nest is supportive of the [UK Corporate Governance Code](#) and expects UK-listed companies to adhere to the Code or to provide a reasonable justification for not complying with individual sections of the Code.

Who is this document for?

The main audiences for this document are the companies Nest invests in and the fund managers we work with. The document sets out expectations to company directors on how Nest expects them to be structured and behave and we use it to engage with our fund managers on the issues important to Nest and our members. It may also be of interest to our members, stakeholders, and employers with a detailed interest in the means by which Nest acts as a steward of its assets.

Our guidelines are informed by the [UK Corporate Governance Code](#) and the [Pensions and Lifetime Savings Association voting guidelines](#) with which we are broadly aligned.

How to read this document

The text box at the beginning of each section introduces each guideline area where we set out some of our high-level views. We then provide a more detailed summary of the principles we uphold in each area. Under the

heading 'voting/engagement guideline' we indicate how we would engage and/or vote on each principle. Towards the end of the document we have set out sector specific principles and voting guidelines. These illustrate different or more stringent expectations on risk and performance for companies in certain sectors.

How Nest applies its voting guidelines

Nest takes its responsibilities as an asset owner seriously. Currently we invest in segregated and pooled funds managed by external managers. As clients and long-term partners, we work closely with our fund managers to help support good corporate behaviour.

Our fund managers exercise our voting rights on our behalf in accordance with their own voting policies. Part of our procurement process for choosing fund managers involves ensuring their voting policies are sufficiently rigorous and voting decisions are executed thoughtfully.

Having our own guidelines enables Nest to document our position and expectations to our fund managers on good corporate behaviour. We use it to hold our fund managers to account on the decisions they make. It also helps us identify differences in how they vote to how we would vote on a particular issue. Having our own viewpoints in place and having healthy discussion and debate with our fund managers on voting helps us achieve better outcomes collectively.

We would always seek to vote and engage in the interest of our members and encourage our fund managers to consider our guidelines in their voting decisions. While our views will generally be aligned with our fund managers', there will be times we adopt a different approach on some areas. Where this is the case, we are able to 'override' our managers' votes for a subset of high-priority companies. This means that we can have a direct say in our investee companies on matters we feel strongly about. Having clearly articulated voting and engagement guidelines also supports Nest in participating in the wider debates on markets and corporate behaviour.

Guidelines on key areas

Corporate leadership



The board and executive leadership team are responsible for setting the 'tone from the top'. This ensures the business is acting in the long-term interests of its shareholders and other stakeholders. We believe companies are more likely to sustain their performance when boards lead their organisations in ways that benefit people in the whole organisation, not just a select few.

Performance is also more sustainable when senior leaders achieve their goals within a framework of professional ethics and integrity.

Boards should have an appropriate level of independence from management. Individual board members should each be competent, persuasive, open-minded, professional, and sound in judgement. The board as a whole should be diverse in terms of gender, ethnicity, and experience. We believe diversity of thought contributes to better decision making.

Principle	Voting/engagement guideline
Leadership and conduct	
Sound ethics, values, and professional integrity help to support consistent decision making and behaviour. Attaining high standards of behaviour and ensuring these standards are filtered across organisations should be an ongoing objective of senior leaders. We expect the board to create a reliable and effective decision-making culture. This should include whether the organisation's objectives and activities are framed in ways that promote ethical behaviour and prevent unethical behaviour.	We support the chair and board where we see values, ethics and purpose set at senior level and instilled across the company. We support the chair, chief executive, and chair of the remuneration committee where we see appropriate oversight of key decisions and activities.
We expect the board to monitor, assess and evaluate the organisational culture and ensure it is working to effectively deliver the company's values, strategy and objectives.	We may engage with boards to encourage reporting on how they set expectations to achieve a strong organisational culture.
In line with the UK Corporate Governance Code, we expect companies to seek out the views of their key stakeholders and describe in their annual reports how their interests and the matters set out have been considered in board discussions and decision making.	We may engage with boards on how they seek out the views of their key stakeholders and how this affects decision-making.
For engagement with the workforce, the UK Corporate Governance Code states that one or a combination of the following methods should be used: › A director appointed from the workforce; › A formal workforce advisory panel; › A designated non-executive director. If the board has not chosen one or more of these methods, it should explain what alternative arrangements are in place and why it considers that they are effective.	We may vote against the re-election of the chair where a company does not have an appropriate workforce engagement mechanism in place. This includes having an appropriate process for appointing a workforce director (if relevant).

Principle	Voting/engagement guideline
Separation of chair and chief executive roles	
We do not expect to find combined roles without good reason. When roles are combined, organisations may struggle to offset the risks associated with one individual having this level of power and access to information. Where roles are not separated there could be an over-reliance on one individual to provide this counterbalance, such as the senior independent director. This will take their time and focus away from the matters normally related to their role.	We may vote against the re-election of the chair of the nomination committee and/or the individual in question if the positions of chair and chief executive are combined without good reason.
Board culture	
We expect the chair to create a constructive culture that facilitates effective non-executive director behaviour. This includes challenging and providing support while remaining independent from the executive board. We expect non-executive directors to look beyond day-to-day issues and provide independent and balanced advice. Powerful and persuasive communication skills are needed, especially when there is shareholder disagreement with the board or during times of company difficulty.	We may vote against the re-election of the chair where there is evidence of poor board culture that impedes the effective discharge of non-executive duties. We may vote against the re-election of one or more non-executive directors where the board fails to appropriately mitigate and respond to significant company events.
Director independence	
We expect to find at least half the board comprising independent non-executive directors. We support the definition of independence as set out in the UK Corporate Governance Code. Independent non-executive directors are more likely to offer challenging questions and perspectives where there are no relationships or circumstances that could interfere with independent judgement. We support a three-committee structure of nomination, audit and remuneration committee and a fully independent audit and remuneration committee.	We may vote against re-election of the chair, chair of the nomination committee, or other board members where we doubt the board's overall independence. We may vote against the chair of the audit committee where it is not fully comprised of independent members. We may vote against the chair of the remuneration committee where it is not fully comprised of independent members.
The role of the chair to the overall success of the board is paramount. We believe the chair's position should rotate after nine years on the board. This should generally be the case for other non-executive directors.	We may not support the re-election of the chair after nine years. Where other non-executive directors have served on the board for more than nine years, we will evaluate whether there is a reasonable justification on a case-by-case basis.
Effectiveness	
Boards are more effective when all directors play full parts and take collective responsibility. An effective	We may vote against the re-election of the chair of the nomination committee or other board members

Principle	Voting/engagement guideline
board will be characterised by diversity, including the way they think, their gender and ethnicity, and what each can contribute. We support progressive approaches to encouraging difference so as to avoid group-think. The board and its committees have the capacity to discharge their duties more effectively and debate more constructively when there is breadth of expertise, knowledge, and skill. Personality and cultural differences can positively impact on the way a group thinks. Individual board members should each be competent, persuasive, open-minded, professional, and sound in judgement. The purpose, priorities and skill contribution of each director should be clear to shareholders. We welcome boards conducting a regular self-assessment and an independent evaluation.	where we have significant doubts about the effectiveness of the board's overall composition. We may vote against the appointment or re-election of any director where we doubt their capacity for contribution, or where the appointment seems not to clearly meet a skill set need.
Nomination	
When there are vacancies, companies should assess the potential need for diversity to increase or maintain a broad mix of thought and flow of ideas that contribute to more effective decision making. The nominations committee should ensure that there is a diverse pipeline of candidates suitable for board and senior management positions.	We may vote against the re-election of the chair of the nomination committee if there is no indication of momentum or progress to increase diversity on the board where it is needed.
A focus on succession planning places appointments, retirements, and replacements at the heart of long-term board effectiveness. Boards should be comfortable that plans are in place for orderly succession appointments to the board and to senior management, so as to maintain an appropriate culture, balance of skills and experience within the company and on the board, and to ensure progressive refreshing of the board.	We may vote against the chair of the nomination committee and/or the chair of the board if an appropriate succession plan has not been put forward.
Director re-election and commitment	
We do not believe annual contracts are a cause of short-term thinking. Good directors are motivated by the challenge of leadership. This makes us favour annual elections for all directors.	We do not support non-annual elections without convincing explanation and justification.
Part-time non-executive directors need to allocate significant time to their roles in order to be able to ask challenging questions based on a sound knowledge of the business. They will also need to dedicate the time needed to address the significant information asymmetries between themselves and full-time executive directors. Increasing regulation, compliance, and complexity has changed the context and tempo of directing.	We generally do not support non-executive directors taking on more than four directorships in total or two chairmanships at listed companies. We will vote against directors that attend fewer than 75% of meetings without good justification.

Principle	Voting/engagement guideline
Immersion in directing is now essential for effective stewardship of today's large companies.	
Full-time executive directors with significant external professional commitments are unlikely to be fully effective.	We generally do not support full-time executive directors taking on a chairmanship or more than one non-executive directorship.
Diversity & inclusion	
A company should have a policy on board diversity. We believe diverse boards in terms of gender, background, experience, education, qualifications, and ethnicity can improve the quality of decision making and we support progressive approaches to encourage these differences. We are supportive of seeing diversity in all forms encouraged and progressed throughout the executive pipeline and wider workforce. A focus on diversity and inclusion can also help to legitimise both the board and company. We support further reporting on all aspects of diversity and inclusion of the board and wider company. As well as ethnicity, we would be interested in understanding the backgrounds, experiences, and skills of people that make up the workforce and hearing from companies on how they think their actions in promoting and achieving a diverse and inclusive workforce on many levels is contributing to its success.	We may vote against the re-election of the chair of the nomination committee if a company fails to disclose a meaningful policy on board diversity which should include setting targets for gender and ethnic diversity across senior levels of the organisation. We support boards that have a company-wide diversity & inclusion policy or demonstrate how the board policy filters across the workforce by setting the 'tone from the top'. We will engage with companies to encourage further reporting on all forms of diversity & inclusion throughout the company.
Gender diversity	
To help ensure companies develop their female talent in the executive pipeline, we expect companies to meet the FCA's targets on board gender diversity set out in its Listing Rules and report annually on a "comply or explain" basis: › At least 40% of the board are women › At least one of the senior board positions (chair, chief executive officer, senior independent director, or chief financial officer) is a woman Where companies have not met these thresholds, they should report why they have not achieved this level and publicly state how they plan to further increase women's representation. As members of the 30% Club UK Investor Group, we expect FTSE 100 companies to be working towards 50% female representation in executive committees and the next management level below the executive committee.	We may vote against the re-election of the chair of directors or chair of the nomination committee if a company does not meet the FCA's targets and listing rules without a reasonable explanation, and where there is no indication of positive momentum or progress of electing more women to the board. We may engage with laggard companies to work towards gender parity at executive committee level. Where we identify a lack of meaningful progress without reasonable explanation, we will consider voting against the re-election of the chair of directors or chair of the nomination committee.

Principle	Voting/engagement guideline
Ethnic diversity	
In line with the recommendations of the Parker Review and FCA targets on ethnic diversity set out in its Listing Rules, we expect companies to have appointed at least one board director from an ethnic minority background, and demonstrate momentum in appointing additional ethnic minority directors to the board. In line with FCA's expectations we would expect to see a policy outlining a strategy to address ethnic minority underrepresentation in the executive management. In addition, we encourage the recognition of gender diversity in the appointment of ethnic minority directors to the board.	We may vote against the re-election of the chair or chair of the nomination committee at companies who have no board directors from an ethnic minority background, without reasonable explanation. In line with the Parker Review we will engage with companies to set their own targets for ethnic minority representation at senior management level and reach them by the end of 2027.

Risk management and sustainability



We believe a co-ordinated move to improve corporate sustainability can fundamentally change the way companies behave and do business.

Changing geopolitics, globalised workforces, growing public and investor concern over business impacts on environment and public health are increasingly impacting companies’ long-term profitability. Many high-profile corporate scandals on issues such as poor pay practices and poor management of health and safety have shone a spotlight on the many other risks that impact companies’ performance. There is an imperative for change and a strong case for companies to improve and report on their sustainability practices. We believe this gives companies a higher chance of sustaining long-term economic success.

‘Sustainability’ concerns a company’s environmental, ethical, and social performance. Understanding companies’ sustainability builds a more complete picture of the quality of a company’s corporate strategy, risk management and general conduct.

Principle	Voting/engagement guideline
Risk oversight	
The board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. Risk governance should ensure risks are understood, managed, and, when appropriate, communicated. Boards should explain to shareholders how they approach overseeing and managing risks. Boards should confirm in the annual report they have carried out a robust assessment of the principal risks facing the company, including those that would threaten its business model, future performance, solvency, or liquidity. This should include environmental, social, and governance risks.	We will generally not support the annual report where the most relevant principal risks are not being disclosed. We may also vote against members of the audit & risk committee where there is evidence of a lack of risk oversight from the board.
The UN Global Compact (UNGC) principles are a set of 10 core values derived from international treaties and conventions that protect the rights and interests of people and planet that guide companies to operate responsibly and sustainably in the areas of human rights, labour, the environment, and anti-corruption.	We expect companies to comply with the UN Global Compact principles or equivalent global frameworks. We may vote against directors at companies that breach the principles and do not take credible corrective action. We will also take action concerning companies in breach of these principles as outlined in our UNGC position. Where a company has undergone a severe controversy, not solely limited to the areas covered by the UNGC, and there is limited evidence of correct action, we may choose to vote against the re-election of the relevant committee chair, or other directors.

Principle	Voting/engagement guideline
Sustainability reporting	
We believe sustainability factors have the potential to materially impact a company's future prospects. This means we expect the annual report to include details of material sustainability risks and how these are managed and incorporated into strategic reporting. It is important this information is publicly accessible and independently verified. We are also supportive of companies that participate in stakeholder initiatives that aim to increase quality and transparency around sustainability risk reporting. Companies need to communicate to shareholders how sustainability risks are being managed and the changes relating to these risks in a timely fashion. Where a risk has materialised during the reporting year, the board should communicate how the company is responding. We promote the timely disclosure of sustainability performance through engagement with companies. We support initiatives designed to encourage standardised metrics across sustainability reporting.	We are unlikely to support a resolution to receive the report and accounts where we believe that a company does not disclose information in relation to environmental, employment, social, and community risks. This should include the process for assessing, addressing, measuring, and monitoring the present and ongoing nature and development of such risks. We are more supportive of boards that provide disclosures of progress against relevant sustainability key performance indicators (KPIs).
Climate change	
We believe that climate change is a systemic risk that affects the whole economy. We have therefore developed a climate change policy that sets an ambition to limit warming to 1.5C by reaching net zero emissions by 2050 or sooner. We expect companies in all sectors to disclose how they are managing their contribution to and impacts from climate change. We set out our expectations for companies in high-impact sectors in our sector-specific policies at the end of this document. We expect the board to take ownership for climate risk, for example by the audit and risk committee or sustainability committee.	Where a company does not have a strategy for addressing climate change risks and/or where it has not reported on progress, we may vote against the annual report and accounts or the chair of the sustainability committee (where applicable) in the first instance. Where there is no board level responsibility for climate change, concerns raised in previous years have not been addressed, and/or where the company has materially scaled back (parts of) its climate strategy without adequate explanation, we may vote against the chair of the board. We may engage with the highest emitters in our portfolio through our external managers, directly or through initiatives like ClimateAction100+. We will support shareholder resolutions, where reasonable, that call on companies to disclose more information on how they manage climate change risks.
We welcome boards voluntarily putting forward 'Say-on-climate' advisory resolutions that seek shareholder approval of the organisation's climate transition plan. We prefer to see climate transition plans put to a shareholder vote at least once every three years or sooner if the company is making updates to its plan.	We will review 'Say-on-climate' votes on a case-by-case basis. At a minimum, we expect to see the following: › A commitment to net zero emissions by 2050 › A description of the governance and accountability mechanisms › Disclosure of scope 1, 2, and material scope 3 emissions › Short-, medium- and long-term targets and milestones, including for scope 1, 2, and material

Principle	Voting/engagement guideline
	scope 3 emissions that are in line with an appropriate scientific pathway for the sector › A description of how targets link to business planning, including capital allocation decisions › A description of the wider environmental and social impacts of the transition plan. Where companies' transition plans do not meet the criteria above, we may vote against the plan. We may vote against the chair of the board where the company has not committed to put forward an updated plan after three years without reasonable justification.
We expect companies to incentivise their executives to work to address climate change risks and opportunities through appropriate remuneration and welcome the use of specific climate change KPIs such as GHG emissions reduction targets as part of executives' variable compensation packages.	We will also engage with companies about including climate change KPIs in their executive remuneration policies and may vote against remuneration-related resolutions where we are concerned that companies are failing to appropriately incentivise their executives to meet their climate change goals.
Natural capital	
Natural capital is an economic term for different stocks of natural assets which include clean air, water, forests, soil, and all living things which provide a wide range of ecosystem services which make human life possible. The loss of natural capital is a systemic risk that will put a drag on economic growth and may impact investment risk and returns. We encourage companies that have a high dependency or impact on natural capital to disclose meaningful and consistent data on the impact and vulnerabilities to natural capital loss, where possible in line with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). Natural capital loss and climate change are closely interlinked. The loss of natural capital is likely to increase the severity and rate of climate change which in turn leads to more natural capital loss. We expect investee companies to consider and minimise where possible their impacts on natural capital loss.	We may vote against the chair of the sustainability committee where there is evidence that the company has caused harm to the environment. Where there is no board committee with responsibility for environmental issues, or concerns raised in previous years have not been addressed, we may vote against the chair of the board. We may engage with companies whose operations or products drive natural capital loss through investor coalitions such as Nature Action 100, which sets out expectations related to company ambition, assessment, targets, implementation, governance, and engagement. We will generally support shareholder resolutions that aim to improve reporting and reduce impacts and dependencies on natural capital.
Deforestation is a key driver of natural capital loss. Primary and tropical forests provide crucial ecosystem services, a natural habitat that supports significant biodiversity, and are significant carbon sinks that help to mitigate climate change. We expect companies in sectors with a high-risk of deforestation¹ to have made a commitment to reduce deforestation, and set out a strategy of how to address deforestation in their operations and supply chains.	We will generally vote against the chair of the sustainability committee at companies in high-risk sectors that don't have clear sustainable land use and deforestation policies or equivalent. Where there is no board committee with responsibility for deforestation, or concerns raised in previous years have not been addressed, we may vote against the chair of the board.

¹ These include agriculture and forestry, energy, materials, capital goods, consumer goods, retail, food and beverages, and utilities.

Principle	Voting/engagement guideline
Cyber security	
With an increasing amount of business taking place online, cyber security is an issue for all companies. Cyber risks are complex in nature and fast changing. We therefore expect boards to have regular and constructive discussions with the Chief Information Security Officer (CISO) or whomever is responsible for cyber security. We support the National Cyber Security Centre's (NCSC) board toolkit to help generate the right discussions between board members and CISOs and increase awareness of key topics in cyber security. We expect boards to be well informed and obtain the necessary skills and knowledge to be able to discuss and act upon cyber security information. We expect companies in high-risk sectors to provide assurance in disclosures that appropriate policies are in place to prevent, detect and respond to cyber breaches within the company and its supply chain.	We may vote against the chair of the nominations committee or chair of the board if there is no clear board-level oversight for cybersecurity. Where cyberattacks have been proven to have occurred and boards were found to have acted inadequately and/or had no relevant expertise or information access, we may vote against the chair of the audit committee or chair of the board in more serious cases.
Artificial Intelligence	
Artificial Intelligence (AI) is creating new capabilities and risks with wide-ranging potential impacts on businesses and society. Companies developing and deploying AI must establish adequate governance frameworks for AI and adhere to guidelines that ensure responsible AI use. We expect boards to thoroughly oversee AI-related risks and opportunities, integrating them into strategic planning. Companies should evaluate the role of AI in their risk profiles, addressing the main concerns outlined in international guidelines, such as the EU Artificial Intelligence Act or UK pro-innovation approach to AI regulation.	In cases where companies developing and/or deploying AI fail to establish adequate oversight, risk assessment, or guidelines around AI, we may vote against the re-election of the chair of the audit or risk committee. We may vote against the re-election of a director where there is evidence of societal harm around the company's development and/or deployment of AI and companies have failed to take appropriate remedial action.
Workforce	
The people who constitute a company's workforce are in many cases a firm's most valuable asset. There is evidence that well engaged, stable, and trained workforces operating in a supportive environment are likely to be more committed and productive which drives long-term business success. We are supportive of the Workforce Disclosure Initiative (WDI) that asks companies to disclose information about how they manage risks and harness opportunities in their direct workforce and supply chains. Reporting on the following metrics provides investors with an understanding on how a company is managing its workforce: › the composition of the workforce › the stability of the workforce › the skills and capabilities of the workforce › investment in training and development	We support companies that provide disclosure on their workforces and are supportive of the WDI. Where we have concerns with a company's reporting on its workforce we may vote against the annual report and accounts. We may engage with companies that have not responded to the Workforce Disclosure Initiative.

Principle	Voting/engagement guideline
› employee engagement › health and safety, including both physical and mental wellbeing. We support companies that follow the Transparency in Supply Chains Guidance issued by the Home Office.	
Human rights	
We expect the board and senior management to have clear oversight of human rights issues and processes in place to address how they are intertwined into the organisation's strategy and operations, including across their entire value chains. The board should have an appropriate escalation process to be informed in a timely manner of any significant human rights issues. Organisations should be able to demonstrate how they have embedded the UN Guiding Principles on Business and Human Rights in their internal policies and processes and disclose these publicly. We consider the findings of global initiatives which measure company performance against human rights indicators. We believe the UK Modern Slavery Act presents a step forward in promoting transparency in relation to company actions on modern slavery risks in its workforce and supply chains. It also ensures directors consider modern slavery risks by requiring the statement to be considered and signed by a board director.	We may vote against the chair of the sustainability committee or the chair of the board where companies do not have adequate policies and processes in place for managing human rights risks or have failed to effectively adopt the UN Guiding Principles on Business and Human Rights. We may engage with companies that do not adequately disclose the actions taken to ensure there is no modern slavery in their business or supply chains each year, in accordance with the UK Modern Slavery Act. Nest is a signatory to the Votes Against Slavery campaign, which engages UK-listed companies that do not comply with the section 54c reporting requirements of the Modern Slavery Act.
Political engagement and donations	
In general, we do not support companies making donations to political parties or political candidates. However, we recognise there are legitimate circumstances where it may be in the interests of a company and its shareholders to support UK and EU political organisations concerned with policy review and law reform, or sector-specific special interest groups. We will consider resolutions that seek authority to make donations to such bodies on a case-by-case basis. We believe companies should ask their shareholders to approve donations regardless of whether the political expenditure is for the UK or an overseas jurisdiction. We generally support charitable donations where there is an appropriate justification, including financial soundness of the arrangement.	We will normally vote against any authority that would allow companies to make donations to political parties. Unless there is a clear justification, we will not support UK and EU 'political' expenditure. where the authorisation: › is longer than four years, however best practice is that approval should be sought on an annual basis › is more than £75,000 › does not provide assurance that no donations to political parties will be made. We may vote against the report and accounts where shareholders' funds have been used to make political donations without shareholder approval. We may engage and/or vote against directors where we believe that a company's lobbying activities or

Principle	Voting/engagement guideline
We expect companies to be transparent about their political engagement, including lobbying activities with regards to material ESG issues. On climate change specifically, we expect companies to regularly assess whether the climate change activities of the industry bodies they are part of are aligned with their own climate change policies.	activities as part of industry bodies are misaligned with their public position on broader ESG issues. We will generally support shareholder resolutions that ask companies to prepare a report on their lobbying activities.
Tax management	
Tax practices can potentially lead to heightened reputational risk for companies. There are also increasing regulatory and litigation risks as governments take a more active stance on aggressive corporate tax behaviour. Such risks can have material long-term financial implications. The level of tax planning advice provided by the external auditor can indicate a client with an aggressive tax planning focus. A large proportion of non-audit fees can threaten independence and provides an indication of the level of resources spent by the company on tax planning. We do not support boards where tax services form a significant proportion of non-audit fees. We also look out for boards that treat tax as a potential or significant risk for the company.	We support companies that are committed to tax transparency by following the GRI 207 tax reporting standards and presenting to investors and stakeholders a consistent, complete, and accurate profile about their tax operations around the world, particularly in jurisdictions with high financial secrecy as highlighted by the Tax Justice Network. We also encourage accreditation to the Fair Tax Foundation. Where a company's external auditor also provides services in relation to tax and the value of such services is of a significant proportion of the audit fee (25%), we may vote against the audit committee chair.
Bribery and corruption	
Companies should have a zero-tolerance policy towards bribery and corruption. They should be committed to doing business ethically with proper anti-corruption programmes in place that systematically investigate and report corruption incidents. We also expect the remuneration committee to include bribery and corruption in the malus and clawback policy. A number of indicators can provide an insight into whether the necessary due diligence is in place. This may include communications from senior management, a whistleblowing policy, the use of KPIs and their link to remuneration. The quality of disclosure to shareholders in the annual report can also provide insight into due diligence.	Where a board failed to act on information available to it at the time, and bribery occurred as a consequence, we will vote against any board members who sat on the board at the time the bribery occurred. We may engage with companies where we have concerns about their due diligence or corruption risk management processes.

Reporting and audit



Investors rely on financial statements and reporting to tell them how companies are doing. Having an independent and unbiased audit helps us trust what we're told by the company. If we can't trust what the company is saying about how it is being run, then we cannot be confident about investing.

Auditors express an opinion on how far a company's financial statements and reporting are 'true and fair'. They also provide a view on effectiveness of the companies' internal controls and governance processes around financial reporting.

Audit committees are made up of members of a company's board and are responsible for overseeing financial reporting. This includes making sure there are appropriate checks on the financial reporting systems in place and that the appointed auditor is independent of the company's management.

Principle	Outcome/voting guideline
Informative and future-orientated reporting	
The annual report is an opportunity for directors to communicate in a meaningful way on their stewardship of the company to investors. We believe high quality and informative narrative reporting supports an improvement in investor: › decision-making › voting and engagement with the board › confidence and continued long-term financial investment in the company. We believe the strategic report within the annual report needs to represent: › a balanced and comprehensive analysis of the company's performance and prospects › a forward-looking outlook › an informative description of principal risks and uncertainties facing the business › analysis using appropriate financial and non-financial key performance indicators. We believe the viability statement within the annual report provides boards with the opportunity to conduct a narrative qualitative assessment of the long-term health of the company. It can also integrate business planning with managing the key risks, in addition to the going concern statement. We expect the look-out period to be longer-term but right for the company.	We may vote against the resolution to approve the report and accounts where reporting does not provide accurate or clear guidance on the principal risks and uncertainties. We may vote against resolutions to approve the report and accounts where discussions of internal controls do not include appropriate levels of detail and substantiation.
The board's report on risk management and internal control should provide shareholders with a clear understanding of the processes employed, including strategic, safety, operational and compliance and control risks. 'Boilerplate' statements and simply	We are unlikely to support the resolution to receive the annual report and accounts when we hold concerns with the company's internal controls.

Principle	Outcome/voting guideline
complying with minimum disclosure requirements are unlikely to provide shareholders with reasonable assurance or meaningful information. This is also not enough to give shareholders assurance they are getting a true impression on how the company is managing risk.	
External audit independence	
Auditor independence is essential in order to discharge duties with integrity, objectivity, and professional scepticism. It is also in the interests of the shareholders that the audit process is free from management pressure and commercial conflicts. An independent audit process is one performed in the interests of the shareholders and free from management pressure and commercial conflicts. The financial incentives faced by the external auditor need to be managed so as not to influence their independence.	We may vote against the re-election of the chair of the audit committee where we doubt the independence of the external auditor.
Competition and re-tendering	
We believe in the re-tendering of the external audit contract at least every 10 years based on the 'comply or explain' approach in order to support robust standards. The introduction of re-tendering based on 'comply or explain' is an opportunity to invigorate wider choice within the audit market. We see this as vitally important. We believe competition in the audit market supports higher standards and encourage companies to look beyond the 'big four' when tendering for audit services.	We will not support the re-election of the external auditor if: › the auditor has been in place for more than ten years and no plans to put the audit service out to tender are disclosed, or › there is no evidence to suggest that a new appointment was put out to a competitive tender. Where the company's business model is not international, we do not support tenders that limit participation to the 'big four' auditors.
Audit fees	
We believe the level of fees earned by auditors for non-audit work can affect auditor objectivity. We will have significant concerns about external auditor objectivity where the ratio of non-audit to audit fees is close to, or greater than, 0.7. We believe companies should disclose in the annual report a breakdown of audit and non-audit related fees paid to the external auditors during the year.	We generally do not support resolutions on auditor re-appointments where non-audit fees exceed 70% of audit fees paid to an external auditor in any 12-month period.
Audit committee report	
Audit committees that act independently from management can provide additional confidence in the	We are likely to vote against the re-election of the chair of the audit committee where the audit

Principle	Outcome/voting guideline
integrity of the auditing process through the annual report. This could include more information on accounting judgements, on what basis their 'fair and true' assessment was decided, the reliability of the reported performance, and variability either side. We welcome a more critical and transparent approach that includes judgement, assessments and key decisions taken.	committee report fails to provide meaningful information to assist shareholders understand how the audit committee operates and the issues it addresses.

Reward



We are sceptical about the current level of executive pay in the UK and the way links are established between reward and performance.

Companies should pay no more than is necessary for the purpose of attracting, retaining and motivating directors of the quality required to run the company successfully.

Many of those who step-up to a board role will already be successful financially. Individuals stepping-up to a board director position are likely to be exercised by the puzzle and challenge of leadership and its achievement as much as pay. The heavy linking of pay to performance for already high achievers is unlikely to produce the motivational drivers that investors want executives to be energised by.

In our view, success is the result of the hard work by all workers, not just those within the executive team. We have seen no evidence that wide pay disparity between executives and those lower down creates sustainable economic performance within a company and wider society.

Principle	Outcome/voting guideline
Pay in context	
Executive pay should not be set in a vacuum but should be considered within the context of the overall experience of all workers and long-term success of the company. We expect the remuneration committee to have a high level of awareness and oversight of the remuneration policy of the entire company and understand how that fits with the desired corporate culture. The remuneration committee should be aware of pay levels in equivalent sectors, industries, and wider public concerns.	We may vote against the remuneration policy and the chair of the remuneration committee if the board does not consider overall worker pay when setting pay for executive directors.
Any potential increases to the level of salary should be considered in tandem with the effect this will have on overall quantum; for the majority of remuneration structures, increasing the salary will have a 'multiplier effect' on the overall level of remuneration. The Investment Association Principles of Remuneration advise that where remuneration committees seek to increase remuneration, salary increases should not be approved purely on the basis of benchmarking against peer companies.	Annual increases in salary should be ideally lower proportionally than general increases across the broader workforce. We may vote against the remuneration report where this is not the case and reasonable justification has not been provided.
Workforce remuneration	
Employee reward and benefits are a significant factor in determining and developing a company's culture. It is not always clear why directors' pensions accrue at a preferential rate compared to ordinary workers,	We may vote against the remuneration report if executives receive preferential pension treatment over other workers.

Principle	Outcome/voting guideline
or why some executive directors receive pay increases greater than elsewhere in the company. We want more information on pay, especially on workers lower down in the organisational structure. We are interested in increased disclosure on the makeup of the workforce and pay levels, including the proportion paid below the real Living Wage upheld by the Living Wage Foundation. We expect companies to publish gender and ethnicity pay gap and pay ratio information. We expect companies to be transparent in their reporting and not report on selective components to deflate their pay ratios.	We may engage with companies that do not match the real Living Wage as defined by the Living Wage Foundation, without reporting a good enough reason. We may vote against the remuneration report and chair of the remuneration committee of FTSE 100 companies that do not match the real Living Wage as defined by the Living Wage Foundation. We will monitor and look for explanations on excessively high pay ratios and treat them on a case-by-case basis. We may engage with companies that have been identified as failing to address large gender pay gaps.
Performance related pay	
The use of some reward metrics for executives makes pay packages more inflated than necessary, complex, less aligned with the interests of the company and contribute towards increasingly large income disparities in a company. In particular, we would like to see Long Term Incentive Plans (LTIPs) reflect sustained value creation for the company in the long term (at least five years). We prefer to see reward metrics linked to key performance indicators (KPIs) that are sufficiently stretching and help executives meet agreed corporate strategic objectives, and sustainability KPIs which lead to long-term value creation. These would align executive director behaviour with real performance and long-term value creation rather than share price or similar measures which may encourage excessive risk taking or poor decision making. We expect companies not to repurpose existing KPIs.	We may vote against LTIPs that pay out over less than five years. We may also vote against schemes that do not set pre-determined limits on share awards and are unnecessarily complex in design. We may vote against the remuneration policy and report where performance related pay is solely linked to share price performance. We may vote against the remuneration policy and report where performance targets are not sufficiently stretching. We may engage with companies about the need to incorporate sustainability related KPIs in their executive remuneration policies.
Multiple incentive schemes	
Simpler remuneration policies may help reduce the reliance of the remuneration committee on consultants and also improve communication with shareholders and the workforce. Multiple components increase the complexity of executive pay. Where remuneration has more than three core components — base salary, incentive plan, and pension — the remuneration report should explain what this is achieving and why this is needed.	We may vote against the re-election of the chair of the remuneration committee where there are a significant number of incentive schemes in operation resulting in an opaque and complex incentive structure.

Principle	Outcome/voting guideline
Aligning business aims and shareholder interests	
Where remuneration is used to align executive director behaviour with objectives, the remuneration committee should formulate objectives based on the aims of the business and shareholder interests. Shareholders differ widely in their characteristics and this potential diversity is likely to lead to a variety of interests. We expect companies to include a description of its malus and clawback provisions including: the circumstances in which malus and clawback provisions could be used, a description of the period for malus and clawback and why the selected period is best suits to the organisation, and whether the provisions were used in the last reporting period.	We may vote against the remuneration report or chair of the remuneration committee if the remuneration structure does not include malus or clawback provisions.

Capital



Existing shareholders collectively own the company, so companies should go to existing shareholders first for approval before undertaking certain transactions.

Principle	Voting/engagement guideline
Buying own shares	
We generally support proposals to return cash to shareholders that we believe enhance net asset value. We believe that the Investment Association (IA) Guidelines on Own Share Repurchase is an appropriate good practice standard for industry.	We generally support buy-back proposals that follow IA guidelines on Own Share Repurchase.
Pre-emption rights	
We believe that pre-emption is an important right. We believe that the pre-emption group Statement of Principles and IA guidance on Directors' Powers to Allot Share Capital and Disapply Shareholders' Pre-emption Rights provides a recognised basis of understanding between companies and investors.	We generally support share capital proposals that follow pre-emption group and IA guidelines.
Increase in share capital or preferred stock	
Companies need to establish and maintain an efficient capital structure. The IA's guidance on Directors' Powers to Allot Share Capital and Disapply Shareholders' Pre-emption Rights provides a basis of understanding between companies and investors on changes to share capital.	We generally support share capital proposals that follow IA guidelines.
Mandatory takeover bid Rule 9 waiver	
The requirement that a takeover bid be launched when a substantial percentage of the issued share capital has been acquired by one shareholder, or by shareholders acting in concert, is an important protection for minority shareholders.	We will generally vote against a Rule 9 waiver.
Dividends	
Dividend payments are a valued and relied on source of income for some shareholders and a source of financial discipline for corporate boards. We believe in	If we have concerns with a company's dividend cover and with the company's disclosure we may vote against the report and accounts.

Principle	Voting/engagement guideline
resolutions to approve the final dividend regardless of size. Good disclosure helps investors understand dividends as a source of sustainable returns within the context of the wider economic environment.	

Shareholder rights



Shareholder rights allow the shareholders of a company to have a say in how the company is run, to elect directors, approve major corporate actions, access information, participate in meetings, and propose resolutions, ensuring accountability and transparency in corporate governance.

Principle	Voting/engagement guideline
Share classes	
We support the 'one share, one vote' standard. Where companies have more than one share class, we expect to see a clear rationale for this, as well as additional protections for minority shareholders. We encourage companies to regularly review their share classes.	We may vote against the re-election of the chair if the company has implemented a multi-class capital structure without a reasonable, time-based sunset provision.² We will generally vote against proposals to create a new class of common stock where this deviates from the one share, one vote standard.
Major decisions	
We expect shareholders to have the right to vote on major decisions which affect their interest in the company. This includes the right to vote on a related-party transaction or a significant transaction.	We may vote against proposals that negatively impact shareholders' rights to vote on major decisions, such as: › proposals that give the board exclusive authority to amend the company's bylaws. › bundled resolutions that seek approval for two or more unrelated issues. › resolutions allowing the conduct of any other business. We may vote against the chair of the board where there hasn't been a vote on a related-party transaction or a significant transaction.
We support simple majority voting except at controlled companies where simple majority voting may disadvantage minority shareholders.	We will generally support the removal of supermajority voting provisions at non-controlled companies.
Shareholder proposals	
We highly value the right of shareholders to submit proposals to company general meetings. We generally support shareholder proposals that enhance shareholders' rights, are in the economic interests of shareholders, or support sustainability and good governance.	We will review proposals on a case-by-case basis. We are unlikely to support proposals on issues we believe directors or workers have already addressed and where the direction of change continues to be positive.

² A sunset provision is a clause that states that the arrangement will expire by a certain date. It is often used by companies during the initial public offering and allows for the transition to corporate governance standards for listed companies.

We are unlikely to support proposals that are not relevant to the ongoing success of the company.

Meetings

General meetings are an important opportunity for shareholders to engage with the board. They should be efficiently, democratically, and securely facilitated to enable constructive interactivity between the board and shareholders. We expect the board to allow for shareholders to ask questions or make comments to the board and management.

We believe that physical meetings provide an important forum for both institutional and retail shareholders to engage with the board and senior executives and hold them publicly accountable. Broadcasting meetings virtually can increase shareholder access, but this should complement physical meetings rather than replace them.

We are unlikely to support proposals to hold virtual-only meetings unless this is due to exceptional circumstances. Where a meeting is to be held virtually only, and there is no proposal on this matter, we may vote against the chair of the board.

Additional shareholder rights

We oppose company proposals that seek to limit the rights of shareholders, including the exclusive forum provisions to discourage shareholder derivative claims.

We will generally vote against proposals that seek to limit shareholder rights and support proposals that seek to provide additional rights to shareholders.

We do not support proposals that seek reincorporation, or a change of domicile based on lowering investor protection or to protect against being taken over.

We support the rights of shareholders to call a special meeting and act by written consent subject to an appropriate ownership threshold of 10%.

We will generally support proposals introducing the right to act by written consent or to allow shareholders owning at least 10% of the shares to call special meetings. We will also generally support resolutions to lower the threshold if it does not fall below 10%.

We expect companies to acknowledge and respond to significant shareholder dissent, which we define as a resolution at a company AGM which receives 20% or more votes against management.

Where a company has not sufficiently acknowledged and outlined how they will address shareholder dissent, we will consider voting against the re-election of the chair of the board of directors.

Sector-specific voting guidelines

We expect all companies in which we're invested to adhere to high standards of business practice. However, the level of ESG risk, business conduct and reputational risk can vary across sectors and the type of issues we address through our voting and engagement approach may be more applicable to some sectors than others.

We have therefore developed sector-specific principles and voting guidelines where we have different or more stringent expectations on ESG risk and performance for companies in certain sectors.

Banking sector

Principle	Voting/engagement guideline
Conduct and culture	
Appropriate conduct and culture of UK banks is relied upon by people and organisations around the world. The Bank of England has accentuated that UK banks are systemically important. They are regulated by the Prudential Regulatory Authority . Due to the scale of the nation's interest in long-term UK bank performance and the importance of conduct and culture to that, we believe the role needs to be placed with a dedicated board member as well as rest with the whole board.	We may vote against the re-election of the chair of the board where we have concerns about conduct and culture.
We also encourage banks to adhere to the Equator Principles .	
Climate change	
Through their lending, securitisation, underwriting and advisory services, banks are essential to support real-world decarbonisation and meet the goals of the Paris Agreement. We expect banks to disclose how they are managing their contribution to and impacts from climate change and how they are transitioning their business models in line with the goals of the Paris Agreement. We use the IIGCC Net Zero Standard for Banks in our engagement and to set expectations for companies.	We may engage with banks in our portfolio through initiatives such as the IIGCC Banks Engagement & Research Initiative and the ShareAction Banking Programme to encourage them to factor in climate-related risks in their financing activities. We may vote against the chair of the sustainability committee where banks have not disclosed a strategy to manage climate change risks. Where there is no board committee with responsibility for climate change, or concerns raised in previous years have not been addressed, and/or where the company has materially scaled back (parts of) its climate strategy without adequate explanation we may vote against the chair of the board.
We welcome banks putting forward their climate strategies for an advisory vote at their annual general meetings. We will assess banks' transition plans using internal analysis as well as external research such as the Transition Pathway Initiative .	We will evaluate banks' transition plans on a case-by-case basis. We may vote against banks' 'Say-on-Climate' resolutions where their strategies do not include the following elements: › A commitment to net zero emissions by 2050 › A description of the governance and accountability mechanisms

Principle	Voting/engagement guideline
	› Disclosure of financed, facilitated and operational scope 1,2 and material scope 3 emissions › Short-, medium- and long-term targets and milestones, including targets for reducing financed and facilitated emissions and increasing financing for climate solutions › A description of how targets link to business planning, including capital allocation decisions › A policy on fossil fuel financing, including a commitment to phase out financing for thermal coal by 2030 in OECD countries and 2040 globally › A commitment to align lobbying and policy engagement activities with the goals of the Paris Agreement › A description of the wider environmental and social impacts of the transition plan. In addition to voting against the plan, we may also vote against the chair of the sustainability committee (where applicable) where there are material gaps in companies' transition plans, or they fall short of best practice for their sector, and/or where the company has materially scaled back (parts of) its plan without adequate explanation. We will generally support shareholder resolutions asking banks to cease lending and underwriting for new fossil fuel infrastructure.
Banks can also be exposed to deforestation risks through their financing activities to companies that produce or are heavily reliant on products contributing to deforestation within their direct operations or value chains. We support the expectations of banks to address deforestation in their financing activities.	We may engage with banks to encourage them to eliminate commodity-driven deforestation, conversion and associated human rights abuses in their financing activities.

Carbon-intensive sectors

Principle	Voting/engagement guideline
Climate risk management and reporting	
While climate change is a systemic risk that will impact all companies, highly carbon intensive industries such as energy, utilities, materials, transport, and agriculture are particularly exposed to the physical risks of climate change and risks from the transition to a low-carbon economy. We have therefore set some additional expectations for companies in sectors that are most materially exposed to climate change risks. We use the Net	We may engage with companies on how they are transitioning to meet the goals of the Paris Agreement and how they will manage the impact the transition will have on their stakeholders, employees, and the wider community. We will do this through direct engagement as an investor and a partner, and through our participation in coalitions such as Climate Action 100+ and the Net Zero Engagement Initiative.

Principle	Voting/engagement guideline
Zero Investment Framework to determine sectors where climate change is most material. We expect companies in material sectors to have made an organisation-wide commitment to the goals of the Paris Agreement, disclose the impact of climate change on their business as well as their contribution to the climate transition, and set out a strategy for managing climate change risks and impacts.	If after a period of engagement (usually between one and three years) companies have not made enough progress on reporting a coherent and robust strategy on climate risk mitigation including short- and medium-term targets, we will vote against the chair of the sustainability committee in the first instance. Where there is no board committee with responsibility for climate change, or concerns raised in previous years have not been addressed we may vote against the chair of the board. Where companies still do not make enough progress after we have taken voting action, we may consider filing a shareholder proposal or excluding the company from our funds. We will generally support shareholder proposals that require a company to report information concerning their potential liability from operations that contribute to climate change or their strategy in reducing these GHG emissions with specific reduction targets.
We expect companies in sectors that are most exposed to climate change to demonstrate sufficient climate change expertise on the board.	We engage with companies to understand the board's approach to overseeing and developing the company's climate change strategy. Where we have concerns that a company does not have sufficient experience and expertise in managing climate change risks, we may vote against the chair of the nomination committee.
Where climate change is a material business risk, we expect companies to incentivise their executives to work towards long-term decarbonisation through appropriate remuneration and welcome the use of specific climate change KPI such as GHG emissions reduction targets as part of executives' variable compensation packages.	We may vote against the executive remuneration policy and executive remuneration report if credible climate KPI's are not embedded within executive remuneration policies.
We expect companies in highly-carbon intensive sectors to have published a climate change strategy and/or transition plan.	We will vote against the chair of the sustainability committee where companies have not disclosed a strategy to manage climate change risks. Where there is no board committee with responsibility for climate change, or concerns raised in previous years have not been addressed, and/or where the company has materially scaled back (parts of) its climate strategy without adequate explanation, we may vote against the chair of the board.
We welcome companies seeking input from shareholder on their transition plan through a regular vote to approve the plan. We use internal analysis as well as external third-party assessments, such as the Net Zero Company Benchmark and the Transition Pathway Initiative, to assess the quality of corporate transition plans.	We consider transition plans on a case-by-case basis, but may vote against companies' transition plans if they do not include the following: › A commitment to net zero emissions by 2050 › A description of the governance and accountability mechanisms › Disclosure of scope 1, 2 and material scope 3 emissions

Principle	Voting/engagement guideline
	› Short-, medium- and long-term targets and milestones, including for scope 1, 2, and material scope 3 emissions that are in line with an appropriate scientific pathway for the sector › A description of how targets link to business planning, including capital allocation decisions › Disclosure of capital expenditures towards carbon-intensive business activities as well as climate solutions › A commitment to align lobbying and policy engagement activities with the goals of the Paris Agreement › A description of the wider environmental and social impacts of the transition plan. In addition to voting against the plan, we may also vote against the chair of the sustainability committee (where applicable) where there are material gaps in companies' transition plans, or they fall short of best practice for their sector, and/or where the company has materially scaled back (parts of) its plan without adequate explanation. For oil & gas companies, we will not support companies' transition plans where they have not committed to stop developing new oil and gas fields in line with the IEA's Net Zero by 2050 scenario.
We encourage companies to effectively and equitably manage the positive and negative social and employment implications of climate action across the economy. The just transition is especially relevant for workers within carbon-intensive sectors as those companies and jobs will likely be the most negatively affected by a transition to a greener economy.	We are unlikely to support companies' climate transition plans that do not consider the impact of the transition on workers and communities. We are likely to support shareholder resolutions that support a just transition and may engage with companies to consider and prepare for a just transition.
We expect the audit committee to ensure that the financial impact of climate change risks and opportunities are reflected in accounting estimates or judgements. We also expect consistency in the discussion of climate change risks in the narrative section of the annual report and accounts and the financial statements.	We may vote against the chair of the audit and risk committee where climate change risks are not considered in the financial statements. We may vote against the re-election of the auditors where the auditors' report does not indicate how they have taken into account climate-related risks and opportunities in their review of the financial statements.

Commodity-related sectors such as energy, mining, and agriculture

Principle	Voting/engagement guideline
ESG risk management and sustainability reporting	
Commodity companies are operating in sectors with significant ESG risks in parts of the world where regulation may be weak. We expect companies to minimise their business impacts on the communities and environments in which they are operating. We expect the annual report to include details of material sustainability risks and how these are managed and incorporated into strategic reporting. It is important this information is publicly accessible and independently verified. Where commodity companies are undergoing merger and acquisitions (M&A) we expect newly formed companies to have factored in climate risk management and have a well thought out strategy on how the business will transition to a low carbon economy. Companies producing agricultural commodities such as cattle, palm oil, soy, rubber, cocoa, coffee, and wood fibre are at particular risk of driving deforestation. We expect these companies to have made a deforestation-free commitment and to set out a plan for how to achieve it.	We will generally not support a resolution to receive the report and accounts where we believe that a company does not disclose information in relation to environmental, employment, social and community risks. This should include the process for assessing, addressing, measuring, and monitoring the present and ongoing nature and development of such risks. If there is no information provided to investors on the potential climate risk or there is evidence that company's environmental performance will deteriorate resulting from M&A activity we may vote against the corporate action. We may vote against the chair of the sustainability committee or the chair of the board where a company producing agricultural commodities has not made a commitment to eliminate deforestation, or fails to disclose a satisfactory deforestation and sustainable land use policy.
We expect all concerned companies to be compliant with the Global Industry Standard on Tailings Management. We expect operators to take responsibility and prioritise the safety of tailings (waste materials left after the target mineral is extracted) facilities, through all phases of a facility's lifecycle, including closure and post-closure.	We may engage with companies and vote against the re-election of the chair and/or the chair of the audit committee where companies fail to comply with the Global Industry Standard on Tailings Management.

Technology companies

Principle	Voting/engagement guideline
Keeping businesses and consumers safe from cybercrime and online harm	
We expect companies that host user generated content to manage the dissemination of harmful content online and make clear in their terms and conditions, what is acceptable on their site. We also expect companies to protect users' freedom of expression and privacy rights. We expect companies in the technology sector to require boards to disclose how they manage and address harmful content online, including mis and disinformation.	We may vote against the re-election of the relevant company directors if we believe that potential misinformation, disinformation and other harmful content is not managed effectively. We may vote against the re-election of the relevant company directors where there is evidence of societal harm associated with the use of its products.

Listed asset management firms

Principle	Voting/engagement guideline
The need for leading governance and sustainability practices in asset management firms	
Listed asset management firms invest money in companies globally on behalf of their millions of clients. We expect these asset managers to hold companies to account on a range of ESG issues through their voting and engagement activities. Given asset management firms' global client base and their ability to positively drive change in companies we expect them to adhere to market leading standards of corporate governance and not hide behind weaker regulatory regimes within their jurisdictions. Such standards may include separation of CEO and Chair, auditor rotation, restrained executive pay and their approach to managing climate change risks and opportunities.	We may vote against the re-election of directors, auditor, or executive pay policy if listed asset managers are not adhering to leading standards of practice on a range of environmental, social, or governance issues. We will engage with asset managers if we have concerns about their willingness to hold companies to account on ESG issues through high quality voting and engagement activities.

Health & food

Principle	Voting/engagement guideline
Antimicrobial resistance (AMR)	
Antimicrobial resistance (AMR) is a threat to global health, financial resilience, and economic development. Companies operating in high-risk sectors, including healthcare, agriculture, and food production, play a critical role in addressing AMR. We expect companies in high-risk sectors to implement and disclose clear AMR management practices in alignment with WHO guidelines. This includes policies outlining the key measures being taken to reduce the risk of AMR.	We are likely to vote for shareholder resolutions that encourage greater disclosure of companies' assessments of the risks of antimicrobial resistance. We may vote against the chair of the board or board members on relevant committees where a company in a high-risk sector fails to implement clear AMR policies, management strategies and oversight.
Healthy markets	
We consider health to be a system-level risk that affects consumers and workers across the whole economy. We expect companies in the food & beverage industry to be prepared for upcoming regulation and evolving consumer preferences. We continue to seek transparency in the market and encourage companies to share the healthiness of their portfolio in line with a government endorsed nutrient profile model.	We are likely to actively engage with some of the largest food and beverage manufacturers to improve transparency on their strategies to address these issues.



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