



Nest's voting and engagement standards – UK



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nestpensions.org.uk

Version control

Version	Change	Date implemented
1	Document created	1 March 2016
2	New branding applied	1 March 2020
3	Document updated to incorporate our voting in relation to Nest's Climate Change Policy, ethnic diversity in line with the Parker review and board engagement with the workforce.	1 March 2021
4	<ul style="list-style-type: none"> - Introduction of Say-on-Climate vote instructions. - Wording on expectations around how auditors take into account material climate change risks and opportunities in accounting estimates and judgements. - Wording around Just Transition. - Expectations for banks to demonstrate alignment with the goals of the Paris Agreement by aligning all financing activities with achieving net zero emissions by 2050 or sooner. - Expectations for concerned companies to be compliant with the global industry standard on tailings. - Expectation for companies to stop funding new oil and gas projects and align with the IEA's net zero by 2050 scenario. 	14 February 2022

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Background

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. Our standards 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.

About this document

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 standards to ensure our research, viewpoints and regulatory changes on issues like executive pay and audit are factored into the way we vote and engage with our investee companies.

The following standards outline Nest's expectations of companies' environmental, social and governance (ESG) practices and approach to voting on the agenda items that are frequently proposed at UK shareholders' meetings each year. They are our view of leading standards of practice on corporate governance and sustainability topics and are complemented by our global voting guidelines, which highlight our baseline expectations of all companies and key differences by jurisdictions.

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 ESG principles to demonstrate how our voting and engagement activity is linked. Nest is supportive of the [UK Corporate Governance Code](#) and welcomes many of the recent revisions to the Code particularly on workforce, corporate culture and diversity reporting which Nest has long promoted. Nest 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.

We have assumed those reading this document will be familiar with the [UK Corporate Governance Code](#) and the [Pensions and Lifetime Savings Association voting guidelines](#) with which our policy is broadly aligned.

How to read this document

The text box at the beginning of each section introduces each policy area where we set out some of our high-level beliefs. 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 ESG risk and performance for companies in certain sectors.

How Nest applies its voting standards

Nest takes its responsibilities as an asset owner seriously. Currently we invest in pooled and segregated 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 set of standards 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 standards 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 a select number of votes for our shares in the global developed and emerging markets 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 standards also support Nest in participating in the wider debates on markets and corporate behaviour.

1 Standards on key areas

1.1 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	
<p>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.</p>	<p>We support the Chair and board where we see values, ethics and purpose set at senior level and instilled across the company.</p> <p>We support the Chair, chief executive and chair of the remuneration committee where we see appropriate oversight of key decisions and activities.</p>
<p>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.</p>	<p>We will engage with boards to encourage reporting on how they assess, monitor and evaluate organisational culture.</p>
<p>In line with the UK Governance Code, we expect companies to seek out the views of their key stakeholders and describe in the annual report how their interests and the matters set out in have been considered in board discussions and decision making.</p>	<p>We may vote against the directors where a company does not have an appropriate workforce engagement mechanism in place.</p>

Principle	Voting/engagement guideline
<p>For engagement with the workforce, the Code states that one or a combination of the following methods should be used:</p> <ul style="list-style-type: none"> › A director appointed from the workforce; › A formal workforce advisory panel; › A designated non-executive director. <p>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.</p>	
Separation of chair and CEO roles	
<p>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.</p>	<p>We will 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.</p>
Non-executive directors	
<p>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.</p> <p>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.</p>	<p>We may vote against re-election of the Chair where there is limited evidence of a board culture that facilitates effective discharge of non-executive duties.</p> <p>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.</p>
Director independence	
<p>We expect to find at least half the board comprising independent non-executive directors. We expect a smaller company to have at least two 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 not relationships or circumstances that could interfere with independent judgement.</p>	<p>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.</p> <p>We may vote against the Chair of the audit committee where it is not fully comprised of independent members.</p>

Principle	Voting/engagement guideline
<p>We support a three-committee structure of nomination, audit and remuneration committee and a fully independent audit and remuneration committee.</p>	
<p>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.</p>	<p>We will not support the re-election of the Chair and other non-executive directors after nine years without good reason.</p>
Effectiveness	
<p>Boards are more effective when all directors play full parts and take collective responsibility. An effective board will be characterised by diversity, including the way they think, their gender and what each can contribute. We support progressive approaches to encouraging difference so as to avoid group-think.</p> <p>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.</p>	<p>We will vote against re-election of the chair of the nomination committee or other board members where we have significant doubts about the effectiveness of the board's overall composition.</p> <p>We may vote against the appointment or re-election of any director where we doubt their capacity for focus, contribution, or where the appointment seems not to clearly meet a skill set need.</p>
Nomination	
<p>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.</p> <p>The nominations committee should ensure that there is a diverse pipeline of candidates suitable for board and senior management positions.</p>	<p>We will vote against re-election of chair of the nominations committee if there is no indication of momentum or progress to increase diversity on the board where it is needed.</p>
<p>A focus on succession planning places appointments, retirements and replacement at the heart of long-term board effectiveness. Boards should satisfy themselves that plans are in place for orderly succession for 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.</p>	<p>We will vote against the chair of the nominations committee and Chair if an appropriate succession plan has not been put forward at the request of shareholders.</p>

Principle	Voting/engagement guideline
<p>Director re-election and commitment</p> <p>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.</p> <p>Increasing regulation, compliance and complexity has changed the context and tempo of directing. Immersion in directing is now essential for effective stewardship of today's large company.</p>	<p>We do not support non-annual elections without convincing explanation and justification.</p>
<p>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.</p>	<p>We are less supportive of part-time non-executive directors with a reasonably high number of significant external roles.</p> <p>We generally do not support full-time executive directors taking on a chairmanship or more than one non-executive directorship.</p> <p>We will call into question directors that attend less than 75 per cent of meetings without good justification.</p>
<p>Full-time executive directors with significant external professional commitments are unlikely to be fully effective.</p>	
<p>Diversity</p> <p>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.</p> <p>Gender, personality, and cultural differences can have an impact on the way a group thinks, and we support progressive approaches to encouraging differences.</p> <p>We are supportive of seeing diversity in all forms encouraged and progressed throughout the executive pipeline and wider workforce. A focus on diversity can also help to legitimise both the board and company.</p> <p>We support further reporting on all aspects of diversity 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 workforce on many levels is contributing to its success.</p>	<p>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.</p> <p>We support boards that have a company-wide diversity policy or demonstrate how the board diversity policy filters across the workforce by setting the 'tone from the top'.</p> <p>We will engage with companies to encourage further reporting on all forms of diversity throughout the company.</p>

Principle	Voting/engagement guideline
<p data-bbox="102 342 312 376">Gender diversity</p> <p data-bbox="102 409 751 600">We expect at least 33 per cent of the members on a corporate board to be women. Where companies have not met this threshold, they should report why they have not achieved this level and publicly state how they plan to further increase women's representation.</p> <p data-bbox="102 633 778 792">Companies should also disclose the proportion of women in senior executive positions and female workers in the whole organisation. We support the recommendations of the Hampton-Alexander review to have 33% of women in leadership teams.</p>	<p data-bbox="809 409 1481 568">We will vote against the re-election of the Chair and chair of the nomination committee if a company has less than 33 per cent of female directors on the board and there is no indication of positive momentum or progress of electing more women onto the board.</p> <p data-bbox="809 633 1466 759">We may vote against the Chair and chair of the nominations committee if there is no progress reported on meeting the targets set by the Hampton-Alexander review.</p>
<p data-bbox="102 824 296 857">Ethnic diversity</p> <p data-bbox="102 891 772 1016">In line with the recommendations of the Parker Review we expect FTSE100 companies to appoint at least one board director from an ethnic minority background by the end of 2021.</p>	<p data-bbox="809 891 1481 1178">We will engage with FTSE100 companies who do not have at least one director from an ethnic minority background. Following this engagement, from 2022 we may vote against the re-election of the Chair and chair of the nomination committee at FTSE100 companies who have no board directors from an ethnic minority background. In addition, we advocate for gender balance with half of these seats going to women from an ethnic minority background.</p>

1.2 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
<p>Risk oversight</p> <p>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.</p> <p>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.</p>	<p>We will not support the annual report where the most relevant principal risks are not being disclosed.</p> <p>We may also vote against members of the committee where there is evidence of a lack of risk oversight from the board.</p>

Principle	Voting/engagement guideline
<p data-bbox="102 342 389 376">Sustainability reporting</p> <p data-bbox="102 409 770 730">We believe sustainability factors have the potential to materially impact on 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.</p> <p data-bbox="102 745 743 1003">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.</p> <p data-bbox="102 1019 751 1084">We support initiatives designed to encourage standardised metrics across sustainability reporting.</p>	<p data-bbox="809 409 1487 633">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.</p> <p data-bbox="809 649 1477 745">We are more supportive of boards that provide disclosures of progress against relevant sustainability key performance indicators (KPIs).</p> <p data-bbox="809 761 1474 857">We are more supportive of a resolution to receive the report and accounts where there is independent assurance of key sustainability metrics.</p>
<p data-bbox="102 1115 301 1149">Climate change</p> <p data-bbox="102 1182 775 1469">We believe that climate change is a systemic risk that affects the whole economy. We have therefore developed a climate change investment policy that sets an ambition to limit warming to 1.5C by reaching net zero emissions by 2050 or sooner. We want to see signs that all companies are managing their contribution to and impacts from climate change and transitioning their business models in line with limiting warming to 1.5C</p> <p data-bbox="102 1485 778 1839">We expect companies to be transparent about their approach to addressing climate change risk. We are a signatory of the Taskforce on Climate-Related Financial Disclosures and encourage investee companies to report on climate change using this framework. This should include how their business model is aligned with the goals of the Paris Agreement. We expect companies to make a commitment to reducing and reporting on their scope 1 and 2 Greenhouse Gas (GHG) emissions.</p> <p data-bbox="102 1854 732 1951">We expect the board to take ownership for climate risk, for example by the risk committee or environmental sustainability committee.</p> <p data-bbox="102 1966 756 2031">We expect companies to incentivise their executives to work address climate change risks and</p>	<p data-bbox="809 1182 1490 1435">We will 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+.</p> <p data-bbox="809 1451 1477 1682">If after a period of engagement companies have not made enough progress on reporting a coherent and robust strategy on climate risk mitigation, we will vote against the directors. 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 portfolios.</p> <p data-bbox="809 1697 1481 1823">We will not support a resolution to receive the annual report and accounts and will vote against the re-election of the Chair if the company has not disclosed its Scope 1 and 2 GHG emissions.</p> <p data-bbox="809 1839 1461 1964">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 directors.</p> <p data-bbox="809 1980 1461 2045">We will also engage with companies about including climate change KPI in their executive remuneration</p>

Principle	Voting/engagement guideline
<p>opportunities 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.</p> <p>We also expect companies to be transparent about their lobbying activities with regards to climate change and to regularly assess whether the climate change activities of the industry bodies they are part of are aligned with their own climate change policies.</p>	<p>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.</p> <p>We will support all shareholder resolutions, where reasonable, that call on companies to disclose more information on how they manage climate change risks.</p> <p>We will engage and/or vote against the directors where we believe that a company's lobbying activities or activities as part of industry bodies are misaligned with their public position on climate change.</p>
<p>We welcome boards voluntarily putting forward advisory resolutions that seek shareholder approval of the organisation's climate transition action plan.</p> <p>As expressed above, we expect companies to be transparent in their approach to addressing climate change, their GHG emission reduction targets, and their TCFD disclosures.</p>	<p>We will review say on climate votes on a case-by-case basis.</p>
<p>Cyber security</p>	
<p>Cyber security is important for investors, companies, and regulators. Cyber-attacks are part of a new reality for companies along with the significant economic costs of such attacks.</p>	<p>We may engage with companies where we have concerns about their cyber security programs and operational resilience to cyberattacks.</p>
<p>Boards must take the right steps to protect the company. With an increasing amount of business taking place online, cyber security is an issue for all companies. Some sectors are potentially subject to a higher risk. We expect company disclosure to provide assurance that appropriate policies are in place to prevent, detect and respond to cyber security within the company and its supply chain.</p>	<p>We support boards that take a proactive stance on cyber-security and are having discussions at board level.</p>
<p>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.</p> <p>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.</p>	<p>Where cyberattacks have been proven to have occurred and boards were found not to have acted on information and/or had no relevant expertise we will vote against the Chair and chair of the audit committees.</p>

Principle	Voting/engagement guideline
<p data-bbox="102 342 233 371">Workforce</p> <p data-bbox="102 409 778 629">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. In turn, this means they will be more likely to drive long-term business success.</p> <p data-bbox="102 651 778 873">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 maximising the long-term value of its human capital:</p> <ul data-bbox="102 891 646 1164" style="list-style-type: none"> › the composition of the workforce › the stability of the workforce › the skills and capabilities of the workforce › investment in training and development › employee engagement › health and safety. <p data-bbox="102 1182 778 1404">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.</p>	<p data-bbox="809 409 1489 568">We support companies that provide disclosure on their workforces and are supportive of the WDI and PLSA's Hidden talent. Where we have concerns with a company's reporting on its workforce we may vote against the annual report and accounts.</p> <p data-bbox="809 586 1377 647">We will engage with companies that have not responded to the WDI.</p> <p data-bbox="809 665 1477 759">We support companies that follow the Transparency in Supply Chains Guidance issued by the Home Office.</p> <p data-bbox="809 1164 1489 1323">We may engage with companies that are not disclosing adequately each year what action they have taken to ensure there is no modern slavery in their business or supply chains in accordance with the UK Modern Slavery Act.</p>
<p data-bbox="102 1438 520 1467">Charitable and political donations</p> <p data-bbox="102 1505 738 1565">In general, we do not support companies making donations to political parties or political candidates.</p> <p data-bbox="102 1583 778 1839">However, we do 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</p> <p data-bbox="102 1856 766 1982">We believe companies should ask their shareholders to approve donations regardless of whether the political expenditure is for the UK or an overseas jurisdiction.</p>	<p data-bbox="809 1505 1484 1599">We will normally vote against any authority that would allow companies to make donations to political parties.</p> <p data-bbox="809 1617 1477 1677">We will not support UK and EU 'political' expenditure, where the authorisation:</p> <ul data-bbox="809 1695 1468 1888" style="list-style-type: none"> › 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. <p data-bbox="809 1906 1493 2000">We do not support resolutions which seek authority for longer than four years or for a material amount in the absence of a clear justification.</p>

Principle	Voting/engagement guideline
<p>We generally support charitable donations based on there being appropriate justification, including financial soundness of the arrangement.</p>	<p>We will consider voting against the report and accounts where shareholders' funds have been used to make political donations without shareholder approval.</p>
<p>Tax management</p>	
<p>Tax practices of organisations 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.</p> <p>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.</p>	<p>We support companies committed to tax transparency by 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.</p> <p>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 per cent), we will vote against the audit committee chair.</p> <p>We generally do not support proposals that seek reincorporation, or a change of domicile based on lowering investor protection, paying reasonable taxes, or to protect against being taken over.</p> <p>We may not support large business restructurings, mergers and acquisitions where tax planning is a key driver.</p>
<p>Bribery and corruption</p>	
<p>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. Sound risk management processes are vital for anti-corruption compliance policies to operate effectively. We also expect the remuneration committee to include bribery and corruption in the malus and clawback policy.</p> <p>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.</p>	<p>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.</p> <p>We may engage with companies where we have concerns about their due diligence or corruption risk management processes.</p>
<p>Shareholder proposals</p>	
<p>We value the right of shareholders to submit proposals to company general meetings highly.</p>	<p>We generally support shareholder proposals that enhance shareholders' rights, are in the economic interests of shareholders, or support sustainability and good governance.</p>

Principle	Voting/engagement guideline
We will review proposals on a case-by-case basis and in accordance with our policy.	We are unlikely to support proposals on issues we believe directors or workers have already addressed, are addressing, and where the direction of change is already positive. We are unlikely to support proposals that are not relevant to the ongoing success of the company or for performing at an appropriate level.

1.3 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
<p data-bbox="102 1028 633 1061">Informative and future-orientated reporting</p> <p data-bbox="102 1093 762 1254">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:</p> <ul data-bbox="102 1270 687 1420" style="list-style-type: none"> › decision making › voting and engagement with the board › confidence and continued long-term financial investment in the company. <p data-bbox="102 1438 707 1500">We believe the strategic report within the annual report needs to represent:</p> <ul data-bbox="102 1518 711 1776" style="list-style-type: none"> › 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. <p data-bbox="102 1794 778 2018">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.</p>	<p data-bbox="810 1093 1481 1220">We will 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.</p> <p data-bbox="810 1238 1431 1366">We will vote against resolutions to approve the report and accounts where discussions of internal controls do not include appropriate levels of detail and substantiation.</p>

Principle	Outcome/voting guideline
<p>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 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.</p>	<p>We are unlikely to support the resolution to receive the annual report and accounts when we hold concerns with the company's internal controls.</p>
<p>External audit independence</p> <p>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.</p> <p>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.</p>	<p>We may vote against the re-election of the chair of the audit committee where we doubt the independence of the external auditor.</p>
<p>Competition and re-tendering</p> <p>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.</p> <p>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.</p>	<p>We will not support the re-election of the external auditor if:</p> <ul style="list-style-type: none"> › the auditor has been in place for more than eight years and no plans to put the audit service out to tender are disclosed › there is no evidence to suggest that a new appointment was put out to a competitive tender. <p>Where the company's business model is not international, we do not support tenders that limit participation to the 'big four' auditors.</p>
<p>Audit fees</p> <p>We believe the level of fees earned by auditors for non-audit work can have the potential to 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 and the absolute financial value of non-audit fees is significant. We believe companies should disclose in the annual report a breakdown of audit and non-audit</p>	<p>We generally do not support resolutions on auditor re-appointments where non-audit fees exceed 70 per cent of audit fees paid to an external auditor in any 12-month period and the absolute financial value of non-audit fees is significant.</p>

Principle	Outcome/voting guideline
<p>related fees paid to the external auditors during the year.</p>	
<p>Audit committee report</p>	
<p>Audit committees that act independently from management can provide additional confidence in the 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.</p>	<p>We are likely to vote against the re-election of the chair of the audit committee where the audit committee report fails to provide meaningful information to assist shareholders understand how the audit committee operates and the issues it addresses.</p>
<p>Climate change</p>	
<p>We expect auditors to take into account material climate change risks and opportunities in accounting estimates or judgements.</p> <p>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.</p>	<p>We may vote against the Chair of the Audit Committee where climate change risks are not considered in the financial statements.</p> <p>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.</p>

1.4 Reward



We are sceptical about the current level of executive pay in the UK, the link between reward and performance and whether there should be any association at all.

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. We believe that executives should not be paid more than is necessary to support these goals.

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
<p>Pay in context</p> <p>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.</p> <p>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, or why some executive directors receive pay increases greater than those awarded elsewhere in the organisation.</p>	<p>We may vote against the annual remuneration report if the board does not consider overall worker pay when setting pay for executive directors.</p> <p>We will vote against the remuneration report if executives receive preferential pension treatment over other workers.</p> <p>We may vote against the remuneration report if executives have received salary increases above inflation or the wider workforce and they have not provided any justification.</p>
<p>We want more information on pay, especially on workers lower down in the organisational structure. We are interested in increased disclosure on the proportion of staff on zero-hours contracts and those paid below the living wage upheld by the Living</p>	<p>We will engage with companies who are not paying the living wage accredited by the Living Wage Foundation without reporting a good enough reason.</p> <p>We will engage with companies that have been identified as failing to address large gender pay gaps.</p>

Principle	Outcome/voting guideline
<p>Wage Foundation and on the gender and ethnic diversity of the entire UK workforce.</p> <p>We support campaigns that advocate a living wage for low-income earners. We also encourage investee companies to pay at least the Living Wage Foundation's living wage when reviewing pay scales for lowest paid workers and contractors.</p> <p>We expect companies to be mindful of and address gender and ethnicity inequality amongst their workforce. We believe that the new reporting legislation requiring companies with more than 250 workers to disclose how much they are paying in salaries and bonuses to their male and female workers, as well as the pay ratio between their CEO and 'median' employee, is a welcome step. We also support companies voluntarily disclosing how people from different ethnic backgrounds are paid. We expect companies to be transparent in their reporting and not report on selective components to deflate their pay ratios.</p>	<p>We will also engage with companies to encourage the reporting of ethnic pay gaps.</p> <p>We will continue to monitor and look for good explanations on pay ratios and treat them on a case-by-case basis.</p>
<p>Performance related pay</p>	
<p>The use of some reward metrics for executives make 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.</p>	
<p>In particular, we would like to see Long Term Incentive Plans (LTIPs) to reflect sustained value creation for the company in the long term. By long term we mean at least five years.</p> <p>We would prefer to see reward metrics linked to key performance indicators (KPIs) that help executives meet agreed corporate strategic objectives, business aims and sustainability KPIs which link to long-term value creation. These would align executive director behaviour with real performance and long-term value creation rather than share price and similar measures, which may encourage excessive risk taking or poor decision making. We expect companies not to repurpose existing KPIs such as customer satisfaction.</p>	<p>We will 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.</p> <p>We will vote against the remuneration policy and report where performance related pay is solely linked to share price performance.</p> <p>We will engage with companies about the need to incorporate sustainability related KPIs in their executive remuneration policies.</p> <p>We will vote against the remuneration policy and report where there is a lack of transparency in how sustainability metrics are applied.</p>

Principle	Outcome/voting guideline
<p data-bbox="102 342 440 374">Multiple incentive schemes</p> <p data-bbox="102 409 775 629">Part of the complexity of executive pay is the growing proliferation of component parts. Some studies report up to nine separate parts to 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</p>	<p data-bbox="809 409 1481 535">We will 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 incentive structure.</p>
<p data-bbox="102 663 539 694">Remuneration committee meetings</p> <p data-bbox="102 730 766 1016">On average, UK-listed company remuneration committees meet more times during the year than do audit or nomination committees. This can lead others to form the impression that boards see the remuneration committee as more urgent than other committees. Without supporting explanation from the board, we do not see why the remuneration committee should be meeting more frequently than other committees.</p>	<p data-bbox="809 730 1489 855">We may vote against the re-election of the chair of the remuneration committee where the remuneration committee meets more frequently than other committees and there lacks suitable explanation.</p>
<p data-bbox="102 1048 716 1079">Aligning business aims and shareholder interests</p> <p data-bbox="102 1115 764 1335">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.</p>	<p data-bbox="809 1115 1455 1240">We are more supportive of the remuneration committee where business aims and shareholder interests are used as objectives to align and reward executive director behaviour.</p>

1.5 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
<p>Buying own shares</p> <p>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.</p>	<p>We generally support buy-back proposals that follow IA guidelines on Own Share Repurchase.</p>
<p>Pre-emption rights</p> <p>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.</p>	<p>We generally support share capital proposals that follow pre-emption group and IA guidelines.</p>
<p>Increase in share capital or preferred stock</p> <p>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.</p>	<p>We generally support share capital proposals that follow IA guidelines.</p>
<p>Mandatory takeover bid Rule 9 waiver</p> <p>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.</p>	<p>We will generally vote against a Rule 9 waiver.</p>

Principle	Voting/engagement guideline
<p data-bbox="102 342 229 374">Dividends</p> <p data-bbox="102 409 778 568">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 resolutions to approve the final dividend regardless of size.</p> <p data-bbox="102 586 772 745">Good dividend disclosure promotes an understanding of the board's stewardship, including how capital is being maintained. The Financial Reporting Council's Lab recently recommended four ways in which disclosures could be improved:</p> <ol data-bbox="102 763 766 1137" style="list-style-type: none"> 1. Identifying the explicit links between the dividend policy and the potential impact of the company's principal risks and viability; 2. Enhancing the disclosure on any constraining factors to dividend payments; 3. Explaining more fully what the policy means in practice; and 4. Clarifying where profit is generated in the group, how profits might flow to the top of the company and any relevant constraints (current or potential) to that flow. <p data-bbox="102 1155 778 1411">Disclosing the parent company distributable profits balance is very informative. We are more supportive of boards that provide clear disclosure of distributable reserves at the parent level, the portion of profit that is distributable, and the portion of distributable reserves for use as dividends. This is to give us confidence dividends are not being proposed from amounts that might not be distributable.</p>	<p data-bbox="809 409 1430 504">We are less supportive of the chief finance officer where a separate resolution to approve the final dividend is omitted.</p> <p data-bbox="809 521 1477 712">If we have concerns with a company's dividend cover and with the company's disclosure we will write to the company asking for them to make appropriate disclosures. If in the following year we consider disclosure to continue to be insufficient we may vote against the report and accounts.</p> <p data-bbox="809 730 1466 857">We are more supportive of the chief finance officer, Chair of audit committee, and financial statements when the Financial Reporting Council's Lab dividend disclosure recommendations are followed.</p> <p data-bbox="809 875 1461 969">If a company has had recent compliance issues with UK law in relation to dividends, we will pay close attention to the future disclosure of the company.</p>

2 Sector specific voting standards

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.

UK Banking sector

Principle	Voting/engagement guideline
<p>Conduct and culture</p> <p>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. The 2014 Banking Standards Review, also known as the Lambert Review, concluded that appropriate conduct and culture within UK banks is essential for them to be able to raise trust in the sector and perform at an appropriate level.</p> <p>The Banking Standards Board (BSB), established in 2015, aims to help to raise standards of behaviour and competence across the UK banking industry. Membership of the BSB is voluntary. Membership confers positive affirmation of a commitment to high standards of behaviour, competence, and professionalism individually and across the whole of the banking and building society sector. There is a voluntary annual assessment exercise, and this shines a light about how far a firm demonstrates characteristics that we would expect to be associated with any good culture in banking.</p> <p>We also encourage banks to adhere to the Equator Principles.</p>	<p>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.</p> <p>We will engage with banks that are regulated by the Prudential Regulatory Authority but are not members of the Banking Standards Board (BSB) to encourage them to become members and take part in the Assessment exercise.</p> <p>We will engage with the banks to encourage them to factor in climate-related risk in their financing activities.</p> <p>We will vote against the annual report and accounts if Boards continue to ignore calls from the investor community about reducing financing fossil fuels.</p>
<p>Climate Change</p> <p>Banks should demonstrate alignment with the goals of the Paris Agreement by aligning all financing activities with achieving net zero emissions by 2050 or sooner.</p> <p>As members of the IIGCC, we expect banks to set explicit criteria for withdrawal of financing to all new coal projects.</p>	<p>Where banks finance new coal, oil sands, or arctic drilling projects, we will vote against re-election of the directors of the board.</p>

Carbon-intensive sectors

Principle	Voting/engagement guideline
<p>Climate risk management and reporting</p> <p>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 expect these companies to disclose climate change risks and set medium- and long-term targets to address them.</p> <p>We believe that the transition to a low-carbon economy can have significant implications on the global financial system. We encourage financial services companies such as banks, insurers and asset managers to report in line with the recommendations of the TCFD and outline how their financing activities are aligned with the transition to net zero by 2050.</p>	<p>We will vote against the report and accounts of companies in highly-carbon intensive sectors where climate change is not discussed as a principal risk.</p> <p>We will 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.</p> <p>We will not support the executive remuneration policy and executive remuneration report if credible climate KPI's are not embedded within executive remuneration policies.</p> <p>If after a period of engagement 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 directors. 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.</p>
<p>The <i>just transition</i> is the effective and equitable management of 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.</p>	<p>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.</p>
<p>The IEA's net zero by 2050 report states that "beyond projects already committed as of 2021, there are no new oil and gas fields in our [Net-Zero] pathway". In other words, the development of new oil and gas fields must stop to reach net-zero emissions by 2050. Unless they are aimed at replacing existing more carbon intensive fossil fuel reserves, or are coupled with significant carbon capture and storage, new oil and gas projects do not fall under the IEA's pathway to net zero.</p>	<p>We will engage with companies in carbon intensive industries with the goal of having them commit to stop developing new oil and gas fields that do not fall within the IEA's net zero by 2050 scenario.</p>

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

Principle	Voting/engagement guideline
ESG risk management and sustainability reporting	
<p>Commodity companies are operating in ESG risky sectors in parts of the world where regulation is 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.</p> <p>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.</p>	<p>We will 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.</p> <p>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.</p>
<p>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.</p>	<p>We will engage with companies and vote against the re-election of the Chair and the audit committee where companies fail to comply with the Global Industry Standard on Tailings Management.</p>

Digital, technology and financial companies

Principle	Voting/engagement guideline
Keeping businesses safe from cyber crime	
<p>A primary objective of the UK Government's National Cyber Security Strategy is to make the UK a safer place to conduct business online. Going digital has brought wide ranging benefits to society, but cybercrime is a business that all companies are at risk from.</p> <p>The credentials of some companies - especially financial, customer, or contract data, are worth more than others, and therefore we expect some companies to have more preparedness than others.</p>	<p>We support companies in certain sectors like banking to go beyond Cyber Essentials certification and meet International Standards accreditation such as ISO27001</p> <p>We may vote against the Chair of the board of companies where the consequences from cybercrime are likely to be particularly severe and where there is no evidence that the board has deployed controls that an organisation needs to have in place to help defend against Internet-borne threats.</p> <p>We will engage with companies to adopt key recommendations by the "Ranking Digital Rights" organisation to improve digital rights corporate accountability.</p>

Listed Asset Management firms

Principle	Voting/engagement guideline
<p>The need for leading governance and sustainability practices in asset management firms</p> <p>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 disclosure of climate-related risks and opportunities in their investor portfolios and operations in line with the TCFD framework.</p>	<p>We will 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 governance, environmental and social issues.</p> <p>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.</p>



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