



## **Monitoring Review of Shareholder Voting 2025**

Prepared for:

**National Employment Savings Trust**

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## EXECUTIVE SUMMARY

### Active Monitoring Subset and Fund Manager Focus

Ahead of the 2025 voting season, Nest updated the constituents of its active monitoring subset to include a greater focus on UK companies and to include companies held by Nest's thematic equity fund manager, Lombard Odier, who were appointed in late 2024. This resulted in a monitoring subset of 290 companies in 2025. However, two of these companies were subject to takeover proceedings and did not hold a shareholder meeting during the reporting period, leaving 288 active companies for monitoring.

The reporting period for 2025 encompassed 350 meetings and 5,263 resolutions held by the 288 companies in the active monitoring subset, compared to 362 meetings and 5,305 resolutions in 2024. Nest's voting policy template identified potential policy concerns on 42.45% of the 5,263 resolutions, a slightly larger rate than the 41.38% of resolutions in 2024. Remuneration and board issues were the most frequently identified concerns.

One Nest fund manager has been excluded from this analysis as the fund was not invested throughout the full calendar year 2025, with voting activity limited to Q1 and Q2 only

### Fund Manager Voting

In aggregate, Nest's fund managers actively voted on 5,423 resolutions in 2025, compared with 4,701 resolutions in 2024; the figure exceeds the number of unique resolutions in the monitoring list because some companies were held by more than one manager. Nest's fund managers opposed management on 20.39% of resolutions in 2025, an increase from 19.61% in 2024. The analysis shows that Nest's fund managers opposed management more than four times as often as general shareholders, indicating a comparatively active use of proxy voting to express concerns on governance, environmental and social issues.

More than 80% of Nest's fund managers' dissenting votes occurred on resolutions that Nest's own voting policy identified as raising a potential governance concern, suggesting broad alignment between Nest's policy considerations and fund manager voting concerns. However, the fact that managers still supported management on many resolutions where Nest identified a potential policy concern highlights the need for scrutiny of governance practices across portfolio companies, alongside ongoing engagement and monitoring of fund manager voting activity.

Nest's fund managers were more likely to oppose management by supporting a shareholder-proposed resolution than by opposing a management-proposed resolution. In aggregate, fund managers voted against management on 18.70% of management resolutions and 43.84% of shareholder resolutions.

The number of shareholder proposals receiving majority support in the active monitoring subset fell from five in 2024 to four in 2025. The decline reflects a wider downward trend in support for shareholder proposals in recent years, shaped by a changing political, legal and policy landscape, a broader and more prescriptiveness range of proposal requests, and heightened political and regulatory scrutiny of ESG issues.

### Vote Overrides

Nest has the ability to override certain fund managers' votes for companies in the monitoring subset. This means that Nest can take a direct position on matters it regards as particularly important and can control how votes are cast. During the 2025 voting season, Nest overrode its fund managers' voting intentions on 384 resolutions, representing 7.08% of the total resolutions voted by fund managers. This is an increase from the 6.85% of resolutions overridden in 2024.

More than half (51.56%) of these overrides were related to board composition and effectiveness. Another 16.15% of the vote overrides concerned audit & reporting matters, primarily the election of the external auditor where concerns existed over auditor tenure and independence, and/or where the auditor did not appear to give sufficient consideration to the impact of climate change in financial and accounting assumptions. Additionally, 14.84% of the vote overrides were related to executive remuneration, where Nest believed remuneration was not structured in a way that most effectively aligned management and shareholder interests.

2025 in Numbers

Figure 1: Aggregate Shareholder Meetings and Resolutions Voted by Nest’s Fund Managers

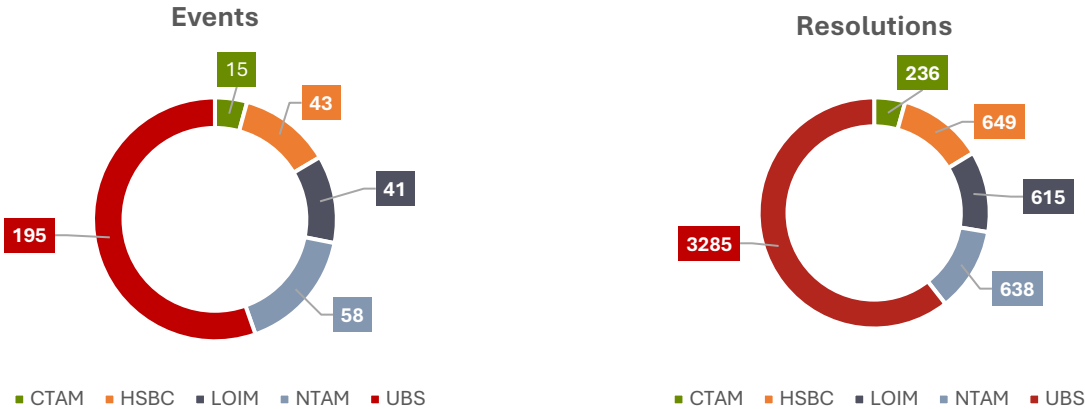


Figure 2: Nest’s Fund Managers’ Votes Against Management

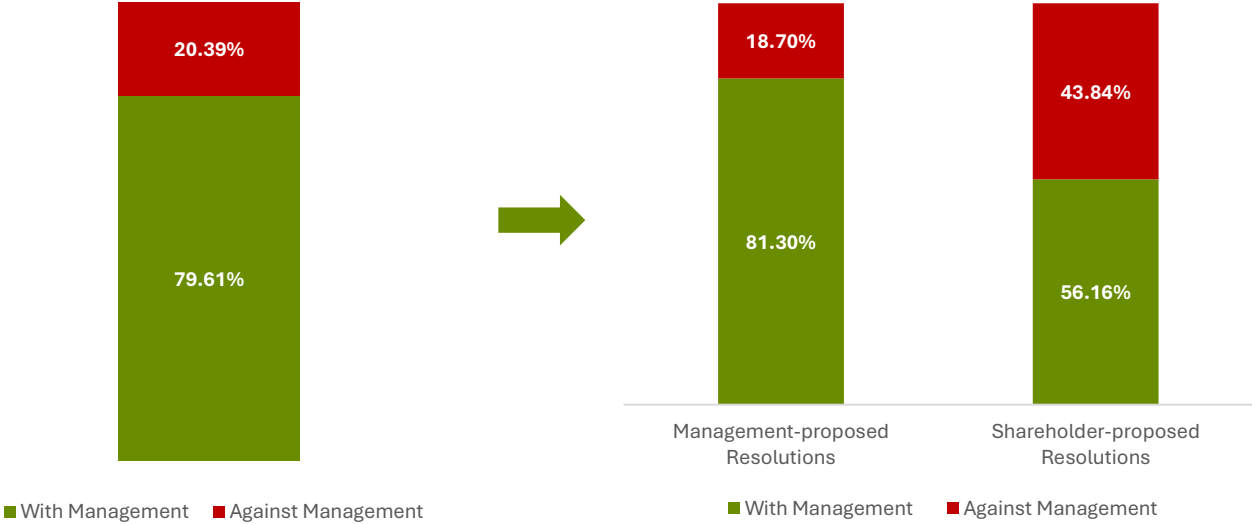
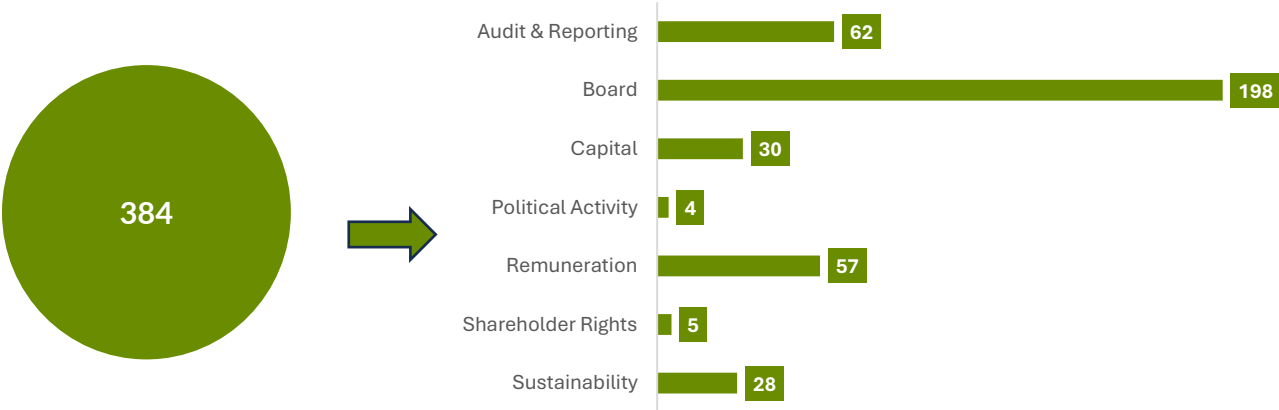


Figure 3: Nest’s Vote Overrides



# 1 OVERVIEW

## 1.1 Introduction

This is the 13th shareholder voting review undertaken by the National Employment Savings Trust (Nest). The report provides an overview of the trends and tendencies of Nest's fund manager voting behaviour in a comparative and wider context alongside key governance issues identified by Nest's bespoke voting policy. The analysis provides insight into how Nest's voting policy is applied in practice and how Nest oversees the voting activity of its external fund managers.

The aim of the report is to provide further understanding of:

- voting activity taken on behalf of the fund; and
- wider voting issues and governance standards at companies.

### Responsible Investment

Nest owns equities, corporate bonds, and other asset classes on behalf of its members. Investing in and owning stakes in companies and other investments brings rights, responsibilities, and obligations. Nest believes that to fulfil this commitment and to protect and enhance the value of the investments over the long term, the fund must act as a responsible asset owner and market participant.

As a long-term investor, Nest believes that integrating environmental, social and governance (ESG) considerations into the investment management process can improve risk-adjusted returns. Long-term returns to investors are likely to be more sustainable if companies consider the interests of wider stakeholders – customers, employees and the wider public as well as shareholders and lenders.

Nest therefore exercises its ownership rights, including voting and engagement rights, in order to protect members' interests. Nest currently gives discretion to its external fund managers to vote on its behalf, however, the fund remains responsible for monitoring and overseeing external managers on behalf of its members.

Nest is a signatory of the UK Stewardship Code. The Stewardship Code is a set of good practice principles for investors and aims to improve the way that companies and shareholders work together in the long-term interests of shareholders<sup>1</sup>.

### Scope of this report

The report analyses 290 companies which are specified as part of an active monitoring subset. However, two of these companies were subject to takeover proceedings and did not hold a shareholder meeting during the reporting period, leaving 288 active companies for monitoring. The monitoring subset comprises a list of Nest's largest holdings, companies that Nest or its fund managers are engaging with, high-profile companies and companies identified as having ESG issues in the past. Focusing on a pre-defined set of companies helps Nest scrutinise how fund managers are exercising votes on the most significant issues in its largest holdings. Ahead of the 2025 voting season, Nest updated the constituents of its active monitoring subset to include a greater focus on UK companies<sup>2</sup> and to include companies held by Nest's thematic equity fund manager, Lombard Odier Investment Managers, who were appointed in 2024.

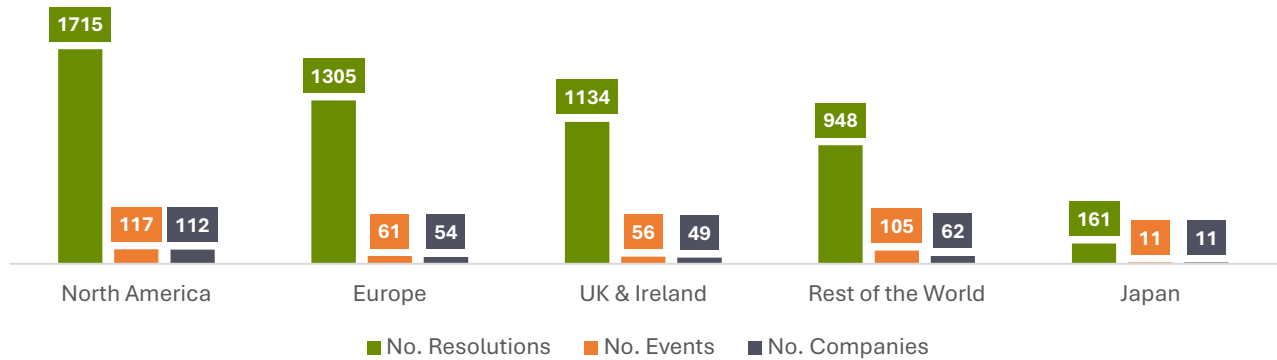
The period covered by this report encompasses the period from 1st January to 31st December 2025. The reporting period brought about a total of 350 meetings and 5,263 resolutions.

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<sup>1</sup> The UK Stewardship Code can be located on the FRC website: <https://www.frc.org.uk/library/standards-codes-policy/stewardship/>  
Nest's statement of compliance with the UK Stewardship Code is available online:  
[https://media.frc.org.uk/documents/Nest\\_Corporation\\_Stewardship\\_Report\\_Au25.pdf](https://media.frc.org.uk/documents/Nest_Corporation_Stewardship_Report_Au25.pdf)

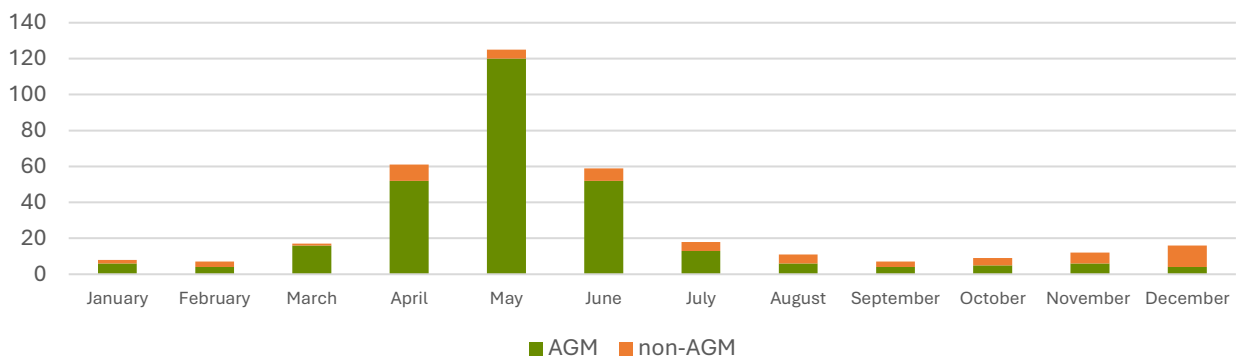
<sup>2</sup> For more information on Nest's ESG priorities, see: <https://nestviews.org.uk/our-responsible-investment-priorities/>

Figure 4: Number of Companies, Resolutions and Shareholder Meetings by Region



Institutional investors are faced with a highly seasonal cycle of activity when it comes to voting shares. With the majority of companies aligning their financial years to the calendar year end of the 31<sup>st</sup> December, and many others using the traditional April to March financial year, there are clear ‘peaks’ of meeting activity approximately three to four months after the end of the financial years. This means that the majority of meetings are concentrated in the period between April-June (Quarter 2). For this reason, Quarter 2 is referred to as ‘peak season’.

Figure 5: Spread of Shareholder Meetings in the Monitoring Subset by Month



The occurrences of meetings within the monitoring subset fall in line with ‘peak season’, with 70% of shareholder meetings taking place between April-June. AGMs (which constitute virtually all meetings voted upon by Nest’s fund managers) have far more resolutions on average than other types of corporate meetings. During the review period, the average number of resolutions was 17.41 per AGM and 4.03 per non-AGM. The net effect is an extreme concentration of voting decisions in one very short space of the year.

## 1.2 Fund Manager Monitoring

As direct owners of shares, Nest’s fund managers can have a positive influence on the running of the companies they invest in on Nest’s members’ behalf. Most shares give their owners a right to vote on some company decisions.

Nest invests in both segregated and pooled funds, with the majority of its equity holdings held in segregated accounts. In pooled funds, the fund manager has responsibility on behalf of numerous investors for any voting rights associated with the shares held in the fund whilst in segregated funds each investor’s shares are held in a separate account, distinct from other investors’ assets. Most of the votes associated with Nest’s shareholdings are voted by fund managers on Nest’s behalf. Nest has the ability to override its segregated fund managers voting decisions for companies that are in the active monitoring subset.

Nest has established its own voting policy, enabling Nest to document its viewpoints and expectations to fund managers on how companies should be governed and managed<sup>3</sup>. Nest uses the policy to hold fund managers to account on the decisions they make and to identify variances in how fund managers vote to how Nest might have voted on a particular issue. It helps facilitate healthy discussion and debate and allows Nest to fully participate in the wider dialogue on good corporate governance.

During the voting season, Nest might express its views publicly on important issues. Nest does this to send direct signals to companies about changing their approach, publicly represent the interests of members and occasionally gather wider support for particular votes.

For each company in the active monitoring subset, Nest receives voting intentions from its equity fund managers prior to shareholder meetings. Nest's equity fund managers include UBS Asset Management, HSBC Global Asset Management, Lombard Odier Investment Managers, Northern Trust Asset Management, and Columbia Threadneedle Investments<sup>4</sup>. This enables 'real-time' analysis of fund manager voting intentions during the voting season and helps Nest to identify any differences of opinion and talk to its fund managers about them.

Nest uses Minerva Analytics as a proxy advisor. In advance of each shareholder meeting in the portfolio, Minerva analyses the governance and disclosures of the company, and the meeting business proposed to be voted on by shareholders and applies Nest's voting policy to produce bespoke policy guidance.

Nest believes it can have the most impact by engaging with fund managers about their voting policies, voting decisions, and approaches to voting and engagement more generally. By engaging in dialogue with fund managers and challenging their decisions on issues such as high executive pay and decarbonisation strategy, Nest can encourage them to hold companies to account in the way members would expect.

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<sup>3</sup> More information on Nest's voting policy can be found on:

<https://www.nestpensions.org.uk/schemeweb/NestWeb/public/whatisnest/contents/Responsible-investment.html>

<sup>4</sup> On 4 July 2022 BMO Global Asset Management (EMEA) was rebranded to Columbia Threadneedle (CT) Investments (CT acquired BMO's EMEA asset management business on 8 November 2021).

## 2 NEST'S VOTING POLICY

### 2.1 Nest Policy Guidance

Nest's voting policy sets out Nest's views and expectations of best practice corporate governance and sustainability reporting, and guiding principles for voting and engagement for all companies. Whilst Nest advocates that all companies it invests in adhere to progressive standards of behaviour and reporting, it is recognised that the regulatory framework and business culture in other regions may promote different standards requiring a more tailored approach to stewardship.

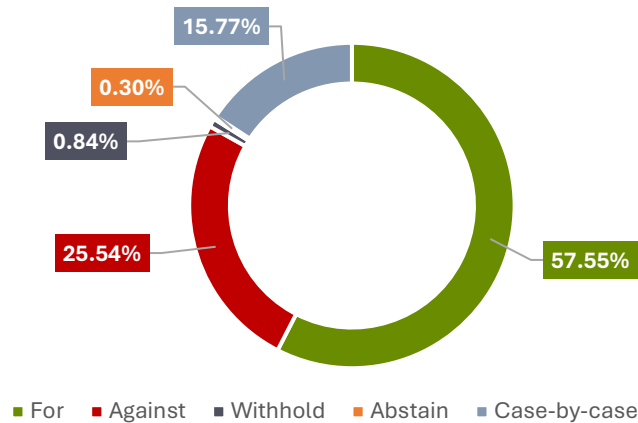
Nest regularly reviews its voting and engagement policy to ensure it reflects its responsible investment objectives, research and regulatory developments. Ahead of the 2025 voting season, Nest strengthened its policy in a number of areas, such as:

- **New guidance on artificial intelligence:** AI continues to create new capabilities with wide ranging potential impacts on businesses and society. Nest expects boards to thoroughly oversee AI-related risks and opportunities, integrating them into strategic planning. In cases where companies fail to establish adequate oversight, risk assessment, or ethical guidelines around AI, Nest may consider voting against the re-election of the most relevant director(s).
- **New guidance on human rights:** Nest expects 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.
- **Enhanced guidance on commodity-related sectors:** Nest introduced language in the policy to vote against directors at companies in high-risk sectors that don't have a satisfactory deforestation and sustainable land use policy.
- **Additional guidance on lobbying:** Nest introduced a lobbying principle, to reflect its belief that companies should be transparent about their political engagement on all material ESG issues, including but not limited to climate change.
- **Enhanced sector-specific guidance for digital and technology companies:** Nest expects companies that host user generated content to manage the dissemination of harmful content.
- **New sector-specific guidance on health and food:** Nest has had a strong focus on health, engaging with food manufacturers and retailers on the risks surrounding a reliance on selling unhealthy and processed food. Anti-microbial resistance (AMR) is also becoming more relevant and material and Nest expects companies in high-risk sectors to implement and disclose clear AMR management practices in alignment with World Health Organization (WHO) guidelines.

Where this report refers to policy guidance, it means guidance generated under Nest's bespoke voting policy, rather than generic guidance provided by Minerva. The guidance is generated through expert analysis of governance disclosures and the meeting business put forward for shareholder vote ahead of each company meeting. The guidance consists of a set of agreed policy perspectives and potential voting actions to be taken if a resolution triggers a specific policy criterion, if, theoretically, Nest were actively voting the shares itself.

Nest's policy takes a robust and objective approach to the guidance it generates in order to ensure a consistent application of its principles. Where the resolution in question is in line with the Nest policy standards, the guidance is to vote 'For'. Where a concern is identified, the policy guidance will be determined by the voting policy system settings chosen by Nest: most commonly 'Against', but sometimes 'Case-by-Case', while 'Abstain' is rarely used. The below chart shows Nest's policy guidance across the 5,263 resolutions in the active monitoring subset.

Figure 6: Nest Policy Guidance Direction



Nest does not follow a ‘one-size-fits-all’ approach and explores the structure, conduct and performance of a company as a whole. Nest’s policy therefore provides a robust, repeatable and consistent basis for triggering further review when a potential policy concern is identified.

When Nest’s policy flags a potential issue or concern with a company, not only is guidance provided as described above, but a transparent audit trail is produced which outlines the specific policy criteria that triggered the alert. The audit trail can be used to analyse the governance criteria identified by Nest’s policy to identify the most frequent governance concerns the companies within the subset have.

The guidance is read alongside company explanations before the Nest team comes to an informed view as to whether to engage with fund managers on a resolution or exercise a vote override. The apparent divergence between the guidance and actual vote outcomes should be considered in this light. This approach is consistent with the ‘comply-or-explain’ basis of the UK and other corporate governance codes. Therefore, the guidance on its own is not designed to be a substitute for a detailed understanding of the individual circumstances of the company and any associated engagement<sup>5</sup>.

## 2.2 Governance Issues Identified

Nest’s governance and voting oversight project involved a detailed review of each company in the active monitoring subset. Some resolutions were subject to multiple policy criteria<sup>6</sup>; therefore, there were 2,234 unique resolutions with a potential governance concern and 4,952 different potential governance concerns identified, meaning 42.45% of the 5,263 resolutions in the portfolio had at least one potential policy issue identified.

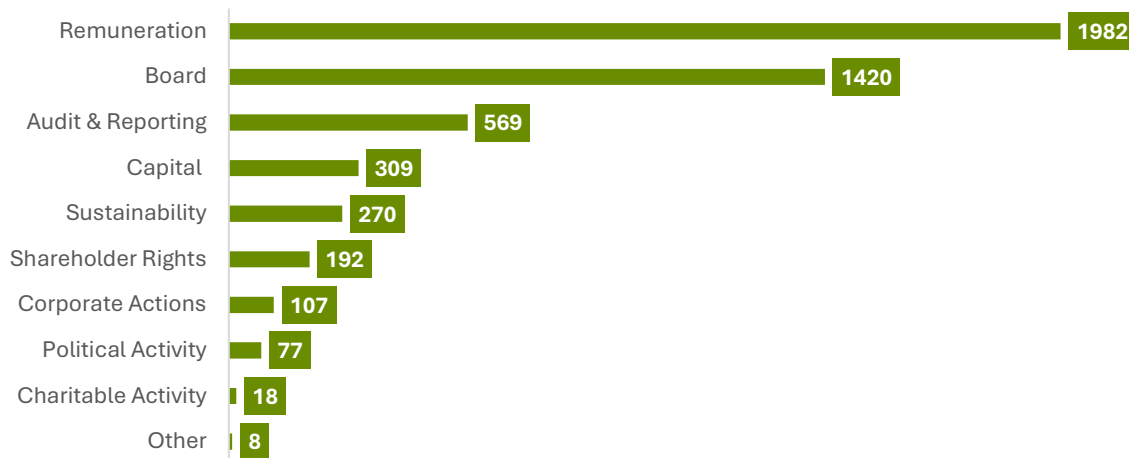
When considering the number of policy issues identified at companies in the monitoring subset, a larger number of resolutions had a policy flag in 2025 compared to the previous year (41.38% in 2024 compared to 42.45% in 2025). Additionally, a greater number of policy flags were identified meaning that where a resolution had potential policy issues identified for review in 2025, there was a greater range of issues to consider (e.g., a resolution with a policy flag in 2025 had an average of 2.22 potential issues to review compared to 2.14 in 2024).

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

<sup>5</sup> The FRC has published guidance on improving the quality of ‘comply-or-explain’ reporting: <https://www.frc.org.uk/docs/9178/html/>

<sup>6</sup> For example, a resolution to approve a company’s remuneration report was subject to multiple policy criteria including considerations of disclosure of performance targets, the length of performance periods, the existence of clawback provisions etc. Accordingly, a single resolution may have multiple potential governance issues identified. Additionally, one single policy concern may be flagged on multiple resolutions – for example, remuneration committee independence may be flagged on resolutions to elect directors and resolutions to approve remuneration.

Figure 7: Policy Issues Identified by Resolution Category



**Data Note:** This chart shows the number of policy issue instances identified by Nest's voting template, not the number of resolutions. A single resolution may trigger multiple policy issues; for example, a remuneration resolution may be flagged for both a lack of clawback provisions and insufficient disclosure of performance targets.

Remuneration and board issues were the most frequently identified concerns. These two general themes, taken together, raise questions about the significance with which many companies view the quality of board input, as well as their approach and attitude towards pay for performance.

Due to various external factors, including macroeconomic and geopolitical uncertainty, there has been a return to a focus on traditional governance factors in recent years, as companies seek to protect the bottom line in an uncertain operating environment. Investors have been looking for companies to demonstrate sound governance practices and have been re-examining board composition, skills, diversity and effectiveness. They want to ensure companies are positioned to provide effective oversight of material long-term financial and sustainability risks and opportunities. The election of directors and the approval of directors' remuneration are important shareholder rights in this context. Investors can vote to encourage sound governance that supports long-term sustainable value creation and effective risk management.

At the same time, whilst board and remuneration-related resolutions have traditionally been considered a governance issue, these resolution types are increasingly seen through an ESG lens. Investors are increasingly considering how the board is overseeing and responding to ESG risks and opportunities, such as climate strategy, and incorporating ESG factors into executive incentive pay structures when voting on such resolutions to maintain the board accountability link for ESG factors. Incorporating ESG factors into routine votes on governance matters also allows shareholders to raise these concerns without needing a shareholder proposal to be filed on the issue.

These concerns are substantive issues, and their prevalence is not synonymous with fund managers' voting records due to different tactical approaches; for example, issues may be raised during engagements which are not reflected in voting. Variations in stewardship approach, engagement strategy, resourcing and views on the role of voting also all contribute to different approaches in how to raise potential policy concerns with investee companies.

Table 1: Nest Policy Flags and Shareholder Dissent<sup>7</sup>

Resolution Category	Number of Resolutions	Number of Flagged Resolutions	Nest Policy Flags %	Average Shareholder Dissent %
Audit & Reporting	580	326	56.21%	1.97%
Board	2900	871	30.03%	3.97%
Capital	600	176	29.33%	2.85%
Charitable Activity	12	7	58.33%	1.74%
Corporate Actions	114	97	85.09%	4.14%
Other	8	8	100.00%	-
Political Activity	44	44	100.00%	6.83%
Remuneration	500	389	77.80%	8.16%
Shareholder Rights	338	158	46.75%	9.14%
Sustainability	167	158	94.61%	9.92%
<b>Total</b>	<b>5263</b>	<b>2234</b>	<b>42.45%</b>	<b>4.44%</b>

**Data Note:** All resolutions in the 'Other' category concerned resolutions to approve any other business as presented at the meeting. As no other agenda items were presented for consideration at the meetings, the resolutions were withdrawn and no poll data reported.

Meeting results data show that shareholder support for management remains overwhelming, even on the most contested items. Average dissent across all resolutions was 4.44% (i.e., an approval rate of more than 95%).

As in previous years, remuneration-related resolutions were the most consistently contentious category among items proposed by management. These votes often attract heightened scrutiny and media attention, which can translate into higher opposition. By contrast, the elevated average dissent in the Shareholder Rights and Sustainability categories primarily reflects the higher incidence of shareholder-proposed resolutions in these categories.

Overall shareholder dissent differs from the proportion of resolutions that trigger a Nest policy flag. Policy flags provide a consistent, objective screen to prompt deeper review and, where appropriate, engagement, supporting a company-specific assessment aligned with the UK Governance and Stewardship Codes' 'comply-or-explain' approach, reflecting Nest's view that corporate governance should be assessed qualitatively as well as through quantitative indicators. For example, the Nest voting template flags all shareholder proposals, board requests for authority to incur political expenditure, and most investment decision-related items for case-by-case consideration to enable review of disclosures and context before reaching an informed stewardship view.

One notable variance is the Audit & Reporting category, where Nest's policy flags a majority of items (56.21%) but average shareholder dissent remains low (1.97%). This gap suggests that the policy is stricter on audit-related risk factors (for example, auditor tenure and independence), while many investors may be less inclined to escalate concerns through votes. In practice, this reinforces the role of the policy flags as an early-warning screen that supports further review and engagement, rather than as a direct proxy for expected voting outcomes.

Nest policy flags can be used as a proxy indicator of potential governance or stewardship concerns within fund manager portfolios. In aggregate, flagged resolutions received average dissent of 6.36%, compared with 3.04% for resolutions without a policy flag. This suggests that the issues identified through Nest's policy screen broadly align with areas where wider investor concern is also more likely to be expressed through voting.

<sup>7</sup> Where we use the term 'Dissent', this is the result of having added up all votes not supporting management recommendation, represented as a percentage of all votes cast ('Against' plus 'Abstain' votes where management recommended is 'For' and 'For' and 'Abstain' votes where management recommended 'Against'). Where there was no clear recommendation from management, we have not counted any votes cast on those resolutions as dissent.

## 3 GOVERNANCE & VOTING

Corporate governance is important to investors because it defines the system of checks and balances between the directors of the company and its owners. Hence, good governance is the first step to effective risk management and sustainable long-term returns. Without appropriate levels of independence, accountability, incentive, experience, and oversight on the part of the board, corporate governance would offer shareholders little protection from the risk that their investment in the company is badly managed. The effectiveness and credibility of corporate governance may largely depend on how institutional investors exercise ownership.

### 3.1 Board

The board of directors is responsible for the long-term mission and strategy of the company. Nest expects boards to act in the long-term interests of the company, its shareholders and other stakeholders.

Board-related resolutions constituted over half of all resolutions voted by Nest's fund managers. This is due to the high number of director election resolutions on a typical AGM agenda; most director elections are now conducted on an individual basis (i.e., one resolution per director) and regularly form part of the common or mandatory business for an AGM. Nest favours annual elections for all directors and expects directors to stand for election at least once every three years to ensure the accountability of board members to shareholders.

An effective and well-functioning board with the appropriate governance structures to facilitate oversight of a company's management and long-term financial and sustainability risks is critical to the long-term success of a company and the protection of shareholder and stakeholder interests. As such, the process of electing directors is important in promoting accountability between boards and shareholders.

28.68% of the potential governance concerns flagged by Nest's policy are related to the functioning of boards and their committees. The most common board-related policy flags were:

- A key board committee was considered insufficiently independent.
- The chair of the board was considered non-independent, such as by serving in an executive capacity or as a combined CEO and chair.
- There were concerns regarding the overall independence of the board.
- A director held a significant number of other directorships ('over-boarding'), raising concerns with their capacity and time commitments.
- There were concerns with the range and level of detail of reporting on the management of material sustainability risks and opportunities provided by a company.
- There were legal concerns identified (such as outstanding litigation) at a company, and approval was sought to discharge the directors from liability.
- There were concerns with the audit committee's oversight on audit independence and tenure.
- A board had an insufficient level of female representation.

In recent years, a number of institutional investor guidelines have called for greater director accountability for governance failings in shareholder voting. For example, if concerns are held with executive remuneration or climate strategy, then a shareholder could oppose the election of the chair of the remuneration committee and the sustainability committee chair to send a stronger signal and maintain the board accountability link in voting.

Director elections allow investors to express their own voting policy views through votes cast against routine governance items, rather than having their vote tied to a particular ESG-related shareholder proposal. However, there remains a difference in views on what issues warrant a vote against and who on the board should be held accountable, potentially resulting in mixed messaging and dilution of shareholder impact.

## 3.2 Remuneration

Remuneration on average is the most contentious issue at a company's AGM. This is perhaps partly because the disclosure regime which applies to remuneration is so demanding that there is an abundance of information about how much directors get paid. These figures, therefore, often grab the headlines and consequently attract a high level of shareholder scrutiny. Although, on the other hand, the disclosure regime in certain markets is not as advanced, for example, in Japan, remuneration will usually be disclosed on an aggregated basis rather than on an individual basis. Typically, executive remuneration is composed of salary, benefits, pension, annual bonus, long-term incentives, and contract termination provisions.

Remuneration is an important mechanism for aligning the interests of shareholders and management, and various factors are considered when voting on executive pay. Important issues for shareholders are whether the right metrics are being used to drive behaviour, the level of disclosure provided and the alignment of pay outcomes with corporate performance, together with overall quantum.

Executive pay levels have become an increasingly prominent topic in the UK and Europe, particularly in the context of market competitiveness and companies' ability to attract and retain senior talent when competing with US peers offering materially higher remuneration. Against this backdrop, several companies have recently sought shareholder approval to increase executive pay opportunities and/or adopt alternative remuneration structures. Where companies propose material changes to remuneration structures or pay levels, it is important that remuneration committees provide a clear, company-specific justification for why such changes are appropriate, while investors remain alert to the risk that incremental adjustments may contribute to the upward ratcheting of CEO pay and social inequalities. Nest considers that remuneration committees should consider executive remuneration in the context of broader workforce pay and be mindful of pay levels across equivalent sectors, industries, and wider public concerns.

The most common Nest policy flags on remuneration-related resolutions were:

- A lack of transparency on the performance targets used in incentive pay.
- No clear link between the performance measures used in variable pay and a company's key performance indicators ('pay for performance').
- Concerns regarding the termination provisions allowing for potential rewards for failure.
- Long-term incentive awards granted to executives that vest without reference to performance.
- The vesting and/or performance period for long-term incentive awards was considered too short.
- A high ratio between the pay received by the CEO and company employees.
- Insufficiently stretching performance targets, including partial vesting for below median TSR performance.
- A lack of robust clawback provisions to enable remuneration committees to recoup executive pay where there has been misconduct or a material misstatement of financial results.

### Companies held to account on executive pay:

Two companies in Nest's monitoring subset had a remuneration resolution voted down by shareholders in 2025:

- **Melrose Industries plc:** 71.24% of shareholders withheld support on the approval of the aerospace and defence company's remuneration report due to concerns over the remuneration committee's decision not to pro-rata the final year annual bonuses to resigning executive directors, the accelerated vesting of awards under the Company's Melrose Executive Share Plan, and overall high levels of pay reported, with CEO Peter Dilnot's pay figure for the year standing at £44.4m. This level of opposition triggers the UK Corporate Governance Code expectation for the Board to consult shareholders and publish an update on the views received and actions it intends to take.
- **Thermo Fisher Scientific Inc:** 64.88% of the shareholder ballot withheld support on the approval of the laboratory equipment and supplies company's remuneration report due to concerns over the stretch of the annual bonus performance targets, the use of a one-year performance period for long-term incentive awards, and the grant of a one-time retention award to the CEO Marc Casper worth \$6.3m.

### 3.3 Sustainability

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

Resolutions categorised as ‘Sustainability’ received the highest level of average general shareholder dissent across all categories of 9.92%. This can be explained by the fact that shareholder proposals accounted for the majority (87.43%) of sustainability resolutions. Shareholder-proposed resolutions, in general, received on average a much higher dissent level than management-proposed resolutions. The shareholder proposals generally asked companies either to improve sustainability reporting and/or policies, or to take action on a specific sustainability issue, e.g., requesting the adoption of net zero aligned climate targets or to undertake a biodiversity impact and dependence assessment.

#### Say on Climate:

Climate change is one of the world’s biggest challenges, posing a significant threat not just to the environment but to social and economic stability. Climate change remains a prominent topic of debate among shareholders, companies and lobbyists in discussions at company AGMs. Despite the energy crisis, war-related disruption to global supplies, energy security concerns, and scrutiny of windfall profits, investor support for climate ambition has remained relatively resilient.

While it is possible to reduce the financed emissions from investment portfolios simply by selling the most carbon-intensive assets, this does not necessarily lead to a reduction in real-world emissions as other investors may purchase the assets. Instead, many investors want to stay invested and work with other investors to encourage companies to commit to net zero. Companies that are not responding to engagement, or are progressing too slowly, are most likely to be financially impacted by a transition to a low-carbon economy.

Companies have come under increasing pressure to align their business models with the Paris Agreement Climate Goals, which call for global warming to be capped at 1.5°C compared with pre-industrial levels. 2021 was the first time in which companies put forward resolutions seeking shareholder approval of their climate transition plans, spurred on by the Say on Climate initiative. The initiative called on companies to implement credible climate transition plans and to put these plans to a shareholder vote at AGMs.

Nest welcomes boards voluntarily putting forward advisory resolutions that seek shareholder approval of the organisation’s climate transition action plan. Nest expects companies to be transparent in their approach to addressing climate change, their GHG emission reduction targets, and their reporting against the Task Force on Climate-related Financial Disclosures (TCFD) framework (now subsumed by the International Sustainability Standards Board’s sustainability disclosure standards) and will review Say on Climate votes on a case-by-case basis.

The number of companies in the monitoring subset holding a Say on Climate vote in 2025 fell from 14 to 13 companies, and remains significantly below the 28 companies in 2022. The decline in number is partly due to companies opting to hold a vote every three years rather than annually, as well as the loss of momentum behind the initiative amid mixed investor support, broader political fragmentation on net zero, energy security concerns following the war in Ukraine and wider energy market disruption, and heightened scrutiny of climate-related commitments. Additionally, the relevance of Say on Climate votes may be diminishing as regulatory requirements, such as the EU Corporate Sustainability Reporting Directive, increase baseline sustainability disclosure requirements, formalise aspects of sustainability reporting, and in some cases introduce shareholder votes on sustainability reporting, thereby reducing the perceived need for separate Say on Climate votes. Companies may have also been hesitant to put forward a vote given the increase in dissent and associated reputational risks. The lack of established standards, regulations, or good practice guidance for Say on Climate votes may also be impacting wider adoption by boards, as well as shareholders’ ability to implement consistent voting strategies.

In 2025, Say on Climate resolutions received average shareholder support of 84.08% (81.70% in 2024) and four companies (five in 2024) received dissent of 20% or more. The companies receiving high levels of shareholder dissent were Pennon Group plc, Santos Ltd, South32 Ltd and Sasol Ltd. Sasol Ltd received the lowest level of support at 67%, with shareholders raising concerns over the company’s climate strategy and disclosures.

The effectiveness of climate stewardship efforts and Say on Climate voting mechanisms came under greater scrutiny in 2025, as several major oil companies and financial institutions scaled back their climate commitments, citing the need for increased investment in oil and gas amid ongoing economic and energy instability. BP plc became a notable focus of investor scrutiny at its AGM due to tensions between investors and the company over climate strategy, with then board chairman Helge Lund receiving 24.6% shareholder dissent on his re-election.

### 3.4 Shareholder Resolutions

The overwhelming number of resolutions were proposed by management, with only 5.30% of resolutions proposed by shareholders. The vast majority of shareholder resolutions were proposed in North America (196), while the remaining shareholder resolutions were proposed in Europe (56), Japan (17), the Rest of the World (6), and the UK & Ireland (4). The concentration of shareholder proposals in North America reflects the region's well-established shareholder proposal mechanism, including historically more proposal-friendly filing rules and greater shareholder reliance on resolutions to pursue governance reforms.

Shareholder resolutions are resolutions put forward by shareholders who want the board of a company to implement certain measures, for example, around corporate governance, social and environmental practices. Although they are generally not binding, they are a powerful way to advocate publicly for change on policies such as climate change. A minority are binding, such as proposals to amend the articles of association (rather than requesting the board to do so) and thus may be subject to a higher majority to pass.

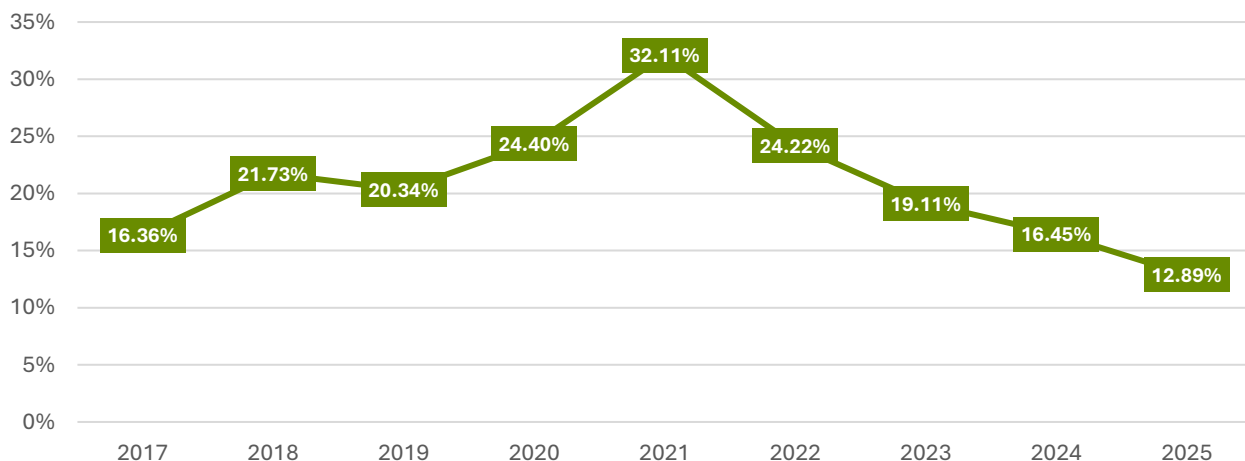
Nest values the right of shareholders to submit resolutions to company general meetings. Nest's policy is to support shareholder resolutions that enhance shareholders' rights, are in the economic interests of shareholders, or support sustainability and good governance. Due to the subjective nature of shareholder resolutions, Nest's policy generally refers shareholder resolutions to case-by-case considerations to individually assess the merits of each proposal. Nest assesses the request of a shareholder resolution in the context of the company's existing practice and policy as well as wider market and international trends.

The majority (52.33%) of shareholder resolutions were related to **sustainability reporting and/or performance**. The next most common proposal types were shareholder proposals seeking to elect dissident director candidates or remove incumbent directors (9.35% of proposals). At North American companies the **separation of the Chair and CEO roles**, the introduction of a **shareholder say on severance pay**, the **shareholder right to take action by written consent and call special meetings**, the **removal of supermajority voting provisions**, and **recapitalisation plans and/or disaggregated voting results disclosure at companies with a multiple-class share structure** were also key themes in shareholder proposals in 2025.

Of the 279 shareholder proposals, 54 (19.35%) were proposals filed by 'anti-ESG' organisations seeking to scale back company initiatives and disclosures on sustainability issues, such as on climate change and diversity, equity & inclusion (DEI). These proposals received average support of 2.15%, a much lower level of support than proposals filed by other shareholders (10.49%).

Average dissent from management recommendations was 3.97% on management-proposed resolutions and 12.89% on shareholder-proposed resolutions. This shows that shareholders were more likely to express opposition to management by supporting shareholder proposals than by voting against management-sponsored resolutions. However, as the chart below shows, there has been a year-on-year decline in shareholder support on shareholder resolutions in the monitoring subset since the peak year in 2021.

Figure 8: Average Shareholder Dissent on Shareholder Proposals



When assessing voting trends on shareholder proposals, it is important to consider the broader context shaping investor behaviour in recent years. This includes regulatory uncertainty following changes to US Securities and Exchange Commission guidance, a rise in anti-ESG proposals that have attracted limited investor support, heightened political and legal scrutiny of ESG-related voting, and growing investor fatigue as the volume and range of proposals have expanded. It also reflects a renewed focus on traditional governance issues amid a more uncertain macroeconomic environment, as well as the increasing use of alternative stewardship tools, such as ‘vote-no’ campaigns targeting directors. In addition, legal and reputational risks associated with shareholder activism and the integration of ESG considerations into stewardship activity, highlighted by recent litigation, may be contributing to greater caution among both proposal filers and investors. Notably, during the 2025 voting season, no sustainability-related shareholder proposals were successful, with the last successful sustainability-focused proposal among the monitoring companies occurring in 2023. It is also worth noting that rising regulatory requirements and the adoption of voluntary reporting frameworks, such as the Task Force on Climate-related Financial Disclosures, have improved corporate transparency and raised the baseline for ESG reporting in many areas. As a result, shareholder proposals are increasingly focused on more granular or prescriptive disclosure requests, which may struggle to attract widespread support where more straightforward baseline reporting expectations have already been addressed.

There were four successful shareholder proposals in the active monitoring subset in 2025, excluding six routine agenda items proposed by the controlling shareholder at PGE Polska Grupa Energetyczna SA.

<p><b>Supermajority Voting Provisions</b></p>	<p>A shareholder proposal requesting that Albemarle Corp’s Board of Directors amend the company’s governing documents to remove supermajority voting provisions received 68.13% of votes in favour. Nest will generally support the removal of supermajority voting provisions at non-controlled companies and supports shareholder proposals that enhance shareholder rights.</p> <p>In 2025, several boards of US companies also put forward management proposals to remove supermajority voting provisions; however, because the existing provisions required a higher approval threshold, these items failed to pass at Eli Lilly &amp; Co, Phillips 66, Marathon Petroleum Corp, NVIDIA Corp, and Tesla Inc. Notably, Eli Lilly and Marathon Petroleum have filed the proposal annually since 2018 and have failed to obtain the required supermajority each time. This underscores both the governance and entrenchment risks of supermajority voting provisions and the practical difficulty boards face in removing them once adopted.</p>
<p><b>Annual Director Elections</b></p>	<p>At Tesla Inc’s AGM, a shareholder proposal requested that the company declassify its board by moving to annual elections, with each director standing for a one-year term. The proposal received majority support, with 53.78% of shareholders voting in favour. Nest favours annual director elections and will generally vote against proposals to classify the board, and in favour of proposals to declassify it. Notably, a near-identical declassification proposal also received majority support in 2024, raising concerns about Tesla’s responsiveness to shareholders.</p>
<p><b>Proxy Contest</b></p>	<p>At Phillips 66’s 2025 AGM, activist investor Elliott Investment Management nominated four dissident director candidates and urged shareholders to support them over the Board’s four nominees standing for election. Elliott launched the proxy contest on the basis that Phillips 66 was underperforming peers and that board-level change was needed to drive a revised strategic direction. Under the voting rules, the four candidates receiving the most votes were elected; two Elliott nominees and two Board nominees were successful.</p>

The US Securities and Exchange Commission (SEC) adopted a stance which was widely seen as hostile towards shareholders and favourable towards companies following the change in administration in January 2025. Several moves made by the Commission impacted shareholder engagement in 2025 and continued into the 2026 proxy season, creating greater uncertainty for shareholders and companies. These changes have included:

- 1 Replacing Staff Legal Bulletin (SLB) 14L with SLB 14M - just before the peak of the 2025 proxy season - making it easier for companies to exclude shareholder proposals on 'economic relevance' and 'ordinary business' grounds.
- 2 Announcing that the Commission will not respond to 'no action' requests from companies, other than no action requests related to Rule 14a-8(i)(1) meaning firms can exclude most shareholder proposals without the long-standing precedent of gaining assent from the SEC.
- 3 Blocking shareholders holding under US\$5 million of a company from filing exempt solicitation notices on its EDGAR platform, potentially inflicting serious damage on 'vote no' campaigns which have gained traction in recent years.
- 4 Amending Rule 14a-8 to introduce more stringent requirements over the amount of investment and the length of time investment must be made in a company required to file shareholder proposals, as well as the level of support needed to resubmit resolutions.
- 5 Amended SEC Guidance on 13D/13G clarified that investors seeking to exert pressure on a company implementing specific measures, such as on ESG, may lose their 'passive investor' status and be disqualified from filing a short-form Schedule 13G resulting in more caution from shareholders to avoid burdensome reporting.

The exclusion of shareholder proposals has become an increasingly important governance consideration for investors particularly in assessing board accountability and responsiveness to shareholders and the upholding of shareholder rights to submit proposals.

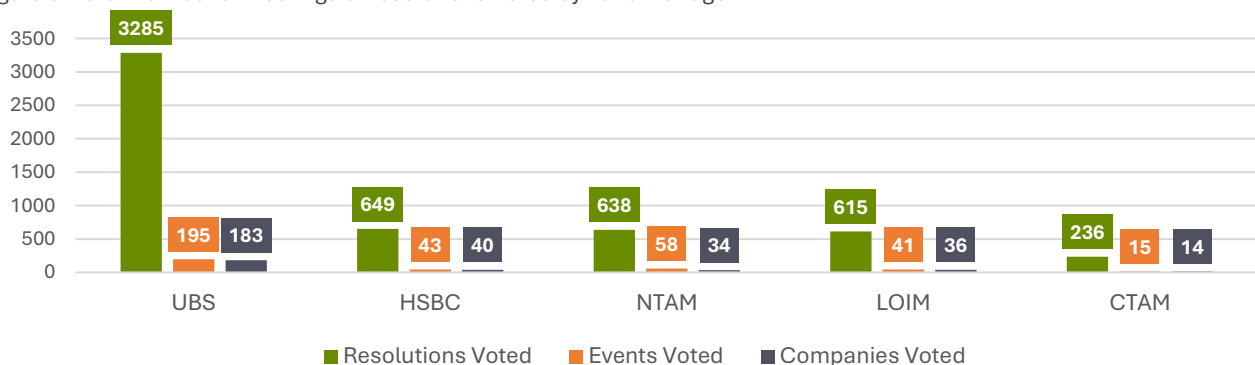
## 4 MEETINGS AND RESOLUTIONS VOTED

### 4.1 Fund Manager Voting

There were 350 meetings and 5,263 resolutions in the monitoring subset during the review period. Some companies were not held in a fund manager portfolio, or a fund manager held a particular class of shares that provided for limited or no voting rights. Nest may also include companies in the subset that are not directly held by a fund manager. Additionally, certain companies were held in more than one fund manager portfolio.

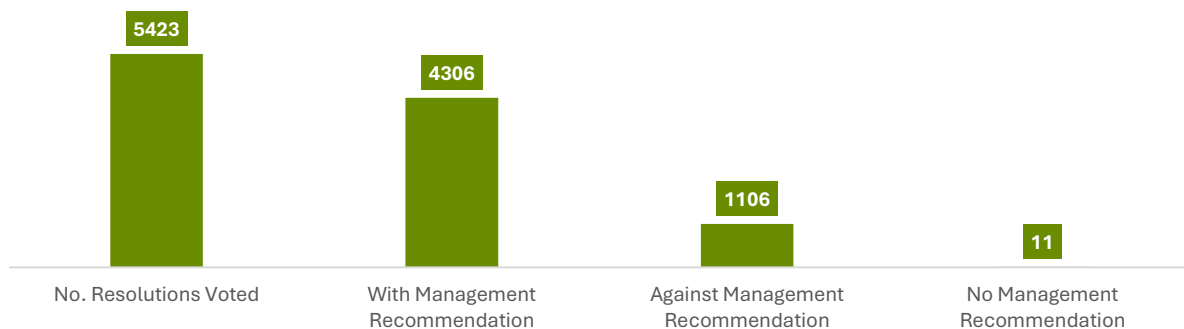
In aggregate, Nest’s managers voted on 5,423 resolutions across 352 meetings during the reporting period. This compares to 310 meetings and 4,701 resolutions in 2024. The increase reflects LOIM’s first full year of voting on behalf of Nest following its appointment in 2024.

Figure 9: Total Number of Meetings & Resolutions Voted by Fund Manager



This report examines a targeted subset of holdings rather than Nest’s fund managers’ full global voting activity. The governance and vote monitoring project aims to provide detailed oversight of stewardship activities, rather than requiring alignment with any particular policy position. It allows for a comparison and understanding of fund manager activities, general shareholder voting behaviour, and fund expectations. The number of companies and resolutions in the active monitoring subset is relatively small in comparison with the total number of meetings and resolutions voted by Nest’s fund managers. Therefore, no inferences or conclusions should be drawn about voting patterns overall.

Figure 10: Aggregate Votes Cast by Nest’s Fund Managers<sup>8</sup>



<sup>8</sup> This data is an aggregate of all the votes cast by Nest’s fund managers. Some securities are held in multiple portfolios, which means that some meetings have been counted two or more times. Votes against management may indicate votes in favour of shareholder-sponsored resolutions on issues such as, for example, climate change reporting, a key pillar of Nest’s voting policy. On certain resolutions, management provided no recommendation, leaving the decision to shareholders.

## 4.2 Shareholder Meetings

Most companies hold just one shareholder meeting per year, but a smaller number hold more than one, resulting in an average of approximately 1.1 to 1.2 meetings annually. The majority of meetings at which investors vote during the year are AGMs, at which there is legally defined mandatory business which must be put to shareholders. These items will vary by market and are a function of local company law. Regular business includes voting on:

Receiving of the annual report and accounts; Director (re)elections; Director remuneration; Approval of annual dividend; and Reappointment and remuneration of auditors.

What counts as mandatory business varies between jurisdictions. For example, the discharge of board members from liabilities for their acts or omissions in the past financial year is a regular item on the agenda of AGMs of German companies but is not a feature of UK AGMs.

AGM business will often also contain resolutions to approve the issue of new share capital up to a certain maximum (for example, in the UK, this is usually two-thirds of current issued share capital, along with an accompanying request for the disapplication of pre-emption rights). Therefore, as noted above, AGMs have a significantly larger number of resolutions on average than other types of meetings. Because some meetings were voted by more than one fund manager, the aggregate number of meetings voted by managers (352) is slightly higher than the number of unique meetings in the monitoring subset (350).

Table 2: Meeting Types by Fund Manager

Fund Manager	AGM	Class	EGM	GM	OGM	SGM	Total
CTAM	14	0	0	1	0	0	15
HSBC	39	0	2	2	0	0	43
LOIM	36	0	3	2	0	0	41
NTAM	34	2	17	0	5	0	58
UBS	183	0	5	4	0	3	195
<b>Total</b>	<b>306</b>	<b>2</b>	<b>27</b>	<b>9</b>	<b>5</b>	<b>3</b>	<b>352</b>

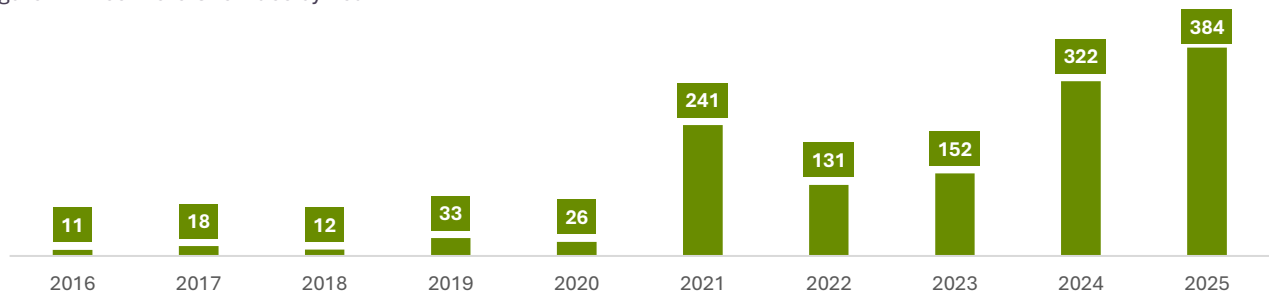
## 5 ENGAGEMENT

### 5.1 Vote Overrides

Nest has the ability to override fund managers' votes for a number of companies in the monitoring subset in its equity funds managed by UBS, LOIM and NTAM. While Nest's views will generally be aligned with its fund managers, there will be times when Nest adopts a different approach on some areas. Where this is the case, Nest overrides a select number of votes for its shares. This means that Nest can have a direct say on matters it regards as particularly important and can control how votes are cast across the default fund.

During the 2025 voting season, Nest overrode its fund managers' voting intentions on 384 resolutions, representing 7.08% of the total 5,423 resolutions voted by fund managers – this is an increase from the 6.85% of resolutions overridden in 2024. The overrides were enacted in order to strengthen alignment with Nest's voting policy and stewardship priorities, reflecting Nest's approach as an active owner. Some of the vote overrides were applied to multiple fund managers where more than one manager was voting at a shareholder meeting.

Figure 11: Nest Vote Overrides by Year



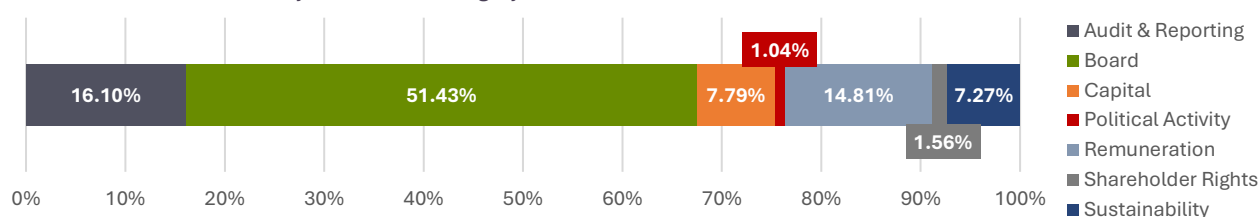
When deciding to override votes, Nest sometimes engages with the fund managers to understand their rationale for voting differently and what research and engagement they have undertaken to inform their voting decisions. If Nest overrides its fund managers to vote against management recommendations, Nest may engage with the company directly where it thinks an issue is particularly important to raise. In the last year, Nest wrote letters to several companies to explain its voting decisions and areas of concern, seeking resolution or ongoing dialogue. Many of these engagements are part of Nest's broader active ownership approach for addressing and making progress on its ESG priorities.

Nest had direct engagement with the following companies on the matters listed below:

- **BP:** Scaling back climate targets and remuneration.
- **Shell:** Scaling back climate targets.
- **United Utilities:** Remuneration and water pollution.
- **Amazon:** Reporting on freedom of association and working conditions.
- **Glencore:** Reduced commitment to cut coal expansion.

More than half (51.56%) of overrides related to board composition and effectiveness, including director elections and the discharge of directors from liability where companies faced material lawsuits. Common triggers included independence concerns, inadequate board diversity, director overcommitment, and combined CEO/Chair roles. A further 16.15% concerned audit & reporting matters, mainly the reappointment of external auditors where concerns existed over long tenure and independence, or insufficient consideration of climate-related risks in financial reporting. Additionally, 14.84% of overrides related to executive remuneration, where Nest considered pay structures insufficiently aligned with long-term shareholder interests.

Figure 12: Nest Vote Overrides by Resolution Category



## Key Vote Overrides

Some of the votes Nest overrode this year that particularly stood out included:

- ESG Controversies:** AGAINST the re-election of Uber Technologies Inc's Board Chairman Ronald Sugar due to ongoing controversies relating to human rights and labour practices linked to infringing drivers' privacy rights, tax avoidance in different European countries, misclassification of drivers and denying employee rights in the US; consumer protection controversies and others. Nest supports holding the Chair of the Board as responsible for where a company has undergone a severe controversy and there is limited evidence of corrective action.
- Executive Remuneration:** AGAINST the remuneration policies proposed by several banks, including Barclays plc and HSBC Holdings plc, due to concerns over material increases in executive director pay opportunities. Following the removal of the UK 'banker bonus cap', together with greater emphasis on market competitiveness and more flexible Investment Association remuneration principles, several UK companies have sought shareholder approval for significant increases in executive pay. Nest believes executive remuneration should be considered in the context of the wider workforce and the company's long-term success, and therefore supports voting against increases where a company has not provided a sufficiently clear and company-specific rationale for the proposed changes.
- Board Responsiveness:** AGAINST the re-election of Woodside Energy Ltd's sustainability committee chair Ann Pickard due to the company's lack of responsiveness to shareholder concerns on climate strategy. At Woodside's 2024 AGM, the oil & gas firm's Say on Climate vote was voted down by shareholders, reflecting the first defeat of a company's climate transition plan globally. However, despite the historic vote, Woodside's net zero ambitions and approach to climate risk management were not strengthened in line with Nest's expectations.
- Climate Lobbying:** FOR shareholder resolutions asking Bank of America Corp and Mondelez International to produce a report on climate lobbying. Nest expects companies to be transparent about their political engagement, including lobbying activities with regards to material ESG issues. On climate change specifically, Nest expects 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.
- Nature and Biodiversity:** FOR a shareholder resolution asking PepsiCo Inc to undertake a biodiversity dependency and impact assessment. The loss of natural capital is a systemic risk that will put a drag on economic growth and may impact investment risk and returns. Nest encourages 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).
- Human Rights:** FOR shareholder resolutions asking Johnson & Johnson to undertake human rights due diligence and produce a human rights impact assessment, and asking Amazon.com Inc to commission an independent third-party assessment of its governance and oversight of human rights risks associated with artificial intelligence. As an institutional investor, Nest has a responsibility to respect human rights in line with the UN Guiding Principles on Business and Human Rights, and to encourage portfolio companies to manage and mitigate risks in their supply chains.
- Climate Ambition:** AGAINST Equinor AS's climate transition plan due to concerns over a scaling back of climate ambitions. The majority state-owned Norwegian oil and gas company updated its climate transition plan in 2025, which included plans to increase oil and gas production and scaled back commitments to invest in low carbon technologies, raising concerns over the credibility of the company's climate ambition and the extent to which its strategy remained aligned with an effective transition pathway.

## 6 FUND MANAGER VOTING ACTIVITY

### 6.1 Fund Manager Voting Comparison

Overall, Nest's fund managers expressed concerns through voting less frequently than the incidence of Nest policy flags might imply. This is not unexpected given the nature of the 'comply-or-explain' regime which requires subjective decisions to be made versus the more objective policy guidance. In addition, it should be recognised that the small dataset means that a lower number of variances will have a greater impact in calculating percentages.

Table 3: Fund Manager Overall Voting Patterns

Fund	Number of Resolutions Voted	Fund Manager Dissent %	Nest Policy Flags %	Average Shareholder Dissent %
CTAM	236	2.54%	40.25%	4.53%
HSBC	649	19.88%	47.00%	5.64%
LOIM	615	21.79%	43.41%	4.97%
NTAM	638	26.65%	50.47%	6.40%
UBS	3285	20.30%	42.59%	4.44%
<b>Total</b>	<b>5423</b>	<b>20.39%</b>	<b>44.03%</b>	<b>4.85%</b>

Overall, fund managers did not always express concerns through their votes where the Nest voting policy template identified potential issues, reflecting the role of qualitative judgement and engagement in voting decisions. However, Nest's fund managers were still much **more active than the average shareholder** in expressing concerns through voting. Importantly, policy flags should be understood as prompts for further review, rather than as an automatic expectation to vote against management.

Whereas general shareholder dissent in 2025 stood at 4.85% (2024: 5.13%), Nest's fund managers opposed management on 20.39% of resolutions (2024: 19.61%). Accordingly, whilst average shareholder dissent fell from last year, Nest's fund managers' rate of dissent increased in 2025. The analysis shows that **Nest's fund managers opposed management more than four times as often as general shareholders.**

As noted earlier in the report, Nest policy flag data can be used as a broad indicator of potential departures from corporate governance good practice, and shareholder dissent is higher on resolutions with a flag than on resolutions without a flag. This is also true when considering that fund managers were more likely to vote against management on a resolution with a Nest policy flag than a resolution without a policy flag – **82.55% of fund managers' dissenting votes occurred on resolutions with a Nest voting policy flag, suggesting broad alignment in environmental, social and governance considerations and voting concerns.**

There were 193 exceptions where a fund manager voted in opposition to management's recommendation and Nest's Voting Template did not flag a policy issue for review. The occurrence of resolutions where management was opposed without a corresponding governance concern identified by Nest's policy suggests that fund managers are also willing to apply their own judgement on governance issues and raise different concerns or interpretations of concerns to those contained within Nest's own voting policy.

At an aggregate level, it is difficult to draw firm thematic conclusions about the differences between Nest's policy flags, fund manager voting patterns and wider shareholder voting outcomes. These differences may reflect a range of factors, including engagement strategy, resourcing, investment approach and the role that voting plays within each manager's stewardship process. They may also reflect differences in the managers' own voting policies, which may place emphasis on different issues or resolutions and therefore contribute to variation in voting outcomes.

Accordingly, measuring stewardship by the number of votes for or against management may oversimplify the issues that fund managers must contemplate. Voting records do not reflect the complexity of the factors considered when voting, including company disclosure, engagement, the policy issue identified, and the specific circumstances of

the company. However, the use of voting rights remains an important means by which shareholders can influence company behaviour and protect the interests of shareholders and stakeholders.

Overall, the analysis shows:

- In aggregate, 1,106 resolutions (2024: 922) were voted contrary to management recommendations, comprising:
  - 946 (2024: 717) management sponsored resolutions; and
  - 160 (2024: 205) shareholder sponsored resolutions.
  - 17.45% of instances where fund managers opposed management did not have a Nest policy flag.
- Nest's fund managers were more likely to oppose management by supporting a shareholder-proposed resolution than by opposing a management-proposed resolution. In aggregate, fund managers voted against management on 18.70% of management resolutions and 43.84% of shareholder resolutions.
- Fund managers voted against seven defeated management-proposed resolutions (2024: eight), consisting of the approval of Thermo Fisher Scientific Inc and Melrose Industries plc's remuneration report, a request by Siemens AG's board for authority to hold virtual-only shareholder meetings, two director elections at Phillips 66 as part of a proxy contest, and two contested director elections at Petroleo Brasileiro whereby multiple candidates stood for a limited number of board positions. Fund managers also voted in favour on four successful shareholder proposals (2024: four)<sup>9</sup>.
- CTAM's level of dissent has decreased by 4.87 percentage points. CTAM's dissent rate stood 1.99 percentage points below average general shareholder dissent in 2025. CTAM only voted at 15 shareholder meetings in the monitoring subset in 2025 as the fund has a limited number of stocks, meaning the dissent rate can change significantly year-on-year due to the low number of resolutions voted. CTAM manages the ethical fund, which is an active mandate that invests in companies that meet certain sustainability criteria. It may therefore be expected that CTAM's level of dissent is lower than that of managers with greater exposure to companies facing more material sustainability-related risks.
- HSBC's dissent also decreased in 2025, by 6.18 percentage points. HSBC's dissent continues to be materially higher than the average shareholder, by 14.24 percentage points.
- LOIM voted against management on 21.79% of resolutions in 2025, its first full voting season for Nest, and opposed management more often than general shareholders. In 2024, LOIM voted against management on 17.46% of resolutions.
- NTAM's level of dissent increased in 2025, by 4.33 percentage points. NTAM's dissent rate was significantly higher than average shareholders, by 20.25 percentage points. NTAM had the highest dissent rate out of the managers in 2025.
- UBS's dissent increased in 2025, by 1.37 percentage points. UBS continues to oppose management to a significantly higher degree than the average general shareholder, by 15.86 percentage points.
- Nest's fund managers' aggregate rate of dissent increased in 2025, indicating a greater use of proxy voting rights to express concerns in support of shareholder and member interests.

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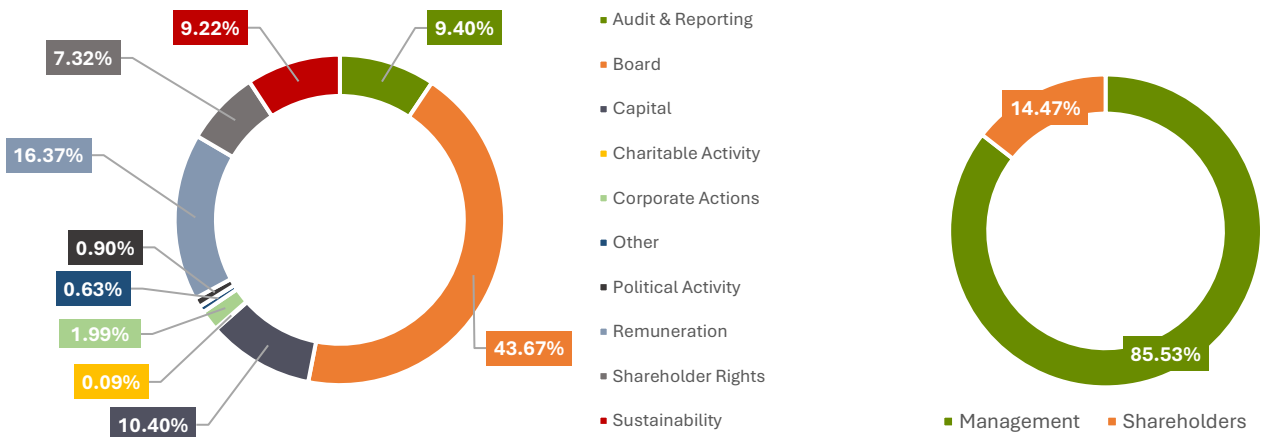
<sup>9</sup> Defeated management resolutions exclude procedural votes in the Brazil market where shareholders vote on multiple resolutions to decide on the voting mechanism to be used on director elections.

Key Voting Highlights	
<b>Company</b>	Siemens AG
<b>Event</b>	AGM 13/02/2025
<b>Vote Details</b>	Nest's managers voted against a resolution put forward by the board seeking to authorise the company to hold virtual-only shareholder meetings for a period of two years. Nest believes 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. As such, Nest will generally oppose proposals to hold virtual-only meetings unless this is due to exceptional circumstances, such as a health pandemic. Nest's managers voted against the proposal due to concerns that the proposed virtual-only meeting format could negatively impact shareholders' active participation. As the resolution was filed as a special resolution it required a 75% vote in favour to pass however only 71% meaning it was not carried forward.
<b>Company</b>	Tesla
<b>Event</b>	AGM 06/11/2025
<b>Vote Details</b>	Tesla's 2025 AGM was one of the most closely watched meetings of the year, featuring various agenda items that attracted significant investor scrutiny. At the meeting, shareholders were asked to vote on the ratification of a \$1trn stock award granted to CEO Elon Musk. Nest's fund managers voted against the resolution due to concerns regarding its structure and excessive pay quantum and the resolution received around 23% shareholder dissent. Nest's fund managers also voted against the remuneration report, proposed amendments to the 2019 Equity Incentive Plan and re-election of chair of the remuneration and governance committees Ira Ehrenpreis, and supported five shareholder proposals, with the most notable being a proposal requesting the declassification of the board (53.8% support) and a proposal requesting that the board seek shareholder approval before adopting any bylaw amendment that restricts the ability to submit shareholder proposals (48.8% support)
<b>Company</b>	BP plc
<b>Event</b>	AGM 17/04/2025
<b>Vote Details</b>	On February 26 2025 BP announced a significant shift in its strategy, decreasing its decarbonisation targets whilst increasing investment in oil and gas. Despite the material update to its climate strategy, BP did not put forward a new Say on Climate vote, despite a public letter from a coalition of investors calling for one. This raised governance concerns around accountability and shareholder oversight on the climate plan as well as with the strength of BP's climate strategy and long-term resilience through the energy transition given the weakening of BP's decarbonisation approach. Nest's fund managers voted against board chairman Helge Lund due to concerns over the board's ability to provide adequate governance and oversight of the execution of the company's new strategy, broader governance-related concerns under his tenure, and the decision not to hold a Say on Climate vote. The resolution to re-elect Mr. Lund received 24.6% shareholder dissent.
<b>Company</b>	Next plc
<b>Event</b>	AGM 15/05/2025
<b>Vote Details</b>	At Next's AGM a coalition of shareholders filed a resolution requesting a report detailing Next's UK wage policies, including base pay practices, oversight, pay levels relative to the real Living Wage, employee turnover, and a cost/benefit analysis of adopting the real Living Wage. Effective minimum pay policies are crucial for worker well-being and workforce retention and recruitment; business resilience and productivity; and the health of the social and economic systems on which investor returns rely. Given the retail sector's high turnover and reliance on low-paid workers, investors need clarity on how Next sets wages and balances costs with long-term sustainability. Transparency on this issue is a crucial first step which would enhance investor understanding of Next's human capital management strategy. Nest's fund manager UBS voted in favour of the proposal and the proposal received 26% votes in favour; above the 20% dissent threshold under the UK Corporate Governance Code recommending boards to consult and respond to shareholders on any actions taken in response to the vote.

## 6.2 Fund Manager Dissent by Resolution Category

In aggregate, Nest’s fund managers voted against management on 1,106 resolutions. Nest’s fund managers were more likely to vote against management recommendation on board-related resolutions than on any other resolution type – 43.67% of all dissenting votes related to board composition and effectiveness. Over 85% of managers’ votes against management were on management-proposed resolutions – the higher proportion is due to management-proposed resolutions accounting for over 93% of all resolutions voted by the managers. Proportionately, Nest’s fund managers voted against management more often on shareholder-proposed resolutions (43.84%) than management-proposed resolutions (18.70%).

Figure 13: Spread of Fund Manager Dissent by Resolution Category and Proponent



### Key Fund Manager Dissent Resolution Categories:

In aggregate, Nest’s fund managers voted against 367 director elections. Key drivers included board and committee independence, insufficient board diversity and director time commitments, with director independence the most common factor. Senior executives are accountable to the board, and boards in turn are accountable to shareholders; independence is therefore critical to effective challenge and oversight, particularly for audit and remuneration committee members. Fund managers also held individual directors accountable for governance concerns such as a lack of responsiveness to shareholder concerns and previous high dissent, minority shareholder protections and unequal voting rights, or inadequate disclosure by climate-exposed companies on climate risk management.

Votes against the remuneration report accounted for 62% of dissenting votes in the Remuneration category. Fund managers also opposed remuneration policies, long-term incentive plans, non-executive remuneration and other miscellaneous remuneration items. Executive remuneration structures should incentivise the delivery of strategic goals and support long-term sustainable value creation and fund managers opposed pay outcomes where alignment with shareholder interests was insufficient and/or disclosures did not enable an informed vote.

In Audit & Reporting, 82% of dissenting votes related to opposition to the reappointment of the external auditor, primarily due to concerns about auditor independence such as long tenure or material non-audit fees.

In Capital, 61% of dissenting votes were driven by opposing share issue authorities because of the size of the authority requested and potential dilution to existing shareholders.

In the Shareholder Rights category, 30% of votes against management were cast in support of shareholder proposals seeking to enhance governance and shareholder rights, including removal of supermajority voting provisions, improved ability to call special meetings, and voting-structure reforms at dual-class companies that depart from one-share, one-vote. Other oppositional votes related to votes against board-proposed amendments to governing documents and procedural items not considered in shareholders’ best interests.

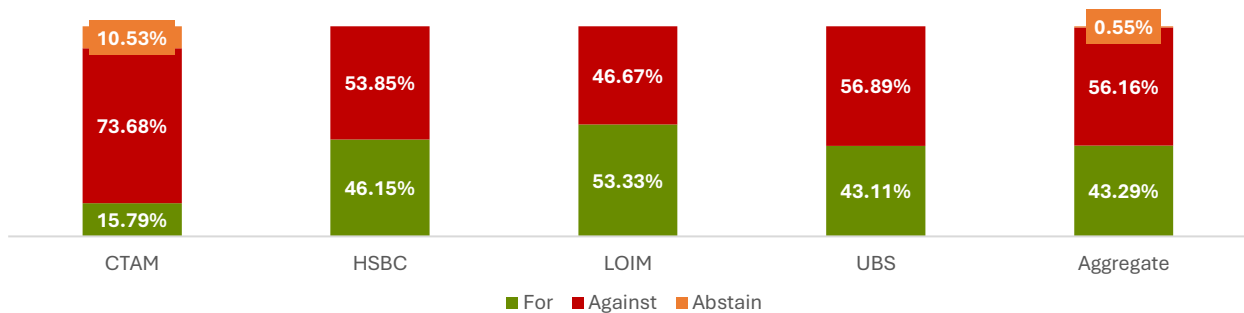
In sustainability, 97% of dissenting votes were votes in favour of shareholder proposals seeking enhanced reporting and/or policies on environmental and social issues. Fund managers also voted against company-proposed climate transition plans where concerns were identified regarding the strength of commitments and alignment with the Paris Agreement.

### 6.3 Fund Manager Voting on Shareholder Proposals

During 2025, Nest’s fund managers voted on 365 shareholder proposals, supporting 158 and opposing management’s recommendation on 160 in total, including two abstentions. Management recommended voting against 99% of these proposals and gave no recommendation on the remaining 1%. NTAM did not encounter any shareholder proposals in its portfolio’s 2025 meetings within the monitoring subset, so no NTAM votes on such proposals were recorded.

Although shareholder resolutions represent a small proportion of the total number of resolutions voted by Nest’s fund managers, they often attract significant attention because they address non-routine topics and can carry reputational implications for companies. Average shareholder support on the shareholder proposals voted on by the fund managers, i.e., votes cast in favour of the proposal, was 12.83% (2024: 15.33%). Accordingly, Nest’s fund managers voted in favour of shareholder resolutions to a greater extent than the average shareholder.

Figure 14: Fund Manager Voting on Shareholder Proposals



**Data Note:** Managers did not report voting intentions for proposals that were withdrawn ahead of the meeting or where a proposal was raised from the floor of the meeting, meaning investors voting by proxy in advance of the meeting were unable to vote on the proposal.

#### ESG Shareholder Proposals

Shareholder resolutions are an important engagement tool for influencing company policies and practices on environmental, social and governance issues, and for addressing perceived gaps in board strategy and oversight. In 2025, over half of the shareholder proposals voted by Nest’s fund managers related to sustainability topics, including climate change, biodiversity, human rights, and diversity and inclusion. Nest considers voting on shareholder resolutions an important part of stewardship and engagement and closely monitors fund manager voting on these items. Nest’s fund managers supported a broad range of sustainability-related resolutions, including those requesting:

- Environmental practices:** enhanced reporting on climate risk management (including climate lobbying and the just transition), strengthened emissions targets and disclosure, and reporting on banks’ financing of fossil fuels. Managers also supported proposals seeking a report on biodiversity impacts and dependencies, and other environmental disclosures such as plastic packaging, recycling practices, and food waste.
- Workforce factors:** reporting on workforce and human capital management, including worker health and safety, freedom of association and collective bargaining rights, adoption of the real living wage, and independent third-party racial equity audits assessing impacts on employees, customers and society.
- Political activity:** enhanced reporting on political and/or lobbying donations, including assessment of whether trade association lobbying aligns with a company’s stated policies and values.
- Public health:** reporting on the impacts of non-sugar sweeteners, animal welfare practices, and adoption of a policy aligned with World Health Organization guidance on the use of antimicrobials.
- Human rights:** enhanced disclosure on policies and practices, including due diligence and human rights impact assessments, and digital and privacy rights (including risks linked to emerging technologies such as facial recognition and online safety for children).
- Artificial intelligence:** enhanced reporting on risks associated with the development, procurement and deployment of AI (including the unethical use of external data), strengthened governance of AI risk management, and reporting on AI deployment risks in oil and gas development and production.

## 6.4 Concluding remarks on fund manager voting

This report provides a snapshot of Nest's fund manager voting for the fund's active monitoring subset of priority companies. The analysis of the monitoring subset considered the policy guidance generated, the underlying triggers for that guidance, and how fund managers voted in that context. This monitoring framework is therefore valuable not because it seeks uniformity of voting outcomes, but because it helps Nest identify where fund manager decisions diverge from its own policy expectations, understand the reasoning behind those differences, and assess whether they are supported by a credible stewardship rationale. A degree of divergence is not, in itself, evidence of weak stewardship, provided decisions are supported by a coherent rationale and remain consistent with the pursuit of long-term shareholder value.

As direct owners of shares, Nest's fund managers can influence company behaviour on behalf of Nest's members through the exercise of voting rights. Voting rights are therefore a pivotal tool through which shareholders can express their views and act as good stewards. If investors relied solely on governance preferences to determine which companies to invest in, they would risk either unduly narrowing the investable universe or compromising their stewardship objectives.

There is therefore a fiduciary duty for investors, particularly pension funds acting on behalf of large numbers of members, to use stewardship tools to hold companies to account for governance practices and for the management of material social and environmental risks. Many of the voting rights shareholders possess today have been granted over time with company law developments, often in response to public policy problems caused by failures of governance.

The 2025 voting season took place in a challenging geopolitical and economic environment, characterised by heightened regulatory and political scrutiny of ESG-related stewardship, particularly in the United States. Against this backdrop, there was a clear renewed focus on governance. Companies sought to protect financial performance in uncertain market conditions, while many large asset managers reassessed their participation in ESG initiatives amid regulatory uncertainty and political scrutiny. Investors increasingly emphasised board composition and effectiveness, reinforcing the importance of director elections and remuneration votes as core shareholder accountability mechanisms.

Shareholder rights also gained prominence during the 2025 season, reflecting concerns about shareholder meeting mechanics, such as virtual-only and closed-door meetings, voting accessibility and the protection of minority shareholders. This trend has been reinforced by regulatory changes in several markets that have made governance requirements more permissive in pursuit of growth and competitiveness, including more permissive approaches to dual-class share structures, virtual-only meetings and reduced shareholder approval requirements for certain transactions. Reflecting these concerns, there has been a rebound in support for governance-related shareholder proposals, particularly proposals seeking the removal of supermajority voting provisions.

Nest believes that sustainable practices and a responsible approach to environmental, social and governance issues can boost long-term financial return and support the responsible exercise of voting rights to push for better practices that will reduce long-term risks facing a company and benefit multiple stakeholders. Accordingly, Nest is generally supportive of proposals related to climate change, health and food systems, diversity and other issues that are relevant to long-term value and sustainability. Nest's fund managers demonstrated strong support for ESG-related shareholder proposals and a willingness to hold individual directors accountable for a lack of disclosure on how a company is managing material social and environmental risks, such as climate change.

In terms of issues specific to this report, the analysis identifies:

- **Considered Stewardship:** Nest has an established and structured approach to stewardship, underpinned by a clear set of voting expectations and active oversight of fund managers, including the ability to override voting directions.
- **Custom Policy Considerations:** The most frequently identified issues in Nest's voting policy template relate to the structure and disclosure of executive remuneration, as well as board composition and effectiveness.

- **Active Fund Managers:** Nest's fund managers oppose management on a significantly higher proportion of resolutions than general shareholders, with board, remuneration and sustainability-related resolutions being the categories on which they do so most often.
- **Voting Focus:** Nest's fund managers in aggregate were more likely to oppose management by supporting a shareholder-proposed resolution than by opposing a management-proposed resolution. Fund managers voted contrary to management recommendation on 18.70% of resolutions proposed by management and 43.84% of resolutions proposed by shareholders.

Taken together, the findings suggest that fund manager stewardship activity in 2025 remained concentrated on core governance issues such as board accountability, remuneration and shareholder rights, while sustainability concerns continued to be expressed both through support for shareholder proposals and through opposition to directors where oversight was considered insufficient.

Although fund managers supported management on a relatively high proportion of resolutions where Nest's policy identified potential issues, this reinforces the point that policy flags should be treated as indicators for further review, rather than automatic triggers for opposition. Not all concerns merit a vote against management, especially where investors may prefer to use other communications to articulate their concerns before using their share voting rights. It is understood that fund managers' voting will differ from Nest's voting policy guidance, due to variances in views on governance and voting issues, investment strategy, and the role of voting within broader engagement.

Conversely, the fact that management was opposed on resolutions where no governance concern was identified by Nest's policy (17.45% of all instances where management was opposed) suggests that fund managers are also willing to apply their own investment judgement on governance issues.

When considering the level of variance with Nest policy flags, readers should note the objective nature of the Nest template (largely suggesting either 'For' or 'Against'), which does not refer to company explanations. Hence, the policy guidance is intended to be read alongside the research produced by Nest's proxy advisor, and not a recommendation to vote automatically in line with it. This is a core element of the 'comply-or-explain' approach in the UK Corporate Governance Code, Stewardship Code, and other guidelines. While companies should disclose explanations for divergences from code provisions, investors must assess whether those explanations are justified. It is recognised that an alternative to following a provision may be justified in certain circumstances if sound governance outcomes can be achieved by other means.

Similarly, voting records should not be treated as a substitute for assessing whether a fund manager is an active owner. Voting is one element of a broader stewardship toolkit that also includes research, engagement and escalation. As such, this analysis provides a snapshot of voting within a specific monitoring subset of Nest's global portfolio rather than a full assessment of wider voting activity or stewardship practice. Even so, sustained monitoring of voting behaviour remains important for identifying divergence, challenging fund managers and strengthening stewardship outcomes over time.

As the regulatory and political environment around stewardship continues to evolve, maintaining this form of structured vote monitoring will remain important in enabling Nest to assess whether fund manager voting continues to reflect its long-term stewardship objectives and members' interests.

Prepared by:



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## Glossary

### Meeting Types:

<b>AGM</b>	The Annual General Meeting of shareholders, normally required by law.
<b>Class</b>	A Class Meeting is held where approval from a specific class of shareholders is required regarding a business item.
<b>Court</b>	A Court Meeting, where shareholders can order an annual meeting or a special meeting from a court or where a meeting is called by a Court of Law to approve a Scheme of Arrangement.
<b>EGM</b>	An Extraordinary General Meeting of shareholders, where a meeting is required to conduct business of an urgent or extra-ordinary nature. Such business may require a special quorum or approval level.
<b>GM</b>	A General Meeting of shareholders, often used interchangeably with the term EGM or OGM, depending on the term used by the company in question.
<b>OGM</b>	Ordinary General Meeting: term often used interchangeably with the term EGM or GM, depending on the term used by the company in question
<b>SGM</b>	A Special General Meeting of shareholders, where a meeting is required to conduct special business. Often business which requires a special quorum or approval level.
<b>SSM</b>	A Scheme Meeting, a meeting of shareholders ordered by Court at which a scheme will be considered and voted on by shareholders.

### Vote Types:

<b>Abstain</b>	Shareholder's vote not in favour or against the proposed resolution, but shareholder demonstrates lack of confidence towards the rationale behind the resolution.
<b>Against</b>	Shareholder's vote against the resolution proposed.
<b>For</b>	Shareholder's vote in favour of the resolution proposed.
<b>Withhold</b>	For North America auditor and director election resolutions, shareholders vote not in favour of the resolution proposed.
<b>Did Not Vote</b>	Where a fund manager actively did not vote at a shareholder meeting or resolution, such as due to market restrictions.

### Fund Managers:

<b>CTAM</b>	Columbia Threadneedle Investments
<b>HSBC</b>	HSBC Global Asset Management
<b>LOIM</b>	Lombard Odier Investment Managers
<b>NTAM</b>	Northern Trust Asset Management
<b>UBS</b>	UBS Asset Management