LONDON BOROUGH OF CAMDEN	WARD: All
REPORT TITLE: Voting annual review	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Pension Committee	**DATE:** 5 March 2024

SUMMARY OF REPORT:

This report reviews the proxy voting carried out on behalf of the Pension Fund in 2023 for all shares directly owned by the Fund. Our voting is carried out by Pensions & Investment Research Consultants Ltd (PIRC).

Local Government Act 1972 – Access to Information

No documents required to be listed were used in the preparation of this report.

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RECOMMENDATIONS:

The Committee is requested to note the contents of this report.

Signed by

Executive Director Corporate Services **…………….Agreed……………..**

Date **………….22/02/2024……………**

1. INTRODUCTION

1.1 The Fund attaches great importance to exercising its voting rights on its shares and has been voting at Annual and Extraordinary General Meetings of companies since 1996. The Fund believes this adds shareholder value by seeking to ensure that companies are soundly run in-line with its investment beliefs and voting policy.

1.2 The Fund uses the services of a corporate governance advisor (PIRC) to execute votes in accordance with its voting policy. This report reviews voting undertaken during the calendar year.

1.3 The Fund's bespoke voting policy is agreed annually in advance of the voting season in Spring each year (a separate item on the same meeting agenda).

1.4 The PIRC report, presented as **Appendix A,** analyses the voting carried out during the 2023 calendar year.

1.5 The report analyses the voting data in terms of regions, meeting types, categories of resolutions, as well as looking at trends and hot topics for voting during the year. Some of the key headlines from Appendix A are:

- The Fund voted on 10,605 resolutions during the year (9,941 in 2022) at 679 meetings
- 90.3% of the meetings were in the UK, 5.9% in Europe and 3.1% in North America
- The Fund voted "for" resolutions 7,161 times (68% down from 70% in 2022) and opposed 3,444 votes (32%).
- In the UK the Fund voted against 597 or 16% of **director resolutions** and outside the UK voted against 37% of directors.
- In the UK the Fund opposed 57% (164 out of 287) **remuneration reports**
- The Fund opposed 70% (365 out of 525) **auditor appointments** in the UK.
- **Gender diversity** is one area that has shown significant consistent improvement since 2015, following the Davies and Hampton-Alexander reviews. Camden opposes the chairs of nomination committees where female representation is below 33% or no statement is given committing to the target. Since 2018 the overall percentage of women in FTSE350 boards has risen overall from 26% to 38% during the year under review. The Hampton-Alexander review set out three main aims in 2016:
  - to comprise of at least 33% women on boards by 2020. In 2023 the proportion of women on FTSE 350 boards was 41%.
  - increase the number of women appointed to Chairs, Senior independent director and Executive Director positions. It is noted though that women are still under-represented in senior

leadership roles at the executive level, showing that there is still scope for improvement.

  - gender balanced boards to become the new norm.

- **Gender pay gap -** in OECD countries the average gap is 11.9% between men and women. In Office for National Statistics estimates that in 2022 it was 8.3%. PIRC calculate that in the FTSE 350 the gap is 17.6% and in S&P 500 companies it is 19%.
- Appendix A examines **director skillsets** and concludes that there are concerns that there is insufficient ESG experience on FTSE 350 boards. Directors with Human Rights and Environmental experience made up 3%, and Climate experience 2%, of the total number of directors analysed. Therefore, there are concerns that companies do not take ESG issues as seriously as industrial or financial issues and are not nominating directors adequately skilled to oversee the various ESG programmes that the majority of FTSE 350 companies are implementing.
- **CEO pay ratios** – 69 out of 254 FTSE 350 companies had CEO pay ratios higher that the 20:1 policy. This was a fall from 75% of companies in 2022 to 27 and this represents a significant fall.

2. RESPONSIBLE INVESTOR COMMENT

2.1 The Fund believes that good stewardship and voting in-line with its Investment Beliefs improves performance over the long term as well as ensuring that Environmental, Social and Governance issues are addressed. This review of the Fund's Voting policy demonstrates how the Fund influences companies it owns to achieve better outcomes that properly reflect all risks.

3. FINANCE COMMENTS OF THE EXECUTIVE DIRECTOR CORPORATE SERVICES

3.1 The Executive Director Corporate Services has no comments to add to this report.

4. LEGAL COMMENTS OF THE BOROUGH SOLICITOR

4.1 The Local Government Pension Scheme Guidance on Preparing and Maintaining an Investment Strategy Statement states that if an Administering Authority appoints an independent proxy voting agent to exercise their proxy voting, they should provide the authority with an annual report on their voting activity.

5. APPENDICES

APPENDIX A – Review of Proxy Voting 2023

Review of Proxy Voting 2023

London Borough
of
Camden Pension Fund

EXECUTIVE SUMMARY

- During 2023 the Fund voted 10,605 resolutions (2022: 9,941) at 679 meetings (2022: 683).
- Of all meetings voted by the Fund globally, 85.42% were AGMs (2022: 81%, 2021: 73.8%).
- 90.27 % of the meetings were held in the UK (2022: 91%), 5.89 % were in Europe (2022: 4.1%) and 3.09% were in North America (2022: 3.2%).
- The rest of the world (includes Asia, South America) accounted for four meetings or 0.58 % (2022: 1.6%) of all the meetings voted during 2023.
- The Fund supported 7,161 resolutions or 67.52 % of the resolutions voted on.
- The Director elections as a resolution category account for 4337 (2022: 4181) resolutions and 40 % (2022: 40.5%) of all resolutions voted.
- Overall, the Fund supported 81.63% of directors who sought election and either opposed or withheld 18.36 % (2022: 19.11%) of resolutions in this category.
- Overall, in the case of remuneration reports, the Fund supported 41 % (2022: 43%) of resolutions and opposed 59% (2022: 57%).
- In the UK, in the case of forward-looking remuneration policies, the Fund opposed 59% (2022: 59%) and supported 41% (2022: 41%).
- Overall, approving the appointment of the auditor, as a resolution category accounts for 594 of the total number of resolutions voted, the Fund opposed 385 of the resolutions voted in this category or 67 % (2022: 66.6%, 2021: 27%).

MEETINGS AT WHICH THE FUND HAS VOTED

Number of meetings

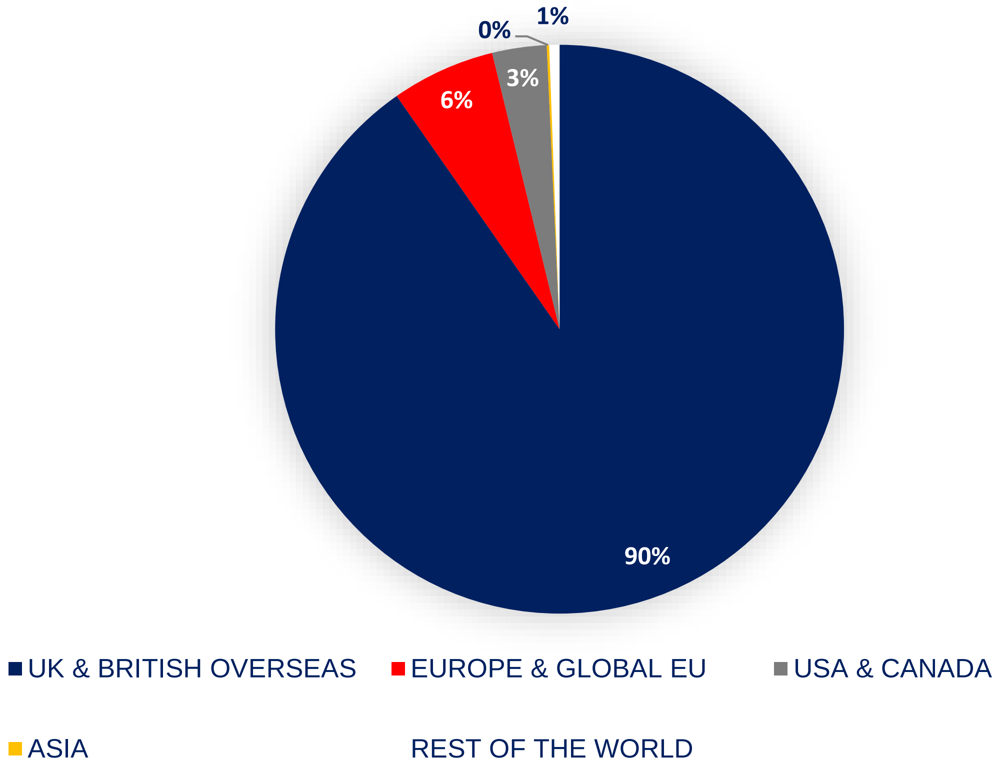
During 2023 the Fund voted at 679 meetings.

Table 1: Number of meetings voted by region

Region	Count	Percentage
UK & BRITISH OVERSEAS	613	90.27%
EUROPE & GLOBAL EU	40	5.89%
USA & CANADA	21	3.09%
ASIA	1	0.14%
REST OF THE WORLD	4	0.58%
Total	679	100.%

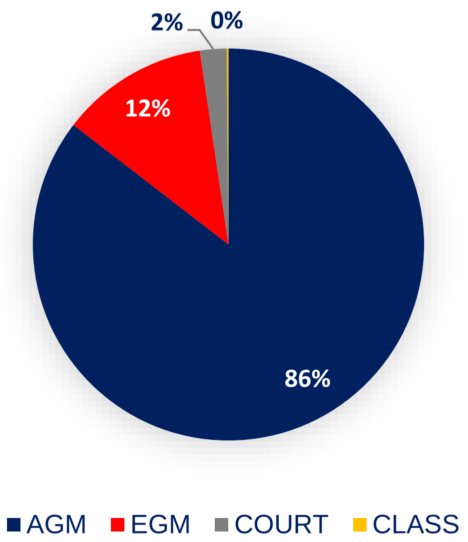
Figure 1 below illustrates table 1 showing the distribution of meetings of all types by region.

Figure 1: Number of Meetings by Region



In 2023 most meetings, at 90.27% of the total, were held in the United Kingdom (2022: 91.1%), with 3% held in Europe (2022: 4.1%) and 0.14% in the United States of America and Canada (2022: 3.2%), while the rest of the world accounted for eleven meetings or 0.58% (2021: 1.6%) of all meetings voted.

Figure 2: Meetings by Type



Most meetings are Annual General Meetings (AGMs), and a company must hold one each year. It is at the AGM where much of the regular scheduled business of the company is conducted. The AGM is when the directors appear before the shareholders to give an account of their management of the company.

Of the 679 meetings during the year 580 were AGMs, which constitutes 85.42% of the total. This is notably up from 2022 during which 552 AGMs were held making up 80.8% of the total.

In 2023 Extraordinary Meetings accounted for 83 meetings or 12.22% (2022:106, 15.5%), meanwhile Court Meetings accounted for 15 and Class Meetings accounted for the remaining 1.

VOTING RECOMMENDATIONS

Table 2 sets out a count of the Fund's voting recommendations for each of the 10605 resolutions voted on of the course of the year.

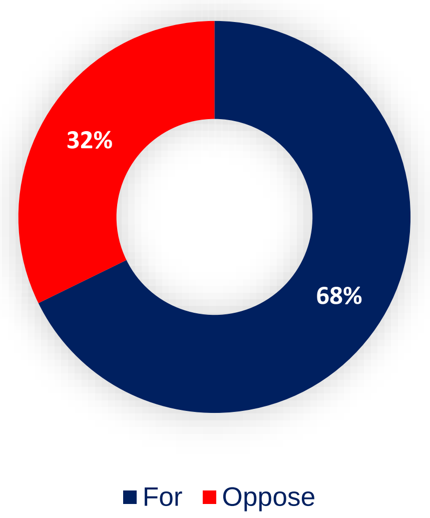
Table 2: Vote Recommendations

Vote Category	Count	Percentage
For	7161	67.52%
Abstain	0	0
Oppose	3408	32.14%
Non-Voting	13	0.12%
Withheld	1	0.01%
US Frequency Vote on Pay	15	0
Withdrawn	7	0.07%
Not Supported	0	0
Total	10605	100.%

The Fund now incorporates several ESG factors into their policy and this had led to an increasing number of grounds on which a vote recommendation to oppose the election of a director or the annual report and accounts may be issued.

For instance, where a company has not produced an adequate environmental risk assessment, then this failure to properly consider the non-traditional financial risks which face the business will, in most cases, lead to an oppose recommendation being issued against the annual report and accounts resolution.

Figure 3: Vote Recommendations



In addition, a significant number of vote recommendations against directors in 2022 have occurred where the chair of the sustainability committee, or where this committee is absent, the chair of the board has failed to ensure that adequate attention and supervision is given to sustainability issues, usually but not limited to a lack of or insufficient level of board oversight or company reporting and disclosure.

Another source of an increased number of oppose recommendations was the Fund's position on the International Auditing and Assurance Standards Board's (IAASB) claim that there is an 'expectation gap' between what the public expects from auditors and their audits and what the rules require from auditors. In the UK under the Companies Act 2006 this is simply not the case.

In the UK, auditor duties in respect of fraud are onerous and the legal standard of care and duty is more comprehensive than the standards the ISAAB represent. It is worrying that so many high-profile UK based auditors have not acknowledge this explicitly. Camden has voted against the appointment of PwC, KPMG, EY and Grant Thornton where these firms have stood for election. These named firms have so far failed to acknowledge that their obligations and duties under UK law are more onerous than those duties represented by the ISAAB.

In 2023 Camden has supported 67.52 % of the resolutions it voted on, which is down from 70.44% in 2022. Annual reports and Directors received more 'oppose' votes than in the previous year. See below, in figure 4, the comparison of votes recommendations in 2022 and 2023.

Figure 4: Vote Recommendations: 2022 and 2023 Comparison

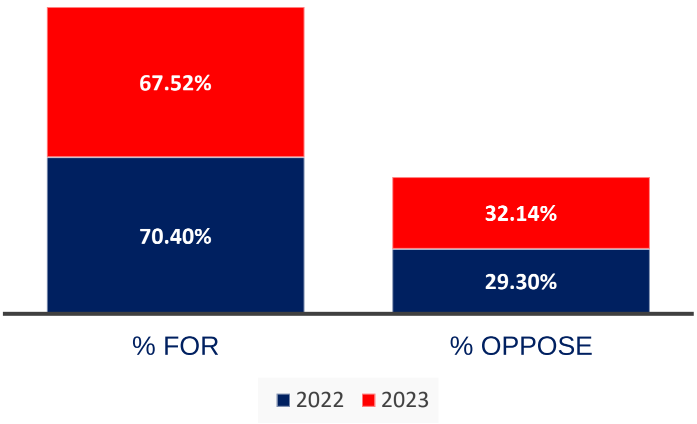


Table 3: Levels of Support and Opposition by Region

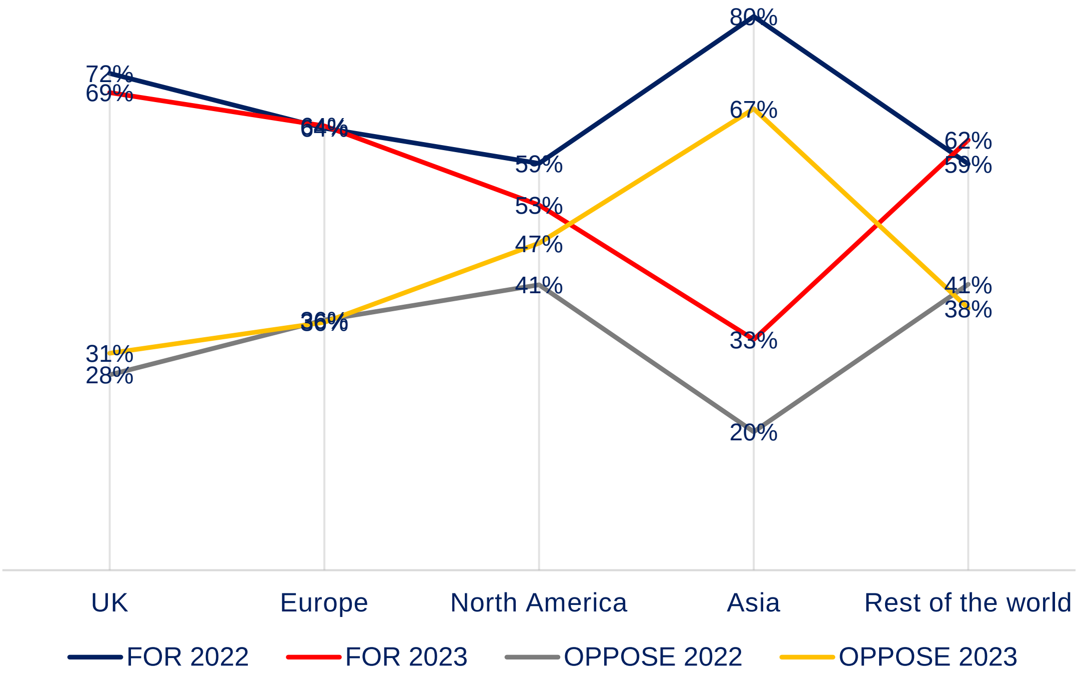
Region	For	Abstain	Oppose	Non-Voting	Not supported	Withhold	Withdrawn	US Frequency on pay	Total
UK	6468	0	2953	1	0	0	7	1	9430
Europe	455	0	254	11	0	0	0	0	720
North America	191	0	171	1	0	1	0	14	378
Asia	1	0	2	0	0	0	0	0	3
Rest of the world	46	0	28	0	0	0	0	0	74
Total	7161	0	3408	13	0	1	7	15	10605

In the UK, the Fund voted in favour of 68.58, and voted against 31.31 %, which leaves the remaining 0.1% as withdrawn, non-voting or US Frequency on pay votes. Recommendations in favour were down from 2022, where 71.7% of resolutions were supported, 28.2% recommendations against, and the remaining either withdrawn or non-voting.

Table 3 continues to reflect a notable decrease in the number of withdrawn resolutions, mirroring the trend observed in the previous year (2022) and aligning closely with the figures from 2021, which also recorded 2 resolutions being withdrawn. Notably, the current count of 7 withdrawn resolutions remains lower than the pre-pandemic levels of 2019, when 9 resolutions were withdrawn.

In 2023, the voting recommendations to approve the annual report and accounts received a total of 533 votes. The opposition secured 284 votes, constituting 53.28% of the total, while those in favour accounted for 249 votes, making up 46.72% of the total. The data highlights a slight majority in opposition to the resolution, indicating a notable level of divergence in opinions among stakeholders. The percentages provide a clear overview of the distribution of votes, with a marginally higher proportion favouring opposition to the resolution.

Figure 5: Vote recommendation: 2022 and 2023 comparison by region



Director elections were also more supported than in the previous year. In 2022 director elections saw support at 80.9 % and in 2022 this support rose to 81.59 % of all director elections held.

This increase in the proportion of voting recommendations in support of director elections is occurring despite, not only the addition of new issues from new sustainability concerns to the inclusion of opposing auditors who have not repudiate the IAASB's expectation gap statement to the Fund's voting policy two years ago. As well as the continued increase to the standards to which boards are now held by the Fund on the traditional core corporate governance issues, such as committee and board independence.

It is important to acknowledge that this is due at least in part to real improvements in many of the areas that the Fund considers in its current voting policy. However, a feature of the current policy is that many of the areas which the Fund monitors focus in on the same resolution when it comes to the recommendation to oppose.

For example, the Fund requires the nomination committee to be fully independent. Where this is not the case, a recommendation to vote against the chair will be made. If it should also be the case that where the board has fewer than 33% of either sex represented on the board then that same chair will receive a vote recommendation against his or her election, even though there are two separate corporate governance failings identified the same resolution is targeted.

The resolution categories that do not follow this trend are those which relate to executive remuneration.

In 2023 out of 21 executives pay scheme resolutions, there were 21 oppose recommendations under the Fund's voting policy. In the US the Fund saw the 'say on pay' resolutions received 100 % oppose recommendations. No doubt due to shareholder tolerance for high compensation packages being much higher in the United States.

Table 4 below sets out the total number of resolutions grouped by resolution type. The high proportion of resolutions classified as 'Directors' is because director elections are conducted on an individual basis (i.e. one resolution per director) and often form a part of the common or mandatory business conducted at the AGM.

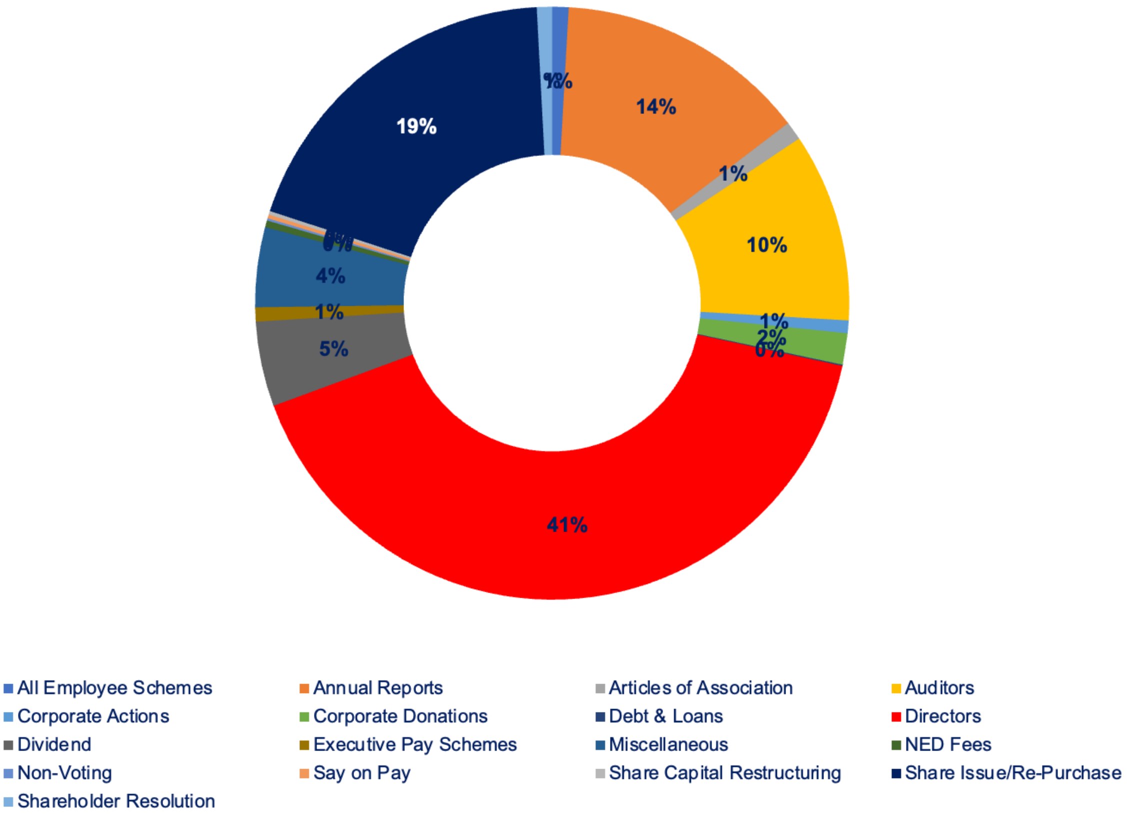
Furthermore, the proportion of UK meetings in the sample will further boost the director election figure as the UK Governance Code requires all FTSE 350 directors to seek election on an annual basis. Though FTSE Small Cap companies are not required to comply with this regulation, many do so on a voluntary basis.

Table 4: Votes Made in the Portfolio per Resolution Category

	For	Oppose	N-V	Withheld	Withdrawn	Total	% Res
All Employee Schemes	45	49	0	0	0	94	1%
Annual Reports	618	835	0	0	0	1453	14%
Articles of Assoc.	101	7	0	0	0	108	1%
Auditors	685	406	0	0	0	1091	10%
Corporate Actions	63	10	0	0	0	73	1%
Corporate Donations	124	57	0	0	0	181	2%
Debt & Loan	2	5	0	0	0	7	0%
Directors	3517	814	0	1	7	4339	41%
Dividend	490	1	0	0	0	491	5%
Executive Pay	7	75	0	0	0	82	1%
Misc.	441	20	0	0	0	461	4%
NED Fees	35	4	0	0	0	39	0%
Non-Voting	0	0	13	0	0	13	0%
Say on Pay	1	21	0	0	0	22	0%
Share Capital	18	3	0	0	0	21	0%
Share issue /Repurchase	952	1075	0	0	0	2027	19%
Shareholder Resolution	62	26	0	0	0	88	1%
Total	7161	3408	13	1	7	10590	100.0%
NV: Non-Voting	68%	32%	%	%	%	100.00%	

Figure 4 illustrates the data recorded in table 4. Director elections make up the largest share of the resolutions put forward to shareholders. Followed by share issues and repurchases, approval of the annual report and the auditor. These resolutions form part of the general business conducted at a company's AGM in much of the world.

Figure 6: Votes Made in the Portfolio per Resolution Category



In the UK, where the majority of the Fund's portfolio is invested, shareholder approval is explicitly required under the Companies Act 2006 for the appointment of the auditor, approval of the annual report and accounts and the election of directors and we can see clearly here in figure 4 that these areas remain the single biggest categories of resolution.

It should be noted, that as in previous years, resolutions to elect directors remain by far the single largest category. This is the result of the currently mandated practice of electing each member of the board individually and annually in most of the world. Table 5 below sets out the Camden's voting outcomes in the UK by resolution category.

Table 5: Voting Outcomes by Resolution Type in the UK

	For	Abstain	Oppose	Withdrawn	Total	% Res
Annual Reports	245	0	276	0	**521**	6%
Remuneration Report	209	0	304	0	**513**	5%
Remuneration Policy	123	0	164	0	**287**	3%
Dividend	431	0	1	0	**432**	5%
Directors	3145	0	597	7	**3749**	40%

Approve Auditors	160	0	365	0	**525**	6%
Share Issues	863	0	218	0	**1081**	11%
Share Repurchases	28	0	519	0	**547**	6%
Executive Pay Schemes	6	0	62	0	**68**	1%
All-Employee Schemes	42	0	43	0	**85**	1%
Political Donations	123	0	57	0	**180**	2%
Articles of Association	54	0	5	0	**59**	1%
Mergers/Corporate Actions	52	0	8	0	**60**	1%
Meeting Notification related	387	0	3	0	**390**	4%
All Other Resolutions	599	0	313	0	**913**	10%
Shareholder Resolutions	1	0	18	0	**19**	0%
Total	**6468**	**0**	**2953**	**7**	**9429**	100.0%

Resolutions to approve the remuneration report remained almost the same when compared to 2022. Camden voted to approve 209 in 2023 (2022: 208) and to oppose 304 of all resolutions in this category. The resolution for the remuneration report is primarily intended as a review of how the remuneration policy has been implemented throughout the year.

Remunerations policies or executive pay were the three categories where the Fund was recommended to oppose significantly more than it voted in favour. Resolutions to approve the pay-out of dividends were the most supported type of resolution with 1 oppose vote out of 431 vote recommendations during the year.

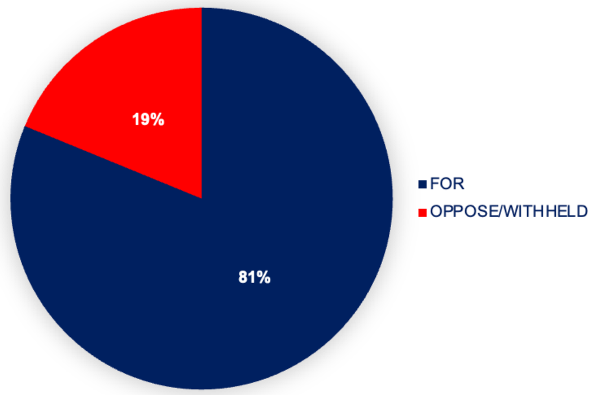
RESOLUTION CATEGORY: Director Elections

Table 6: Director Elections Voting Outcomes by Region

Region	For	Abstain	Oppose/ Withhold	Withdrawn	Total
UK	3145	0	597	7	3749
EU	229	0	100	0	329
North America	117	0	110	0	227
Global	25	0	7	0	32
Total	3516	0	814	7	4337

Director elections as a resolution category account for 4337 (2022: 4181) resolutions and 40 percent (2022: 40.5%) of all resolutions voted. In 2022 the Fund received oppose recommendations on 19.1 % of director elections while in 2023 this decreased slightly to 19 %.

Figure 7: Director's Elections Voting Outcomes



In terms of voting outcomes for the director elections category, the Fund supported 81 % (2022: 80.84%) of the resolutions and either opposed or withheld the remaining 814 or 19 % (2022: 799 or 19.11%) of resolutions in this category. Seven directors were withdrawn, which is not a significant percentage.

In the USA some companies opt for a plurality system voting system, whereby a director only needs a single vote to be elected. In such a system a vote against is meaningless, but shareholders can still register their dissatisfaction by 'withholding' their vote, in figure 5 a withhold vote is counted as an oppose vote.

Director election resolutions

A corporation's board is responsible for managing and directing the business of the company and individual board members have a fiduciary responsibility to care for the finances and legal requirements of the corporation. Each member of the board is bound by fiduciary duties to serve the best interests of the corporation and its shareholders, to act in good faith and with a reasonable degree of care, and they must avoid any conflicts of interest.

By extension voting to elect directors to the board, allows shareholders to express their approval or disapproval not only about the governance and structure of the board itself, but the performance of the company, the board, or one of its individual members.

Support recommendations constituted 81% of the vote recommendations for directors in 2023, the Fund's proportion of oppose recommendations on director elections has little increased when compared to 2022 where this figure was 80.84%. In 2022 the Fund voted against 19.11% and in 2023 a vote recommendation against this resolution category was recommended 19% of the time.

Under the policy applied in 2023 the Fund will receive an oppose recommendation where the company has not implemented or has only partially implemented a suitable sustainability policy and risk assessment, and this has been disclosed. In the event that the chair of the sustainability committee is not up for election, or the sustainability committee has not been created, it will be assessed whether there is a person within the board that is designated point of contact for sustainability on the board, and opposition will be recommended accordingly. If none of the above applies, opposition will be recommended against the the Chair of the board or, eventually, the Chief Executive.

This ensures that even where there is no designated board member who can be held accountable or where the director accountable has stepped down that there is always a board member standing for election against which the Fund's dissatisfaction can be expressed with an oppose vote.

In the UK the degree and level of compliance in terms of corporate reporting—particularly on environmental and social issues has improved and is generally better than in many other jurisdictions. However, as new area of compliance, which is explicitly targeted by Camden's voting policy, we would expect to see an uptick in oppose votes, until this becomes a standard and normal part of a company's disclosure.

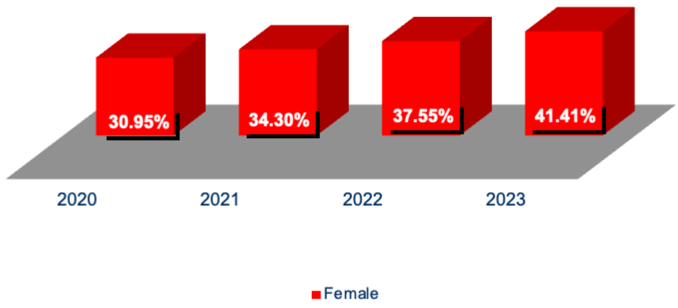
The Fund is in principle in favour of designated NEDs and has a policy to only oppose on matters related to attendance, or failures of the company to address serious employee concerns.

Gender Diversity on Boards

Gender diversity is one area that has shown significant consistent improvement since 2015, following the publishing of the Davies review update in 2015 and the Hampton-Alexander Review. Since 2018 the overall percentage of women in FTSE350 boards has risen overall from 25.56% to 37.55% during the year under review.

The Hampton-Alexander review set out three main aims in 2016: for boards of FTSE 350 companies to comprise of at least 33% women and for the executive committees of FTSE 100 companies to comprise 33% women by 2020. For the year under review, the average The FTSE350 in aggregate, fully adheres to and exceeds the recommendations of 33.33% minimum of women on boards, reaching 41.41% average.

Figure 8: FTSE 350 Female on Boards Average



There was an increase in gender diversity in FTSE 350 companies, since board diversity has seen consistent implemented. In 2023, we saw an increase of approximately 3.86 % (2022: 3.25%) related to the presence of women on board directors, which means an average increase per year up to 3.48% in this period.

The number of companies with board comprised of less than the recommended 33 % women has decreased compared to last year, from 50 to 33 companies, which is positive in the search for Board gender diversity. When looking at companies with 33 % or more, this has increased compared to last year from 205 in 2022 to 313 in 2023, which shows positive progress. Based on this information, corporate culture in this area does appear to be changing. It is noted though that women are still under-represented in senior leadership roles at the executive level, showing that there is still scope for improvement.

Figure 9: FTSE 350 Board Positions filled by Man and Women

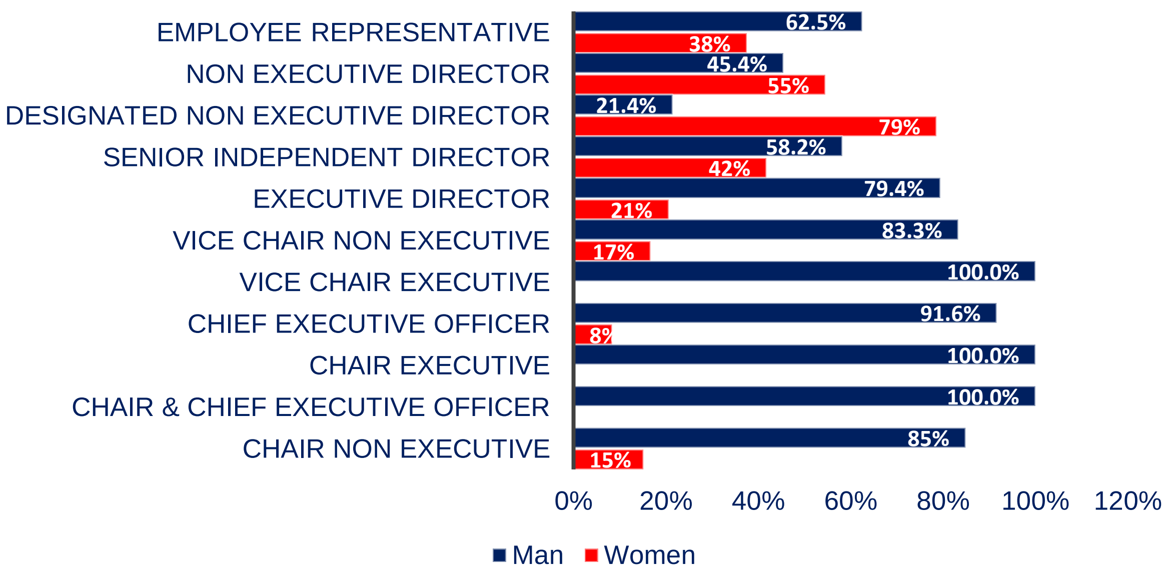


Figure 9 illustrates that, women are still less represented in senior board positions, such as chair (executive: none), (non-executive: 15%) and chief executive (8%). Additionally, women are less represented in senior executive management positions than they are at supervisory board level.

The Fund's voting policy supports the target of 33% female representation on FTSE 350 boards and Camden opposes the chairs of nomination committees, where female representation is below 33% or no statement is given committing to the target.

In comparison with the previous year, for the non-executive chair, there has been an increase from 14.68% to 17%, which is welcomed. The executive chair, however, began at 5.26% in 2018, remained stable for three years and then went back to zero for 2021, 2022 and 2023.

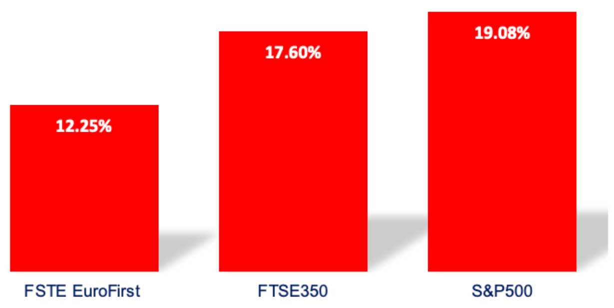
The Fund generally opposes the position of executive chair; therefore, the absence of this position is ultimately welcomed. The data for executive chair is a product of coincidence between the increase of women in senior positions, and the decline in the overall number of executive chairs. The data on the CEO position is positive, there has been an increase of nearly 5% since 2018. More women are taking CEO positions in FTSE 350 index companies.

It is remarkable that the positions of Designated Non-Executive Director and Non-Executive Directors occupied by women on FTS 350 board of directors represent 79% and 55%, respectively.

Gender Pay Gap

Gender Pay Gap is the difference in average gross hourly earnings between women and men. It is based on salaries paid directly to employees before income tax and social security contributions are deducted[1]. However, it can be understood as an umbrella definition, including other experiences like the equality index in France or partly in Italy with the like-for-like gender pay gap. It is an important indicator component for ESG, that aims for a corporate culture that values sustainability, social impact and good governance, leading to better results for both companies and society.
Since 2019, PIRC has among its corporate governance criteria the verification of the Gender Pay Gap (GPG). The relevance of this criteria has increased as integrated in the Sustainable Development Goals advocated by the UN, considering its prominence as Goal 5 – Gender Equality[2].
Across OECD countries, on average, the unadjusted gender pay gap stands at 11.9% – meaning that the median full-time working woman earns about 88 cents to every dollar or euro earned by the median full-time working man[3]. As the office of UK National Statistics disclosed, the GPG in 2022, among full-time employees, increased to 8.3%, up from 7.7% in 2021[4].

Figure 10: Gender Pay Gap by Market



In figure 8, we can observe GPG averages of companies analysed by PIRC in 2023, according to their respective indexes. Companies from S&P500 presented the highest GPG average that was 19.08%, followed by FTSE 350 with 17.6%, and EuroFirst with 12.25%.

In 2023, there were some advances in the European market to combat salary discrimination, such as the positive regulation adopted by the European Council. With this, the EU Pay Transparency Directive obliges EU companies to share information on how much they pay men and women for work of equal value and to act if the GPG is higher than 5%.

Besides and beyond the need to develop policies that would grant effective non-discrimination, companies should design incentives for women's career development and equal pay are imperative.

On the part of shareholders, prioritising investment in companies that carry out positive policies in this regard can be a way of putting pressure on decision-makers to implement measures and minimise inequalities. In addition, demand greater transparency in this area at shareholder meetings.

Director Skillsets

In the chart below you can see the numbers of FTSE 350 company directors and the various skillsets as disclosed in the AGM material. This may not fully represent the skills as perceived by companies, as not all companies disclose full skills matrixes, and many skills have been inferred from biographies and past positions, rather than explicit disclosure by companies. In the graph below, “Industry Knowledge” is the most common form of experience in FTSE 350 companies, followed by Experience in Government, Financial Expert, and International Exposure respectively.

Figure 11: Directors Skills FTSE 350 Companies

Following analysis of the data, there are concerns that there is insufficient ESG experience on FTSE 350 boards. Highlighted in red are the areas considered ESG experience, and directors with Human Rights and Environmental made up 3%, and Climate experience to 2% of the total number of directors analysed. Owing to the findings presented, there are concerns that companies do not take ESG issues as seriously as industrial or financial issues and are not nominating directors adequately skilled to oversee the various ESG programs that most FTSE 350 companies are implementing.

It is also noted that most companies with directors who have climate or environmental experience are also companies with longstanding climate issues due to their sector, with directors from such companies as Rio Tinto, Shell and Drax Group Plc appearing in the list of directors with ESG experience.

Companies in less carbon intensive industries are not seeking to appoint board directors with this type of experience, and it can be inferred are not taking their responsibilities toward the climate as seriously. Additionally, topics such as anti-bribery and corruption are not very covered.

ESG Skills linked to Pay Metrics

ESG pay metrics are crucial considering they align executive compensation with sustainable and responsible business practices. By including ESG criteria, organizations can incentivize their leaders to make decisions that promote long-term sustainability, community well-being, and ethical behaviour.

Ultimately, ESG pay metrics help foster a corporate culture that values sustainability, social impact, and good governance, leading to better outcomes for both businesses and society and the goal of being Net Zero by 2050 has made investors focus on the climate strategy of companies.

It is noticeable that there is a lack of additional KPIs in the executive compensation plans considering the number of material issues identified by each company in their Sustainability Report. Oil & Gas companies stress the importance of water, waste management, or the search for new energy alternatives, but from the 50 companies analysed by PIRC in 2023, just 4% use water related KPIs, and 2% use “New Energy” related KPIs.

RESOLUTION CATEGORY: Remuneration

Most of the remuneration-based proposals related to the approval of the remuneration report and the remuneration policy. This is not unexpected, given the bias in the Fund's portfolio towards UK securities, where annual approval of the remuneration report is a legal requirement.

Remuneration Report and Remuneration Policy Voting in the UK (Investment Trusts excluded)

In the UK, Shareholders have had the opportunity to approve the Remuneration Committee Report since 2002. However, the outcome of this vote is not binding on the board.

As of 2014 under legislation introduced via The Enterprise and Regulatory Reform Bill shareholders have been given a binding vote on the quoted company’s remuneration policies at least every three years. In addition, any remuneration payments for loss of office may not be made outside the terms of the approved remuneration policy unless those payments have also been approved by the company’s shareholders.

If the company does make a payment to a director that is not in accordance with the remuneration policy, and which has not been separately approved by the shareholders, any directors who authorised the payment will be jointly and severally liable to indemnify the company that made the payment for any resulting loss.

Company executive and non-executive directors alike, owe fiduciary duties and a duty of care and skill to the company and under the Companies Act they have a duty to exercise their powers in good faith and in the manner, they consider most likely to promote the success of the company for the benefit of its shareholders.

UK law has adopted an 'enlightened shareholder value' approach to the content of its directors' duties. The Companies Act requires directors, when deciding how to exercise the powers of the company, to have regard to:

The likely consequences of any decision in the long term, the interests of the company's employees, the need to foster the company's business relationships with suppliers, customers and others, the impact of the company's operations on the community and the environment, the desirability of the company maintaining a reputation for high standards of business conduct, and the need to act fairly as between members of the company.

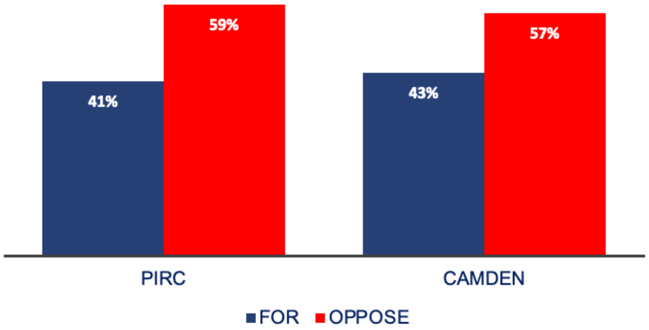
Table 7: Remuneration Voting Outcomes by Subcategory

Resolution	For	Oppose/Abstain	Total
Approve Remuneration Report (UK)	209 (41%)	304 (59%)	513
Approve Remuneration Policy (UK)	123 (43%)	164 (57%)	287
Approve/Amend Executive Pay Schemes	6 (9%)	62 (91%)	68
Approve/Amend All Employee Share Scheme	45 (48%)	49 (52%)	94
Approve Non-Executive Remuneration	35 (90%)	4 (10%)	39
Approve Pay Structure*	1 (5%)	21 (95%)	22
Total	419	604	1023

*Note: “Approve pay structure” is the US/EU/GL Say on Pay resolution.

The Fund voted against 59 % (2022: 57%) of remuneration report resolutions. While the Fund opposed 43 % (2022: 57%) of the remuneration policy resolutions. Total variables pay component in executive director remuneration packages is up in comparison with the previous year. The majority of FTSE350 companies have a pay ratio exceeding 20:1, with some in the low hundreds. However, the average was 17.63%.

Figure 12: PIRC and Camden Recommendation on Remuneration Policy 2023



PIRC voting recommendations to oppose the Remuneration Policy were 59% and 41% For, considering the amount of 317 companies analyzed. PIRC policy has remained consistent over this period; once, most companies still propose policies with excessive potential variable pay, and inadequately quantified targets. Camden follows aligned to PIRC recommendations with 57% of opposing votes and 43% for, considering an amount of 287 companies voted.

PIRC has concluded that the concept of alignment with shareholders' for pay purposes is a fallacy, because the risk and responsibilities are different. Executives who are directors have unlimited liability, fiduciary duties and Companies Act s172 and contractual duties. The delivery of objectives covered by these duties should not be additionally rewarded with bonuses or LTIPs but considered part of the job.

Overall, the level of opposition by shareholders on remuneration policies increased compared to the previous year since 33 companies received significant opposition (>10% of the votes). With the highest oppose vote to be in PEARSON PLC with 46.35% oppose votes. Although during the period under review most of the rest of the remuneration policies were supported by shareholders, the highest opposition were on the following:

Company Name	Index	% Oppose
PEARSON PLC	FTS100	46.35%
PENDRAGON PLC	FTSE SmallCap	41.54%
CLARKSON PLC	FTSE MidCap	40.88%
HAMMERSON PLC	FTSE MidCap	39.22%
TOPPS TILES PLC	FTSE SmallCap	38.83%
THE RESTAURANT GROUP PLC	FTSE MidCap	34.75%
A G BARR PLC	FTSE MidCap	33.37%
WIZZ AIR HOLDINGS PLC	FTSE MidCap	25.99%
STV GROUP PLC	FTSE SmallCap	25.16%
INTERCONTINENTAL HOTELS GROUP PLC	FTSE 100	24.78%
ON THE BEACH GROUP PLC	FTSE SmallCap	20.52%
DOMINO'S PIZZA GROUP PLC	FTSE MidCap	20.49%
MORGAN SINDALL GROUP PLC	FTSE MidCap	20.16%
TRIFAST PLC	FTSE SmallCap	19.73%
PLUS500 LTD	FTSE MidCap	19.62%
BALFOUR BEATTY PLC	FTSE MidCap	18.84%

MELROSE INDUSTRIES PLC	FTSE 100	17.98%
MOONPIG GROUP PLC	FTSE MidCap	17.85%
NEXT PLC	FTSE 100	16%
QINETIQ GROUP PLC	FTSE MidCap	15.66%
PHAROS ENERGY PLC	FTSE SmallCap	15.41%
TELECOM PLUS PLC	FTSE MidCap	14.62%
SYNTHOMER PLC	FTSE SmallCap	13.13%
IWG PLC	FTSE MidCap	12.77%
MONEYSUPERMARKET.COM GROUP PLC	FTSE MidCap	12.66%
MONDI PLC	FTSE 100	12.26%
MARSHALLS PLC	FTSE MidCap	11.65%
PAGEGROUP PLC	FTSE MidCap	11.28%
BNP PARIBAS SA	FTSE EuroFirst	11.06%
JOHNSON MATTHEY PLC	FTSE MidCap	10.78%
SHAFTESBURY CAPITAL PLC	FTSE MidCap	10.74%

This year 61% of the Companies received an oppose vote. This may be due to a combination of factors, as while fewer remuneration reports contained controversial elements such as high variable pay.

CEO PAY RATIO

For the year under review, out of 254 FTSE-350 companies, 69 have a CEO pay ratio higher than the PIRC policy considered as adequate (20:1), or 27.16% (2022: 75%) of the companies. There are 185 companies that have a CEO pay ratio lower than the proposed 20:1, a percentage of 72.83% (2022: 25%). Those numbers imply a significant decrease, compared to the previous year.

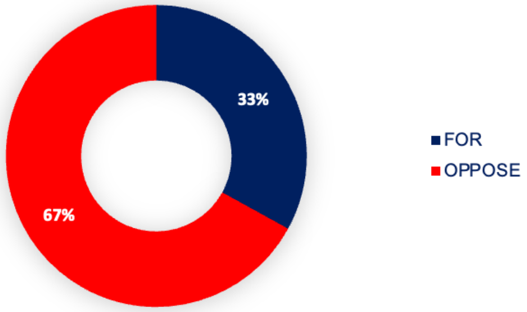
RESOLUTION CATEGORY: AUDITOR APPOINTMENT

Auditor Appointment and Remuneration

It is the auditors' function to ensure, so far as possible, that the financial information as to the company's affairs prepared by the directors accurately reflects the company's position.

First to protect the company itself from the consequences of undetected errors or, possibly, wrongdoing (by, for instance, declaring dividends out of capital) and, secondly to provide shareholders with reliable intelligence for the purpose of enabling them to scrutinise the conduct of the company's affairs and to exercise their collective powers to reward, control or remove those to whom that conduct has been confided. The figure 11, below shows Camden votes on auditors.

Figure 13: Camden's voting recommendations on auditors



Within the resolution category of approving the appointment of the auditor, a total of 594 resolutions were voted on. Notably, the Fund took a stance of opposition on 385 of these resolutions, reflecting a dissenting position in 67% of the cases. This percentage represents an increase from the previous year (2022: 66.6%) and a substantial rise from the 2022 figure of 27%.

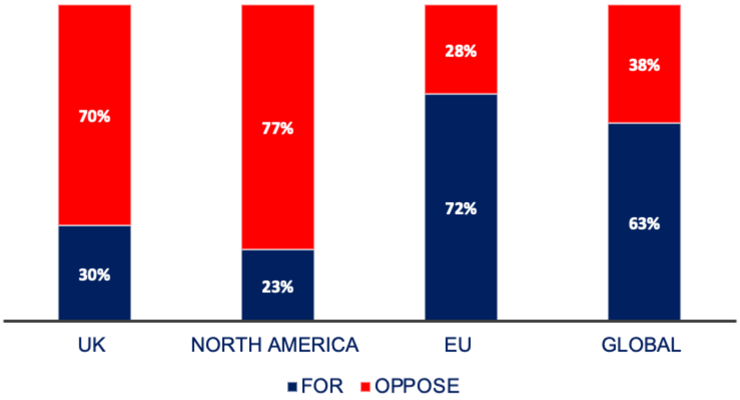
Table 8: Camden's voting recommendations on auditors per region

Region	For	Oppose	Total
UK	160 (30%)	365 (70%)	525
North America	5 (23%)	17 (77%)	22
EU	28 (72%)	11 (28%)	39
Global	5 (63%)	3 (37%)	8

Table 8 shows a decrease in the number of auditor resolutions which Camden supported when compared to the previous year, except by the EU and Global. In the total amount of votes, 'oppose' and 'for' represents 53% and 47% respectively.

The UK market changed from 66% to 30% "in favour" votes in the year under review. The global market went from 40% to 63% in favour. The US and EU markets maintained their previous trend.

Figure 14: Camden's voting recommendations on auditors' comparison per region



The Noth America market presented the higher oppose votes outcomes in auditors' election with 77%, followed by the United Kingdom with 70%. In contrast, the EU market recorded the highest for outcome with a 72% in auditors' elections.

GLOSSARY OF TERMS

Director Discharge

Within the EU, shareholders at the AGM are may be asked to discharge from liability the board members and managing directors of the company. Discharge is granted unless a majority of the votes at the shareholders' meeting are cast against the proposal.

The discharge resolution usually follows the recommendation of the auditors, who are required to state in their audit report whether they recommend that discharge be granted.

Depending on the jurisdiction, voting in favour of a discharge resolution may have legal consequences regarding the ability of shareholders to pursue subsequent legal action against the board.

The UK Corporate Governance Code 2018

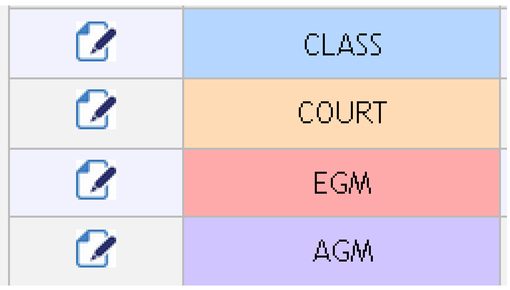
The first version of the UK Corporate Governance Code (the Code) was published in 1992 by the Cadbury Committee and over the years the Code has been regularly updated to take account of the increasing demands on the UK's corporate governance framework.

In July 2018, the Financial Reporting Council (FRC) published the UK Corporate Governance Code 2018 (UKCGC 2018) which incorporated further developments in best practice in corporate governance since 2016, the year of the Code's last significant revision. The UKCGC 2018 is applicable to all companies with a premium listing, whether incorporated in the UK or elsewhere and was applied to accounting periods beginning on or after 1 January 2019.

The UKCGC 2018 is applied on a 'comply or explain' basis. It does not seek to enforce a prescriptive set of rules, rather the UKCGC 2018 lays out 'Principles' and 'Provisions' for companies and it is largely left at the discretion of company boards to determine the most practicable approach of achieving the Principles contained in the UKCGC 2018.

Types of meetings

The two most common types of meeting are types of general meetings: Annual General Meetings and Extraordinary General Meetings. In addition there are Class Meetings and Court Meetings.



Class meetings may be called because some companies have more than one type of share, in such cases there is often a separate EGM for shareholders who hold that class of share.

Court Meetings are called when a company needs approval from a court or is a meeting convened by a court. Court meetings are most often seen in relation to mergers and acquisitions and schemes of arrangement.

Annual General Meeting

The usual business of an AGM is to receive the annual accounts and directors' report and, in some companies to elect directors and/or auditors.

Depending on the country of incorporation there are other mandatory proposals which shareholders may be asked to approve.

For example in the UK shareholders will be given the opportunity to approve the Directors Remuneration Report and going forward (subject to certain caveats) shareholders will now be asked to approve a company’s Remuneration Policy at least once every three years.

Even if there is not going to be an AGM to discuss the accounts, they still have to be distributed to the shareholders or in the words of the Companies Act 2006 ‘laid before the meeting’.

Of all meetings voted by the Fund globally, 78.8% were AGMs.

Class Meeting

Class meetings are also called as special shareholders’ meeting.

Such meetings are necessary when the company is required to pass a resolution which affects only a particular class of shareholders. For example, preference shares or H-shares.

H-shares: shares of Chinese mainland companies that are listed on the Hong Kong Stock Exchange or other foreign exchange.

Preference shares: pay dividends before ordinary share dividends are issued. If the company enters bankruptcy, preferred shareholders are also usually entitled to be paid from company assets before ordinary shareholders.

Court Meeting

Court Meetings are called when a company needs approval from a court or is a meeting convened by a court. Court meetings are most often seen in relation to mergers and acquisitions and schemes of arrangement.

Extraordinary Meetings

Any general meeting of the company which is not an Annual General Meeting is called Extraordinary General Meeting. An Extraordinary General Meeting is held for dealing with business which is outside the scope of the Annual General Meeting. This meeting is also held to transact some urgent business that cannot be deferred till the next Annual General Meeting.

Voting Systems

In most countries directors are elected via a majority vote. However, there are some notable exceptions.

Plurality Vote

At U.S. public companies, shareholders elect directors by a plurality of votes cast rather than a majority of votes cast. Under plurality voting, the nominee who receives the most "for" votes for a board seat wins. This means that in an uncontested election, a nominee will be elected even if he receives just one "for" vote. Plurality voting in uncontested elections results in "rubber stamp" elections, entrenched boards and, at times, directors who lack the confidence of most of the shareholders.

While the vast majority of companies in the Standard & Poor's 500 Index use the majority vote standard for uncontested board elections, thousands of U.S. companies still use plurality voting. Some companies that have embraced majority voting for directors still give their boards discretion to overrule shareowners and reappoint incumbent directors who fall short of majority support in uncontested elections.

Dual-class or multi-class share structures

A significant and growing number of start-up companies are opting for dual-class or multi-class share structures with unequal voting rights. Such companies typically have a superior class of shares with more votes per share than the inferior class with only one vote per share, or, in some cases, no vote at all.

Company founders, their families or other insiders typically hold the superior class of shares, giving them majority voting rights even when they hold minority ownership and risk. That concentrates voting power in insiders' hands, giving them effective control of board of director elections and other matters that are put before shareowners for a vote.

Dual-class share structures pose greater risks to investors and make boards and insiders less accountable to the shareholders. Companies with a dual-class stock structure often do not perform as well as companies with a single class of stock and have more stock-price volatility, a recent study found.

Cumulative voting

Cumulative voting is a voting process that allows a shareowner to concentrate or 'pool' their votes for a single candidate rather than spreading votes evenly across all candidates. The number of votes that can be 'pooled' is the number of shares held, multiplied by the number of candidates standing for election.

The argument in favour is that it can maximise the ability of minority shareowners to ensure representation of their views on the board.

Proponents of Cumulative voting argue that it acts as a safeguard against entrenchment of the board which arises when the plurality system is used, by ensuring that minority shareowners who are the beneficial owners of a sizeable holding of shares are able to elect a candidate of their choosing to the board.

Voting Outcomes

Most resolutions put to shareholders are passed by a majority of the shares voting or present at the meeting, shareholders are usually given the choice to vote shares "for" or "against" a proposal, or to "abstain" from voting on it.

For

All jurisdictions allow shareholders to vote in favour, or 'for' resolutions put to them at a General Meeting.

Against or Oppose

Most jurisdictions, but by no means all, allow shareholders to vote against a resolution put to them at a General Meeting.

In the United States, on resolutions for the election of directors it is still common for there to be only two voting options: either a vote 'for' or a shareholder can 'withhold' their votes.

Withhold

At some US and Canadian companies, shareholders can only vote 'for' the election of a director or they can 'withhold' their vote.

Abstain

In some jurisdictions, where shareholders wish neither to vote 'for' nor to 'oppose' a resolution, they may instead choose to abstain.

Shareholders can use an abstain vote as a way of expressing dissatisfaction without obstructing a resolution or impeding the company's ability to run its core business. This may be desired when expressing dissatisfaction on a proposed dividend or, in the case of an investment trust, a vote on the continuation of the company.

Decisions to change the company name or amend the company articles of association require a special resolution, in the UK this requires at least 75% of the votes cast to be in favour in order to pass. In instances like this, a vote to abstain can effectively be a vote 'against', especially if it is a large shareholder which does so.

Not all jurisdictions allow shareholders to 'abstain' on a resolution. Two prominent examples are Australia and Hong Kong where votes to 'abstain' are counted as votes 'against'.

Withdrawn

Refers to when a director has withdrawn from standing for election or a resolution has been withdrawn by the company after publication of the meeting notice.

Non-Voting

An agenda item that is not subject to a vote.

US Frequency Vote on Pay

US companies vote on how often the vote on executive compensation should occur. Every 1, 2 or 3 years.

Not Supported

Can be used as a synonym for withheld, were oppose is not an option on the ballot, it is usually used to distinguish from the North American system, whereby stockowners 'withhold' their vote rather than oppose or vote against.