LONDON BOROUGH OF CAMDEN	WARD: ALL
REPORT TITLE: Voting & Corporate Governance Annual Review	
REPORT OF: Executive Director Corporate Services	
FOR SUBMISSION TO: Pension Committee	**DATE:** 10th March 2025
SUMMARY OF REPORT: This report reviews the proxy voting carried out by the Pension Fund from 1st January 2024 to 31st December 2024. Advisory services are provided 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. **Contact Officer:** Priya Nair Treasury & Pension Fund Manager Finance Corporate Services 5 Pancras Square London N1C 4AG **Telephone** 0207 974 2349 **Email** priya.nair@camden.gov.uk	
RECOMMENDATIONS: The Committee is requested to note the contents of this report.	
Signed by Director of Finance ………**Agreed**……………… Date ………**26/02/2025**……..……	

1. INTRODUCTION

1.1 The Fund places significant importance on exercising its voting rights and has been actively voting at Annual and Extraordinary General Meetings of companies since 1996. The Fund believes that voting in line with its investment beliefs and governance policies contributes to shareholder value and enhances corporate accountability.

1.2 The Fund utilizes the services of Pensions & Investment Research Consultants Ltd (PIRC) to provide corporate governance advisory services and execute votes in accordance with Camden's bespoke voting policy.

1.3 The Fund's voting policy is reviewed and approved annually ahead of the proxy voting season each spring.

1.4 This report provides an overview of the Fund's proxy voting activity during the 2024 calendar year, analysing voting data by region, meeting types, resolution categories, and key governance trends.

1.5 Some of the key findings from the review of proxy voting in 2024 are:

- The Fund voted on 23,405 resolutions (up from 12,138 in 2023) at 1,695 meetings, a 2.5-fold increase in coverage due to Camden's ability to vote in its LGIM pooled funds.
- The Fund supported 58.5% (13,708) of resolutions, a drop from 67.6% in 2023, mainly due to greater exposure to regions with weaker corporate governance standards.
- 43.4% of meetings were in the UK (down from 90.3% in 2023), while 36.6% were in North America (up from 3.1%), and 15.5% were in Europe (up from 5.9%).
- Director elections formed 52.4% of all resolutions (up from 42.2% in 2023), reflecting global governance practices that require more frequent director re-elections.
- The Fund opposed or withheld votes for 34.6% of director elections, a significant increase from 21.2% in 2023, primarily due to concerns over board independence, diversity, and excessive executive influence.
- Support for annual reports and remuneration reports fell slightly to 40.1% (from 41.8% in 2023).
- Auditor appointment opposition increased, with only 51.5% of auditor resolutions supported (down from 60.8% in 2023). The most common concerns were auditor independence and excessive non-audit fees.
- Executive pay remains a major area of concern:
- The Fund supported only 33.4% of remuneration report resolutions.
- The Fund opposed 66.6% of CEO pay resolutions, up from 57% in 2023, due to excessive variable pay and lack of transparency in pay structures.
- Say-on-Pay resolutions were opposed in 98.5% of cases, especially in North America, where executive pay is often not aligned with performance.
- Gender diversity on boards continues to improve:
- Women now make up 43.4% of FTSE 350 boards, exceeding the 33% target set by the Hampton-Alexander Review.

- However, the Fund opposed 38% of nomination committee chairs in companies failing to meet gender diversity targets.
- Pass-through voting for pooled funds has led to a broader regional diversification of voting activity, with increased engagement in U.S. and European markets.

2. CORPORATE GOVERNANCE ADVISOR ARRANGEMENTS

2.1 The Camden Pension Fund employs a corporate governance advisor to review company voting resolutions and execute the proxy votes of the Fund in accordance with its policy. This report reviews and analyses the voting that has been undertaken by the Fund during the calendar year, as executed by PIRC.

2.2 The 2013 tender was won by PIRC, who had provided the service to Camden prior to 2011. Since their reappointment PIRC have continued to vote and report Camden's own bespoke voting policy which is agreed annually in advance of the voting season in Spring each year.

2.3 The PIRC report presented as **Appendix A** analyses the voting carried out during the 2024 calendar year.

2.4 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.

3. RESPONSIBLE INVESTOR COMMENT

3.1 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.

4. FINANCE COMMENTS OF THE EXECUTIVE DIRECTOR CORPORATE SERVICES

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

5. LEGAL COMMENTS OF THE BOROUGH SOLICITOR

5.1 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.

6. APPENDICES

APPENDIX A – Review of Proxy Voting 2024

Review of Proxy Voting 2024

London Borough

of

Camden Pension Fund

EXECUTIVE SUMMARY

- This year's review of proxy voting highlights some significant changes as a direct result of Camden's leadership on pass-through voting. As a result of voting Camden's LGIM pooled funds, there has been a 2.5-fold increase in meetings covered (rising from 679 in 2023 to 1,695 in 2024). This has meant that far more of Camden's investments have been voted in line with its policies.

- The opening up of pass-through voting has not only seen an increase in volume of meetings and issuers covered, but also a compositional shift in markets resulting in international diversification of coverage. While policies were largely unchanged between the years, this geographic diversification has resulted in some instances of aggregate shifts in voting recommendations reflecting weaker corporate governance standards in certain regions outside the UK.

Detailed findings

- As a result of increased coverage, during 2024 advice was provided for 23,405 resolutions up from 12,138 in 2023.

- Despite the increase in meetings, their composition remains similar between the years with Annual General Meetings (AGMs) comprising 85.3% of meetings compared with 85.4% in 2023.

- There was however a noticeably different geographic spread. 43.4% of the meetings were held in the UK down from 90.3% in 2023. Conversely, 15.5% of meetings were in Europe up from 5.9% in 2023 and 36.6% in North America up from just 3.1% in 2023.

- The change in coverage resulted in the Fund supporting 58.5% (13,708) of resolutions down from 67.5% (7,161) the previous year.

- Director elections accounted for 12,267 resolutions in 2024 and now form over half of resolutions (52.4%) compared with 42.2% in 2023.

- Overall, the Fund supported 65.0% of directors who sought election and either opposed or withheld 34.6% of resolutions in this category. This was down from 78.8% support the previous year.

- Despite the increase in volume and geographic diversification, proportional support for annual reports (including remuneration reports) saw only a slight drop off. In 2024, the Fund supported 40.1% (2023: 41.8%) of related resolutions.

- Meanwhile, for auditor resolutions there was a decline in support from 60.8% in 2023 to 51.5% in 2024.

MEETINGS AT WHICH THE FUND HAS REPORTED

Number of meetings

2024 witnessed a marked increase in company coverage as a direct result of Camden's ability to vote in its LGIM pooled funds. As a result, reports were issued for 1,695 company meetings in 2024 - a 2.5-fold increase from 679 in 2023.

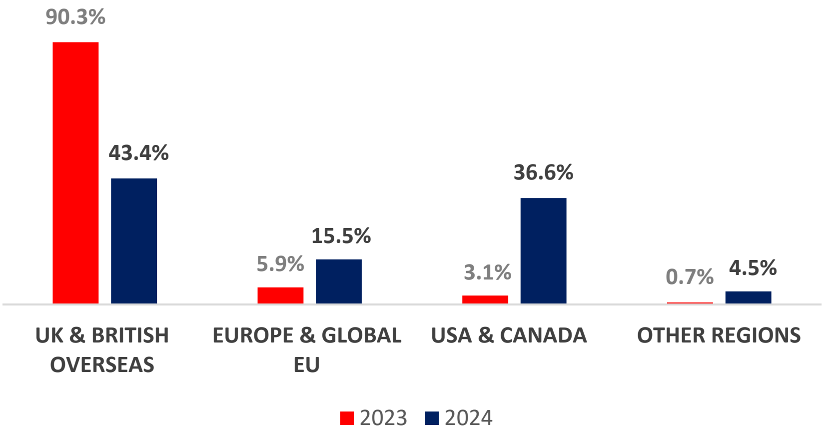
In 2023, reports were prepared for the Harris Associates Global Equities and Legal & General UK Equities funds, which were predominantly focused on the UK. Consequently, 90.3% of the meetings covered were UK-based. However, this proportion has significantly decreased to 43.4%, despite an increase in the absolute number of UK meetings from 613 to 735. This shift reflects a substantial rise in both the number and proportion of meetings in the US and Europe.

Table 1: Number of meetings reported by region

Region	Count	Percentage
UK & BRITISH OVERSEAS	735	43.4%
EUROPE & GLOBAL EU	263	15.5%
USA & CANADA	620	36.6%
ASIA	5	0.3%
AUSTRALIA & NEW ZEALAND	1	0.1%
SOUTH AMERICA	64	3.8%
REST OF THE WORLD	7	0.4%
Total	**1,695**	**100%**

Despite this shift away from the UK, more meetings were still located in the UK and British Overseas Territories than other individual regions. As noted, 43.4% were in the UK followed by the USA and Canada at 36.6%, Europe and Global EU regions represent 15.5%, while South America makes up 3.8%. Other regions, including Asia (0.3%), Australia and New Zealand (0.1%), and the Rest of the World (0.4%), collectively contribute less than 1% each.

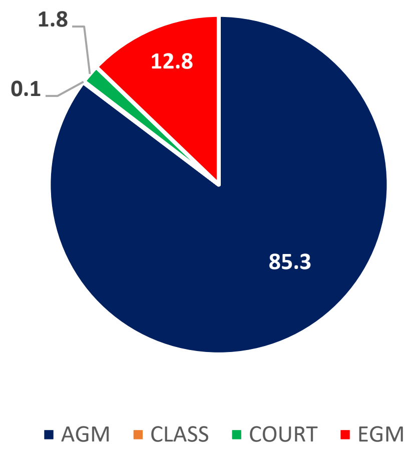
Figure 1: Number of Meetings by Region in 2024 vs 2023



Most meetings are Annual General Meetings (AGMs), which companies are required to hold annually to conduct regular business. The AGM serves as a platform for directors to present their management of the company to shareholders.

Of the 1,695 meetings during the year, 1,446 were AGMs, constituting 85.3% of the total. Despite representing an increase from the previous year's 580 AGMs, in proportional terms AGMs remained the same (85.4%). For the other 15% of meetings in 2024, Extraordinary General Meetings (EGMs) accounted for 217 or 12.8%, while Court Meetings represented 30 (1.8%), and Class Meetings comprised the remaining 2 meetings (0.1%).[1]

Figure 2: Meetings by Type



[1] An Extraordinary General Meeting is held for dealing with business outside the scope of the Annual General Meeting, including urgent business. Class meetings may be called because some companies have more than one type of share. Court Meetings are called when a company needs approval from a court or is a meeting convened by a court. See glossary for further information.

Resolution number and types
The number of resolutions covered totalled 23,405 in 2024 up from 12,138 in 2023.

The aforementioned geographic diversification in that increased coverage had implications for the types of resolution voted on. Director elections are the most common individual resolution category and became more so in 2024 now forming a majority. The high proportion of such resolutions stems from individual director elections, which are part of mandatory AGM business globally.

During 2024 there was a slight increase in director resolutions per meeting while there were also relatively fewer resolutions related to issues such as share issuance/buybacks which are less frequently on the ballot in other regions. Nevertheless, they remained the second most common resolution category followed by approvals of the annual reports and auditor appointments. These categories represent the core business typically addressed during a company's AGM, highlighting the emphasis on fundamental governance and operational oversight in shareholder voting.

Table 2: Proportion of Votes per Resolution Category

	2024	2023
All Employee Schemes	0.5%	0.8%
Annual Reports (Including Remuneration Reports)	8.9%	13.2%
Articles of Association	1.7%	1.2%
Auditors	8.6%	9.9%
Corporate Actions	0.6%	0.7%
Corporate Donations	0.9%	1.6%
Debt & Loans	0.1%	0.1%
Directors	52.4%	42.2%
Dividend	3.3%	4.3%
Executive Pay Scheme	0.9%	1.0%
Miscellaneous	3.1%	4.3%
NED Fees	0.8%	0.4%
Non-Voting	1.7%	0.4%
Say on Pay	2.6%	0.5%
Share Capital Restructuring	0.4%	0.3%
Share Issue/Re-purchase	11.0%	18.1%
Shareholder Resolution	2.6%	1.0%

Table 3: Resolution Category 2024 vs 2023

	2024	2023	% increase
All Employee Schemes	118	102	15.7%
Annual Reports (including Remuneration Reports)	2,086	1,599	30.5%
Articles of Association	395	149	165.1%
Auditors	2,005	1,207	66.1%
Corporate Actions	146	84	73.8%
Corporate Donations	206	192	7.3%
Debt & Loans	27	9	200.0%

Directors	12,267	5,126	139.3%
Dividend	762	528	44.3%
Executive Pay Schemes	210	120	75.0%
Miscellaneous	736	519	41.8%
NED Fees	176	54	225.9%
Non-Voting	404	43	839.5%
Say on Pay	597	60	895.0%
Share Capital Restructuring	86	34	152.9%
Share Issue/Re-Purchase	2,564	2,194	16.9%
Shareholder Resolution	620	118	425.4%

VOTING RECOMMENDATIONS

In high-level terms, Camden supported 13,708 resolutions in 2024. This equates to support for 58.5% of resolutions with Camden opposing 38.1% of proposals.

Table 4: Vote Recommendations

Vote Category	Count	Percentage
For	13,708	58.52%
Abstain	64	0.27%
Oppose	8,921	38.09%
Non-Voting	407	1.74%
Withheld	282	1.20%
US Frequency Vote on Pay	24	0.10%
Withdrawn	5	0.02%
Not Supported	12	0.05%
Total	**23,423**	**100%**

Falling levels of support
In proportional terms, the levels of support declined considerably compared to last year, falling from 67.6% in 2023 to, as noted above, 58.5% in 2024. This is explained largely by the diversification of the portfolio above as opposed to any major change in Camden policy or decline corporate practices.

Table 5: Supported Recommendations by Resolution Type in 2024 vs 2023

	2024	2023
All Employee Schemes	46.6%	46.1%
Annual Reports (Remuneration Reports included)	40.1%	41.8%
Articles of Association	73.8%	92.6%
Auditors	51.5%	60.8%
Corporate Actions	75.3%	84.5%

Corporate Donations	72.8%	69.8%
Debt & Loans	33.3%	22.2%
Directors	65.0%	78.8%
Dividend	97.5%	99.6%
Executive Pay Scheme	8.1%	6.7%
Miscellaneous	90.6%	94.4%
NED Fees	74.3%	81.5%
Say on Pay	1.5%	1.7%
Share Capital Restructuring	77.9%	82.4%
Share Issue/Re-purchase	43.0%	47.1%
Shareholder Resolution	84.5%	72.9%
ALL	**58.5%**	**67.6%**

While adapting to the specific realities and cultural nuances of each market is essential, it remains crucial to uphold fundamental best practice principles. These include ensuring a majority independent board, fully independent committees, and fair and transparent executive pay structures, for example. By maintaining a strong focus on these foundational governance standards, Camden can navigate regional differences while promoting accountability and sustainable governance practices globally. However, it is the case that in some regions what is considered internationally as best practice is less common and thus has implications for vote recommendations.

The variations in levels of support between regions is evident in the table below where, for example, support for resolutions in North America is 18% percentage points lower than the UK. As a result, the Fund has seen a rise of resolutions not supported in proportional terms.

While the decrease in support votes is notable, it does not directly equate to a corresponding increase in opposition votes. Camden Voting Policy primarily enables Support or Opposition; however, due to regional market restrictions, certain adaptations are necessary. For instance, we are legally required to abstain in specific resolutions, such as director elections in Canada. Similarly, in many US companies, we cast withhold votes, and in the EU, we may refrain from voting altogether for non-voting resolutions.

Table 6: Levels of Support and Opposition by Region

Region	For	Abstain	Oppose	Non-Voting	Not supported / Clear	Withhold	Withdrawn	US Frequency on pay	Total	Percentage For
UK	6,754	0	3,431	1	3	0	3	0	10,192	66.3%
EUROPE	2,587	4	1,247	382	0	0	0	0	4,220	61.3%
USA & CANADA	3,931	60	3,814	18	9	282	2	24	8,140	48.3%
ASIA	26	0	21	5	0	0	0	0	52	50.0%
OCEANIA	7	0	5	1	0	0	0	0	13	53.8%
SOUTH AMERICA	348	0	366	0	0	0	0	0	714	48.7%
REST OF THE WORLD	55	0	37	0	0	0	0	0	92	59.8%
Total	**13,708**	**64**	**8,921**	**407**	**12**	**282**	**5**	**24**	**23,423**	

Another type is withdrawn resolutions. This occurs when a director cannot stand or a resolution is withdrawn after being proposed in the publication of the meeting notice. This year witnessed five such incidents, falling from seven in 2003 and nine in 2019. The consistent reduction reflects ongoing improvements in corporate governance practices globally, particularly in regions where the Fund is actively engaged.

Regional differences in voting

As noted, there has been a notable decline in support for resolutions over the year due to the geographic diversification of the company universe. This has been driven by the shift UK (66.3% support in 2024) to North America (48.3% support) and Europe ex-UK (61.3% support). A more in-depth examination of the three largest regions highlights the types of resolution which have driven this decline.

Some of the differences relate to board composition and independence which results in different rates of support for directors. For example, in the US, approximately 40% of S&P 500 companies combine the roles of Chair and CEO, concentrating authority and reducing board independence. This contrasts sharply with standard practice in the UK, where companies overwhelmingly separate these roles to enhance checks and balances. As a result, Camden has increasingly opposed the election of Chairs across its portfolio in 2024.

Globally, outside the EU and UK, it is common for key board committees, such as audit or remuneration committees, to include non-independent members, which is not considered good practice as it can undermine committee objectivity and effectiveness. Consequently, there has been an increase in opposition to directors for serving as non-independent members on these core committees and to committee chairs who permit the inclusion of non-independent members, compromising the committee's independence and oversight integrity.

As clearly shown in the table below, there was a marked rise in opposition to articles of association resolutions. This was particularly evident in the USA, where many companies sought approval for Delaware provisions that allow them to indemnify directors. These provisions enable companies to cover legal costs and liabilities for directors involved in scandals or wrongful actions, even if such actions negatively impact the company or shareholders. Camden's Voting Policy deems this practice misaligned with best governance standards, leading to nearly new 70 opposed votes out of approximately 400 resolutions related to general amendments of articles of association.

There are also other notable differences, for example for audit practice and executive remuneration which are discussed below.

Table 7: Proportion of support votes by resolution category and region

	UK (2024)	**USA and Canada (2024)**	**Europe (2024)**	**All (2023)**	**All (2024)**
All Employee Schemes	59.4%	33.3%	16.7%	46.1%	46.6%
Annual Reports (Remuneration Reports Included)	40.0%	29.4%	39.2%	41.8%	40.1%
Articles of Association	96.8%	43.1%	90.3%	92.6%	73.4%
Auditors	65.0%	14.5%	78.9%	60.8%	51.5%
Corporate Actions	72.6%	76.9%	100.0%	84.5%	75.3%
Corporate Donations	73.5%	0.0%	50.0%	69.8%	72.8%

Debt & Loans	25.0%	0.0%	36.8%	22.2%	33.3%
Directors	79.2%	54.2%	73.3%	78.8%	65.0%
Dividend	99.8%	100.0%	98.6%	99.6%	97.5%
Executive Pay Scheme	10.4%	5.1%	12.9%	6.7%	8.1%
Miscellaneous	97.4%	11.8%	86.2%	94.4%	91.3%
NED Fees	81.8%	50.0%	79.6%	81.5%	73.9%
Say on Pay	22.2%	1.2%	0.0%	1.7%	1.5%
Share Capital Restructuring	84.0%	60.0%	81.8%	82.4%	77.9%
Share Issue/Re-purchase	43.3%	40.6%	44.1%	47.1%	43.0%
Shareholder Resolution	100.0%	83.6%	75.0%	72.9%	83.5%

RESOLUTION CATEGORY: Director Elections

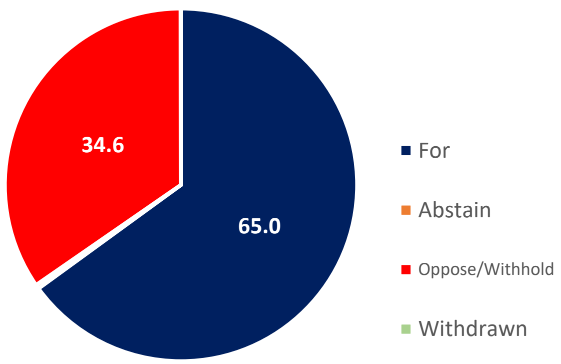
Table 8: Director Elections Voting Outcomes by Region

Region	For	Abstain	Oppose/ Withhold	Withdrawn	Not Supported / Clear	Total
UK	3,218	0	845	2	0	4,065
EU	1,378	4	499	0	0	1,881
North America	3,192	42	2,649	0	6	5,883
Global	183	0	247	0	0	424
Total	**7,971**	**46**	**4242**	**2**	**6**	**12,267**

Oppose or withheld recommendations for director elections increased significantly in 2024 rising from 19% in 2023 to 34.6%. The Fund supported 65% (2023: 78.8%) of the resolutions while two directors were withdrawn, and 46 directors abstained.

In the USA, some companies employ a plurality voting system, whereby a director can be elected with just a single vote. Under such a system, a vote against has limited impact; however, shareholders can express dissatisfaction by 'withholding' their vote. In Figure 3 a withheld vote is effectively treated as an oppose vote.

Figure 3: Director's Elections Voting Outcomes



This increase is largely attributed to the aforementioned diversification of the portfolio, which has brought greater exposure to regions with companies having corporate governance practices deemed not in line with international best practice.

For example, as has been noted in the USA, there are more frequent gaps in governance best practice, such as the combination of the CEO and Chair roles, but also the presence of non-independent members on key committees, insufficiently fair executive pay practices, and inadequate sustainability policies and disclosures. Similarly, for companies in many countries in LATAM and Asia the implementation of robust governance frameworks is often less prevalent. These regions often feature boards with high levels of non-independence or companies with significant shortcomings in the disclosure of sustainability policies, further contributing to the rise in oppose recommendations.

Director election resolutions and sustainability

A corporation's board is responsible for overseeing and directing the business operations of the company, with individual board members holding fiduciary responsibilities to safeguard the corporation's finances and ensure compliance with legal requirements. Each board member is bound by fiduciary duties to act in the best interests of the corporation and its shareholders, exercise good faith, demonstrate a reasonable degree of care, and avoid conflicts of interest.

By extension, the act of voting to elect directors to the board provides shareholders with an opportunity to express their approval or disapproval not only of the board's governance and structure but also of the performance of the company, the board as a whole, or specific individual members.

Under the 2023 policy, the Fund started casting an oppose vote where a company failed to implement, or had only partially implemented, an adequate sustainability policy and risk assessment, provided this has been disclosed. Accountability is directed first towards the chair of the sustainability committee, followed by the chair of the board, and, failing that, the Chief Executive Officer. This approach ensures that even in the absence of a designated accountable board member, or if the accountable director has stepped down, there is always a board member standing for election against whom the Fund can express dissatisfaction through an oppose vote.

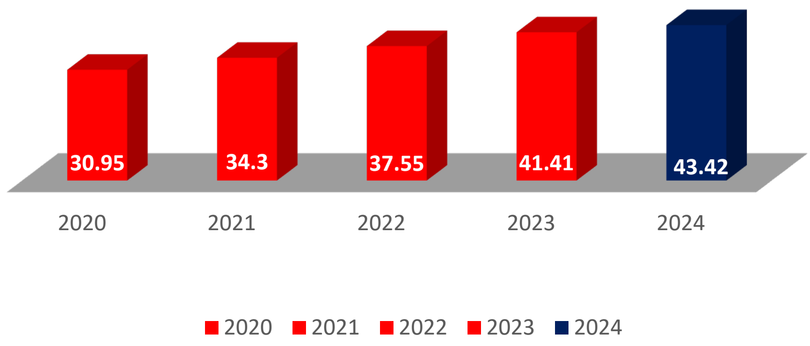
In the UK, corporate reporting—particularly on environmental and social issues—has shown significant improvement and generally surpasses the standards of many other jurisdictions. However, the impact of this policy has been most notable in the USA, where many companies remain hesitant to adopt comprehensive corporate reporting on environmental and social issues.

Gender Diversity on Boards

Gender diversity has shown remarkable and consistent progress since 2015, driven by initiatives such as the Davies Review update and later the Hampton-Alexander Review. Since 2018, the percentage of women on FTSE 350 boards has risen significantly, from 25.56% to 43.42% in the year under review. This year, the FTSE 350 not only meets but surpasses the recommended minimum target of 33.33% women on boards. This achievement reflects the sustained efforts of shareholders in prioritising gender diversity, a focus that Camden has consistently championed in order to uphold and enhance governance standards in the UK.

The FTSE Women Leaders Initiative, launched in 2022 as the successor to the Hampton-Alexander Review, has set a more ambitious goal, urging FTSE 350 boards to further intensify their efforts. The initiative calls for a minimum of 40% women's representation on boards and in senior leadership teams across the FTSE 350 by the end of 2025. To continue driving progress on gender diversity practices, a recommended update to Camden's policy on gender diversity is set out in the note on possible policy updates.

Figure 4: Women on FTSE 350 Boards



In the FTSE EuroFirst, only 38 out of 300 largest capitalised European companies have less than 33% female representation at the board level, reflecting strong alignment with diversity goals in Europe. In contrast, the S&P 500 lags significantly behind both the UK and EU, with approximately 202 out of 500 companies falling short of the 33% threshold for women on boards. This disparity becomes even more pronounced when examining companies in Asia and Latin America. Where gender diversity on the board is lacking the Fund has opposed the Chair of the Nomination Committee (or, if the Chair was not up for election, another committee member or the Chair of the Board).

External Whistleblowing Hotline

One of the policies approved last year was to oppose the re-election of the Chair of the Audit Committee at companies that lack an externally managed whistleblowing hotline.

The Fund recognises that having a whistleblowing hotline managed by an independent third party is a cornerstone of strong corporate governance. Such a mechanism ensures confidentiality and impartiality, creating an environment where employees and stakeholders can report misconduct without fear of retaliation. By fostering transparency and mitigating risks, an external whistleblowing hotline underscores a company's commitment to ethical practices, aligning with investor expectations and ESG standards.

During the year under review, three non-investment trust companies in the FTSE 100 were identified as lacking an externally managed whistleblowing hotline, resulting in direct opposition to the re-election of their Audit Committee Chairs. Applying the same voting policy globally, the Fund opposed the re-election of approximately 20 Audit Committee Chairs in the FTSE EuroFirst and 120 in the S&P 500.

RESOLUTION CATEGORY: Remuneration

The majority of remuneration-related proposals pertain to the approval of the remuneration report and remuneration policy. This is unsurprising, given the Fund's portfolio bias towards UK, EU and USA securities, where the annual approval of the remuneration report is either a legal requirement or for the EU the case in most countries.

Remuneration Report, Remuneration Policy and Say on Pay

In the UK, shareholders have had the opportunity to approve the Remuneration Committee Report since 2002. However, this vote remains advisory and is not binding on the board.
Since 2014, legislation introduced through the Enterprise and Regulatory Reform Act has granted UK shareholders a binding vote on a quoted company's remuneration policies, which must be approved at least once every three years. Additionally, any remuneration payments made in connection with the loss of office must align with the approved remuneration policy unless separately approved by shareholders.

In the EU, similar rules exist under the EU Shareholder Rights Directive II (SRD II), which requires member states to implement legislation granting shareholders the right to vote on remuneration policies and reports. While the specific requirements vary by country, most EU jurisdictions have introduced binding or advisory votes to ensure greater alignment between executive pay and shareholder expectations.

In the United States, executive compensation practices are subject to the Dodd-Frank Wall Street Reform and Consumer Protection Act, which mandates an advisory "Say on Pay" vote. Shareholders in the US must be given the opportunity to cast an annual or biennial advisory vote on executive compensation, though the outcome is not binding on the board. Additionally, US companies disclose detailed pay structures through Compensation Discussion and Analysis (CD&A) filings to ensure transparency.

Across these regions, directors are held to fiduciary duties and a duty of care and skill. In the UK and EU, directors are guided by the Companies Act (UK) and national laws reflecting SRD II (EU), which emphasise an 'enlightened shareholder value' approach. This approach requires directors to consider:

- The long-term consequences of their decisions.
- The interests of the company's employees.
- The need to foster relationships with suppliers, customers, and other stakeholders.
- The impact of operations on the community and the environment.
- The importance of maintaining high standards of business conduct.
- The need to act fairly between shareholders.

In the US, fiduciary duties focus on acting in the best interests of shareholders, with an emphasis on maximising shareholder value. However, growing investor pressure is pushing for greater integration of environmental, social, and governance (ESG) factors into corporate decision-making.

While there are regional differences, the overall trend across the UK, EU, and US reflects increasing shareholder engagement in remuneration practices and a stronger focus on aligning executive pay with long-term corporate performance and sustainability goals.

Table 9: Remuneration Voting Outcomes by Subcategory

Resolution	For	Oppose/Abstain/ Not supported	Total
Approve Remuneration Report	265 (33.4%)	529 (66.6%)	794
Approve Remuneration Policy	82 (25.6%)	238 (74.4%)	320
Say on Pay	9 (1.5%)	588 (98.5%)	597

Based on the resolutions reported, the Fund supported 33.4% of the "Approve Remuneration Report" resolutions (265 out of 794) and opposed or abstained on 66.6%. For "Approve Remuneration Policy," the Fund supported only 25.6% of the resolutions (82 out of 320) and opposed or abstained on 74.4%. In the case of "Say on Pay," support was minimal at just 1.4% (8 out of 585), with the remaining 98.5% being opposed or abstained. This reflects the Fund's critical stance on remuneration practices across these resolutions.

The primary reasons for recommending opposition to Remuneration Report and Policy resolutions stem from concerns over balance (e.g., an excessive weighting of variable pay relative to fixed pay, such as variable compensation exceeding 200% of base salary) and disclosure (e.g., insufficient transparency regarding the methodology for determining pay levels or the rationale behind specific performance targets). Significant issues were also identified in the structure of variable remuneration components (e.g., an overemphasis on short-term performance metrics or the inclusion of elements not linked to performance) and the inadequate quantification of future performance targets (e.g., a lack of clarity or specificity in defining measurable and objective goals).

For Say on Pay resolutions, the primary concern was the excessive levels of variable remuneration, compounded by a notable lack of quantified performance targets—an issue particularly prevalent in the North American market. This stands in sharp contrast to the UK and EU, where companies exhibit significantly stronger adherence to best practices in remuneration governance.

CEO PAY RATIO

For the year under review, out of 253 companies in the FTSE 350 index, 141 companies (55.73%) had a CEO pay ratio below the Camden policy recommendation of 40:1.

When voting on remuneration resolutions, the Fund assesses the CEO pay ratio of UK and EU companies to evaluate the balance of executive compensation. The low compliance rate in the UK highlights a significant misalignment with the Fund's policy expectations and is a key factor contributing to the high levels of opposition the Fund is casting across its portfolio.

RESOLUTION CATEGORY: AUDITOR APPOINTMENT

Auditor Appointment and Remuneration

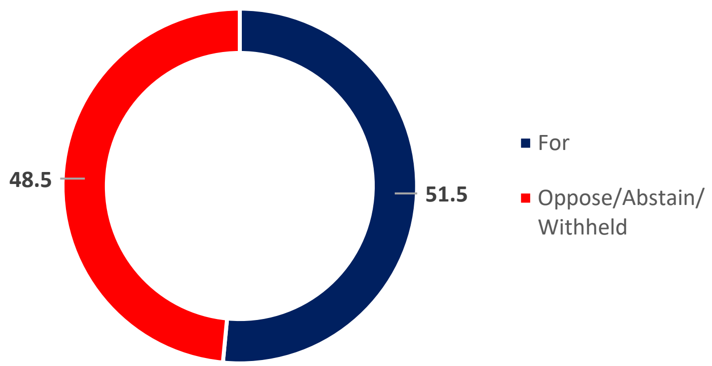
Auditors play a critical role in ensuring that the financial information prepared by the directors accurately reflects the company's position. Their function serves two primary purposes:

- **Protecting the company** – Auditors help safeguard the company from the consequences of undetected errors or potential wrongdoing, such as declaring dividends out of capital, which could jeopardise the company's financial stability.

- **Informing shareholders** – Auditors provide shareholders with reliable and accurate financial intelligence, enabling them to scrutinise the company's affairs effectively. This empowers shareholders to exercise their collective authority to reward, control, or remove those entrusted with the company's management.

Figure 9 below illustrates Camden's voting recommendations regarding auditors.

Figure 5: Camden's voting recommendations on auditor-related resolutions



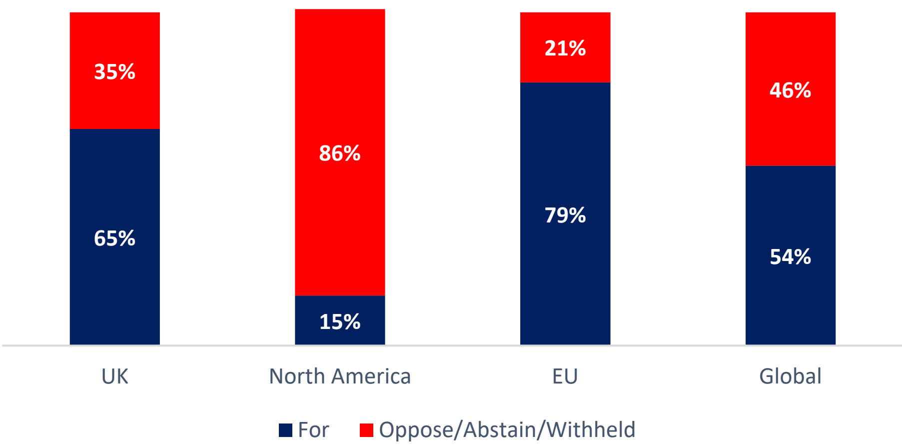
In the resolution category of approving the appointment of the auditor, a total of 2,005 resolutions were reported. The Fund didn't support 972 of these resolutions, reflecting an opposition rate of 48.5%. This marks a notable increase compared to the previous year, when opposition stood at 39.2% (2023).

Table 10: Camden's voting recommendations on auditor-related resolutions per region

Region	For	Oppose	Total
UK	725 (65%)	390 (35%)	1115
North America	88 (15%)	519 (86%)	607
EU	213 (79%)	57 (21%)	270
Global	7 (54%)	6 (46%)	13

Both table 10 and the figure 6 reflect the voting recommendations reported to the Fund on auditor-related resolutions across different regions. In the UK, out of a total of 1,115 resolutions, the Fund supported 65% (725 resolutions) and opposed 35% (390 resolutions).

Figure 6: Camden's voting recommendations on auditors' comparison per region



In North America, the Fund's opposition was very high, with 86% (519 resolutions) opposed out of 607 total. This reflects systemic issues, particularly regarding auditor independence and excessive non-audit fees. Conversely, in the EU, the Fund reported strong support, voting in favour of 79% (213 resolutions) out of 270 total resolutions. This indicates a higher level of alignment with governance best practices and greater transparency in auditor-related matters.

GLOSSARY OF TERMS

The UK Corporate Governance Code 2024

The UK Corporate Governance Code (the Code) was first introduced in 1992 by the Cadbury Committee and has been periodically updated to address evolving governance expectations and challenges.

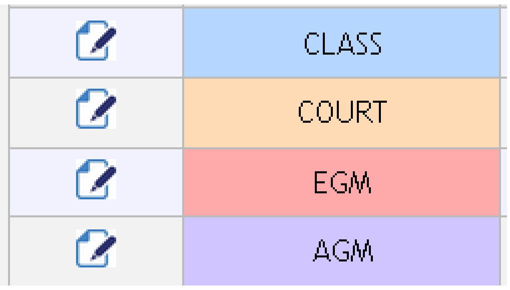
The latest version of the Code, published in 2024 by the Financial Reporting Council (FRC), builds on earlier iterations and reflects growing focus on sustainability, accountability, and stakeholder engagement. The 2024 Code applies to all companies with a premium listing on the London Stock Exchange, irrespective of their country of incorporation, and is effective for accounting periods beginning on or after 1 January 2025.

The Code continues to follow a 'comply or explain' approach, providing flexibility for companies to determine how best to meet its Principles and Provisions. Key changes in the 2024 update include stronger emphasis on integrating ESG considerations into governance, enhancing workforce and stakeholder engagement, aligning executive pay with non-financial performance, and improving oversight of risk and internal controls.

These updates ensure the Code remains a global benchmark for best practices in corporate governance, addressing modern challenges while fostering long-term sustainable growth.

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 reported to 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 / Clear

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.