LGPS Central Limited

Stewardship Update

SECOND QUARTER · 2024–25 (JULY – SEPTEMBER 2024)

CHESHIRE PENSION FUND

Derbyshire Pension Fund

Leicestershire County Council PENSION FUND

NOTTINGHAMSHIRE PENSION FUND

Shropshire County Pension Fund

Staffordshire Pension Fund Local Government Pension Scheme

West Midlands Pension Fund

Worcestershire Pension Fund

Responsible Investment & Engagement:

LGPS Central's approach

LGPS Central's approach to Responsible Investment & Engagement carries two objectives:

OBJECTIVE #1

Support investment objectives

OBJECTIVE #2

Be an exemplar for RI within the financial services industry, promote collaboration and raise standards across the marketplace

These are met through three pillars:

Our **Selection** of assets

Our **Stewardship** of assets

Our commitment to **Transparency & Disclosure**

This update covers LGPS Central's *stewardship* activity. Our stewardship efforts are supplemented by global engagement and voting services provided by EOS at Federated Hermes. For more information, please refer to our Responsible Investment & Engagement Framework and Annual Stewardship Report.

ADDITIONAL DISCLOSURES

- Responsible Investment & Engagement Framework
- TCFD Report
- Stewardship Code Report
- Voting Principles
- Voting Disclosure
- Voting Statistics

Signatory of: PRI Principles for Responsible Investment

UK STEWARDSHIP CODE

employers network for equality and inclusion Member

LGPS ADVISORY BOARD CODE OF TRANSPARENCY

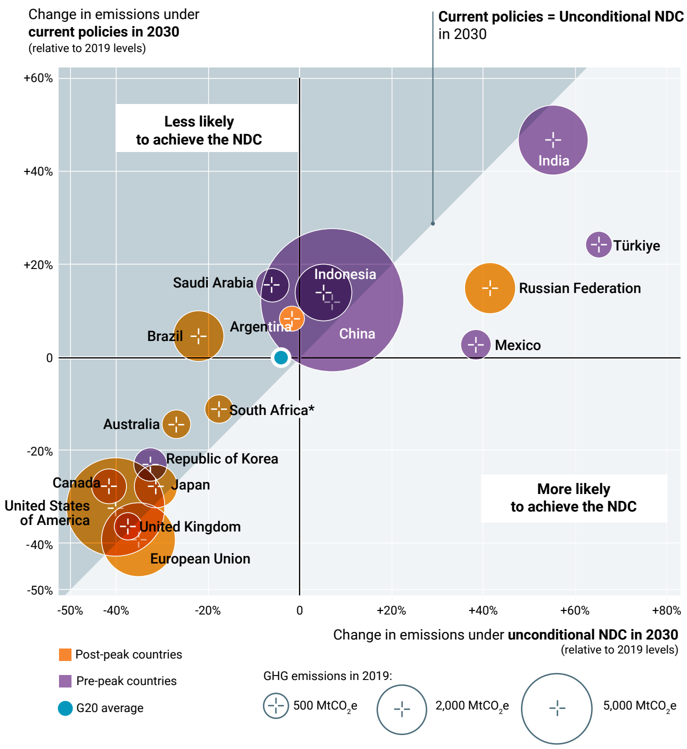
01 A summary of engagement and voting activities and key stewardship developments

Key Stewardship developments

UN EMISSIONS GAP REPORT

The United Nations Environment Programme (UNEP) published the 15th edition of the Emissions Gap Report.[1] The report reveals that without adequate action global warming could reach 3.1C this century, based on current policies. However, the full implementation of unconditional or conditional[2] Nationally Determined Contribution (NDC) scenarios lower the projected estimated warming to 2.8C and 2.6C, respectively. The report finds that collectively the NDC targets of the G20 countries are far from what is required to align with 2C and 1.5C scenarios. The report states that reaching 1.5C is technically still possible but would require a 'quantum leap in ambition' alongside accelerated mitigation action in this decade. The only scenario that gets close to the goal of the Paris Agreement assumes that all the most stringent pledges made by countries are fully implemented. This scenario estimates global warming to be limited to 1.9C over the course of this century. As global temperatures continue to rise, investors must be cognizant of the mounting physical and transition risks posed by climate change, emphasizing the urgent need for a well-coordinated transition to net zero.

FIGURE ES.2 THE LANDSCAPE OF CURRENT NDC TARGETS AND IMPLEMENTATION GAPS FOR THE G20 MEMBERS COLLECTIVELY AND INDIVIDUALLY BY 2030, RELATIVE TO 2019 EMISSIONS[3]



Note: * Conditional NDC

SPOTLIGHT ON CLIMATE RISK IN THE INSURANCE SECTOR[4]

2023 was the hottest year on record,[5] and 2024 looks set to repeat that. The US has had 19 weather or climate-related disasters this year, each with estimated losses of over US$1bn.[6] Germany,

[1] Emissions Gap Report 2024 | UNEP - UN Environment Programme

[2] An NDC that is contingent on a range of possible conditions, such as the ability of national legislatures to enact the necessary laws, ambitious action from other countries, realization of finance and technical support, or other factors.

[3] UNEP (2024) Emissions Gap Report 2024, page XIV, Emissions Gap Report 2024 | UNEP - UN Environment Programme

[4] We provide an abridged version of EOS's latest thoughtpiece. For the full version see hermes-investment.com/uploads/2024/10/14b61bd7f701839a99efa1fef393792b/eos-public-engagement-report-q3-2024-spreads-final.pdf

[5] https://www.metoffice.gov.uk/about-us/news-and-media/media-centre/weather-and-climate-news/2024/2023-the-warmest-year-on-record-globally

[6] https://www.ncei.noaa.gov/access/billions/#:~:text=In%202024%20(as%20of%20August,and%202%20winter%20storm%20events

Poland and other parts of central and Eastern Europe experienced devastating floods that resulted in fatalities and economic damage running into billions of euros, while in Greece, wildfires threatened Athens for days.[7]

Until now, insurers and reinsurers have covered the losses. But some areas of the US are now seen as too risky to cover and attempts by regulators to impose price caps in Louisiana led to insurer insolvencies.[8] Central banks and monetary authorities are concerned that insurers may pose a systemic risk to the economy, given the risk of contagion to the banking system and other businesses in the wake of catastrophic events.[9]

Climate risk will likely drive up the price of premiums. Swiss Re estimates a US$183bn increase in annual property insurance premiums by 2040, driven by extreme weather events.[10] And it suggests weather-related property catastrophe losses in key markets such as China, France and the UK could double by 2040, according to a 2021 report.[11] As reinsurers raise rates, some insurers have had to exit certain markets. Berkshire Hathaway, Allstate, and Nationwide have told regulators that extreme weather events driven by climate change have prompted them to raise premiums, end certain coverages, or exclude protections for natural disasters.[12] Higher premiums to reflect risks, or market exits by insurers only exacerbate the economic divide, with negative consequences for social cohesion. Insurer insolvencies are also on the rise. In Florida, which is exposed to hurricane risk and rising sea levels, nine property insurers have become insolvent since 2021.[13] The fear is that a confluence of climate-related losses could cause a major insurer or reinsurer to fail, triggering a cascade of losses or bankruptcies across the global economy.

The New York Federal Reserve Bank has already voiced concerns about insurers' exposure to climate risk, noting that it is "a key channel through which climate change risk can threaten broader financial stability".[14] It added that their omission from many regulatory climate stress tests was worrying. Meanwhile, the Bank of England stated that "existing capability and regime gaps create uncertainty over whether banks and insurers are sufficiently capitalised for future climate-related losses".[15]

WORLD BENCHMARKING ALLIANCE TRANSITION PLAN GUIDANCE

In September 2024, during New York Climate Week, the World Benchmarking Alliance released Assessing the Credibility of a Company's Transition Plan: Framework and Guidance.[16] The report draws on existing publicly available international documentation related to transition plans and expert opinions. It proposes four steps to holistically assess the credibility of a company's transition plan: 1) Checking the compliance with selected disclosure framework 2) Checking potential red flags, 3) Checking the granularity of the data, 4) Checking the overall credibility with assessment criteria.

NATURE ACTION 100 BENCHMARK RESULTS

The Nature Action 100 (NA100) benchmark assessment results was released during COP16 held in Cali. We are pleased to see that most companies have been open to engagement on nature-related risks and opportunities. It is understandable that many are still in the early stages of developing their strategies for managing these risks. Encouragingly, a significant number of companies are already disclosing nature-related targets and implementation plans. Looking ahead, the focus of the NA100 initiative should remain on encouraging companies to conduct credible and comprehensive materiality assessments of their nature-dependencies, impacts, risks, and opportunities. The benchmark results findings also highlight the need for NA100 companies to strengthen their governance around nature-related issues. At LGPS Central, we will continue to emphasise the importance of robust governance in managing nature-related risks during our engagements.

GLENCORE RETRACTING COAL SPINOFF

Last year the company set out a plan to sell its coal business. However, during August, following a shareholder consultation, the Company said it would now retain its coal assets.[17] The decision comes after energy companies such as Shell and BP recently rolled back climate targets.[18,19] Withdrawing from its coal spin off places Glencore in a contrasting position to that of rivals Anglo America and Rio Tinto, which have exited thermal coal (but not steelmaking coal) and completely exiting coal, respectively.

[7] https://www.bbc.co.uk/news/articles/clynz911jpyo

[8] https://www.nola.com/news/business/ninth-insurer-in-louisiana-goes-under-heres-what-it-means-for-1-500-open-claims/article_70791e32-3dc1-11ed-98d3-57c09e5237a1.html

[9] https://www.esrb.europa.eu/pub/pdf/reports/esrb.report202312~d7881028b8.en.pdf

[10] https://www.ft.com/content/5d271251-973d-45e5-8982-2e28bf96f952

[11] https://www.ft.com/content/5d271251-973d-45e5-8982-2e28bf96f952

[12] https://www.washingtonpost.com/business/2023/09/03/natural-disaster-climate-insurance/

[13] https://www.milliman.com/en/insight/florida-property-insurance-market-ran-aground

[14] https://www.newyorkfed.org/medialibrary/media/research/staff_reports/sr1066.pdf?sc_lang=en

[15] https://www.bankofengland.co.uk/prudential-regulation/publication/2023/report-on-climate-related-risks-and-the-regulatory-capital-frameworks

[16] ATP-Col-guidance-and-framework-document.pdf

[17] Glencore ditches plan to spin off coal business after shareholders object

[18] Exclusive: BP abandons goal to cut oil output, resets strategy | Reuters

[19] Shell abandons 2035 emissions target and weakens 2030 goal - Carbon Brief

Below is a high-level summary of key engagements and AGM votes that have taken place during Q2 of the financial year 2024-25. These and other engagements and voting examples will be covered in more detail later in this update. We will aim to cover companies that are included in our Engagement and Voting Priority Lists.

ENVIRONMENTAL

We are active participants in the Investor Policy Dialogue on Deforestation (IPDD). We co-signed a letter to Brazilian ministers requesting that they ratify the Escazú Agreement. The Agreement is the first legally binding treaty on environmental rights for the Latin America and Caribbean region. Ratification of the Escazú Agreement will help support a level playing field for responsible business conduct, sustainable economic development, and support stable business relationships with community stakeholders in Brazil. We attended a call with the Comissão de Valores Mobiliários (CVM), the securities and exchange commission of Brazil, to discuss the Brazilian Green Taxonomy, the developments around the sustainability reporting roadmap, and the development of the local carbon market in Brazil. We also attended a call with B3, Brazilian stock exchange, to understand their position on sustainability requirements of issuers. During the reporting period we have shifted our focus to engage with UK policymakers on deforestation regulation and joined the IPDD Consumer Countries UK sub working group.[20] The investor group seeks to support the case for and the passage of effective regulation to combat the supply and demand forces that contribute to deforestation. The UK government has an opportunity to play a leading role on the international stage on climate and nature and deliver on commitments made in the Glasgow Leaders' Declaration on Forests and Land Use at COP26 to halt and reverse deforestation by 2030.

We co-signed a statement urging a whole-of government approach to tackle climate change.[21] The letter had five key asks: 1) to enact economy-wide public policies; 2) Implement sectoral transition strategies, especially in high-emitting sectors; 3) Address nature, water and biodiversity-related challenges contributing to and stemming from the climate crisis; 4) Mandate climate-related disclosures across the financial system; 5) Mobilise further private investment into climate mitigation, resilience and adaptation activities in developing economies. A further cohort of investors have signed the statement which has been re-released in November 2024.

We co-signed an investor statement to 22 petrochemical companies producing plastics to transition to safe and environmentally sound practices by reducing fossil fuel dependency and eliminating hazardous chemicals.[22] We are in the process of arranging collaborative engagement groups to meet with a select few companies to discuss the management of plastic-related risks.

We met in-person with the CEO (name) and ESG team of Barclays Plc to gain reassurance that the company was following through

[20] As part of the Investor Policy Dialogue on Deforestation Consumer Countries Working Group, we co-signed a letter to the UK Department for Environment, Food and Rural Affairs. This letter explained the importance of halting deforestation to investors, highlighting both the systemic risks and the financial, reputational, operational, litigation and regulatory risks due to investment in companies or instruments that are directly or indirectly linked to global supply chains containing forest-risk commodities. The letter called on the government to introduce the Forest Risk Commodities legislation set out in the Environment Act 2021 as a priority. **Please note that this letter was sent outside of the reporting period and will not be included in the engagement statistics for this report.**

[21] 17 September 2024 | The Investor Agenda

[22] Petchem Investor Full Statement - Planet Tracker

with its commitment to stop providing direct and project finance to oil and gas upstream clients. The update to the oil and gas policy comes off the back of a shareholder resolution that we co-filed convened by ShareAction, later withdrawn following successful engagement with the company. The company stated that the policy is fully active and mentioned that Barclays had turned down a number of potential deals following the update to their Oil & Gas financing policy. We are pleased to report that the engagement objective is complete.

Following Shell's decision to retract its 2035 carbon intensity target, we met with the Chair of Shell to gain reassurance that the Company's strategy is compatible with its long-term net zero targets. See page 9 for more detail.

We have co-signed a letter to BHP requesting the company develop a best-practice approach to measurement, disclosure and abatement of methane emissions for metallurgical coal operations. We requested to meet with the firm before their AGM to discuss further. The Climate Action 100+ group, which LGPS Central participate in, will continue to engage with the Company over its management of methane emissions.

We, alongside investors with £1.6 trillion AUM, co-signed letters to 38 FTSE 100 companies requesting to put the climate transition plan to a shareholder vote at the 2025 AGM. The letter outlines investor expectations to set out credible transition plans, that include Paris-aligned targets and detailed strategies for achieving those goals. We recognise that credible climate transition plans will help investors to make informed investment and stewardship decisions.[23]

We met with CRH to discuss how the Company is managing climate-related risks. We had constructive dialogue on coal exposure, Paris-aligned accounting, and the just transition. The Company confirmed that they are committed to increasing the proportion of alternative fuels, however coal will continue to be a key source of power for the cement production process. We were encouraged to learn that CRH works with suppliers in the value chain to develop new technologies. The Company also confirmed that they adhere to the International Labour Organizations Just Transition Guidelines and are committed to reskilling and redeployment of staff and engagement with local stakeholders. The Company agreed to pass on our comments to senior management around disclosures on dividend resiliency in the context of different climate scenarios, a concept that was new to the Company.

We are active participants in Nature Action 100 (NA100), the goal of the collaborative engagement is to align the business models of companies that have the highest impact and dependencies on nature with the goals of the Global Biodiversity Framework (GBF). During the reporting period we sent a letter to Glencore to request a meeting to introduce the investor group. The Company confirmed that they are working on alignment with TNFD reporting and didn't feel the need for collective engagement at this time. The investor group asked about the timeline for their TNFD disclosure and proposed a meeting once this disclosure has been finalised.

SOCIAL

We engaged with the majority-owned Moroccan state backed phosphate miner, OCP Group, on its human rights due diligence process. OCP Group operates in Western Sahara, a region that has been subject to long-running territorial dispute between Morocco and the Indigenous Sahrawi Peoples. See page 13 for further details.

GOVERNANCE

During the period we sent letters to 31 companies detailing our rationale for dissenting at their AGM. Items we dissented on ranged from climate transition plans to remuneration to director re-election. ArcelorMittal responded to our AGM letter and agreed to an engagement on Health and Safety later this year.

We met with Reliance Industries to discuss our voting intention to vote against two directors due to concerns regarding board independence. Following a discussion with the Company we overturned our voting decision and communicated with the Company that we endorse the board appointment of His Excellency Yasir Othman Al-Rumayyan due to his expertise in the oil and gas business and we recognise the higher representation of international candidates on the board. We also secured a follow up call with the Company to discuss climate-risk and its petrochemical strategy in Q1 2025.

At the time of HICL Infrastructure Company's AGM, the Company was deemed to not fully comply with the listing provisions: at least one of the senior board positions (Chair, Chief Executive Officer (CEO), Senior Independent Director (SID) or Chief Financial Officer (CFO)) should be a woman (including those self-identifying as a woman). We noticed that the Company appointed a female director being the Chair of Audit, but this was assessed as not fully compliant with the Listing Rules' provision. We also took note that the FCA's rules state that the provision 'might' not be appropriate for closed-end funds. As result of this concern, we voted against the Chair as he is ultimately responsible for the appointments on the board and diversity concerns and the company is listed in the FTSE250 index with premium listing. Following the vote, we engaged with Chair and explained our rationale behind dissent. We welcome the openness of the company in engaging with LGPS Central on the challenges of diversity recruitment at executive and board level. Another call with the Chair of HICL is scheduled in Q1 2025.

[23] Please note that the 38 letters signed by LGPS Central have been excluded from the LAPFF engagement statistics in this report, as LAPFF also signed these letters.

Voting highlights:


Image source: repsol.com

REPSOL SA

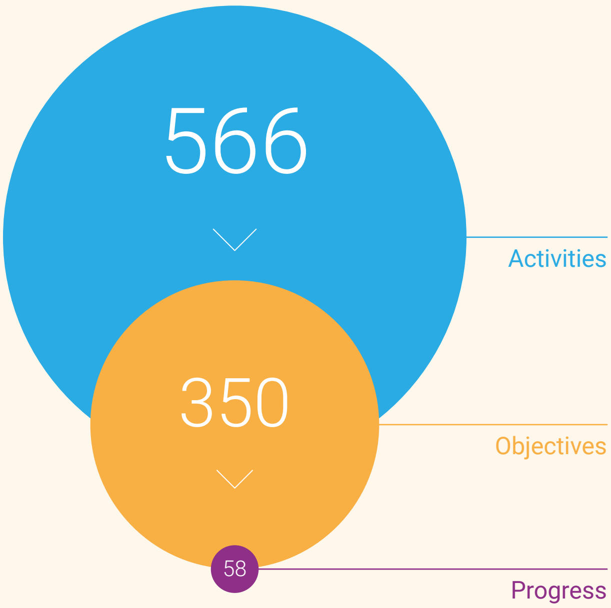
We voted against the Energy Transition Strategy due to concerns over the lack of alignment with the International Energy Agency's Net Zero Emissions Scenario and that the Company has not committed to stopping new exploration projects. See further detail on page 17.


Image source: tjx.com

THE TJX COMPANIES[24]

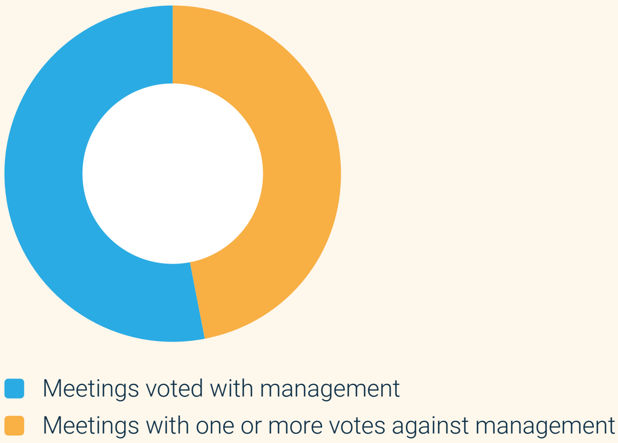
We supported a shareholder proposal requesting a third-party assessment and report assessing the effectiveness of current company due diligence in preventing forced, child, and prison labour in the Company's supply chain. We voted against the re-election of the Chair of compensation committee and the executive officers remuneration package due to concerns over substantial quantum relative to peers. See further detail on page 17.

OVERVIEW OF ENGAGEMENTS DURING THE QUARTER



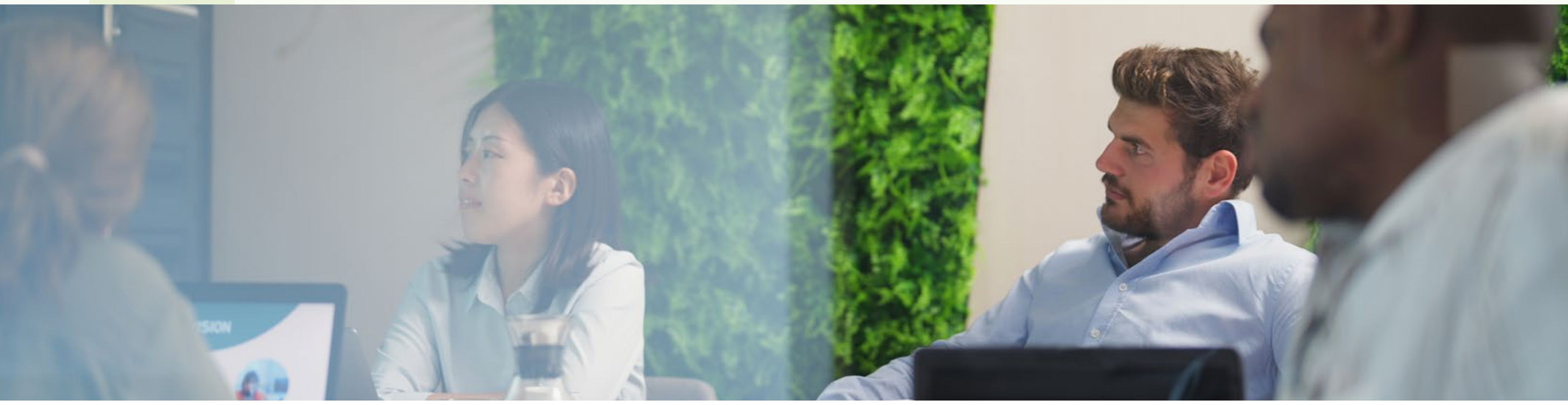
GLOBAL VOTING

We voted at **377** meetings (**4,006** resolutions) during the quarter under review

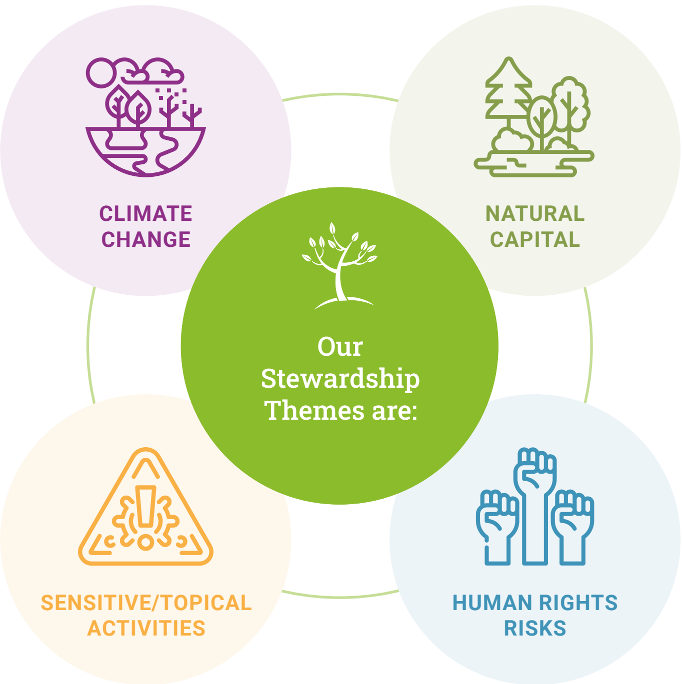


[24] The TJX Companies is part of our engagement priority list. We aim to engage with the Company on the integration of human rights across its supply chain. We have sent the Company a letter to request constructive dialogue on this matter. Please note the letter was outside of the reporting period and will not be included in the engagement statistics for this report.

02 Engagement case studies



Below, we give more detailed examples of ongoing or new engagements which relate to the four Stewardship Themes that have been identified in collaboration with our Partner Funds.



ENGAGEMENT SET[25] COMPRISED **402** COMPANIES	**566** ENGAGEMENT ACTIVITIES[26] TOOK PLACE
THERE WERE **350** OBJECTIVES	POSITIVE PROGRESS WAS MEASURED ON **58** OCCASIONS

This quarter our engagement set[25] comprised 402 companies. 566 engagement activities[26] took place against 350 specific objectives, positive progress was measured on 58 occasions. Most engagements were conducted through letter issuance or remote company meetings, where we, our partners or our stewardship provider in a majority of cases met or wrote to the Chair, a Board member or a member of senior management.

NUMBER OF ENGAGEMENTS CONDUCTED BY:		
LGPS CENTRAL	STEWARDSHIP PROVIDER	LAPFF
65	415	86

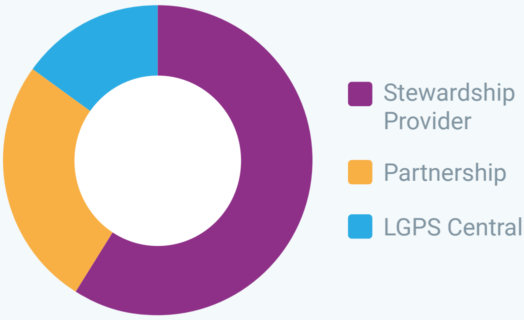
[25] This includes engagements undertaken directly, in collaboration, and via our contracted Stewardship Provider.

[26] There can be more than one engagement issue per company, for example board diversity and climate change.

CLIMATE CHANGE ENGAGEMENTS

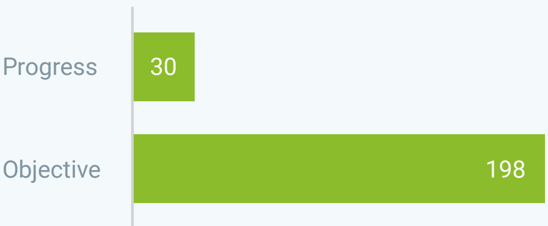
This quarter, our climate change engagement set comprised 186 companies with 261 engagement activities.[27] There was progress on 30 specific engagement objectives.

ENGAGEMENT VOLUME BY TYPE



- **261** engagements during the quarter

ENGAGEMENT VOLUME BY OUTCOME



SHELL PLC

Progress: Amber

Objective: Short term: build an effective engagement relationship with the company.

Long term: ensure that Shell's net zero policy is aligned with a 1.5C temperature increase.

Engagement: Following our vote against Shell's Energy Transition Strategy at the company's 2024 AGM, in September we met with the Chair of the Board to discuss the strategy in more detail. Several topics were discussed, including the correlation between the expansion of Shell's gas business and the prospective disclosure of medium-term climate targets, as well as the company's confidence in its assumptions around the global gas markets.

Outcome: We also gained more clarity regarding Shell's long-term business strategy and key future dates. This marks good progress towards the achievement of this engagement short-term objective: to build an effective engagement relationship with the Company. Whilst we have established an active dialogue with the company; we expect further clarity of how the attainment of Shell's net zero commitment is resilient to economic scenario (especially in relation to the global LNG demand over the next decades). We will discuss our thoughts with our external managers and continue to engage with the company on the alignment of its decarbonisation strategy with the goals of the Paris Agreement.

[27] There can be more than one climate-related engagement issue and/or objective per company.

NATIONWIDE BUILDING SOCIETY

Objective: To disclose impacts of climate change and the energy transition on its mortgage portfolio, detailing the impacts over short-, medium- and long-term timeframes and the measures taken to mitigate these risks. To completes this analysis to show the distribution of risk within a two-year timeframe.

Engagement: EOS has been engaging with Nationwide since 2020 on the topic of climate scenario analysis. The company recognised the importance of scenario analysis in understanding the physical and transitional impacts to its mortgage portfolio. Encouragingly Nationwide's TCFD report contains extensive disclosures on climate risks to the mortgage portfolio.

Outcome: At a meeting in August 2024, the company confirmed that it has expanded its climate scenario testing approach for its loan book, with its process now covering its social landlord and residential mortgage portfolio (which is the majority of its loan book). The company currently uses two risk scenarios for its modelling work, covering moderate and high-risk scenarios. It stated that the results of this analysis indicated that there were currently no material risks to the portfolio, due to its low-risk business model and projected credit losses not exceeding its materiality threshold of £50m annually. The company will continue to evolve its approach as more data and guidance become available. The company has met the engagement objective.

BELLWAY AND VISTRY GROUP

Objective: To ensure plans are in place for companies to move to net zero homes, have Paris-aligned transition plans and targets, and ensure they are working with suppliers to reduce emissions, and are prepared for new regulatory standards, such as the Future Homes Standard.[28]

Engagement: LAPFF discussed Bellway's approach to decarbonisation with the Chair of the Company. Bellway discussed its sustainability strategy, including its progress on Scope 1 and 2 emissions reductions and its approach to tackling Scope 3 emissions. Discussions also focused on Bellway's preparedness for the Future Homes Standard.

LAPFF also met with Vistry Group's COO and Group Company Secretary to discuss the company's approach to reducing Scope 3 emissions and preparedness for the Future Homes Standard. The COO emphasises Vistry's commitment to engagement with its supply chain, increasing the use of timber frame construction, and ensuring compliance with evolving regulations. Discussions also touched on the challenges associated with meeting both housing targets and sustainability goals.

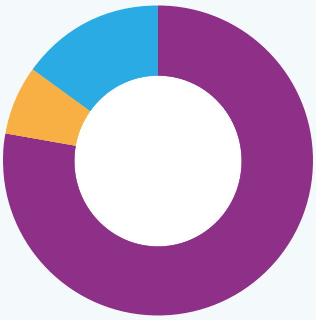
Outcome: LAPFF heard progress on preparing for the evolving regulatory landscape such as the Future Homes Standard and efforts to reduce emissions through the value chain by engaging with the supply chain. LAPFF plans further engagement with the sector to ensure progress against decarbonisations objectives.

[28] The Future Homes Standard aims to ensure that new homes built from 2025 will produce 75-80% less carbon emissions than homes built under the current Building Regulations.

NATURAL CAPITAL

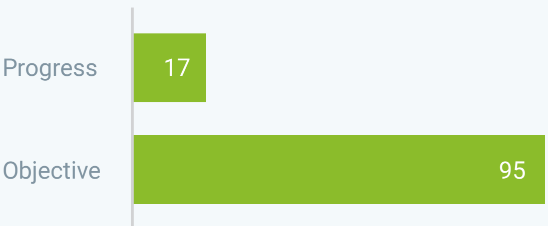
This quarter our natural capital-related engagement set comprised 121 companies with 163 engagement activities. There was progress on 17 specific engagement objectives.

ENGAGEMENT VOLUME BY TYPE



- 163 engagements during the quarter

ENGAGEMENT VOLUME BY OUTCOME



VALE SA

Objective: To assess and disclose the nature-related impacts, dependencies, risks and opportunities, in line with the TNFD recommendations.

Engagement: As part of NA 100, EOS sent the company a letter introducing the group's expectations on nature. The letter explains that the aim is to support companies to reverse nature loss and help achieve the goals of the Global Biodiversity Framework. EOS highlight the risk that nature and biodiversity loss poses to companies, for example by impacting business operations, supply chain resiliency, and financial returns. EOS asked the company to consider including nature in its business model, strategy, and climate transition plan. In correspondence with the company during Q1 2024, EOS acknowledged its leadership in Brazil and in the wider mining sector by committing to the early adoption of the TNFD recommendations, and to publishing its first TNFD-aligned disclosures alongside financial statements for the 2025 financial year.

Outcome: In Q3 2024, the company published its first TNFD report, detailing its LEAP (Locate, Evaluate, Assess, Prepare) methodology, as part of the integration of nature risks into the risk management framework, and explaining the next steps towards the implementation of the TNFD recommendations into the company's integrated report.

PHILIP MORRIS, IMPERIAL BRANDS, JAPAN TOBACCO

Objective: To understand how companies are assessing plastic-related risk, the adoption of modelling for potential needs to adopt their business model to a changing regulatory environment, and considerations given to plastic alternatives.

Engagement: LAPFF met with Philip Morris, Imperial Brands, and Japan Tobacco Inc to discuss how tobacco brands are considering plastic-related risks. The prevalence of vapes in the product mix raises additional concerns around plastics and the disposal of batteries in single use vapes. The three Companies LAPFF engaged with recognise that shifting to circular economy practices are necessary to address these risks, however each company is taking slightly different approaches when it comes to reducing, reusing and recycling practices. LAPFF also discussed the regulatory risks facing the industry, with reference to proposed legislation imposing age based prohibition.

Outcome: LAPFF are planning to meet British American Tobacco to discuss the same issues and will monitor progress by the Companies.

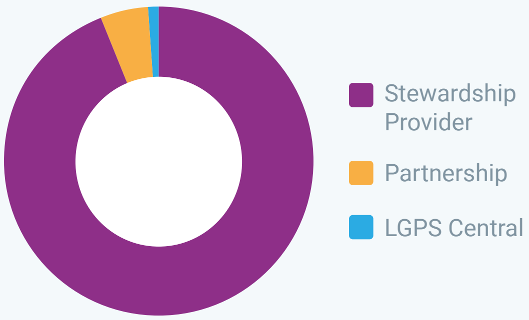
SENSITIVE AND TOPICAL ACTIVITIES

This quarter, our sensitive and topical activities engagement set comprised of 6 companies with 8 engagement activities.[29] There was no progress recorded during the quarter.[30]

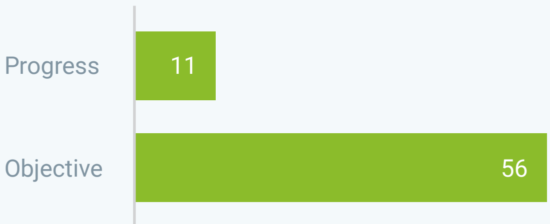
HUMAN RIGHTS

This quarter our human rights-related engagements comprised 88 companies with 134 engagement issues and objectives. There was progress on 11 specific engagement objectives.

ENGAGEMENT VOLUME BY TYPE



- 134 engagements during the quarter



OCP GROUP[31]

Progress: Green

Objective: To ascertain that the UNGPs are fully integrated in its business strategy.

Engagement: OCP Group operates in territories with potential boundary claims and concerns indicated by the UN Special Rapporteur in the field of cultural rights. OCP Group's policy upholds the International Bill of Human Rights and clearly makes references to the United Nations Guiding Principles. The company also makes public reference to a number of grievances as well as their due diligence plan across the supply chain. We sought further reassurance that the company's human rights policy was implemented beyond company's level (e.g. supply chain) and it is fully integrated within its business practices for the long-term. LGPS Central sought such clarifications due to the company's corporate structure, the regulatory regime in which the company is headquartered and the company's closed business relationship with the European Union (CSRD).

[29] All engagements were conducted by our Stewardship Provider EOS at Federated Hermes during the reporting period.
[30] There are no case studies to include during the reporting period.
[31] Whilst the meeting with OCP Group took place in October 2024. We sent email correspondence to the company and engaged with our external manager who holds the company during the reporting period. We have included this narrative in this report due to there being no Q3 2023-24 Quarterly Stewardship Update. The engagement meeting will not be recorded in the engagement statistics for the reporting period.

Outcome: In October 2024, LGPSC along with another investor met with the OCP Group's Investor Relation and OCP's Head of Sustainability. The Company confirmed that its human policy and approaches are fully integrated within OCP Group's business strategy which includes regular suppliers' due diligence and ambitions to strengthen grievance reporting. The Company also welcomed LGPS Central to remain in regular contact and further discuss the challenges for emerging market companies in integrating human rights' state of the art human rights practices and being a SDG net promoter in the operating territories.

DSV A/S

Objective: To conduct and disclose a robust human rights impact assessment or provide other evidence of heightened human rights due diligence, for the Neom joint venture (JV).

Engagement: In a call with the company, EOS highlighted the need for it to conduct and disclose a robust human rights impact assessment or other evidence of human rights impact due diligence for its Neom JV. The company explained that the risks identified prior to establishing the JV were labour risks, e.g. passport control, accommodation standards, working hours and recruitment processes. EOS asked the company to make the impact and risk assessments, as well as project KPIs, available to stakeholders. EOS expect the company to publish further information on its approach to mitigation of forced resettlement, given occurrences of forced resettlement within Neom, prior to DSV establishing the JV. EOS recommended that the company include a commitment to free, prior and informed consent in line with the UN Declaration on the Rights of Indigenous Peoples in its human rights policies. EOS pressed for the company to outline more clearly what it is doing to influence the project positively and the red lines that would cause the company to exit the JV.

Outcome: The company acknowledged EOS's concerns and noted EOS's recommendations of what it should publish to clarify to stakeholders how it will uphold and enforce its standing human rights policies and commitments in the Saudi Arabian and Neom context. In line with the shareholder proposal to enhance human rights disclosure that management supported at the 2024 AGM, the company explained that it will publish further information on salient risks and include more transparency on due diligence, any grievances and resolution actions taken. The company confirmed that stakeholders can expect this to be published on the website and in future annual and sustainability reporting.

A.P. MOLLER-MAERSK A/S

Objective: To explore how the company is approaching heightened human rights due diligence (hHRDD).

Engagement: LAPFF met with Maersk to discuss hHRDD and the company's approach to operating within conflict regions across the globe. The company provided some examples of hHRDD in its operations, however it was unclear how the hHRDD process is implemented systematically across the company's operations, where appropriate.

Outcome: LAPFF will consider following up Maersk to discuss hHRDD more widely.

03 Voting

POLICY

For UK listed companies, we vote our shares in accordance with a set of bespoke LGPSC UK Voting Principles. For other markets, we consider the recommendations and advice of our third-party proxy advisor, EOS at Federated Hermes.

COMMENTARY

Between July – September 2024, we:		
VOTED AT **377** MEETINGS (4,006 resolutions) globally	OPPOSED ONE OR MORE RESOLUTIONS AT **199** MEETINGS	SUPPORTED **68.0%** OF SHAREHOLDER PROPOSALS (34 out of 50 resolutions)

A full overview of voting decisions for securities held in portfolios within the Company's Authorised Contractual Scheme (ACS) – broken down by market, issues and reflecting the number of votes against and abstentions – can be found on our website here.

EXAMPLES OF VOTING DECISIONS

Company: Nike, Inc

Theme: Environmental Targets

Rationale: We supported a shareholder resolution requesting Nike to provide an analysis of its failure to meet its sustainability targets for FY20 and of its corporate governance around sustainability, examining the mechanisms in place to define, communicate and execute its sustainability strategy within the broader business strategy. The company missed and restated many of its FY20 targets without adequate discussion of how the company's management and oversight of its sustainability targets would change in the future to avoid such a situation. Therefore, we supported the resolution as we are not fully confident that the company's process for setting and communicating sustainability targets is adequate and appropriately tied into the company's strategic decisions.

Result: The resolution received 26.7% support which is considered a significant vote. We would expect the company to consult with shareholders on the topic of this resolution.

Company: General Mills, Inc

Theme: Natural Capital

Rationale: We supported a shareholder resolution requesting the company report on an absolute reduction in its use of plastic packaging. The company states that it is working to develop alternatives for its plastic packaging, but that there are currently few alternatives for some of the plastic packaging that it uses for direct contact with food products, such as the liner in cereal and cake mixes. The exempt solicitation states that these sorts of plastics are often not curbside recyclable. General Mills has established a 2030 goal for 100 percent of its packaging to be recyclable or reusable, and it reports that 93 percent of its packaging by weight currently meets this goal. Currently, 11 percent of the company's packaging by weight comes from plastic. Although it does not have a forward-facing target regarding reducing the use of virgin plastic, the company reports that its initiative to use post-consumer recycled content has offset the use of some virgin plastic and an effort for reduce plastic packaging was successful. We are concerned that the environmental pollution caused by plastics is rising and multiple states are enacting legislation to address these concerns. Several of the company's peers, including Kellanova, have enacted goals to reduce absolute plastic use and have joined the Ellen MacArthur New Plastics Economy Global Commitment. Additional disclosure such as that being requested by the proponent would help shareholders gauge whether the company is appropriately managing these risks.

Result: The resolution received 40.1% support which is considered a significant vote. We would expect the company to consult with shareholders on the topic of this resolution.

Company: FedEx Corporation

Theme: Just Transition

Rationale: The shareholder proposal requests a report on the company's efforts to address impacts on workers and communities in relation to its climate change strategy, consistent with the ILO's Guidelines for a Just Transition and indicators of the World Benchmarking Alliance. The board acknowledges the strategic risks climate change poses to its business and stakeholders, but it believes its current disclosures sufficiently address the impacts of its climate change strategy. However, an assessment from the World Benchmarking Alliance raises some concerns about the company's level of disclosure and its strategy around planning for the impact of the low-carbon energy transition on workers and communities. Research suggests that the shift to electric vehicles and autonomous vehicles may introduce significant workplace challenges, which are noted solutions in the company's climate strategy. While the company details some steps it has taken to enhance workforce development opportunities, it does not provide disclosure around whether it anticipates its climate strategy to have a significant impact on its workforce development strategy, and it is also unclear from the company's current disclosure whether its workforce development efforts would be well-positioned to address potential changes. While the company's efforts and disclosure on climate-related risks exceed those of some of its key peers, there appears to be concerns about the state of the company's disclosure specifically as it relates to how it is addressing labour impacts of the transition. Greater disclosure around the company's "just transition" strategy would better position shareholders to evaluate any related risks and opportunities.

Result: The resolution received 22.8% support which is considered a significant vote. We would expect the company to consult with shareholders on the topic of this resolution.

Company: Repsol SA

Theme: Energy Transition Strategy

Rationale: We dissented on the management proposal requesting an advisory vote on the Company's Energy Transition Strategy. We voted against the Energy Transition Strategy due it not being 1.5-degree aligned. Whilst we acknowledged positive elements of the plan including the provision of interim intensity and absolute reduction targets of GHG emissions, including its scope 1, 2, and some scope 3 and plans to significantly expand renewables, biofuels, and green hydrogen. We are concerned that the company does not seem aligned with the International Energy Agency's Net Zero Emissions Scenario and that the Company has not committed to stopping new exploration projects. We also note that the Company no longer discloses its scope 3 category 11 from the use of refinery output products which accounted for more than twice the emissions from the use of products sold based on primary energy before 2023. Furthermore, we note that the net zero by 2050 objective is measured by its in-house carbon intensity indicator offsets against the company's scope 1, 2, and 3 emissions. Finally, we note that the scope 3 emissions target is very limited.

Result: The advisory vote recorded 30.3% dissent which is considered a significant vote. Following the AGM, we wrote to the Company outlining our rationale for dissent and noted that we signed A statement calling on petrochemical companies producing plastics to transition to sage and environmentally sound practice by reducing fossil fuel dependency and eliminating hazardous chemicals. Encouragingly, the Company confirmed that they have passed along our letter to the Executive Committee. We are in the process of arranging a meeting with the company to further discuss their petrochemical strategy.

Company: The TJX Companies

Theme: Supply Chain Due Diligence / Executive Remuneration

Rationale: We dissented on three items at the AGM. We supported a shareholder proposal requesting a third-party assessment and report assessing the effectiveness of current company due diligence in preventing forced, child, and prison labour in the Company's supply chain. Support is warranted as shareholders would benefit from disclosures on Tier 1 and Tier 2 supplier list for TJX's private label products and auditing metrics to track progress. Increased accountability and transparency would allow shareholders to comprehensively assess how the companies are managing human rights-related risks in their supply chain, including due diligence around high-risk subject areas such a forced labour and child labour.

We also dissented on an advisory vote to ratify executive officers compensation and on the re-election of the Chair of the Compensation Committee. Our primary concern was the high quantum which we opposed last year. The quantum again rose by 8% and is 1.23 times the median of peers (1.48 the median of peers for a 3-year average). We were also concerned about the compensation package which includes the adoption of minimum shareholding requirements applicable to executive directors.

Result: The shareholder proposal recorded 19% dissent whilst the election of the Compensation Committee Chair and the advisory vote on executive officers' compensation received 2.8% and 8.7% dissent, respectively. We wrote to the company outlining our rationale for dissent. The Company noted our perspectives and planned to share our letter with the Chair and Board of Directors.

LGPS CENTRAL LIMITED'S

Partner Organisations

LGPS Central actively contributes to the following investor groups

All information is prepared as of **15/11/2024**.

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