LGPS Central Limited

Stewardship Update

FOURTH QUARTER · 2024-25 (JANUARY-MARCH 2025)

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 & Stewardship

LGPS Central's approach

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

OBJECTIVE #1

Support investment objectives

OBJECTIVE #2

Be an exemplar for responsible investment 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 & Stewardship Framework and Annual Stewardship Report.

ADDITIONAL DISCLOSURES

- Responsible Investment & Stewardship 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

TARIFFS: NAVIGATING GEOPOLITICAL UNCERTAINTY

While aimed at protecting domestic industries, the Trump administration's trade policy has inadvertently created significant challenges for corporates striving to capitalise on good management of ESG risks and value creation. Tariffs have injected substantial uncertainty into the economy, sending global markets into disarray. Whilst corporates are more adept at rerouting their supply chains following the Covid pandemic and various armed conflicts, redirecting supply chains to mitigate the effects of tariffs will be challenging. Environmental and social risks could intensify as companies relocating supply chains could face challenges in addressing human rights or nature-related risks. Investors will urge corporates to proactively disclose tariff impacts and identify related social and environmental risks and opportunities, expecting agility in navigating a volatile geopolitical landscape while maintaining ESG resilience.

Investors should focus on long-term geopolitical trends, recognising that tariffs and trade wars are just one aspect of a world in transition. Even if tariffs are reduced or cancelled, or a trade war ends, risks will persist. Trade reshuffling is part of a broader restructuring of globalisation, with significant second- and third-order effects that impact inflation, growth, and financial stability.

While much attention is currently on trade, investors must also consider how changes in trade patterns may affect capital flows and investments. Policies that prioritise national economic or security objectives may not always align with fiduciary interests or responsibilities.

Tariffs have further strained major global markets, such as the breakdown in U.S.-E.U. relations and escalating tensions between the U.S. and China. This tension affects risk and return profiles in capital markets, creating a conflict between government policy objectives and investment goals.

Proactive organizations will cultivate a culture of readiness and resilience to navigate the geopolitical landscape. Investment committees and boards should be responsible for managing geopolitical risks and opportunities. Geopolitical risk should be recognized as a structural risk and managed through strategic planning and oversight.

In the context of tariffs, committees should consider factors such as cross-border return premiums, the strategic importance of various countries, reputational risks, portfolio concentration risk, governance processes, and crisis response planning.

THE 2025 PROXY SEASON

With proxy season in full swing, investors are closely monitoring key regulatory shifts, shareholder proposals, and evolving governance trends. Against the backdrop of a rapidly evolving geopolitical environment, this year's developments reflect heightened scrutiny on corporate engagement, board composition, and sustainability reporting.

The SEC has reinterpreted the long-standing Schedule 13D and 13G rules, broadening their application beyond traditional ownership thresholds. Investors holding **5% or more** of a company's beneficial ownership may now be required to file a **Schedule 13D** form if they are deemed to be influencing control of the issuer—whether through executive pay recommendations, environmental policies,

or voting discussions. This shift introduces **stricter reporting requirements**, potentially impacting engagement strategies for large institutional investors such as BlackRock, Norges Bank, and State Street. Whilst most investors will remain unaffected due to high ownership level requirements, the style of engagement may change in light of the SEC's Compliance and Disclosures Interpretations.

The SEC's increased use of **no-action requests** has made it easier for companies to exclude shareholder proposals that are deemed economically irrelevant, overly broad, or micromanaging. In 2024, the SEC granted **over two-thirds** of such requests, compared to **56% in 2023**, signalling a **decline in shareholder resolutions** at US companies. In theory the silver lining is that proposals that do make it to the ballot are expected to be **more targeted and aligned with shareholder value**, however, interestingly we still observe a number of anti-ESG resolutions making it to the ballot.

Off the back of President Trump's Executive Order to roll back DEI programs within the federal government, as well as setting a requirement for the Attorney General to submit recommendations on 'how to encourage the private sector to end illegal discrimination and preferences including DEI' has resulted in heightened scrutiny around company DEI programs. Proxy voting providers have reduced language which might be deemed prescriptive in their policies. ISS has halted diversity considerations in director voting recommendations for US companies, while Glass Lewis now provides research to support multiple voting outcomes. Large investors like BlackRock, Vanguard have toned down expectations on board diversity, reflecting broader political scrutiny in the US. Despite this, companies such as Costco, Apple, and John Deere have strongly defended their DEI strategies at AGMs, with anti-DEI resolutions failing to pass and receiving shareholder minimal support (1-2%).

Geopolitical risks and the integration of AI into business practices are driving increased scrutiny on board composition. Investors are prioritising expertise in cybersecurity, AI governance, and industry specialisation, with expectations for enhanced AI-related disclosures. Shareholder resolutions at large tech firms like Amazon and Alphabet are pushing for greater transparency on AI oversight and ethical considerations about the algorithm deployment.

In Europe, the EU Omnibus Regulation aims to streamline corporate reporting while maintaining high-quality sustainability disclosures. Although its passage remains pending, large European firms are now subject to the Corporate Sustainability Reporting Directive (CSRD), ensuring standardized ESG data reporting. Meanwhile, shareholder opposition to virtual-only AGMs continues, particularly in Germany and Italy, where companies are renewing authorizations for remote meetings.

Following Tesla's move from Delaware to Texas, investors are watching corporate reincorporation's.[1] Dropbox recently secured shareholder approval to relocate to Nevada, while Meta is exploring a similar shift. In response, Delaware legislators have proposed amendments to corporate governance laws, potentially **weakening minority shareholder protections** and reducing judicial oversight. Whilst some high profile companies have decided to leave Delaware it is unclear if this will lead to an exodus of companies leaving a state that has a well-developed corporate law infrastructure. Investors will be monitoring these developments closely.

BANKS LEAVING THE NZBA

The recent wave of departures from collaborative initiatives, such as the Net Zero Banking Alliance (NZBA) and Climate Action 100+ (CA100), has sparked significant debate within the financial sector. Institutions like JPMorgan Chase, Citigroup, Wells Fargo and Bank of America have all left the NZBA due to the increased politicisation of ESG, particularly in the United States, and the associated litigation risk and business risk. While some organisations leveraged membership as a symbolic gesture, others demonstrated genuine commitment to advancing ESG goals. This divergence underscores the importance of evaluating firms based on their tangible actions rather than their affiliations. As responsible investors we have never seen membership as a deal breaker, we try and look deeper into what an organisation is actually doing and how they can deliver on our expectations; memberships are invariably not critical to this.

[1] Reincorporation refers to the process where a business changes its legal jurisdiction or entity type.

CALIFORNIA WILDFIRES

Early this year, wildfires ravaged California, driven by warmer temperatures, reduced precipitation, shifting rainfall patterns, and extended fire seasons. These climatic changes have desiccated the state's landscapes, heightening the risk of ignition and the rapid spread of fires. The wildfires' ferocity was exacerbated by winds that propelled flames across vast distances at alarming speeds, rendering firefighting efforts exceptionally challenging.

The wildfires in Los Angeles are poised to become the most expensive natural disaster in U.S. history. Preliminary estimates suggest that the economic toll could range from $150 billion to $275 billion, with insured losses potentially surpassing $20 billion.[2] Analysts predict that reinsurers may ultimately absorb less than 3% of these insured losses. In recent years, reinsurers have mitigated their exposure to natural catastrophe risks by raising premiums and increasing the thresholds at which coverage is triggered.

2022 marked a pivotal moment for the industry, as rising interest rates and inflation prompted a reset. Reinsurers began negotiating tougher terms and higher prices with their clients, accelerating the exodus of major insurers from California. This left many homeowners without coverage or dependent on the state-backed insurer. State Farm and Allstate, two of California's largest home insurance providers, cited the prohibitive cost of reinsurance as the reason for halting new policy issuance in the state. While reinsurers remain exposed to earthquakes and hurricanes, wildfires—intensified by urban expansion and climate change—are increasingly viewed as an uninsurable risk, deemed uneconomical for the insurance sector.

ELLIOT INVESTMENT MANAGEMENT'S STAKE IN BP

Elliot Investment Management, the US activist hedge fund, has taken a series of high-profile energy positions in recent months, seeking to guide the direction of blue -chip companies like bp, RWE, and Phillips 66. The breakup of large energy conglomerates characterises Elliot's approach to engaging with energy companies to refocus them on their core competencies. It has called for divestments at Hess, Suncor Energy, Marathon Petroleum, and more recently bp. Elliot has reportedly called on bp to increase the sale of its assets and scale back from their renewable's businesses which the company has announced as part of its 'strategy reset'. According to Elliot's TR-1 form they have built up quite a prominent derivative position, giving them just over 5% of voting rights. The equity swaps Elliot acquired expire in 2029, which poses questions over the short-termist nature of Elliot's interest in the company and potentially sits at odds with the interest of long-term investors.

[2] Insurers brace for losses of up to $20bn from California wildfires

Overview of Stewardship Activities during the Quarter

Below is a high-level summary of key engagements and AGM votes that have taken place during Q4 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 joined the IIGCC's Just Transition Pilot engagement with HDFC Bank. The purpose of the engagement is to encourage better practices on Just Transition in the context of emerging markets. We co-signed a letter to HDFC Bank requesting a call to discuss the inclusion of the Just Transition within the company's climate strategy. We met with the Company to introduce the investor group and understand the bank's current approach to the Just Transition. See further detail on page 10.

We met with the German utility provider, RWE AG, to discuss the Company's approach to mitigating stranded asset risk associated with its gas infrastructure investments. The Company's gas decarbonisation strategy hinges on carbon capture storage (CCS) and green hydrogen. We requested the Company outline how it is engaging with policymakers on creating a supportive policy environment for these technologies to develop. See further detail on page 11.

Our engagement objective with Societe Generale is for the company to (1) publicly disclose the methodology behind the EUR500 billion sustainable finance target and align this target with credible climate scenarios and (2) to transparently disclose what sectors, activities, and types of financing are in scope of the sustainable finance target. We met with Societe Generale's Head of Sustainability, alongside other investors convened by ShareAction, to discuss their approach the company's thoughts on the Net Zero Banking Alliance, engaging with clients on climate risk, and sustainable finance. The company did not provide much clarity on the sustainable finance methodology during the meeting. We will continue to engage with the company for further detail on the sustainable finance methodology.

LGPS Central and the Partner Funds responded to the consultation on the Stewardship Code. In our response we (1) outlined our expectations for the definition of stewardship to be linked to ESG, (2) advocated for consistent stewardship expectations for both asset owners and asset managers and (3) are broadly supportive of the other recommendations. We look forward to the FRC releasing an updated stewardship code later this year.

Following the introductory Investor Policy Dialogue on Deforestation (IPDD) letter sent to Defra, DESNZ, and Treasury in October 2024, members of the IPDD Consumer Countries WG, including LGPS Central, met with Minister for Climate, Kerry McCarthy and other DESNZ representatives in January 2025. IPDD members shared views on the importance of addressing deforestation, key barriers and opportunities, and how institutional investors can support government dialogues on this topic.

We responded to the Taskforce for Nature-related Financial Disclosures (TNFD) discussion paper on nature transition plans. The paper outlines a framework for corporates to follow when setting plans to reduce their impact on nature and calls for feedback in consultation. We are broadly supportive of the guidance in the discussion paper. We are cognisant that nature, climate and social issues are interrelated, and we are supportive of integrating nature transition plans into the wider climate and social ecosystem. We welcome the non-prescriptive nature of the

Transition Plan guidance within the context of holistic plans (i.e. climate, nature, social) as an important end goal and advocate for the prioritisation of sustainability goals that are informed by financial materiality. We have encouraged TNFD to release further guidance on the implications for asset managers and asset owners. While we recognise that nature-related planning is still in its infancy, the guidance will help organisations manage their nature risks. The increased availability of robust nature transition plans will help inform investment and stewardship decisions. We expect the TNFD to follow a similar path to the TCFD which helped shaped regulatory climate disclosures. See further detail on page 12.

We co-signed a statement calling on asset managers to develop and evidence an independent robust stewardship strategy that addresses the urgency of action needed on climate related risks and raises the performance of the market overall.

SOCIAL

Volution designs and manufactures indoor air quality solutions. We participate in the Find It, Fix it, Prevent It, collaborative engagement initiative, which aims to engage with the construction sector on addressing Modern Slavery risk. Volution scored below their peers in the Find It, Fix It, Prevent It benchmark, which assesses. We engaged with the Company Secretary and Head of Group Procurement to discuss Volution's approach to addressing modern slavery risk. We requested that the Company publicly disclose their supply chain map and to identify their most salient modern slavery risks. Encouragingly, the Company confirmed that they will address our request. We plan to meet with the company later to review their draft 2025 modern slavery disclosures. The engagement is currently classified as Amber.

We participated in the Votes Against Slavery engagement initiative. The engagement targets FTSE 350 and AIM companies that are not yet fully compliant with the Modern Slavery Act (MSA). Letters are sent to individual companies and request that their Modern Slavery statements should either include director sign off to be fully compliant with the MSA. We signed letters to 18 companies. Last year 88% of the companies we co-signed letters to complied with the MSA.

M3 is engaged in the provision of healthcare-related services. Our engagement objective is for the company to implement best practice digital risk procedures. We requested copies of relevant policies that are currently available in Japanese. M3 confirmed that they plan to release a new policy on the third-party procurement and digital risks soon and confirmed that they would notify us of the release date. Noting that only M3 Medical UK and US are certified, we requested further details on its ISO 27001 certification. We expect quantitative reporting on supplier/ business partner policy implementation next year and requested the percentage of digital risk certification coverage across the group. We will continue our engagement with the company.

We co-signed a statement released by the World Benchmarking Alliance, calling for companies and governments to reinforce their mechanisms to implement the ILO 190 Convention. While many governments have ratified the convention and companies have policies supporting the UN Declaration of Human Rights and international norms, there is still poor implementation across the companies' programmes to protect workers in the supply chain against violence and harassment (and ILO conventions have poor records in being actioned by governments).

GOVERNANCE

We met with the Chair of a UK-based investment trust, last year to discuss their compliance with the UK Listing Rules on diversity. We met with the company in February to discuss the issue further. The company confirmed that in the 2025 annual report they will announce changes to the board. The new Senior Independent Director will be a woman and other senior board roles will be filled by female directors. In addition, we advised the company to reference the OECD Guidelines of the UNGPs in their reporting on human rights instead of the UNGC. Our engagement objective has been met as the company will comply with the UK Listing Rules.

Voting highlights

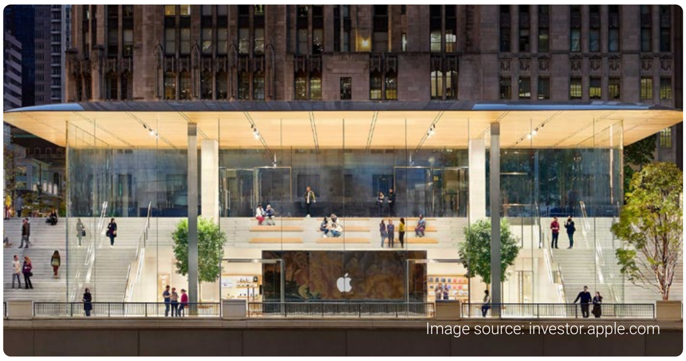


Image source: investor.apple.com


Image source: deere.co.uk

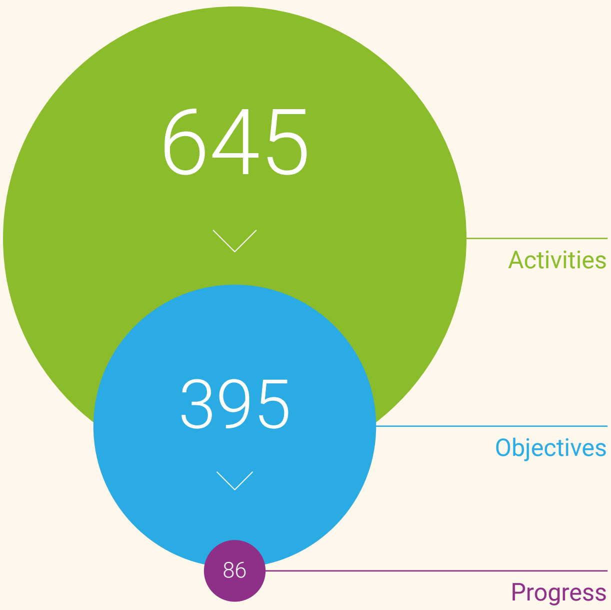
APPLE INC

We did not support board recommendation on two resolutions (i.e. against- executive compensation, for -reporting on child safety online). Whilst we still have concerns about the structure of the executive pay package, we supported the election of the Chair of the People and Compensation Committee due to the removal of Tesla from the compensation peer group. This is a welcome development because Tesla's extraordinary CEO compensation package would result in a distorting effect on Apple's compensation peer group. See further detail on page 18.

DEERE & COMPANY

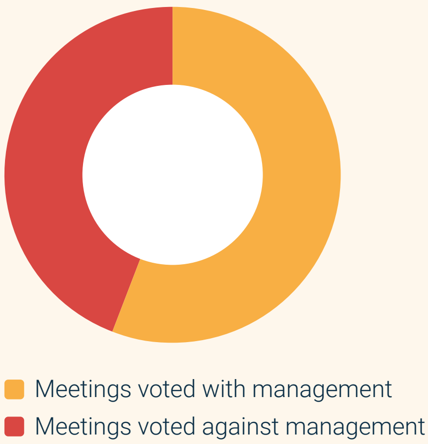
We voted against a shareholder proposal requesting the company to produce a report on statistical differences in hiring across race and gender globally and/or by country. The minimal support received for the proposal demonstrates that shareholders believe the Company's approach to DEI disclosures are appropriate and sufficient. See further detail on page 18.

OVERVIEW OF ENGAGEMENTS DURING THE QUARTER



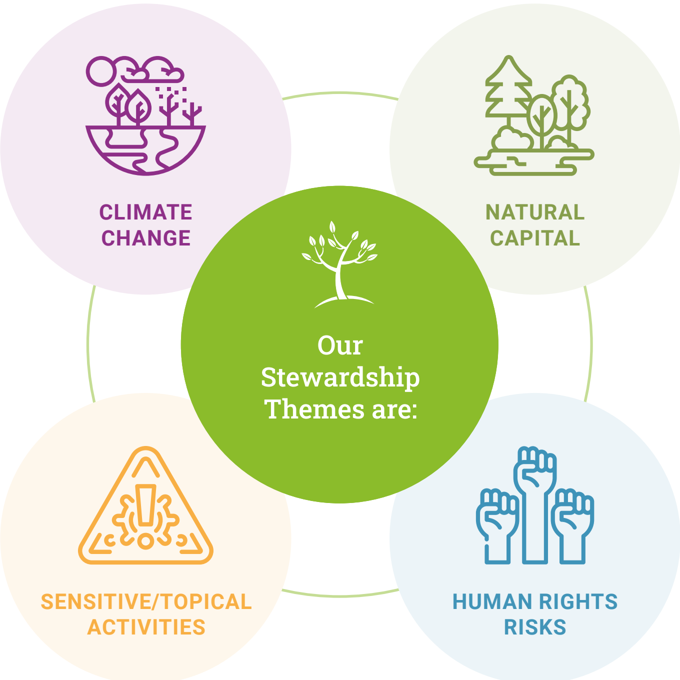
GLOBAL VOTING

We voted at **533** meetings (**5,595** resolutions) during the quarter under review



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.



HOW WE MEASURE PROGRESS

- No Progress Made
- Minimum Expectations
- Moderate Progress
- Successful Outcome

ENGAGEMENT SET[3] COMPRISED **443** COMPANIES	**645** ENGAGEMENT ACTIVITIES[4] TOOK PLACE
THERE WERE **395** OBJECTIVES	POSITIVE PROGRESS WAS MEASURED ON **86** OCCASIONS

This quarter our engagement set[3] comprised 443 companies. 645 engagement activities[4] took place against 395 specific objectives, positive progress was measured on 86 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.

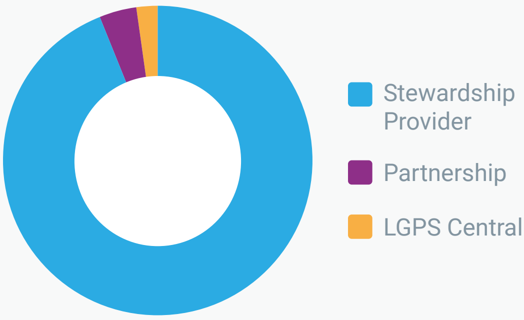
ENGAGEMENTS CONDUCTED BY:		
LGPS CENTRAL	STEWARDSHIP PROVIDER	LAPFF
24	508	113

[3] This includes engagements undertaken directly, in collaboration, and via our contracted Stewardship Provider on LGPS Central's stewardship themes.
[4] There can be more than one engagement issue per company, for example board diversity and climate change.

CLIMATE CHANGE ENGAGEMENTS

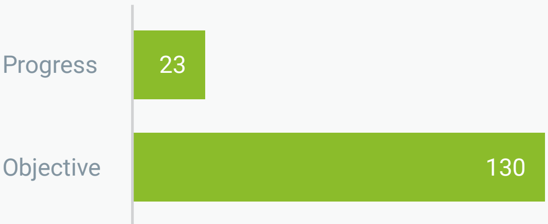
This quarter, our climate change engagement set comprised 130 companies with 204 engagement activities.[5] There was progress on 23 specific engagement objectives.

ENGAGEMENT VOLUME BY TYPE



- 204 engagements during the quarter

ENGAGEMENT VOLUME BY OUTCOME



HDFC BANK

HDFC Bank

PROGRESS:

Minimum Expectations

OBJECTIVE:

To integrate Just Transition in the climate strategy.

ENGAGEMENT:

During Q1, we co-signed a letter to HDFC Bank, India's largest Bank, as part of a pilot engagement initiative through IIGCC. In this letter, we requested a meeting to discuss the bank's approach to Just Transition. Just Transition refers to considering social opportunities, ensuring that no people, workers, places, sectors, countries, or regions are left behind in the transition from a high-carbon to a low-carbon economy. The banking sector plays a pivotal role in delivering a Just Transition, given its central role as an interlocker in the real economy.

HDFC Bank was identified for this pilot engagement due to its regional leadership on climate and social issues. We attended a call with HDFC Bank in late Q1 2025, where we discussed their current understanding and practices regarding a Just Transition and offered resources to help guide the company.

OUTCOME:

Our meeting with HDFC Bank helped us better understand the bank's approach to Just Transition. We were pleased with their willingness to share and accept guidance.

We plan to schedule a follow-up call with HDFC Bank at an appropriate time to understand the progress the bank has made in this area.

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

RWE AG

PROGRESS:

Minimum Expectations

OBJECTIVE:

To mitigate stranded asset risk associated with gas infrastructure investments.

ENGAGEMENT:

We met with RWE's investor relations to discuss our concerns regarding the German utility Company's ability to mitigate stranded asset risk associated with its gas infrastructure investments. The firm has an aim to be net zero by 2040, however the decarbonisation pathways for the gas assets rely on green hydrogen (in Germany) and carbon capture storage (in the UK). Due to the nascency of the technologies the degree to which RWE can decarbonise its gas assets relies on a supportive policy environment ensuring that the technologies would be economically viable.

OUTCOME:

We emphasised the need to engage with German and UK policymakers on the development of green hydrogen and carbon capture storage. The Company outlined that they engage with policymakers however didn't provide much detail on their advocacy activities. We requested further detail of their advocacy activities in writing and encouraged RWE to disclose their advocacy activities publicly. We will continue to engage with RWE on this issue.

Iberdrola

OBJECTIVE:

To decarbonise the energy supply.

ENGAGEMENT:

LAPFF engaged with Spanish utility provider, Iberdrola, as part of its work on decarbonising energy supply. The Company has an ambition to reach net zero by 2040 and is on track to achieve carbon neutrality for scope 1 and 2 emissions by 2030. The majority of its energy production comes from emission-free sources however LAPFF note that progress could be more consistent across its operations, especially in regions where gas distribution remains its primary business. LAPFF also outline that the Company's approach to the Just Transition remains cautious especially in regions that heavily rely on fossil fuels. The Company embraces nature-based solutions to offset carbon emissions which raises concerns over scalability of this method.

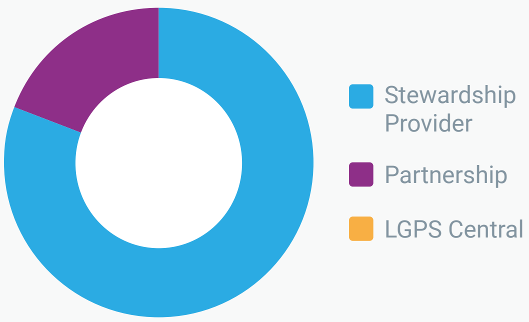
OUTCOME:

The Company is making positive progress to decarbonise the energy supply, however LAPFF will continue to engage on their concerns around gas reliance and nature based solutions.

NATURAL CAPITAL

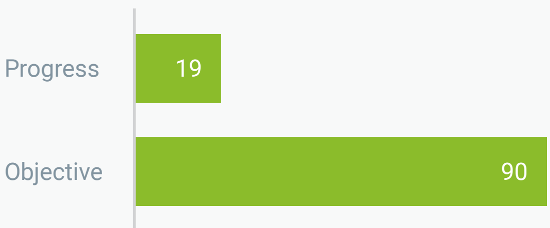
This quarter our natural capital-related engagement set comprised 98 companies with 152 engagement activities. There was progress on 19 specific engagement objectives.

ENGAGEMENT VOLUME BY TYPE



- 152 engagements during the quarter

ENGAGEMENT VOLUME BY OUTCOME



TNFD Consultation

BACKGROUND:

In October 2024, the TNFD released a discussion paper on nature transition plans. The paper outlined a framework for corporates to follow when setting plans to reduce their impact on nature and calls for feedback in a consultation. We believe such disclosures would assist investors in assessing investment risks and opportunities linked to our portfolios.

CONSULTATION RESPONSE:

We strongly support the guidance outlined in the discussion paper, recognising the important interconnections between nature, climate, and social issues. Integrating nature transition plans into the broader climate and social ecosystem is crucial. We commend the non-prescriptive nature of the Transition Plan guidance, advocating for sustainability goals informed by financial materiality.

The TNFD's alignment with internationally adopted standards ensures consistency and eases the reporting burden on entities. The guidance structure integrates

nature, climate, and social factors into transition planning. We endorse the LEAP process, which provides a robust scientific foundation for corporates and financial institutions to address their impacts and dependencies on nature.

We support references to the Global Biodiversity Framework and additional guidelines such as the OECD Guidelines for multinational enterprises and the International Labor Organization's Just Transition Guidelines. We suggest considering Free Prior and Informed Consultation instead of Free Prior and Informed Consent, due to its broader adoption.[6] We advocate for the TNFD to collaborate with other industry bodies specializing in climate and social factors to develop an integrated transition plan framework, facilitating effective management of sustainability risks and opportunities.

Regarding transition financing strategies, further details for financial institutions across sectors are warranted. For instance, asset managers and asset owners can actively contribute to reducing nature impacts through investment stewardship and setting nature-positive mandates.

The guidance provides decision-useful information, particularly for informing stewardship decisions and building investment cases. We welcome insights into an organization's management of nature risk and the prioritisation of key risk areas, which is crucial given the nascency of nature data. We advocate that impacts and dependencies should be steeped in financial materiality, rather than addressing superficial issues without further action.

We encourage additional disclosure of corporate capital expenditure related to mitigating nature impacts, contextualised within the Company's business planning cycle.

We appreciate the recognition of various frameworks in the discussion paper. However, we believe that the Global Biodiversity Framework should take primacy, given its prominence as the preeminent global framework to address biodiversity loss. Transition plans could also be framed within the context of National Biodiversity Strategies and Action Plans, if relevant to the company.

We welcome the suggestion for the TNFD to provide prototype templates for nature transition plans, especially for companies across geographies and sectors, including asset managers and asset owners. These actors can significantly impact the systemic management of nature risk.

While we appreciate the depth of insight for corporate transition plans, further guidance for the asset owner and asset manager community is encouraged. This guidance should focus on policies that the asset owner/manager community can implement to manage nature risk effectively, including incorporating nature impacts into investment stewardship policies, holding managers accountable, and selecting mandates that consider nature impacts.

We will continue to monitor the TNFD's work on nature transition plans.

[6] Both processes are aimed at ensuring that affected communities are adequately informed and involved in decisions that impact them. Free Prior and Informed Consent requires explicit permissions from the affected community before proceeding. Free Prior and Informed Consultation seeks community input but doesn't need their permission to proceed.

Procter & Gamble

OBJECTIVE:
To commit to stop sourcing wood products from high carbon-intensive, intact or threatened forests; to increase recycled content; and to extend this commitment to all products using wood pulp.

ENGAGEMENT:
EOS discussed sustainable sourcing, the company highlighted a partnership with Earthqualizer to monitor palm fruit supply and address deforestation concerns, raising formal grievances with tier one suppliers as needed. Despite regional challenges, EOS acknowledged their commitment to third-party certification for 100% of wood pulp suppliers and encouraged exclusive Forest Stewardship Council certification. Detailed grievance trackers for wood pulp and palm oil were noted, but we questioned alignment of human rights risks with nature-related risks.

OUTCOME:
The company is improving its deforestation commitment to include a commitment to prevent sourcing wood products from high-carbon intensive, intact, or threatened forests, a commitment for all products using wood pulp to be FSC certified by 2030, and a commitment to include higher recycled content in its paper products.

Fortescue Metals Group (FMG) / Rio Tinto

OBJECTIVE:
To develop integrated water stewardship strategies.

ENGAGEMENT:
LAPFF engages with companies to address water-related risks, encouraging companies to ensure responsible water use and the protection of ecosystems, as well as address environmental risks posed by water shortages. LAPFF met with FMG to establish a dialogue with the company and gain an insight into its water stewardship approach. FMG outlined that they conduct water assessments at their Western Australia mining sites, and they are on track or have already met their 2025 targets. LAPFF also discussed leaking pipes at FMG's Iron Bridge magnetite mining site which has resulted in loss of water resource and delayed production progress. The Company outlined that the pipe issues are being resolved through water flow adaptions allowing production to ramp up and that water targets for Iron Bridge are expected to be set in FY2025.

LAPFF met with Rio Tinto to discuss the Company's approach to water management. LAPFF reiterated its ongoing concerns, including community grievances and the lack of meaningful progress at critical sites such as QMM, where a legal claim has been filed against Rio Tinto, alleging pollution linked to the mine. LAPFF note that there are significant gaps regarding the Company's approach to water stewardship, particularly in implementation, scale, and communication. The company acknowledged its sustainability goals are being hindered by slow progress and cited a cautious approach in setting targets, to avoid overly ambitious targets without clear execution plans.

OUTCOME:
LAPFF will continue to monitor the FMG's progress against its water stewardship targets and methodologies used in assessments going forwards. LAPFF will continue to press for more robust, measurable, and equitable water management practices across high-impact sectors.

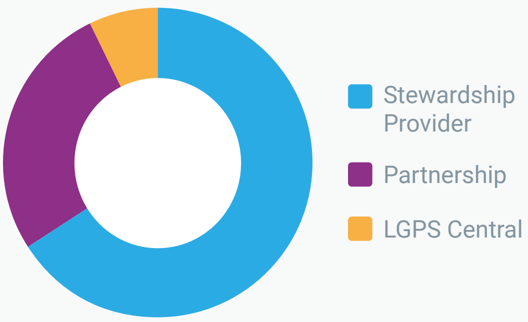
SENSITIVE AND TOPICAL ACTIVITIES

This quarter, our sensitive and topical activities engagement set comprised of 10 companies with 12 engagement activities. There was one instance of progress recorded during the quarter.

HUMAN RIGHTS

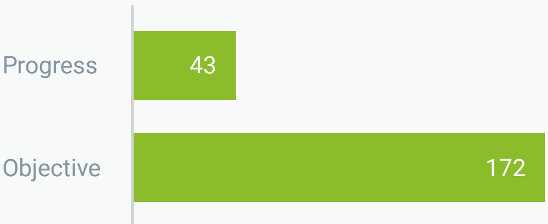
This quarter our human rights-related engagements comprised 205 companies with 277 engagement issues and objectives. There was progress on 43 specific engagement objectives.

ENGAGEMENT VOLUME BY TYPE



- 277 engagements during the quarter

ENGAGEMENT VOLUME BY OUTCOME



volution

Volution Group

PROGRESS:

Moderate Progress

OBJECTIVE:

To gain reassurance that Volution is managing Modern Slavery risk effectively.

ENGAGEMENT:

We are the lead investors engaging with Volution through the Find it Fix It, Prevent it collaborative engagement initiative. Volution designs and manufactures indoor air quality solutions. We participate in the Find It, Fix it, Prevent It, collaborative engagement initiative, which aims to engage with the construction sector on addressing Modern Slavery risk. Volution scored below their peers in the Find It, Fix It, Prevent It benchmark.

OUTCOME:

We engaged with the Company Secretary and Head of Group Procurement to discuss Volution's approach to addressing modern slavery risk. We requested that the Company publicly disclose their supply chain map and to identify their most salient modern slavery risks. Encouragingly the Company confirmed that they will address our request. We plan to meet with the company later in the year to review their draft 2025 modern slavery disclosures.

Nestlé Good food, Good life

Nestle SA

OBJECTIVE:

To report the number of individuals who benefited from its interventions, providing detailed reporting on the types of interventions made and benefits to individuals.

ENGAGEMENT:

EOS met with the company's IR team and questioned them on human and labour rights. The company highlighted the impact of the income accelerator programme for cocoa and coffee, while acknowledging the challenge of translating such an approach to commodities like palm oil. EOS asked about the development of impact-focused indicators on human rights. The company said that work was being undertaken in this area but cautioned that developing appropriate metrics might take some time.

OUTCOME:

Nestle is to provide concrete examples of the types of interventions and benefits to individuals that can qualify for its impact-focused indicator(s) for human rights.

NEXT AVIVA

NEXT Plc / Aviva

OBJECTIVE:

To manage the risks associated with businesses operating in Conflict-Affected and High-Risk Areas (CAHRAs).

ENGAGEMENT:

In 2024 LAPFF wrote to all FTSE 100 companies (excluding investment trusts) to better understand how companies approach risk mitigation in relation to CAHRA's and signal investor concern over the risks associated with operating in CAHRAs. Following these letter LAPFF met with NEXT and Aviva to discuss the contents of the letter. LAPFF has engaged with NEXT in the past on labour rights. The most recent meeting focused on the company's approach to conducting heightened human rights due diligence within their supply chain. LAPFF believes that the Company is taking a thorough approach to its business activities in Myanmar however does not yet have a policy for operations in CAHRAs more broadly.

LAPFF also met with Aviva. The Company outlined that they are enhancing their internal human rights policies and conduct a human rights saliency assessment across its insurance and investment portfolios. This includes mapping risks such as modern slavery, indigenous rights, and data privacy. It also focuses on sector specific risks, particularly where conflict could be exacerbated and is considering how its underwriting and stewardship activities might be better aligned to support CAHRA risks. Although the company's disclosures on CAHRA specific risks were limited, the company explained that it was an issue of increasing focus.

OUTCOME:

LAPFF is arranging to meet with Phoenix Group, BAE Systems, and EasyJet in response to the letters sent out last year.

03 Voting

POLICY

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

COMMENTARY

Between January - March 2025, we:		
VOTED AT 533 MEETINGS (5,595 resolutions) globally	**OPPOSED ONE OR MORE RESOLUTIONS AT** 56.5% MEETINGS	**SUPPORTED** 28% OF SHAREHOLDER PROPOSALS (68 out of 247 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

Apple Inc

THEME:
Remuneration / Child Safety Online

RATIONALE:
We voted against the executive pay package primarily because the short-term incentive (annual bonus) is not stretching enough. The bonus was paid out at maximum or near maximum for the prior three years, demonstrating that the annual bonus is almost guaranteed, which does not necessarily align with the interests of long-term shareholders. However, we supported the election of the Chair of the People and Compensation Committee due to the removal of Tesla from the compensation peer group. This is a welcome development because Tesla's extraordinary CEO compensation package would distort Apple's compensation peer group.

We also voted for a shareholder resolution requesting that Apple report on the costs and benefits of the company's decisions regarding its use of child sex abuse material (CSAM) identifying software. Support is warranted for this resolution because investors would benefit from increased disclosure about how Apple evaluates the costs and benefits of the company's CSAM identifying software. Especially in the context of increased scrutiny from civil society and ongoing litigation.[7 8 9 10]

RESULT:
The executive compensation resolution passed overwhelmingly, with only 7.6% dissenting. Similarly, the shareholder proposal on CSAM received 8.9% support.

JOHN DEERE

Deere & Company

THEME:
Diversity

RATIONALE:
We voted against a shareholder proposal filed by The National Legal and Policy Center, which requested the Company to produce a report on statistical differences in hiring across race and gender globally and/or by country. However, in it's 2024 Business Impact Report, the Company describes its efforts to develop and hire a diverse pipeline of candidates. It provides workforce data that includes metrics by gender for its global workforce and by race/ethnicity for its U.S. workforce, broken down by several employee categories. The Company has also published an EEO-1 Report, disclosing a breakdown of its U.S. workforce by gender and race/ethnicity according to ten job categories. EOS believe a vote against this resolution is warranted, as the Company reports sufficient quantitative workforce demographic data for shareholders to assess the effectiveness of its workforce management efforts.

RESULT:
The resolution received 1.3% support. The minimal support for the anti-DEI resolution demonstrates that the Company's approach to DEI disclosures is appropriate and sufficient.

UniCredit

UniCredit SpA

THEME:
Executive Remuneration

RATIONALE:
We voted against management regarding the approval of the 2025 Group Incentive System, which constitutes the allocation and deferral of the 2025 standard variable pay. The proposed scheme is substantially in line with the 2024 Group Incentive System, although the slope of the payout curve has been reviewed to reward more greatly overperformance.

While disclosure on the linkage between company performance and corresponding payouts remains good, the financial objectives in the CEO scorecards do not seem sufficiently challenging to justify the corresponding generous payouts. The company's net profit for 2025 was in line with 2024, and the board applied an upward discretion when reviewing the deferred award. We generally

[7] UK watchdog accuses Apple of failing to report sexual images of children | Apple | The Guardian

[8] Apple's App Store Puts Kids a Click Away From a Slew of Inappropriate Apps - WSJ

[9] heatinitiative.org/wp-content/uploads/2024/12/Apple-App-Store-Report-18-dec-12_09.pdf

[10] Apple facing $1.2 billion lawsuit for failing to stop distribution of child pornography | news.com.au — Australia's leading news site

only support the use of downward discretion in executive pay packages. Lastly, the incentive system allows for compensatory effects between short-term objectives as overperforming one KPI could potentially be used to compensate underperforming KPIs. For these reasons, the proposed pay package did not warrant support.

RESULT:
The resolution recorded 26% dissent and is, therefore we expect the Company to consult with shareholders on the resolution.

Keysight Technologies, Inc

THEME:
Governance

RATIONALE:
We supported a shareholder resolution requesting the company take all the steps necessary to reorganize the Board of Directors in order that each director stands for election at each annual meeting.

The proposal outlines that classified boards have been "identified as one of 6 entrenching mechanisms that are negatively related to company performance.", stating that "annual elections of directors could make directors more accountable, resulting in "improved performance and increased value without extra cost to shareholders." The ability to elect directors is the single most important use of the shareholder franchise and annual director elections promote accountability by enabling shareholders to send a timely, targeted message to the board in cases where they have concerns about the actions or inactions of an individual director or a particular board committee. The proposed declassification would enhance board accountability to shareholders. Therefore, support for this proposal is warranted.

RESULT:
The resolution received 97.7% support. Although the shareholder resolution is non-binding, considering the overwhelming support for it, we would expect the company to implement the requested changes.

Mitchells & Butlers Plc

THEME:
Director Election

RATIONALE:
Bob Ivell was first elected to the Board of Mitchells & Butlers Plc, the pub, restaurant, and bar owner and operator, at the 2011 AGM. As such, he has served on the Board for thirteen years. However, the UK Code states that "the chair should not remain in post beyond nine years from the date of their first appointment to the board. To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment. A clear explanation should be provided." The company's response, in relation to the 'comply or explain' nature of the UK Corporate Governance Code, cited Mr Ivell's extensive industry experience, which has assisted in addressing ongoing challenges within the company, and a need for stability under the circumstances. While we acknowledge the company's response, in this case, the explanation does not sufficiently allay concerns. Mr Ivell is considered responsible for corporate governance practices. However, the company continues to fall short of corporate governance norms in relation to board composition. In addition, at least half of the Board has not been considered independent year-on-year, and there is a growing gap between the nine-year tenure recommended by the Code and his now thirteen-year tenure. The company has also failed to provide Diversity, Equity, and Inclusion disclosures in line with UK listing rules. Considering these factors, a vote against re-election is warranted.

RESULT:
19.6% of shareholders voted against the re-election of the Chair. We also note that close to 30% of shareholder voted against the re-election of the Chair in the previous year.

LGPS CENTRAL LIMITED'S

Partner Organisations

LGPS Central actively contributes to investor groups including

All information is prepared as of **23/05/2025**.

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Registered Office: First Floor, i9 Wolverhampton Interchange, Wolverhampton WV1 1LD