



LGPS CENTRAL LIMITED

Voting Principles

2026



Section 1

Introduction to LGPS Central’s Voting Principles



1.1 ABOUT THIS DOCUMENT

This document describes LGPS Central Limited’s (“the Company”) approach to exercising its voting rights at the shareholder meetings of companies based in the UK. The principles in the document apply to voting rights attached to securities held in the ~~Company’s Authorised Contractual Scheme (“ACS”)~~. For non-UK companies, the Company generally follows the guidelines adopted by its proxy and research providers as well as international good practices, e.g., the G20/OECD Principles of Corporate Governance.

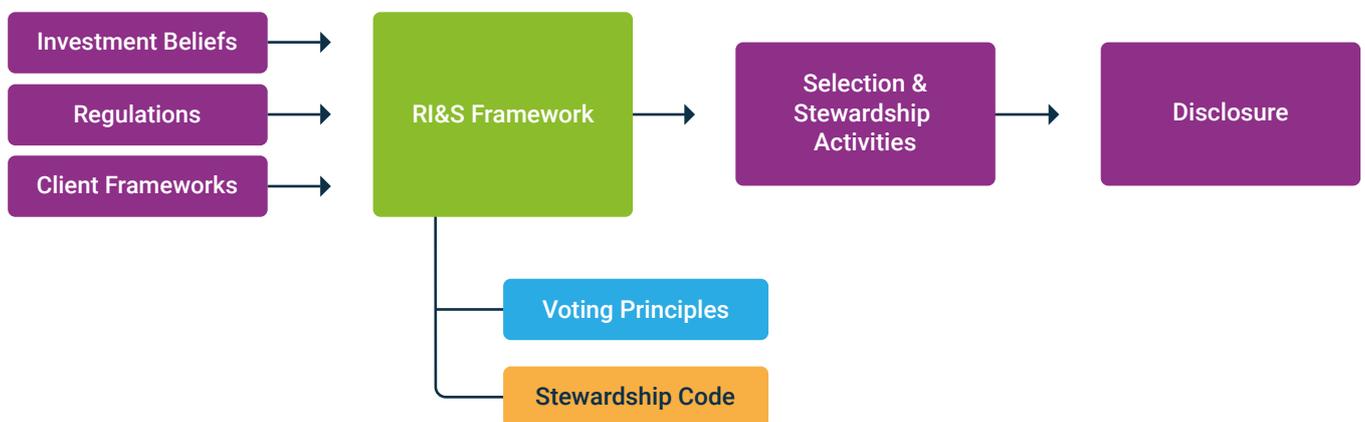
The document is owned by the Company’s Head of Responsible Investment and Stewardship, and is implemented by the Investment Team, with ultimate responsibility resting with the Executive Committee. It is subject to an annual review by the Investment Oversight Committee of the Company.

1.2 RESPONSIBLE INVESTMENT AND VOTING AT LGPS CENTRAL

The Company has published a Responsible Investment and Stewardship Framework which sets two aims: (1) primarily, to support investment objectives; (2) secondarily, to be an exemplar for responsible investment (RI) within the financial services industry, promote collaboration, and raise standards across the marketplace.

A three-pillar framework supports these aims. The pillars are Selection, Stewardship, and Transparency & Disclosure. In line with the UK Stewardship Code, voting is a core component of the Company’s approach to investment stewardship.

FIGURE 1: THE VOTING PRINCIPLES IN CONTEXT



Section 2

Corporate governance, stewardship and voting in the UK

The Company uses its voting rights to protect and enhance the long-term economic interests of its stakeholders by ensuring that investee companies are accountable and provide robust disclosure on how business risks and opportunities are successfully managed and capitalised.

2.1 UK CORPORATE GOVERNANCE CODE & OTHER BEST PRACTICES

The Company supports the UK Corporate Governance Code (“the Code”) and believes that strong standards of corporate governance translate into healthy and stable financial markets. UK companies are expected to adhere to the Code and provide high quality disclosure to the extent of compliance with the Code in their Annual Report and Accounts. In case of diversions from the Code, the Company expects transparent and thorough disclosure.

Rather than reiterate the principles and provisions of the Code, this document focuses on those matters most important to the Company. The Code stipulates that companies should comply with the Code or explain reasons why they do not comply.

We also recognise that smaller companies and investment trusts are at different stages with respect to corporate governance arrangements, and our expectations for these companies reflect the maturity of the company. Nonetheless, the Company expects that the Code, the Wates Principles, the Corporate Governance Code for smaller and medium listed companies and the Association of Investment Companies Code of Corporate Governance are considered as good practice standards when engaging with shareholders and seeking their approval at company meetings.

2.2 STEWARDSHIP AND VOTING

Voting is linked to engagement, and the votes cast by the Company at company meetings may reflect the outcomes of engagement activities during the year in review. Equally, a voting decision can set the tone for subsequent engagement. The Company’s intention is that voting decisions do not come as a surprise to our investee companies, but they are a by-product of a dialogue. Where the Company takes the decision to not support a resolution, this should be interpreted by boards as an expression of dissatisfaction in how companies are managing a material issue for their business and indicates an investment concern for the Company.

In limited circumstances, the Company may make use of “abstain votes.” This is likely to occur when we note companies’ progress in managing risks deemed material for our investment, but the approach is not yet deemed adequate to meet good practices.

2.3 MARKET TRANSFORMATION

The Company recognises itself as a universal owner¹, hence we will use our stewardship abilities to discharge our fiduciary duty and foster good practices among companies and throughout the market.

Where certain standards or targets set minimum expectations (for example in matters relating to the diversity of company boards) the Company will consider voting beyond the minimum (for example by requiring a faster rate of progress on diversity within company boards).

The Company partners with organisations that share our commitment to the adoption of stewardship best practices (e.g., IIGCC, the Investor Forum, Investor Association, and the International Corporate Governance Network). We purposely leverage our involvement in such organisations to foster a stable and healthy market for the ultimate benefit of our stakeholders.

2.4 VOTING PROCEDURES

The Company appoints stewardship providers to analyse and provide advice relating to the Company’s voting opportunities (in accordance with the Company’s policies). The Company may override the guidelines below where this is deemed to be in the long-term economic interests of the Company’s stakeholders. Where issues are insufficiently addressed by the Code or the principles in this document, the Company will come to a decision using internal research and the advice of the Company’s chosen proxy research providers.

The Company’s voting decisions are arrived at through a collegiate approach, incorporating the views of members of the Responsible

¹ We refer to “universal owners” those investors that invest in multiple sectors and jurisdictions through several asset classes with a long-term investment horizon. Therefore, they are investors that exposed to the externalities linked to their portfolio companies.



Investment & Stewardship (“RI&S”) Team and fund managers as appropriate for the company in question. The Company’s votes are executed in compliance with its Conflicts of Interest policy.

SECURITIES LENDING

The Company has an active securities lending programme. To ensure that the Company is able to vote its shares at important meetings, it may restrict lending for certain stocks and recall shares in advance of shareholder votes. Ahead of voting season, the Company will identify a selection of companies within our priority engagement universe that we wish to fully restrict from lending to maximise our voting power on critical issues like climate change. We also monitor the meetings and will restrict and/or recall lent stock in determined circumstances, e.g., in the case of filing or supporting a shareholder proposal that is in support of our engagement objectives. We support the guidance provided by the UK Stewardship Code on the disclosure of our approach to securities lending.

2.5 VOTING DISCLOSURE

The Company discloses the implementation and the effectiveness of the Voting Guidelines in three public formats.

- A report summarising the Company’s voting activities is provided on a quarterly basis in the Company’s Quarterly Stewardship Report.
- The Company reports an annual summary of its voting activities, as well as other aspects of RI.
- The voting decision for every resolution at eligible company meeting via an online portal.

From time to time the Company might choose to “pre-declare” its voting intentions for a few resolutions. This might include declarations made through third party platforms, such as the platform administered by the Principles for Responsible Investment (PRI).

Section 3

Voting Principles

3.1 AN EFFECTIVE BOARD WITH A LONG-TERM VIEW

The Company expects our investee companies to appoint an effective board of directors whose combined expertise is a key strategic asset to the company. We believe the most effective boards include a diversity of skills, experiences, and perspectives.

DIVERSITY

The Company supports the Davies Review, the Hampton-Alexander Review, the Parker Review, and the UK Financial Conduct Authority's listing rules. We expect companies to comply with or explain non-compliance with the following targets:

- At least 40% of board seats and at least one senior board position (Chair, CEO, CFO or SID) held by a woman, and at least one board seat held by someone from an ethnic minority background.
- Where companies have not made these disclosures and we do not find there to be a reasonable explanation, we will consider opposing the appointment of the Chair of the Nomination Committee.

We will consider voting against the appointment of the Chair of the Nomination Committee when there is no adequate explanation of divergence from the listing rules' expectations. Equally, we will consider opposing the appointment of the Chair of the Nomination Committee when the Executive Committee (and its direct reports) has materially less than 30% (FTSE 100) or 25% (FTSE 250) female representation.

We will consider voting against the appointment of all members of the Nomination Committee where insufficient progress is made against board diversity and targets and where no credible plan exists to achieve this.

TIME COMMITMENT

Board members should be able to devote sufficient time to their directorship, should refrain from becoming "overboarded" and should attend all relevant meetings including committee meetings. Non-attendance should be explained in the Annual Report and Accounts. The appointment of overboarded directors will not be supported, even if they are from demographics that are currently underrepresented in UK boardrooms.

BOARD SIZE AND INDEPENDENCE

The Chair should ensure the board is of an appropriate size. The Company is not prescriptive on board size, but it would question boards composed of five or fewer members, or large boards with sixteen or more members. In line with the Code, we expect the majority of board members, excluding the Chair, to be independent

according to the criteria defined in the Code. Independence is not, however, a sufficient condition for the support of a director's appointment: each director must offer a valuable contribution to the functioning of the board. With regards to the so-called "nine-year rule" of independence: whilst we include a tenure of nine years or fewer among our criteria for independence, we support the appointment of directors that make valuable contributions to the boardroom, even if their tenure exceeds this guideline. We will typically not support the appointment of directors associated with special interest representation.

COMMITTEES

The boards should include Nomination, Remuneration, and Audit committees. The latter two board committees should be composed solely of independent non-executive directors who have served on the board for at least a year, and participation by executives in these committee meetings should be by invitation only and explained in the annual report. Both the audit and the remuneration committee should have at least three members. The annual report should include a clear report from each committee Chair explaining the issues the committee has prioritised during the year in review, outlining progress made without recourse to boiler-plate language.

The Company supports the creation of additional committees that are appropriate to the business model in question, but we do not support unwarranted layers of governance, or the outsourcing of important issues to less experienced directors. We support board oversight of sustainability issues, either through committee structures or through individual responsibility. We support the appointment of employee representatives where this improves the quality of the board and accountability to stakeholders.

EXTERNAL ADVISERS

External advisers on remuneration and audit should be accountable to the committees, and details should be disclosed in the annual report including the nature of services provided and whether the advisor provides additional services. Full disclosure of the length of their contractual services and advisers' emoluments shall be reported in the Annual Report and Accounts. Conflicts of interest relating to external advisers should be also disclosed and effectively managed.

LEADERSHIP

The role of the Chair is of special significance as well as the relationship between the Chair and CEO. The Chair should set a tone of transparency and openness towards stakeholders. We pay particular attention to our vote on the appointment of the Chair. We support the Code's principles and provisions in relation to the role of the Chair and the eligibility of candidates. In exceptional circumstances we will support the appointment of an interim Executive Chair, but expect a cut-off date to be provided, along with the appointment of a Deputy Chair and/or a strong Senior Independent Director ("SID"). Such exceptions should be discussed with shareholders and a clear and convincing rationale must be disclosed. The SID is another role of significance, and we would not usually support the election of a non-independent SID, where independence is defined as per the Code.

3.2 A TRANSPARENT AUDIT FUNCTION, SUPPORTING TRUE AND FAIR REPORTING

COMMITTEE AND DISCLOSURE

The Audit Committee of the board plays a critical role and votes relating to the committee's composition and conduct carry particular importance for shareholders. The committee should be composed of independent non-executive directors (minimum of three directors), with at least one having robust financial experience. Each member should have been on the board for at least a year to become familiar with the business. Members of the Audit Committee should achieve 100% committee meeting attendance and the thresholds for "over boarding" are stricter for audit committee members than for other directors. Attendance by executives at audit committee meetings should be by invitation only and should be explained in the annual report. We expect the audit committee to take responsibility for reviewing internal audit controls.

The statements of viability and working capital should be clearly disclosed. Companies should provide sufficient disclosure on material and emerging risks across a suitably long-term horizon; e.g. climate change, natural capital, human rights, geopolitics, and artificial intelligence. "Long-term" should relate to the company's business cycle and should never be limited to the next twelve months.

When auditors provide a qualified opinion to the Annual Report and Accounts, the Company will not support the approval of the Annual Report and Accounts.

In general, we support the FRC's guidance on risk management, internal control, and related financial and business reporting. We will consider voting against the annual report where disclosure falls short of the mark.

EFFECTIVENESS, EVALUATION & APPOINTMENT

The effectiveness of boards should be reviewed internally (by an independent director, usually by the SID) on an annual basis. It should also be reviewed by an external party every three years. Companies should seek shareholder input into the process for determining board effectiveness, and the identity of the triennial external reviewer should be disclosed in the annual report. An effective evaluation should evaluate how well the board is functioning as a group, and each director contributes to the board functions. Directors should be re-elected on an annual basis by majority vote except in the case of controlled companies. Director biographies should be sufficiently detailed so voting shareholders can make an informed judgement. The Nomination Committee reports should describe the contribution the director will make, or has made, to the board during the year.

AUDIT TENURE

A company should disclose its auditor tendering policy and details of the tendering process. The Company broadly supports the UK Audit Regulations, primarily that the external auditor should be independent and conflict-free, and there should be regular tendering and rotation. The lead audit partner should be rotated and named in the annual report. Auditor fees must be clearly disclosed, and non-audit fees should not exceed 50% of total fees over a three-year average. Where this limit is breached, the Audit Committee should disclose the rationale behind the divergence from good practice and provide a clear plan for fee reduction. The resignation of an auditor during the financial year should be clearly explained.

We believe such disclosure has even greater impact following the recommendations provided in the whitepaper "*Restoring Trust in Audit and Corporate Governance*".

3.3 STEWARDING OUR CAPITAL, PROTECTING SHAREHOLDER RIGHTS

SHAREHOLDER RIGHTS

We believe companies should be granted the flexibility to manage their capital structure effectively and raise additional capital where necessary in a timely and cost-efficient manner. We follow the Pension and Lifetime Savings Association's ("PLSA") guidance on related party transactions and the Investor Association Pre-emption Rights Guidelines on capital-related resolutions.

Nevertheless, we are not supportive of granting companies unlimited authorisation to raise capital unless there is a sufficiently compelling case. We encourage companies to use the 14-day General Meeting ("GM") facility to raise extraordinary, unanticipated volumes of capital and expect prior dialogue with shareholders.

Securities that are accompanied by shareholder rights are more valuable than securities lacking these rights. For this reason, we will seldomly support resolutions seeking article changes that are materially detrimental to shareholder rights.

We will not typically approve the creation of non-voting shares and usually vote against attempts by controlling shareholders to increase the differential between their level of equity ownership and voting control. For newly listed companies, we expect time-based sunset share provisions² to be included in the articles of association disclosing when non-voting shares will be phased out. We shall avoid the unnecessary dilution of our shares and seek to preserve our rights of pre-emption. We expect resolutions pertaining to capital decisions to be split out on the proxy statement, rather than "bundled" into one resolution. Stock splits are approved on a case-by-case basis with reference to the justification disclosed by the company.

The Company is strongly opposed to virtual-only AGMs and views as fundamental the right to attend shareholder meetings in-person. We typically oppose resolutions seeking authority to limit the jurisdiction that applies to dispute resolution.

DIVIDENDS AND SHARE BUY BACKS

Companies ought to disclose clear dividend policies. Dividends should be sufficiently covered and put to shareholder vote. Uncovered dividends should be accompanied by an explanation covering the sustainability of the dividend or distribution policy. Companies proposing scrip issues should offer a cash dividend option. Companies ought to explain why a share buyback programme is the most appropriate method of returning cash to shareholders, including the circumstances in which a buyback will be executed. The Company pays particular attention to share buyback programmes that could affect remuneration structures through the influence on earnings per share ("EPS") measurements: such structures must be buyback-neutral and buyback authorities must be within acceptable limits, expiring no later than the following AGM. The Company will typically vote against waivers of Rule 9 of the Takeover Code.

CORPORATE ACTIONS

Corporate actions (including mergers and acquisitions) are reviewed on a case-by-case basis taking into account the long-term economic interest of scheme members and compliance with the Company's Conflicts of Interest Policy. The Company will consider supporting transactions with the following characteristics: long-term benefits to shareholders, good quality disclosure, high quality management, supportive independent advice, approval of the independent directors. We seek to determine whether the deal yields a good strategic fit, and we value prior engagement with shareholders. We think poison pills³ should be discouraged and we do not support poison pills that entrench management or damage shareholder value. Introductions of poison pills should be clearly explained and put to shareholder vote. By contrast, poison pill redemption resolutions are supported. We will usually vote at court and class-action meetings in a consistent manner.

POLITICAL DONATIONS

The Company supports resolutions seeking legitimate corporate political activities that are conducted legally and transparently and are clearly linked to a company's business purposes and strategic intent.⁴

² In voting, the sunset clauses refer to provisions in the company's articles of association that determine when and how time-limited multiple-vote stock should sunset.

³ A poison pill is a defence strategy used by the directors of a public company to prevent activist investors, competitors, or other would-be acquirers from taking control of the company. Poison pills are executed by buying up large amounts of its stock. They effectively block the accumulation of a company's outstanding shares.

⁴ ICGN Political Lobbying & Donations 2017.pdf

3.4 FAIR REMUNERATION FOR LONG-TERM SUCCESS

Remuneration should attract, retain and motivate the individuals and groups of individuals most suited to managing the company whilst not being perceived as excessive or unfair. Remuneration structures should be simple and easy to understand for both shareholders and executives, who need clear lines of sight through to their objectives. Executive pay should be considered in the context of overall workforce pay and in the context of the long-term financial needs of the company, its ability to meet its dividend policy and its ongoing requirement for capital investment and research and development (“R&D”).

PAY STRUCTURE

An executive’s base salary should reflect his or her role and level of responsibility. Base salary should not increase significantly without a clear, compelling, and exceptional justification. The rate of salary should not be solely or mainly based on quartile comparison, and we would expect salary benchmarking to occur once every three years at a maximum. Salary increases should be considered in the context of wage increases to the wider workforce. The Remuneration Committee should understand how base pay increases affect the total level of pay now and in the future. Contracts should be agreed on a 12-month basis.

Annual bonuses should have stretching and declared targets that link to company strategy. There should be consistency with the targets given prominence in the strategic report. Performance against targets should be disclosed in the remuneration report. In determining targets for variable pay, the Remuneration Committee should consider strategic, financial, and non-financial measurements, and companies with high levels of ESG (environmental, social or governance) risk should consider using ESG metrics with appropriate weightings. We encourage companies to embed robust ESG metrics in their pay structure and to explain to shareholders the relevance of each metric to its strategy. Remuneration committees should structure executive plans which promote the long-term success of the companies. Short-term realised quantum should not exceed the long-term award opportunities. We also expect a significant portion of the short-term award to be deferred. This improves alignment with shareholders, does not risk excessive dilution, and includes a suitable holding period.

Long-term incentive schemes should be transparent, understandable, long-term, and appropriate to the circumstances and strategy of the company. Companies should avoid having more than one active incentive plan. Performance conditions should ensure there is no reward for failure, and clawback and malus provisions should be designed and applied. The performance measurement period should have a minimum of three years, with a minimum vesting period of three years from grant. Whether contained in a Long-term Incentive Plan (“LTIP”) or

otherwise, performance targets should not reward below-median performance and threshold vesting amounts should not be significant relevant to base salary. Any performance award should be clearly linked to disclosed targets. Where comparator groups are used, the Remuneration Committee should disclose why the comparators are believed to be genuinely representative (e.g. with reference to their size, sector, and performance). If awards depend on Total Shareholder Return (“TSR”) relative to overseas peers, companies should disclose fair currency conversion policies in advance of the grant. There should be several performance targets, which should relate to shareholder return, to the business strategy and include financial and non-financial elements, according to the company’s current and expected operating environment. We would not expect performance conditions to be re-tested between remuneration policy reviews.

The Company supports departure from traditional long-term variable award plans, i.e. Long Term Incentive Plans (“LTIP”). When alternative plans (e.g. deferred share plan) are put forward, we expect extensive disclosure on the alignment between companies’ business models and the chosen variable pay structure, and there should be extensive disclosure on how shareholders rights are retained.

The remuneration plan should include a suitable holding period following an executive’s departure. Executive share ownership for alignment purposes should be distinct from shares granted under LTIPs, though exceptions may be made where shares are vested and not subject to ongoing performance conditions. Significant share sales should be rationalised in the annual report.

Executives’ pensions contributions should be aligned to the wider workforce. Changes in actuarial assumptions that affect transfer values should be clearly disclosed. No element of variable pay should be pensionable.

We will not usually support retention payments (“golden handcuffs”) but could support deferred payments to key staff during critical periods. A clear rationale should be presented during shareholder dialogue. Similarly, compensatory payments for new appointments (including where the appointee has had to forgo expected variable pay at a previous employer) could only be considered with a clear rationale and we would expect compensation to be awarded in shares and subject to performance conditions. New appointments may normally begin on a lower salary to avoid creeping costs.

CHANGE OF CONTROL

Following a change of control, awards under an LTIP plan should be made pro-rata for time and performance to date; they should not automatically vest. Share-based awards should not lead to

excessive dilution and exceptions to this principle should be put to shareholder vote, which ought to receive support from many minority shareholders. In the event of a decline in the share price, Remuneration committees should prevent accidental (“windfall”) gains through top level grants using downward discretion. Remuneration policies should explain the treatment of corporate events and share buybacks where these are likely to impact performance targets either directly or indirectly. We will typically oppose tax equalisation payments where this introduces a new (net) cost to the company. We expect a cap on such payments to be disclosed.

DISCLOSURE

We expect the Chair of the Remuneration Committee to provide a detailed but intelligible report outlining the work undertaken during the year and, where relevant, how the committee has responded to significant levels of dissent votes.

Upward discretion should also be accounted for. The target and maximum awards under the bonus scheme and incentive plans should be clear, as should the effect on EPS-based targets of share buyback schemes. The targets for variable pay, for the present year and the next, should be disclosed (there should be

3.5 SUSTAINABLE BUSINESS PRACTICES

We expect companies to assess and address the impact of their operations on society and the environment, including in supply chains and business relations and through their product life cycle. We expect companies to consider material ESG risks and opportunities within their long-term strategic business planning. ESG risks and opportunities can have a significant effect on the value of the company over time, and on its ability to generate long-term returns for shareholders.

We will consider, when voting, disclosure of codes of conduct, policies, strategies, management plans and performance data with respect to environmental and social issues as well as impact assessment of a specific project or operation. Reporting should indicate how the board and the company holistically manage those risks and opportunities and ideally be aligned to established reporting standards and frameworks.

NET ZERO

We will consider voting against the appointment of the Chair, and other relevant directors or resolutions (including remuneration), at companies where we consider a company’s response to the risks and opportunities presented by climate change to be misaligned with the goals of the Paris Accord. We expect disclosure of climate-related risks and actions to be in line with best practice guidelines, such as those of the Financial Stability Board’s Taskforce on Climate-related Financial Disclosures (TCFD) and the Climate

retrospective disclosure if the targets are commercially sensitive) along with the peer groups when relevant. A Remuneration Committee should design and apply appropriate remuneration structures and should enter into dialogue with shareholders and employee representatives. The outcome of consultations should be made known in advance of the AGM, such that policy changes do not come as a surprise to engaged shareholders or employee representatives.

The committee should feel empowered to apply discretion appropriately. Where a related remuneration resolution (e.g., remuneration report, remuneration policy and the appointment of the Remuneration Committee Chair) attracts significant dissent, the company should address concerns raised by shareholders following a constructive dialogue with advisers and shareholders.

Finally, companies are encouraged to disclose executive to employee pay ratios, gender pay gap, and other workforce diversity and inclusivity data which can provide insight into pay practices. We may consider voting against the Annual Report and Accounts of qualifying companies (250 or more UK employees) that fail to disclose their gender pay gap, where required by Government.

Action 100+ Net Zero Benchmark Framework. Furthermore, we expect companies to present a climate transition plan with an explicit net-zero by 2050 target to shareholders for advisory voting at three-year intervals, as a minimum. Net zero strategies should be expressed in absolute emissions, not emissions intensity only, and should cover the full lifecycle of emissions. Strategies should also include 1.5°C-aligned short and medium-term targets, critically 2030 targets, that demonstrate how net zero by 2050 can be achieved. Progress against the plan should be reported annually to the annual general meeting. Where a company materially scales back its climate targets without an adequate explanation or wider shareholder consultation, we may vote against the appointment of the Chair, and other relevant directors who have critical oversight over climate change. Where climate risks result in material impacts for a company’s financial outlook, this should be reflected in the Annual Report and Accounts. We also expect companies to include sensitivities to a 1.5°C pathway in the notes to the accounts, e.g., impacts for impairments from higher carbon taxes, and to demonstrate that accounting assumptions are consistent with narrative reporting, including climate commitments. If there is inadequate evidence or lack of disclosure in these regards, we will consider voting against Annual Reports and Accounts and/or against the appointment of the Audit Committee Chair. If a company is assessed by the Transition Pathway Initiative’s Management Quality framework below a Level 4, or if a company is a key contributor to the Company’s portfolio emissions and is

deemed not aligned to the Company's Net Zero expectations, we will consider voting against the appointment of the Chair, and other relevant directors who have critical oversight over climate change.

NATURAL CAPITAL

We encourage companies to be good stewards of natural capital. We will engage with companies on the provision of meaningful and consistent data and assess shareholder resolutions that can enhance corporate protection of natural capital, on a case-by-case basis. We will consider voting against the Chair, or other relevant directors or resolutions, if a company scores below 10 on the Forest 500 ranking, which assesses companies' disclosure and management of deforestation risk. From 2025 the Company will consider voting against the appointment of the Chair that have not demonstrated a constructive dialogue with Nature Action 100.

CLIMATE LOBBYING

We expect companies to disclose information on their climate and energy policy lobbying and expenditure, allowing shareholders the opportunity to assess whether these lobbying activities are in line with the goals of the Paris Accord. The guideline applies to companies operating in material climate sectors.

HUMAN RIGHTS

Where we have significant concerns about a company's actions relating to the protection of human rights and human rights risk management, we will consider voting against the of relevant directors and supporting relevant shareholder resolutions for promoting better disclosure. This is informed by a range of indicators, such as a failure to comply with legislation or internationally recognised guidance such as the UN Guiding Principles for Business and Human Rights. We will in this assessment also consider evidence that a company has caused or contributed to egregious, adverse human rights impacts or controversies and has failed to provide appropriate remedy.

We will consider voting against the Annual Report and Accounts of FTSE 350 companies that have failed to publish an adequate annual modern slavery statement and have failed to provide

3.6 SHAREHOLDER PROPOSALS

We are regularly called on to vote on shareholder proposals. These proposals address a range of topics including proxy access, articles of association, climate change, human rights and more. The Company takes a case-by-case approach to shareholder resolutions. We will support resolutions that are appropriately worded and, on balance, encourage sustainable business practices and support the long-term economic interests of our stakeholders and help to make boards of directors accountable to shareholders.

a sufficient explanation. We will consider voting against the appointment of the Chair that score below 3 in the 2023 Modern Slavery UK Benchmark. We will support resolutions asking for companies to implement policies and management systems addressing human rights risks and to proactively undertake human rights due diligence across their operations, including in areas with fragile political stability.

RESPONSIBLE TAX

We recognise the importance of companies being accountable for and transparent about their tax practices. We expect companies to have a tax policy that outlines the company's approach to taxation and how it aligns with the overall business strategy. We also expect companies to have a robust tax governance and management framework in place, to pay taxes where economic value is created and to provide country-by-country reporting. We view reporting against the GRI:207 as best practice for companies across sectors and will consider voting against the appointment of relevant directors in cases of material misalignment with this standard.

ARTIFICIAL INTELLIGENCE

The sharp uptake in artificial intelligence (AI) being integrated in investees' operations poses both risks and opportunities. We may consider not supporting the re-election of relevant director(s) where there is a lack of disclosure around the governance around the management of artificial intelligence when this may pose a material risk to corporate strategy. Related shareholder proposals are considered on a case-by-case basis.

BOARD RESPONSIVENESS

As part of the Company's stewardship priorities, we may consider voting against the appointment of the Chair, or other relevant directors, when we have tried to engage with companies but there has been an unsatisfactory engagement outcome.

Support to shareholder resolutions may also not be provided if the Company is currently undertaking a constructive dialogue between the Company and the boards on the matter pertinent to the resolutions.

We are also cognisant of resolutions in the global market which are requisitioned by institutions not seeking the sustainable and equitable success of companies, and such resolutions will not be supported.



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