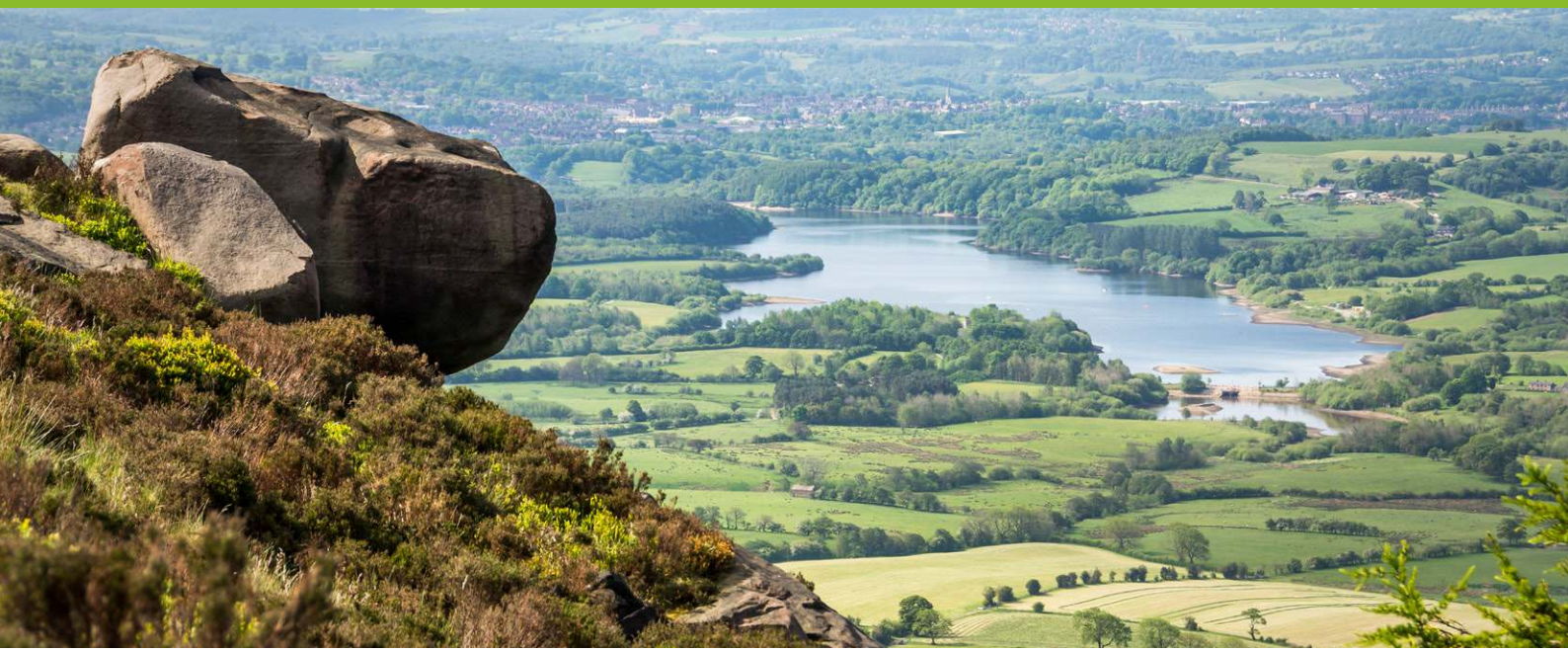
LGPS Central Limited

Quarterly Stewardship Update

FOURTH QUARTER, 2020-21 (JANUARY - MARCH 2021)



CHESHIRE PENSION FUND

Derbyshire Pension Fund

Leicestershire County Council PENSION FUND

Nottinghamshire County Council

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 objectives are met through three pillars:

*Our **Selection** of assets*

*Our **Stewardship** of assets*

*Our commitment to **Transparency and Disclosure***

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

ADDITIONAL DISCLOSURES

Responsible Investment & Engagement Framework

Annual Stewardship Report

Voting Principles

Voting Disclosure

Voting Statistics

Signatory of:

PRI Principles for Responsible Investment

LGPS ADVISORY BOARD CODE OF TRANSPARENCY

01 Engagement and Stewardship Themes

The UN Framework Convention on Climate Change (UNFCCC) issued a report in February 2021 analysing the updated climate action plans submitted by 75 nations ahead of COP26[1]. This analysis found that current policies will not come close to meeting the goals of the Paris Agreement. According to the UN Intergovernmental Panel on Climate Change, the population must reduce its 2030 CO_2 emissions by approximately 45% from 2010 levels and reach net zero by 2050. The report showed that the revised climate action plans, which cover 40% of countries party to the 2015 Paris Agreement and account for 30% of global emissions, would only deliver a combined emissions reduction of 0.5% from 2010 levels by 2030. This highlights a critical need for heavy emitting countries to ramp up their efforts to decarbonise.

Governments, industries and individual companies' ability to take drastic measures in light of the COVID-19 health pandemic seems unprecedented. Whether we are equally able to take necessary action against the pressing and longer-term climate change crisis, is yet unclear. During 2020, LGPSC signed IIGCC-coordinated letters to EU and UK leaders calling for a sustainable recovery from the COVID 19 pandemic. Over the last quarter, we have seen the UK Government launch its build back better plan which sets out pathways for sustainable growth post COVID-19 and investment in climate friendly infrastructure, skills and innovation to enable the transition to a lower carbon economy. The plan includes the Government's 10-point agenda for a Green Industrial Revolution. The Government intends to support investment through the new UK Infrastructure Bank to encourage investment in the Net Zero transition and to boost innovation through a new £375 million Future Fund. These are encouraging steps and in line with investor requests. An investor group including LGPS Central have also asked the COP26 President (The Rt. Hon Alok Sharma) to support investors by seeking publication of key underlying assumptions tied to the International Energy Agency's (IEA's) Net Zero Emissions 2050 scenario[2]. Further clarity from IEA on underlying assumptions and commodity price projections for this scenario will provide a basis on which to conduct further analysis into the implications of climate change for investment portfolios and asset allocation decisions.

Below, we give examples of ongoing or new engagements which relate to the four Stewardship Themes that have been identified in collaboration with our Partner Funds. While the bulk of our engagement effort is centred around these themes, we also regularly cover other key ESG issues such as fair remuneration, board composition, and human rights. We have included two such examples in this update.

Our Stewardship Themes over the current three-year period (2020 – 23) are:

- Climate change
- Plastic
- Fair tax payment and tax transparency
- Technology and disruptive industries

This quarter our engagement set[3] comprised 605 companies. There was engagement activity on 1,563 engagement issues and objectives[4]. Our stewardship provider, EOS, carried out the majority of these engagements. Engagement issues are not necessarily tied in with ongoing engagements or with specific engagement objectives. Against 579 specific engagement objectives set by EOS, there was achievement of some or all on 137 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.

[1] The 26th UN Climate Change Conference of the Parties (COP26) will be hosted by the UK Government in Glasgow 1 – 12 November 2021
[2] IEA published "Net-zero by 2050 – A Roadmap for the Global Energy Sector" on 18 May 2021
[3] This includes engagements undertaken directly, in collaboration, and via our contracted Stewardship Provider.
[4] There can be more than one engagement issue per company, for example board diversity and climate change.

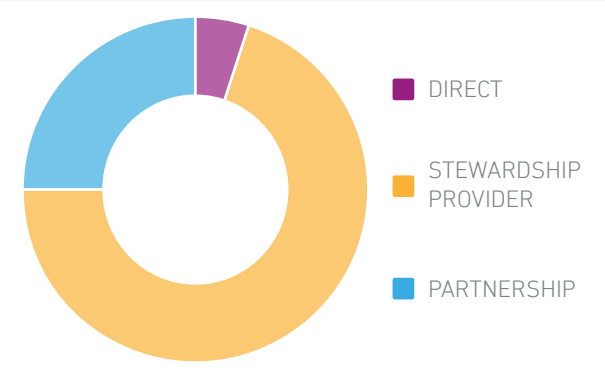
CLIMATE CHANGE ENGAGEMENTS

This quarter, our climate change engagement set comprised 252 companies with 324 engagements issues[5]. There was engagement activity on 315 engagement issues and achievement of some or all specific engagement objectives on 102 occasions.

Climate Action 100+ (CA100+) released its Net Zero Company Benchmark which assesses the world's largest corporate greenhouse gas emitters on their progress in the transition to a net zero future. This will be a valuable resource for investors attempting to assess and engage with corporations on their progress. However, results show that only a quarter of these companies have included scope 3 emissions in their Net Zero commitments. There is also a need for companies to set shorter term targets consistent with their longer-term ambitions, in order to avoid "back-loading" the decarbonisation. Back-loading would mean that a greater share of the total decarbonisation is left to happen closer to 2050 and potentially, greater reliance on yet unproven carbon abatement technologies such as Carbon Capture, Utilisation and Storage (CCUS). We would like to see companies embrace 1.5-degree scenarios in their scenario analysis and commit to aligning their future capital expenditure with their long-term emissions reduction targets. While much has been achieved, the CA100+ Benchmark tool sheds critical light on gaps in companies' practices and reporting. There is a shared sense among many investors that the next decade is a critical "transition decade" and we will continue to press companies to close gaps.

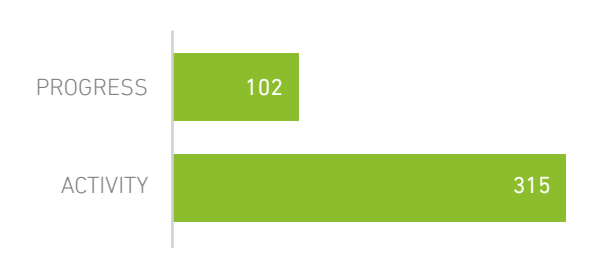
LGPS Central is co-leading or in the focus group of engagements with eight CA100+ companies, the majority of which are oil & gas and mining companies. Through a combination of direct engagement and collaborative engagement via the CA100+ focus group, we have engaged with an **electric utility** on the topics of Paris Alignment and corporate lobbying practices. The Company lacks top-line statements on climate policy and its industry association relationships are generally at odds with positive advocacy on climate policy. Recently, the Company has made more progress on its corporate lobbying transparency. Amongst other things, the Company has agreed to conduct an annual review of its trade association memberships alongside committing to an annual disclosure update 180 days after the end of the calendar year. They have also hired a new staff member with a focus on investor relations and disclosures. It is hoped that this signals a further commitment to transparency and disclosure as, despite improvements, current disclosures are not enough to assure investors that the company's lobbying activities are fully aligned with the Paris Agreement. In terms of Paris Alignment, the company has set a target for reducing its GHG emissions up to 2025. This target covers at least 95% of scope 1 and 2 emissions and the most relevant scope 3 emissions, and it is aligned with the goal of limiting global warming to 1.5°C. LGPS Central and fellow investors would like to see a stronger climate ambition, including a commitment to clear medium and long-term GHG reduction targets.

*ENGAGEMENT VOLUME BY **TYPE***



- 324 engagements in progress
- Majority of engagements undertaken via CA100+
- CA100+ companies assessed through new Benchmark Framework, highlighting need for short-term targets in line with Net Zero by 2050 ambitions

*ENGAGEMENT VOLUME BY **OUTCOME***



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

PLASTIC ENGAGEMENTS

This quarter our single-use plastics engagement set comprised 33 companies with 41 engagement issues[6]. There was engagement activity on 39 engagements and achievement of some or all engagement objectives on 11 occasions.

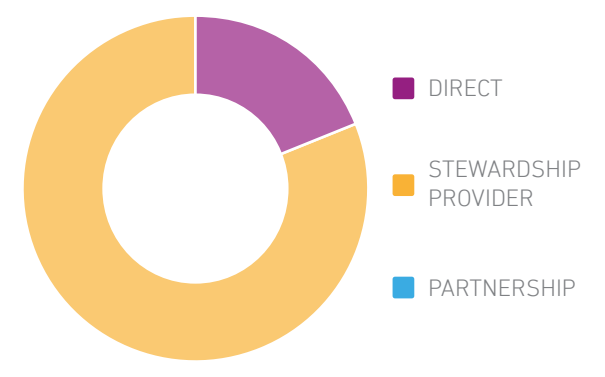
We have continued our engagement with six **packaging companies** through a sub-group of the PRI plastics working group led by Dutch investors Achmea Investment Management and Actiam. With increasing attention from governments on the negative impacts of plastic use and consumers calling for less harmful alternatives, investee companies in the plastic value chain are exposed to increasing regulatory risks, environmental risks, reputational risks and the risk of missing out to market developments. The investor group has put forward expectations of companies to: set targets for their use of sustainable materials and clearly disclose progress against those targets; clearly outline the initiatives they are using to reduce plastic pollution; ensure full alignment between the company's sustainable materials strategy and carbon emissions reduction strategy; and include sustainability-related performance KPIs in executive remuneration.

As part of the collaborative project, we met with a **US-based packaging company** to discuss their progress against the identified expectations. The call was constructive, and the company outlined several steps they are taking to improve their management of plastic waste. This includes enhancing their target for the total amount of solutions made from recycled content; improving their transparency by committing to publish a sustainability report; and exploring the use of natural-based solutions as part of their initiative to improve recycled content. We will continue the dialogue to ensure the company remain aligned with their targets, whilst continuing to push for further action against the stated expectations.

PLASTIC PELLET INDUSTRY STANDARD

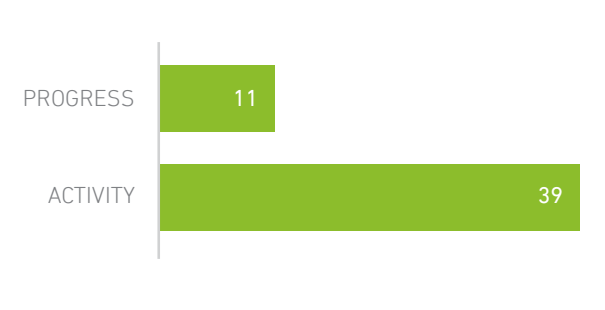
Billions of plastic pellets or "nurdles" make their way into the natural environment each year, which poses a serious threat to the ecosystem and potentially also a health threat to people. LGPSC is collaborating with the Investor Forum, peer investors and other stakeholders including Marine Scotland, the British Plastics Federation and the British Standards Institute to sponsor and create the first industry specification to prevent plastic pellet pollution. The new specification, a so-called Publicly Available Specification (PAS), will set out measures to prevent plastic pellet leakage and help companies demonstrate good practice in pellet loss prevention across their supply chains. The overarching goal of the PAS is to help companies achieve and maintain zero pellet loss across their pellet handling operations. After 9 months of preparation, an expert group with representatives from 23 organisations (plastic pellet producers, plastic manufacturers, recyclers, retailers, trade associations, NGOs and government agencies) proposed a plastic pellet PAS which went out for consultation during Q1 of 2021. Fauna & Flora International, the investor-sponsor group's representatives, are pleased that the expert group achieved consensus on the following key points; the need for the PAS to be a performance standard, allowing verification of efficacy of the pellet management measures being used, and continual improvement in performance by companies. We intend to use the plastic pellet PAS as a direct reference in engagement with relevant industries including plastics manufacturers, transportation, retailing and recycling organisations once it is made public.

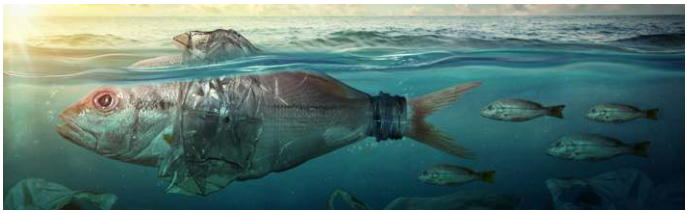
*ENGAGEMENT VOLUME BY **TYPE***



- 41 engagements during the quarter
- Sub-group of PRI Plastics Working Group engages packaging producers to support and encourage "Plastic transition" in the form of reduction, re-use and replacement of fossil-fuel based plastics
- Engagement with six companies on their global sustainable packaging targets continues

*ENGAGEMENT VOLUME BY **OUTCOME***





[6] There can be more than one plastic-related engagement issue per company.

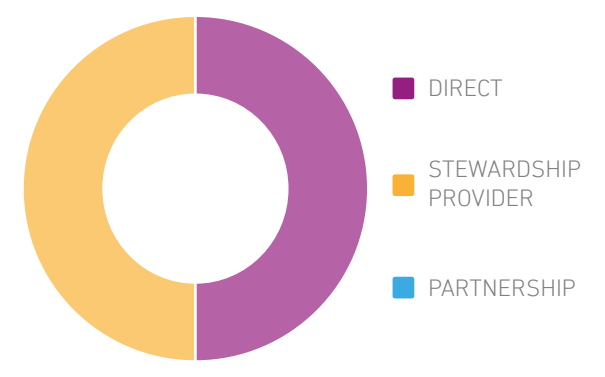
FAIR TAX PAYMENT AND TAX TRANSPARENCY ACTIVITY/ENGAGEMENT

This quarter, our tax transparency engagement set comprised 14 companies with 14 engagement issues. There was engagement activity on 9 engagements and achievement of some or all engagement objectives on three occasions.

Governments continue to provide tax relief to businesses during this ongoing health pandemic and we anticipate pressure from the public to ensure that businesses that benefit from government support contribute more responsibly to society. This is likely to translate into more scrutiny of tax arrangements, employment law, worker health and safety, and executive pay against a backdrop of high unemployment and inequality. In tandem, we think investor interest and scrutiny on companies' responsible tax behaviour and their willingness to pay ther fair share of tax will increase.

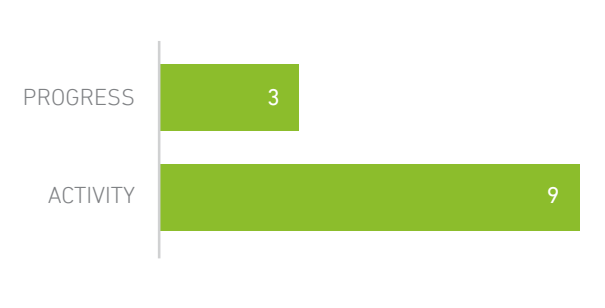
During 2020, we collaborated with five fellow European investors to engage a selection of companies across technology, telecommunication, finance and mining sectors. During the last quarter, we have held discussions to assess progress for these engagements and whether to expand the scope of the project. One of the six companies that we engaged during 2020 is a clear leader both in terms of overall approach to responsible tax behaviour and level of transparency. Further engagement is not needed. Another company showed that it takes a holistic approach to tax and to paying its fair share by achieving a broad economic contribution in host countries where it operates through taxes paid. We will follow up with this company in relation to a tax policy it has established after a recent merger. The other companies are largely lacking in tax transparency and there are "red flags" on issues like companies having subsidiaries incorporated in one jurisdiction but which are tax residents in another jurisdiction paying zero tax. This does not appear to be in line with OECD's Base Erosion and Profit Shifting Framework, which we see as a standard that is relevant to assessing responsible tax behaviour. We will continue engagement with the four "laggard" companies and we are assessing the inclusion of some more companies that appear to pursue particularly aggressive tax strategies and/or lack a tax policy, and/or pay the lowest effective rate of tax. At the end of the quarter we reached out to one of the companies (**an American technology company**) which did not respond to our initial outreach last year. While the company has come back with a response which references amongst others the Audit & Risk Oversight Committe's Charter, we are pressing for a meeting with the Board Committee so that we can learn more and discuss/probe the detail of the Board's oversight on tax related issues.

*ENGAGEMENT VOLUME BY **TYPE***



- 14 engagements during the quarter
- Collaboration with peer European investors to engage a selection of companies across vulnerable sectors continues
- We expect continued scrutiny from investors and other stakeholders on responsible tax behaviour in a situation of prolonged COVID 19 pandemic

*ENGAGEMENT VOLUME BY **OUTCOME***



TECHNOLOGY AND DISRUPTIVE INDUSTRIES

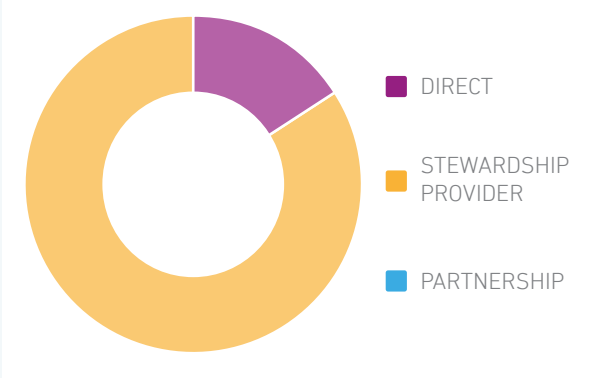
This quarter our technology and disruptive industries engagement set comprised 31 companies with 52 engagements issues. There was engagement activity on 49 engagement issues and achievement of some or all engagement objectives on eight occasions.

LGPSC has joined a collaborative investor engagement, led by the Council on Ethics to the Swedish National Pension Funds discussing human rights risks with a group of American technology companies. This engagement is part of a broader project to engage technology companies on a wide range of human rights risks including privacy and data protection; freedom of expression; disinformation in public and political discourse; and discrimination and hate speech. The collaboration has developed a set of human rights expectations which were shared and discussed with the identified technology companies in Q4 2020. These expectations are designed to provide a baseline for ongoing engagement and a means for more constructive and effective dialogue.

In March 2021, we met with one of the **American Technology** companies to discuss the progress they have made against the articulated expectations. Encouragingly, the company appear to be taking the expectations on board and have outlined a number of steps they are taking to ensure greater responsibility and oversight of human rights risks. This includes conducting human rights training for all members of staff; developing a Code of Conduct; establishing a Human Rights Defender Working Group which now meets regularly; and producing an annual Human Rights Disclosure Report. We will continue to work with the company to ensure they remain committed to these actions.

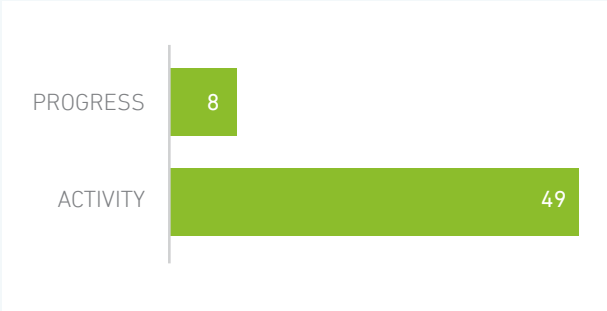
On our behalf, EOS engaged an **Asian Technology Hardware & Equipment** company on several ESG related matters including the treatment of the Uyghur people and climate change. Data analysis showed that the Company may have sourced from a chemical company whose supplier is blacklisted for its involvement in forced labour practices in Xinjiang. The Company said that, aside from an external investigation, it had carried out a supplier survey of over 400 China-based first-tier suppliers. It found that two of the surveyed suppliers had three Uyghur workers who were not related to the government programme in Xinjiang. No suppliers of the Company source from Xinjiang. EOS was satisfied with the company's response to this issue. EOS further asked for science-based carbon reduction targets to be set in line with the government's 2050 carbon neutrality commitment. The development of renewable energy in the region is in its early stages and the regulatory framework is the most important consideration for the Company in responding to climate change, from a long-term perspective. Encouragingly, the Company has made progress on the uptake of renewable energy. EOS expressed an expectation of the company to drive climate change leadership.

*ENGAGEMENT VOLUME BY **TYPE***



- 52 engagements in progress
- Development of Human Rights expectations for technology companies
- Encouraging steps taken by one technology company in line with expectations

*ENGAGEMENT VOLUME BY **OUTCOME***



Examples of engagement outside of stewardship themes

COMBATTING MODERN SLAVERY

In the course of 2020, LGPS Central joined a collaborative investor-initiative convened by Rathbones Brothers Plc (Rathbones) to press 22 laggard **FTSE 350 companies** that had failed to meet the reporting requirements of Section 54 of the Modern Slavery Act 2015. According to the Act, companies over a certain size (turnover of more than £36 million per year) have to post a modern slavery statement on their website. Furthermore, they must have a process in place by which the statement is approved by the board; signed by a director; and reviewed annually. The project has a two-fold objective of highlighting the importance of eradicating modern slavery in supply chains of FTSE 350, and across businesses globally, as well as encouraging a greater degree of challenge from investors on social issues. The engagement was a success and 20 out of 22 companies have become compliant with the Modern Slavery Act during 2020 due to investor pressure. A phase II engagement project has been launched by Rathbones during Q1 of 2021, to engage a further 62 FTSE350 companies asking for Modern Slavery Act compliance. As per end April 2021, all companies have responded and 45 are now compliant. Initial positive responses have given an opening for future meetings to discuss companies' approaches to modern slavery. This is an important step beyond the initial ask of compliance with the Modern Slavery Act, to focus on the content of the statement and to enable investors an understanding of the key risks facing individual companies.

HUMAN RIGHTS IN AREAS OF CONFLICT

We expect businesses that operate in areas of war and conflict to take particular care to respect human rights. The Israeli-Palestinian conflict poses a complex set of human rights risks for companies and we are partnered with organisations such as Local Authority Pension Fund Forum (LAPFF) who actively engage on this. In a report published by the UN High Commissioner for Human Rights in February 2020, more than 100 companies have been identified as having business activities in the Israeli Occupied Territories (IOT). LAPFF has identified a core list of companies from the UN list that, in its view, give rise to a clearly defined set of concerns in the IOT, and that has a significant number of LAPFF member pension fund holdings. That core list comprises 16 global and Israeli companies[7]. Alongside direct engagement with these companies, LAPFF is also in dialogue with the Special Rapporteur on the Palestinian Territories at the UN and is looking to have further meetings with the UN Human Rights Council. This is in order to stay abreast of evolving international law relating to this issue.

LGPS Central is in dialogue with one of these companies, Motorola Inc. asking that the company disclose information on how human rights issues are managed, including but not limited to, disclosure on their corporate human rights policy and their human rights impact assessments. If companies do not respond or provide sufficient information, there are several different avenues LGPS Central can take to escalate the engagement including voting against the Board/Board members. Further to this, LGPS Central's external stewardship provider, EOS, is engaging 10 companies with activities of concern in the IOT, which may impact upon the basic freedoms of Palestinians. The companies have so far provided EOS with information on their due diligence and how investigations have been strengthened to reflect the high-risk region and an overview of the grievance mechanisms in place. One company has confirmed a cessation of activities linked to the construction of illegal or contested settlements. These engagements commenced in 2020 and continue in 2021. The engagement approach is apolitical, while distinguishing between those situations that contravene international law and those that do not.

[7] Alstom SA, Altice Europe NV, Bank Hapoalim, Bank Leumi, Booking Holdings, Delek Group, Expedia Group, First International Bank, General Mills, Israel Discount Bank, Mizrahi Tefahot Bank, Motorola Solutions Inc., Paz Oil Co., Trip advisor Inc., Indorama, and Yes Bank

02 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.

During this quarter, we revised our LGPSC Voting Principles reflecting our heightened expectations on companies in two areas. Firstly, we would like to see stronger diversity on Boards both in terms of gender and ethnicity based on our long-held view that diversity is integral to sound decision-making. We expect FTSE 100 and 250 companies to have at least 33% women on their Boards and will consider voting against the Chair of companies with materially less female representation unless there are clear and justifiable reasons why 33% is not achievable in an interim period. Furthermore, we expect any FTSE 100 company to disclose information on ethnic minority representation at board level in line with the Parker Review report with the aim of having at least one director from an ethnic minority background. Secondly, we reinforce our view that companies should align their operations and business strategy with the Paris Agreement. Should a company's response to the risks and opportunities presented by climate change appear to be materially misaligned with the Paris Agreement, we will consider voting against the Chair, and other relevant directors or resolutions. Specifically, if a company is assessed by the Transition Pathway Initiative (TPI)'s Management Quality Framework to be at a level 3 or below (where 4 is maximum score), LGPSC will consider voting against the company Chair, and other relevant directors or resolutions.

COMMENTARY

Between January and March 2021, we:

- Voted at 523 meetings (5,376 resolutions) globally
- Opposed one or more resolutions at 217 meetings
- Voted with management by exception at 18 meetings and abstained at four meetings.
- Supported management on all resolutions at the remaining 284 meetings.

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 number of votes against and abstentions – can be found here.

EXAMPLES OF VOTING DECISIONS

We voted for all resolutions including the executive compensation as well as the Chair of the Compensation Committee, Andrea Jung, at the AGM of **Apple**. Despite leading the largest company in the world, the CEO's 2020 granted compensation was modest by comparison at 0.51x of its US peer median and exemplary relative to the US technology sector, particularly in light of the company's performance. Overall compensation is driven by a high share ownership structure strongly aligned with long-term shareholder returns that, despite concerns about quantum, is reasonable within the US technology sector. The 2020 short-term incentive was based on 50/50 net sales and operating income targets. It is preferable that compensation is linked to strategic metrics, rather than purely financial ones and it is pleasing to note that the short-term incentive will be adjusted by a 10% ESG modifier starting in 2021. The introduction of the ESG modifier demonstrates responsiveness to 12.1% shareholder support, including from LGPS Central, for a shareholder proposal last year to assess the feasibility of including sustainability as a performance measure for senior executive compensation.

At the AGM of German consumer services company **TUI AG**[8] we voted against the election of Jutta Doenges (resolution 8.1) and Alexey Mordashov (resolution 8.4) to the Supervisory Board because of the failure to establish a sufficiently independent Board. Jutta Doenges is identified as non-independent by the company and Aleksei Mordashov is a significant shareholder, owning 30.1 percent of the Company's issued share capital, and is equally not considered independent. As stated in the LGPS Central Voting Principles we expect the majority of board members to be independent. As a concession to the German legal requirement that one-half of the supervisory board must be made up of employee representatives, it is accepted practice that the supervisory boards of German companies be at least one-third composed of independent non-executive members. Requiring one-third of the board to consist of independent directors minimises the potential for conflicts of interest and enhances the quality of board oversight. At TUI AG, the board is only 30 percent independent, which is below market practice. We voted for the independent directors Edgar Ernst and Janina Kugel in order to emphasise the expectation of stronger independence on the Board. Resolution 8.1 was opposed by 12.6% of shareholders, while resolution 8.4 was opposed by 24.4%, showing that lack of independence is a concern among a relatively large group of shareholders.

At **Ping An Insurance Company of China, Ltd**'s AGM we voted against the election of Ng Sing Yip due to concerns over lack of board gender diversity (resolution 8.11 at the AGM). As stated in LGPS Centrals' Voting Principles, we believe the most effective boards include a diversity of skills, experiences and perspectives. This is a view we uphold across markets. Resolution 8.11 passed but was opposed by 4.9% of shareholders. We also voted against the approval of issuance of equity or equity-linked securities without pre-emption rights for H shares (resolution 11 at the AGM). We are concerned that this would lead to excessive dilution of existing shareholders. In correspondence with the company ahead of the AGM, EOS expressed on our behalf opposition to the request made by the board for the authority to issue shares without pre-emptive rights, up to 20% of the share capital. While we understand the need for flexibility, we are concerned about the dilution of shareholder positions and would only support such a general authority up to 10% of the share capital, unless there is a specific purpose, which is not the case. Although resolution 11 was passed by the Ping An AGM, a clear opposition was voiced by 30% of shareholders who voted against.

We voted against management remuneration at the AGM of **Sul America**, a Brazilian Insurance company due to concerns over poor disclosure and the failure to link pay and appropriate performance (resolution 15 at the AGM). As per LGPS Central's voting principles we expect companies to clearly disclose how remuneration is related to business strategy and company performance. Such performance conditions should ensure that there is no reward for failure, nor for luck, and any performance award granted should be clearly linked to disclosed targets. Sul America's disclosure lacked transparency regarding certain key remuneration figures, including the remuneration of its highest paid executive. The figure reported by the company did not appear inclusive of all elements of the executive's pay. We also voted against electing company directors due to concerns over gender diversity (resolution 5 at the AGM). Only 18% of the Sul America Board is female, which is incongruous with our belief that, to be effective, boards should include a diversity of skills, experiences and perspectives.

We voted for all resolutions at **Daimler's** (Automobiles & Components) AGM. This included resolution 5 on the appointment of the auditor. Daimler has commenced a selection and proposal process for the auditor rotation, which will lead to the appointment of a new audit firm for the 2024 financial year at the latest. Given the forthcoming separation of the industrial businesses and the majority listing of Daimler Trucks & Buses (Extraordinary Shareholder Meeting planned in the autumn of 2021), an accelerated change of the audit firm would not be in the interest of shareholders. Due to the ongoing Covid-19 crisis, Daimler's AGM was held in the form of a virtual meeting, which our stewardship provider, EOS, joined via a live video stream. The CEO announced that the Company wants to accelerate the electrification of its product portfolio and play its role in expanding the necessary public charging network. EOS posed questions during the virtual meeting focused on the Company's alignment with the Paris Agreement in its strategy and lobbying activities. It is of particular interest and concern how the Company will align its future capital expenditure with the Agreement's objective of limiting global warming to 1.5° Celsius, predominantly through the development of fully electric platforms.

[8] TUI AG is listed on the London Stock Exchange

LGPS CENTRAL LIMITED'S

Partner Organisations

LGPS Central currently contributes to the following investor groups:

LGPS Central Limited

All information is prepared as of **18.05.2021**.

This document is intended for **PROFESSIONAL CLIENTS** only.

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