

Stewardship Update

Q2 2025 (APRIL - JUNE 2025)





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 responsible investment within the financial services industry, promote collaboration and raise standards across the marketplace

These are met through three pillars:



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

Additional Disclosures

Responsible Investment & Engagement Framework



Climate Report



Voting Principles



Voting Disclosure



Voting Statistics



Stewardship Code Report



Signatory of:





01 Q2 Stewardship Activity Overview

A summary of engagement and voting activities and key stewardship developments

Key Stewardship developments

2025 Proxy Season Wrap Up

A notable recalibration in shareholder behaviour, corporate governance trends, and regulatory influence have defined the 2025 proxy voting season. From a decline in shareholder proposals to a rise in corporate reincorporation efforts, this year's developments reflect a more cautious, controlled, and complex environment for both investors and issuers.

A significant drop in the number of shareholder proposals filed at U.S. companies set the tone for the season. This decline coincided with a marked decrease in average support for environmental and social (E&S) proposals, while governance-related proposals saw a modest uptick in backing. Interestingly, anti-ESG proposals though still a minority garnered slightly more support than in previous years.

This shift may be partially attributed to the SEC's updated Compliance and Disclosure Interpretations (CDIs) under Rules 13D and 13G. These changes have made large institutional investors more cautious, particularly around any perception of seeking control. Many paused engagement meetings early in the season, and when they resumed, the format was notably more restricted, often listen-only and devoid of discussions around voting implications.

The SEC's evolving stance on no-action relief has made it easier for companies to exclude proposals deemed economically irrelevant, overly broad, or micromanaging. While this should, in theory, elevate the quality and relevance of proposals that

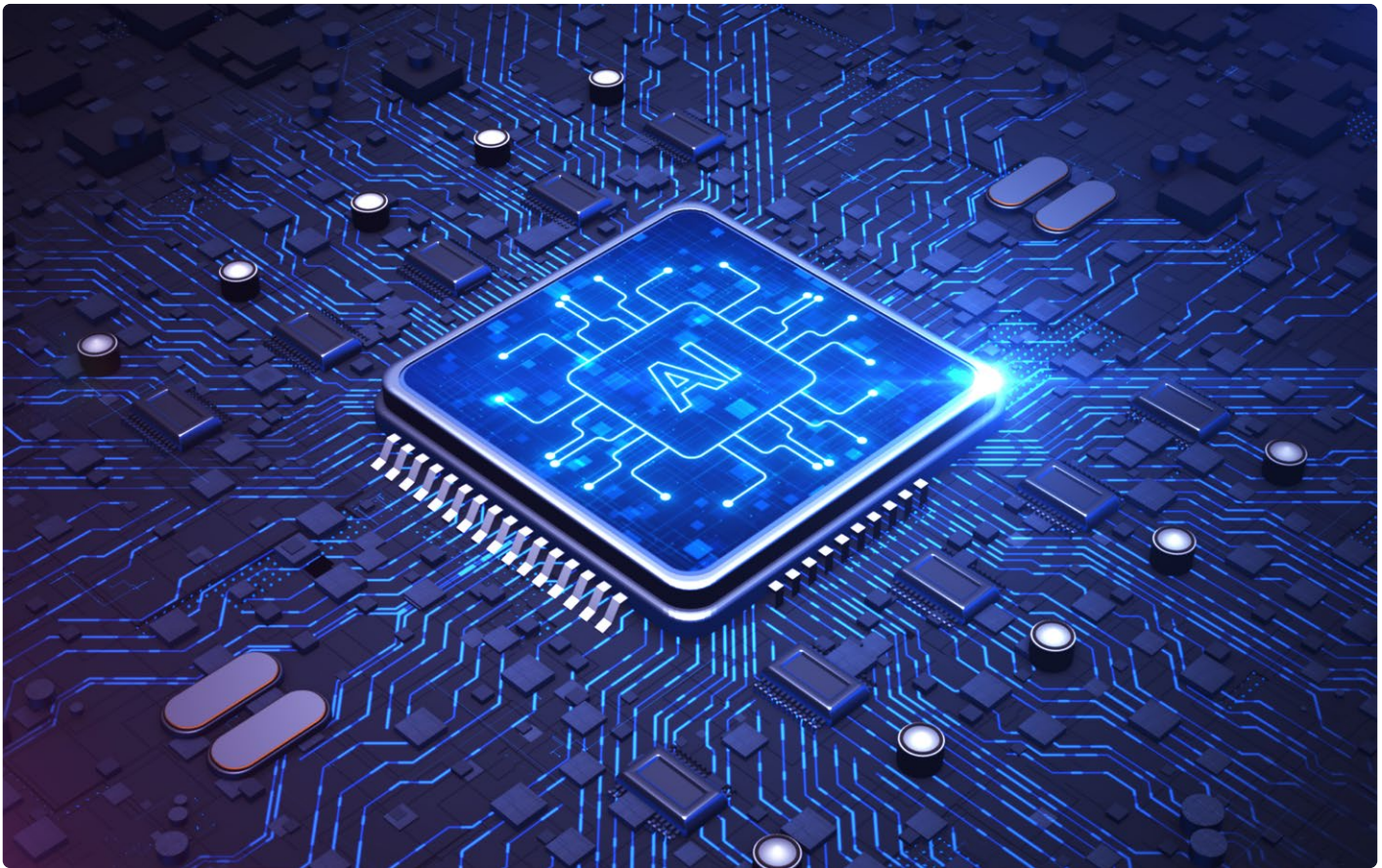
reach the ballot, the reality has been mixed. For example, ConocoPhillips received a resolution calling for the removal of all greenhouse gas (GHG) reduction targets, claiming that the company's "climate alarmism" will destroy shareholder value¹. Ultimately, 98% of shareholders voted against the resolution.

So far in 2025, at least 13 companies have sought shareholder approval to move their incorporation from Delaware to alternative jurisdictions, primarily Texas and Nevada. These proposals received an average of 70% support, with most originating from controlled companies where voting power is concentrated among a few insiders.

Whilst the number of proposals isn't significant the potential implications are. Both Texas and Nevada offer corporate codes that are less protective of shareholder rights. For instance, a recent amendment to Texas' corporate law raised the ownership thresholds required to file shareholder proposals, effectively curbing minority shareholder influence.

The 2025 proxy season reflects a broader strategic retrenchment by both investors and issuers. Shareholders are becoming more selective and cautious, while companies are leveraging regulatory shifts to consolidate control and reduce exposure to activist pressure. As the landscape continues to evolve, boards and governance professionals must remain agile balancing transparency, compliance, and long-term value creation in an increasingly fragmented environment.

¹ [2025-proxy-report.pdf](#)



AI Governance

The need for robust corporate AI governance continues to intensify, driven by growing concerns over algorithmic bias, data misuse, and the accelerated expansion of AI infrastructure. The international community continues to raise concerns about the potential of AI's impacts on human rights and sustainable development^{2,3}. This comes amid a historic surge in AI infrastructure investment. Tech giants including Microsoft, Meta, and Amazon, are collectively projected to spend over \$300 billion on capital expenditures in 2025⁴; much of it is directed toward data centre redesigns to support high-performance GPUs and liquid cooling systems essential for training large language models.

Big tech companies face challenging legal, financial and reputational risks associated with the misuse of AI systems. The EU AI Act requires high-risk AI systems to adhere to strict risk management and governance requirements which if violated could result in fines of up to 7% of global annual revenue. In Ethiopia, a \$1.6 billion lawsuit was filed in a Kenyan court based on claims that Meta failed to adequately moderate hate speech⁵.

After the launch of Google's Bard AI, the company's share prices dropped by \$100 billion in market value when the chatbot shared inaccurate information in a promotional video⁶. The French data protection authority fined Amazon \$35mn for overstepping privacy boundaries in its French warehouse operations⁷.

Boards are responding albeit unevenly. According to the National Association of Corporate Directors (NACD) 2025 Public Company Board Practices and Oversight Surveys, 62% of boards now dedicate time to AI discussions, up from 28% in 2023. Yet only 36% have adopted an AI governance framework, and fewer than 10% have approved budgets or metrics for AI oversight⁸. This gap between awareness and action is drawing increasing scrutiny.

In response, some companies have appointed Chief AI Ethics Officers, expanded board training on emerging technologies, and initiated internal AI risk reviews. However, the lack of standardised disclosures and the fragmentation of global regulatory regimes will continue to concern investors.

² Joint Statement on Artificial Intelligence and Human Rights (2025) - Freedom Online Coalition

³ Statement on Inclusive and Sustainable Artificial Intelligence for People and the Planet. | Élysée

⁴ Big Tech's AI investments set to spike to \$364 billion in 2025 as bubble fears ease

⁵ Kenya: Meta sued for 1.6 billion USD for fueling Ethiopia ethnic violence - Amnesty International

⁶ Alphabet shares dive after Google AI chatbot Bard flubs answer in ad | Reuters

⁷ Employee monitoring: French SA fined Amazon France Logistique €32 million | European Data Protection Board

⁸ Survey Analysis: AI



Engagement Highlights

Just Transition

In June 2022 following a review, BHP made the decision to cease mining at Mt Arthur Coal in 2030 and committed to the responsible closure of the operation. New coal mines and the unabated use of coal plants are considered inconsistent with limiting global average temperature rise to 1.5°C⁹. Mining companies have a responsibility to set out just transition plans in their coal exit strategies to prevent significant job losses and regional decline. A just transition in the mining sector is foundational to an economy-wide just transition as extraction occurs at the beginning of nearly all supply chains. We engaged with BHP on Just Transition disclosures. The company disclosed that they have committed to a \$30mn community fund to support the Upper Hunter region as it prepares for the responsible closure of the mine and provides details of the consultation process undertaken with the local community. The engagement objective is now complete. See further detail on page 8.

Climate Governance

We met with bp's Company Secretary and Investor Relations to explain our dissent rationale at the 2025 AGM. We raised concerns about the lack of shareholder engagement by the Chair and SID regarding the strategy reset. We explained that this created some uncertainty about the company's ability to meet its net zero targets and deviates from the climate strategy that received close to 90% support at the 2022 AGM. The company explained that they had consulted with a selection of shareholders. Those shareholders communicated a preference for the company to focus on the formulation and execution of the strategy reset and they did acknowledge that some investors raised climate concerns. While we understood the company's financial pressures, we expected the company to engage with a wider selection of shareholders before the strategy reset. We agreed to reconvene after the proxy season to discuss our concerns about the company's climate strategy further. See further detail on page 18.

Human Rights

Amid ongoing major global conflicts, the risk of companies causing, contributing to, or being linked to serious human rights abuses is heightened in conflict-affected and high-risk areas (CAHRAs). We co-signed an [investor statement](#) setting out investor expectations for companies as outlined in the UN Guiding Principles on Business and Human Rights (UNGPs) to adopt, implement policies and practices aimed at respecting human rights, and, where applicable, international humanitarian law. The statement calls on companies to adopt responsible policies, practices, and governance measures to cease, prevent,

mitigate, and remedy adverse impacts on human rights and conflict. These practices should cover all business activities in the value chain relationships exposed to CAHRAs, as companies' and investors' exposure to salient human rights risks also poses material risks (e.g., reputational, operational, financial, legal).

Proxy Season Engagement

The majority of our stewardship resources were focused on proxy season. During the period we executed votes on over 90% of companies in our voting priority list. Prior to the Lloyds Bank AGM, we raised with the company our concerns over the lack of disclosed performance measures in the long-term incentive plan. The company cited commercial sensitivity but confirmed alignment with its four strategic pillars. We have been invited to provide input on the remuneration policy ahead of the 2026 AGM. We also engaged with Anglo American on non-compliance with the UK Listing Rules. We were invited by BHP's remuneration committee to provide feedback on their existing remuneration framework. We expect stringent performance targets in their long-term incentive plan and will follow up with some remuneration analysis to share with the company. We co-signed a letter calling on Amazon shareholders to vote against Advisory Vote on Executive Compensation. Amazon executives receive multi-year, time-based restricted stock grants at two-year intervals, which are not attached to performance metrics. We also wrote out to a select number of companies that have not responded to engagement with Nature Action 100 (NA100). We reached out to the companies as part of our data quality commitment, as from this year we have a provision to vote against the Chair of companies that have not demonstrated a constructive dialogue with NA100.

LGPS Central has retained its signatory status to the UK Stewardship Code for the fifth year in a row, as confirmed by the Financial Reporting Council. As of 13th August 2025, there are 299 signatories to the Code, of which only 26% of them is represented by asset owners. LGPS Central's stewardship approach reflects our continuous efforts to exercise our fiduciary duty and to excel in stewarding the assets managed on behalf of our Partner Funds. The UK Stewardship Code sets best practice for stewardship reporting, guiding those responsible for managing investments on behalf of UK savers, pensioners, and their supportive institutions. Stewardship embodies the diligent allocation, administration, and oversight of capital with an unwavering commitment to creating lasting value for clients and beneficiaries.

⁹ Net Zero by 2050 - A Roadmap for the Global Energy Sector



Voting highlights:



bp Plc

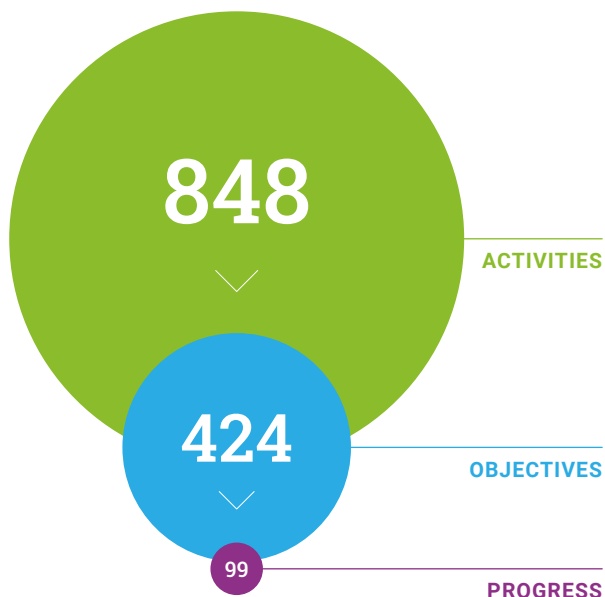
We voted against the Chair, SID, and Chair of the Safety and Sustainability Committee, due to governance concerns over the 'strategy reset'. We met with the Company Secretary to discuss our concerns. See further detail on page 18.

Alphabet

Alphabet Inc

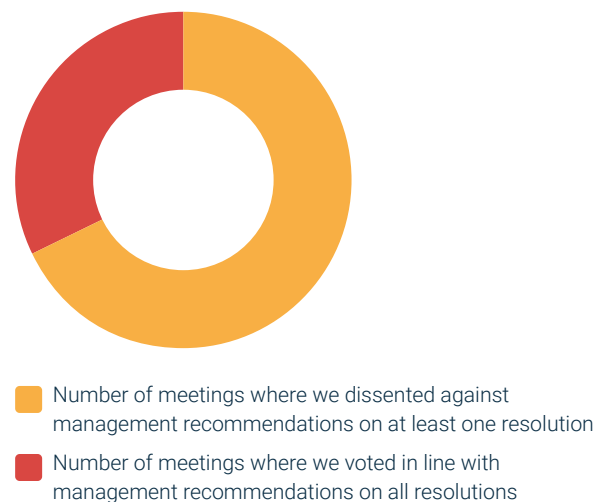
We supported two shareholder resolutions related to artificial intelligence. The first resolution sought further disclosure on the risks of improper use of external data in the development of AI products. The second one sought further disclosure on human rights impact assessment of AI driven targeted advertising. See further detail on page 20.

FIGURE 1: OVERVIEW OF ENGAGEMENTS DURING THE QUARTER



Global Voting

We voted at 2,474 meetings (33,584 resolutions) during the quarter under review.





02 Engagement Case Studies

In this section, we provide more detailed examples of ongoing or new engagements related to the four Stewardship Themes identified in collaboration with our Partner Funds.



How we measure progress:

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



This quarter, our engagement efforts¹⁰ comprised 502 companies. 848 engagement activities¹¹ took place against 424 specific objectives, positive progress was measured on 99 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.



¹⁰ This includes engagements undertaken directly, in collaboration, and via our contracted Stewardship Provider on LGPS Central's stewardship themes.

¹¹ 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 198 companies with 385 engagement activities¹². There was progress on 61 specific engagement objectives.

FIGURE 2: BREAKDOWN OF CLIMATE CHANGE ENGAGEMENT BY TYPE

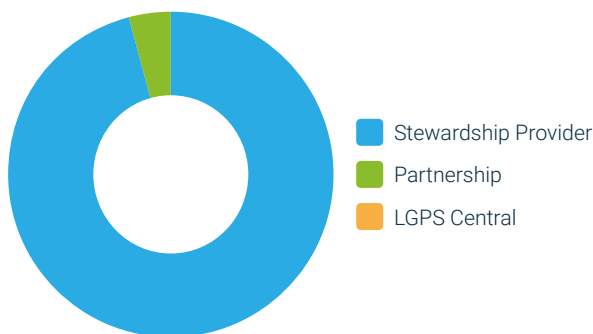
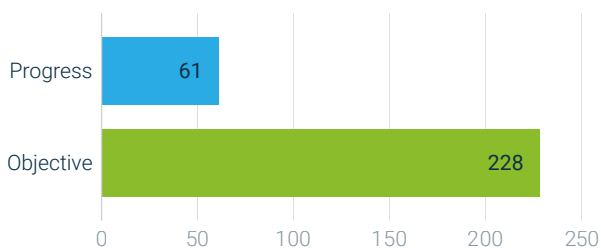


FIGURE 3: CLIMATE CHANGE ENGAGEMENT BY OUTCOME



BHP

BHP Just Transition

PROGRESS:

Successful Outcome

OBJECTIVE:

Enhanced disclosure on Just Transition and associated costs beyond rehabilitation.

ENGAGEMENT:

In March 2024, as part of a collaborative engagement with Climate Action 100+ (CA100), we began engaging the company regarding the closure of the Mt Arthur thermal coal mine, which was due to close in 2026 (while BHP requested approval for an extension to 2030), placing 2,200 employees at risk of job loss. While the company had committed to the responsible closure of the mine through their Tomorrow, Together Initiative, which aims to support BHP employees in identifying appropriate pathways post-closure, including re-training and identifying career options. During our engagement, we highlighted that current public disclosure of rehabilitation costs associated with the closure of the mine only accounted for usual maintenance and did not cover the costs associated with their Just Transition plans, such as training and employee consultations. At this point, engagement was classified as red.

The company made a notable positive step in Q4 2024, with the disclosure of five strategic recommendations

¹² There can be more than one climate-related engagement issue and/or objective per company.



related to the mine closure, produced in consultation with the consultant Icen. In addition, the company published their ongoing engagement plans and provided disclosures on their current engagement with local communities.

OUTCOME:

In Q2 2025, the company made two key disclosures. Firstly, BHP received approval to continue mining at Mt Arthur coal mine for an additional four years, a key aspect of their Just Transition plan. Secondly, the company announced a \$30 million Upper Hunter Community fund to deliver re-training and re-deployment, as well as supporting the protection of the area's local heritage and economy.

Later in Q2 2025, we were invited to meet with the Chair of the Remuneration Committee and Head of People as a direct engagement. As we were pleased with the company's recent disclosures which represented the achievement of our initial objective, our engagement focused on requesting BHP to provide updates on their progress, evidencing actions taken to fulfil their commitment. Following this meeting, we categorised this engagement as green, caveated by a new monitoring phase.

**Ford Motor Company****OBJECTIVE:**

To enhance company value and reduce risks through positive progress towards the reduction in GHG emissions by 2035.

ENGAGEMENT:

Carbon emissions represent a climate and material financial risk for the auto sector. At the same time low carbon vehicles have the potential to drive value. In 2023, EOS engaged with the Company as part of the investor group CA100+. EOS asked about the possibility of setting interim 1.5-degree aligned, Science-Based Targets

initiative (SBTi) verified scope 3 targets before 2035. In 2024, EOS reiterated their engagement in 2024 remains focused on developing companies to develop and publish a climate transition plan aligned to the 1.5°C goal of the Paris Agreement including a commitment to net zero emissions by 2050 supported by science-based targets and a clear strategy. EOS wrote that they appreciated Ford's commitment to reduce absolute Scope 1 and 2 GHG emissions by 76% by 2035 from a 2017 base year and the reduction of Scope 3 emissions in the categories of sold products by 50% per vehicle kilometre by 2035 from a 2019 base year. Additionally, EOS welcomed Ford's ambition for climate neutrality for all vehicles including progress to date and the company's climate transition plan. EOS wrote that they were interested in understanding Ford's strategy for workforce transition including talent acquisition, retention, retraining and progression at manufacturing and corporate levels of the company. The company acknowledged EOS' email providing context of its climate expectations and was responsive to further engagement.

OUTCOME:

EOS engaged with the company on climate amongst other topics. In relation to the company's carbon neutral strategy, Ford highlighted that it is two thirds of the way to meeting its targets. EOS asked the company if it planned on adopting interim targets, and it explained that it continues to evaluate if it will be taking on additional targets in the near term. It alluded that it has internal interim targets. EOS highlighted the importance around seeing the strategy and target progress broken down over time. EOS commended the company for reaching level 5 on the Transition Pathway Initiative benchmark. The company released its Corporate Sustainability Reporting Directive (CSRD) index last year and is making sure its disclosures comply with CSRD requirements. Ford said investors should expect additional disclosure on targets, including 2030 emissions targets, and policies. The company is not affected by the delays with the CSRD implementation as it had already prepared to reach the core elements of the disclosure requirements and will be taking time to ensure it will meet assurance standards.



Stellantis

OBJECTIVE:

To undertake and publish a review of the climate change lobbying activities of the associations, alliances and coalitions of which it is a member to demonstrate its commitment to its climate targets and commitments and the legislation that supports it.

ENGAGEMENT:

In 2022 EOS raised their concerns over the lack of climate lobbying disclosures in a Climate Action 100+ (CA100+) meeting and strongly encouraged the company to publish this before May 2022, when the deadline for the new net-zero benchmark is set. The company responded that, as the group was newly created it would carry out an initial review but did not commit to making any disclosure. EOS followed up in 2023 and requested that, if a lobbying report was not going to be published in that year's disclosures, the company commit prior to the 2024 AGM to publishing its first report the following year. In April 2024 the company duly wrote to investors to confirm it would publish a report prior to the 2025 AGM. EOS engaged with the company in July 2024, during which it presented a detailed disclosure plan and committed to publishing it before the next AGM.

OUTCOME:

The company published its first climate lobby report in April 2025 prior to the AGM as promised and EOS is in the process of reviewing the content and providing feedback and suggestions on improvements going forward.



ArcelorMittal

OBJECTIVE:

To mitigate risks associated with the company's climate strategy.

ENGAGEMENT:

LAPFF met with the Company in June 2025. The Forum noted there is now less emphasis on carbon-dependent processes and more on disruptive technologies. A reason given was the high cost of gas prices since the invasion of Ukraine. Also, there is demand for low-carbon products in supply chains, such as for railways. LAPFF heard that there is pressure for fast progress on short-term 2030 targets. LAPFF is increasingly of the view that decarbonisation of the steel industry can be achieved by changes with an appropriate long-term view. Hence, a short-term approach, which is appropriate for different industries, may not apply for steel. It is apparent is that cheaper electricity costs are required and desired. In France/Belgium, a deal has been struck with EDF for French nuclear-powered electricity.

OUTCOME:

CA100+ recently flagged the absence of a published Just Transition plan. The company says internal workforce roadmaps are in place, at Dunkirk, for example, every employee is slated either for an Electric Arc Furnace role or retirement, and local consultations have begun. However, it still offers no public timetable for releasing a Just Transition strategy or for replacing blast furnaces with Electric Arc Furnaces. LAPFF will continue to press for clear timelines, fuller disclosure of community-engagement outcomes, and transparency on electricity sourcing and costs. At the July LAPFF business meeting, a report will be presented on electricity costs related to the transition.



Natural Capital Engagements



This quarter our natural capital-related engagement set comprised 98 companies with 147 engagement activities. There was progress on 11 specific engagement objectives.

FIGURE 4: BREAKDOWN OF NATURAL CAPITAL ENGAGEMENT BY TYPE

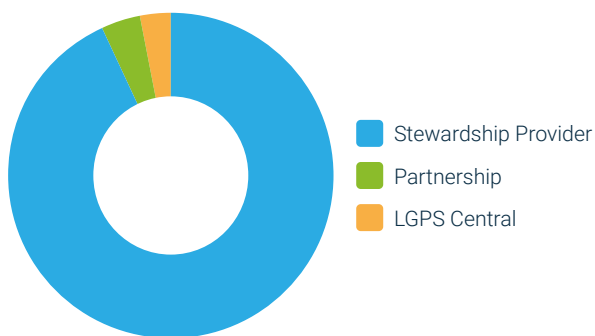
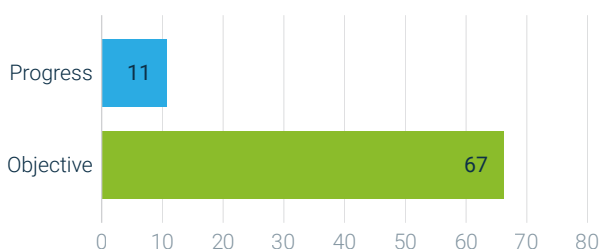


FIGURE 5: NATURAL CAPITAL ENGAGEMENT BY OUTCOME



Koninklijke Ahold Delhaize NV

OBJECTIVE:

To identify, assess, measure and disclose its impacts and dependencies on biodiversity, including the associated risks and opportunities.

ENGAGEMENT:

In a meeting with Ahold Delhaize's ESG director in 2022, EOS explained the importance of assessing and measuring the company's impacts and dependencies on biodiversity. EOS reiterated this in early 2023 when they met with the chair of the remuneration committee and head of sustainability. In June 2023, EOS participated in a group discussion on biodiversity with company representatives including the chief sustainability officer who sits on the executive committee.

In September 2023, as part of the new Nature Action 100 group, EOS sent the company a letter introducing the group's expectations on nature. The company acknowledged that food systems need to change to reduce their negative impact on our planet and health



and it referenced the frameworks that it was using to guide its approach to nature. EOS continued to engage through 2024 and, in March 2025, they travelled to the Netherlands for a Nature Action 100 meeting with the sustainability team. EOS discussed nature again in May 2025, and encouraged the company to introduce post 2025 targets for managing its dependencies on nature.

RESULT:

The company published a detailed biodiversity impact and dependencies assessment in its 2024 annual report. The report referenced the frameworks it used, including the Task Force on Nature-related Financial Disclosures (TNFD) and to a lesser extent the Science Based Targets for Nature (SBTN). The report identified dependencies on water, fertile soil, biomass and pollination.

The report should help provide investors with more clarity on the action being taken by the company to manage its impacts and dependencies on nature and in turn help to build long-term financial resilience of the company, including contributing towards protecting and enhancing its profitability and long-term growth prospects. EOS will continue to engage on nature, including on future targets for critical agricultural commodities.

capacity. Some of Antofagasta's operations now report using up to 90% seawater, reducing reliance on freshwater sources. At its Zaldívar mine, Antofagasta has stated its intention to transition to seawater or recycled water by 2028 fully. The company is also investing in infrastructure to support this shift, including the expansion of a desalination plant at its Los Pelambres mine. This is expected to meet 90% of the site's water requirements. Given the energy intensity of desalination processes associated with seawater use, LAPFF questioned the impact of increasing desalination on the company's decarbonisation strategy. Antofagasta detailed that while Chile's national grid is approximately 67% powered by renewable energy, the company's own operations run on 99% renewable energy. This higher percentage is the result of Antofagasta's energy procurement strategy, which involves securing long-term power purchase agreements specifically tied to renewable energy sources. These contracts effectively ensure that the electricity supplied to its operations comes predominantly from renewable generation, even though the overall grid mix includes non-renewable sources. Mr Arriagada highlighted that Chile's strong renewables market puts Antofagasta in an advantageous position to secure cheap clean power. Antofagasta has also adopted the use of thickened tailings (meaning tailings that are made up of up to 65% solids) which supports water recovery efforts and helps to reduce evaporation.

OUTCOME:

While Antofagasta has made certain advancements in its water stewardship practices, LAPFF identified areas where further development and clarity would be beneficial. In the meeting, the company referred to a dedicated water stewardship unit which oversees group-wide water efficiency and recirculation efforts. However, there is limited publicly available information detailing this unit's structure, scope of responsibilities, or reported outcomes. LAPFF would like to see greater transparency in this area as a means of supporting a more complete assessment of governance and accountability practices. In relation to water impact assessments, Antofagasta has not yet provided detailed disclosures outlining the methodology of its evaluations. LAPFF will continue to engage with Antofagasta as it continues to develop its water management approach and move towards its targets.

**ANTOFAGASTA PLC****Antofagasta****OBJECTIVE:**

To integrate comprehensive water stewardship into the corporate strategy and risk management processes.

ENGAGEMENT:

LAPFF met with Iván Arriagada, CEO of Antofagasta, who outlined the steps the group has taken to incorporate water sustainability into its operations. The discussion highlighted the critical role of copper (Antofagasta's primary mined raw material) in the global energy transition, as well as the company's awareness of the environmental challenges associated with operating in Chile's desert regions, some of the driest areas on Earth. A key development has been the increased use of seawater (as opposed to freshwater) in its mining processes, a result of the expansion of desalination



Sensitive/Topical Activities



This quarter, our **sensitive and topical activities engagement set** comprised of **35 companies** with **39 engagement activities**. There was **two instances of progress** recorded during the quarter.

FIGURE 6: BREAKDOWN OF SENSITIVE/TOPICAL ACTIVITIES ENGAGEMENT BY TYPE

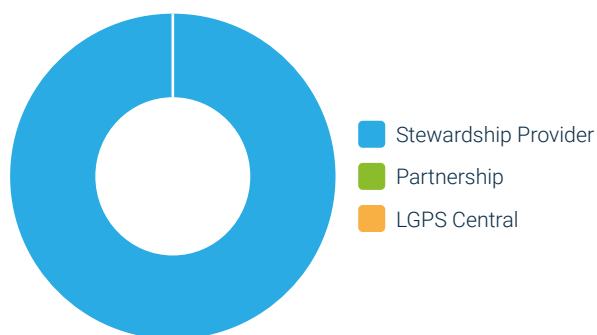
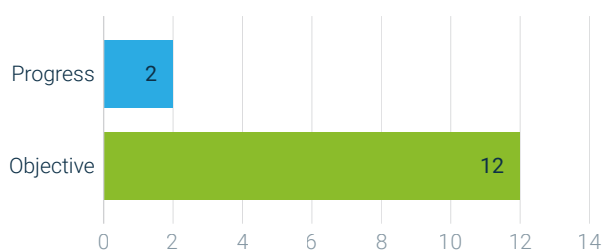


FIGURE 7: SENSITIVE/TOPICAL ACTIVITIES ENGAGEMENT BY OUTCOME



DIAGEO

Diageo Plc

OBJECTIVE:

In November 2023, the company announced a profit warning on its South American business, prompted

by a reportedly sudden de-stocking issue in these markets. It unexpectedly faced declining demand in these markets, raising concerns about whether it had intentionally or unintentionally sought to achieve short-term targets at the detriment of subsequent reporting periods, as well as whether the issue indicated broader governance weaknesses. EOS are engaging the company to report clearly on its internal investigation into its risk management practices, conduct, and culture surrounding the issue.

ENGAGEMENT:

EOS met the executive committee member heading up global supply chains. The company recognised EOS's concerns but repeated its statement that the issue had arisen from data weaknesses from its consumer markets in South America. It said it had conducted a full investigation and argued that it had been transparent in its response. EOS were not satisfied with the company's responses, which have not fully addressed how the de-stocking issue was investigated. EOS later met the chair of the board to raise these concerns at the highest level. It obtained reassurance that the board had discussed the issue at length and that broader areas of improvement had been identified beyond the technology issues previously mentioned. The chair also acknowledged EOS's feedback and suggestions on the company's communication around this topic.

RESULT:

EOS will continue to raise concerns over the possibility of deeper-rooted governance, culture, and risk issues at the company.



Human Rights Risks



This quarter our human rights-related engagements comprised 171 companies with 277 engagement issues and objectives. There was progress on 25 specific engagement objectives.

FIGURE 8: BREAKDOWN OF HUMAN RIGHTS-RELATED ENGAGEMENTS BY TYPE

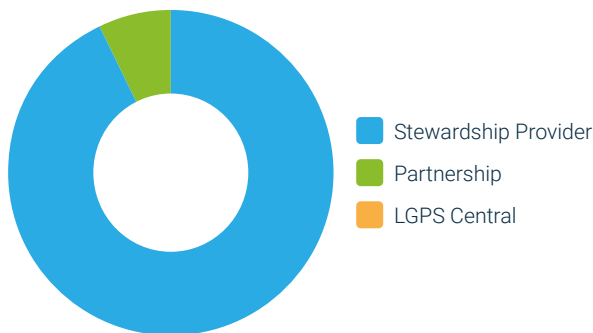
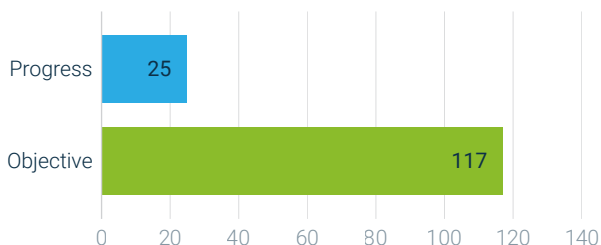


FIGURE 9: HUMAN RIGHTS-RELATED ENGAGEMENTS BY OUTCOME



Zalando SE

OBJECTIVE:

To engage with the KnowTheChain benchmark and improve its score by working on areas where it scored poorly.

ENGAGEMENT:

In August 2023, EOS met with the company's human rights experts to challenge its approach to protecting human rights in its value chain and to discuss its performance against the KnowTheChain Benchmark. The company outlined that its value chain was split into two, with its own production on the one hand and its external suppliers on the other. The company's due diligence of human rights in its own brands was more developed than for external suppliers. EOS were pleased to hear that the company conducts social audits and develops corrective action plans for its own brand suppliers, which are renewed periodically. The company also requests industry-acknowledged audit results from the suppliers during onboarding and renewed results thereafter. If a zero-tolerance finding is identified, the company can offboard the supplier. However, for external suppliers, the company has a more limited approach to overseeing human rights impacts. EOS questioned the due diligence that the over 7,000 direct and indirect suppliers were subject to. The company explaining that



during the onboarding of its suppliers, it performed a risk analysis and a background check for high-risk suppliers, and that suppliers must abide by its code of conduct. The company expressed confidence that its due diligence would improve with mounting regulatory pressure from the German Supply Chain Act and related EU regulation. EOS encouraged the company to engage with the KnowTheChain benchmark to improve its score, and pointed to some improvements the company could make in its human rights risk assessments and grievance mechanisms. EOS were pleased to hear that the company had responded to the KnowTheChain consultation. EOS also found it positive that the company has a whistleblowing tool in place since 2018 and a new Speak Up system in place. EOS challenged the company on the remedy process of raised grievances and were reassured to hear that expert investigations were conducted. EOS asked for more reporting on grievances and explained that they will be reviewing its next reporting.

OUTCOME:

In May 2025, EOS met with the company's human rights experts on its value chain human rights management. The company confirmed that it has started partnership with Fair Wear Foundation (FWF), seeking external experts' validation and support with future human rights action plans. It highlighted FWF conducts annual assessment of supply chain and human rights due diligence - the first assessment across the company's supply chain for each of its private label brands will be in September 2025. The company has also disclosed grievance report in its 2024 CSRD report and confirmed every grievance report received will involve FWF as case handler going forward. The company confirmed KnowTheChain reached out last year to confirm data points, and it is a member of the ILO Better Work Programme which connects with KnowTheChain. The company views rating platforms such as KnowTheChain quite saturated, and prefers to be partnering with organisations such as FWF for constructive feedback and dialogue. EOS appreciated the company's partnership with FWF to continue improving human rights related practices, and provided them with feedback that KnowTheChain provides thorough assessment and comparable rankings that are beneficial for investors to identify the leaders and laggards in the industry. The company thanked EOS but confirmed that they will focus on FWF. Recognising the company's limited influence over its brand partners on human rights, EOS emphasised the need to strengthen assessments to mitigate risks. The company has been working with other major EU retailers on improving the Brand and Retail Module (BRM) system to enable a more efficient,

aligned, and comprehensive system to collect data and certifications from brand partners for due diligence purposes. The new tool is expected to launch by the end of the year, with data collection starting in tranches. The company is confident that this will improve data quality and assessment for its brand partners. EOS will follow up with the company in Q3 2025 to check on progress of the supply chain assessment and data collection system on brand partners.

 Phoenix**Phoenix Group****OBJECTIVE:**

To improve corporate practices in conflict-affected high-risk areas (CAHRAs).

ENGAGEMENT:

LAPFF wrote to six banks ANZ (Australia & New Zealand Bank), Commonwealth Bank of Australia, Westpac, National Australia Bank, Bank of American Corporation, and BNP Paribas LAPFF sought to engage on how they were embedding conflict-sensitivity and heightened human rights due diligence (hHRDD) across their operations. During the quarter, LAPFF met with Phoenix Group following letters sent to the FTSE100. The meeting stemmed from a letter that went to the FTSE100 in December 2024, requesting information on how companies were addressing risks associated with CAHRAs. Phoenix provided a detailed written response shortly after this and suggested that LAPFF meet with the company following the publication of its Sustainability and Stewardship reports.

OUTCOME:

During the meeting with Phoenix, representatives laid out the Group's approach to human rights and stewardship, touching on how it was assessing conflict-related risks in its portfolio. Company representatives provided an overview of how new risks were assessed and gave details on the governance structures in place around these processes. Representatives also spoke about how the Group engages with its asset managers. LAPFF emphasised that given its position as a fellow asset owner, the Forum was looking for Phoenix to formally recognise CAHRAs as part of its stewardship strategy, policy direction, and in conversation with its asset managers.



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 April – June 2025, we:

Voted at



2,474

MEETINGS

and on



33,584

RESOLUTIONS GLOBALLY

Opposed one or more resolutions at



68.1%

MEETINGS

and our dissent level was



12.9%

Supported



44.2%

OF SHAREHOLDER PROPOSALS

(377 out of 853 resolutions)

Environmental



73

INSTANCES

we dissented on **director elections** due to environmental concerns

Supported



60

ENVIRONMENTAL-RELATED SHAREHOLDER RESOLUTIONS

Topics included: Paris aligned accounts, climate transition plans, antimicrobial use, scope 3 emissions, disclosing energy financing ratio's, plastic pollution, and biodiversity

Social



582

INSTANCES

we dissented on **director elections** due to social concerns

Supported



51

SHAREHOLDER RESOLUTIONS

Topics included human rights, political spending, DEI, AI use, and advertising practices

Remuneration

We dissented on



894

OF REMUNERATION-RELATED PROPOSALS

of which:

Opposed



19%

OF PROPOSALS IN THE UK

Opposed to



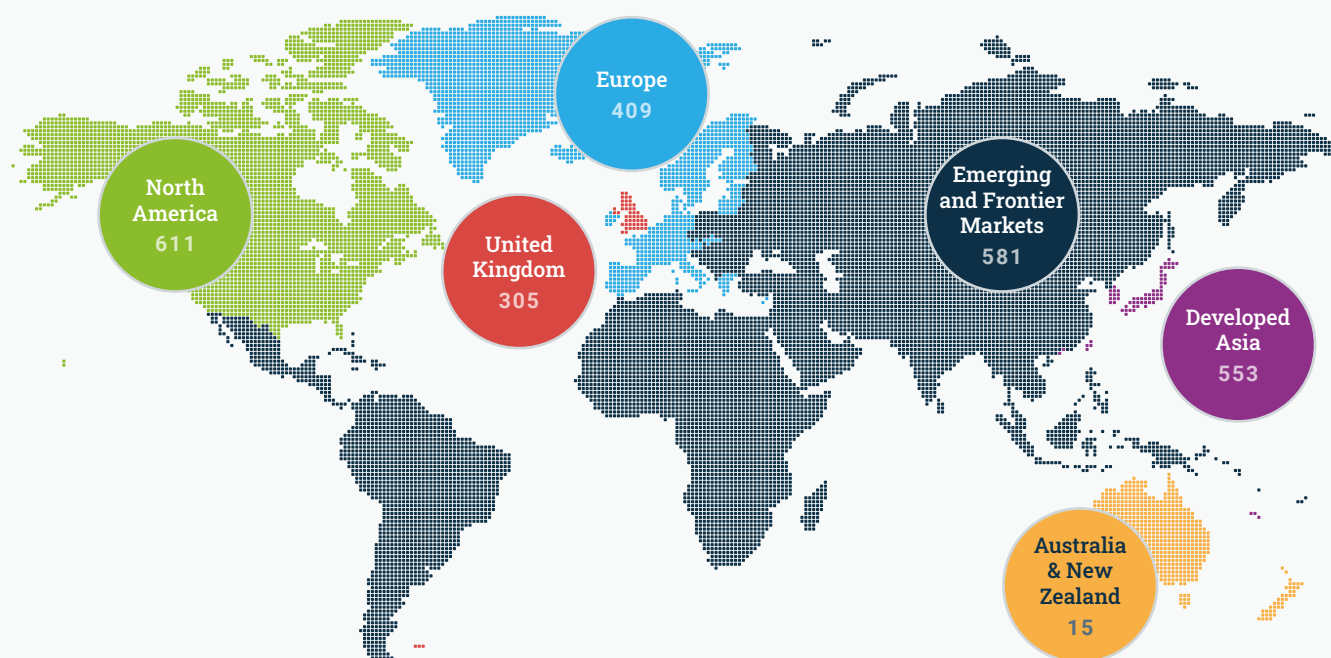
23.3%

IN THE US



Number of meetings voted on by region:

FIGURE 10: NUMBER OF MEETINGS VOTED ON BY REGION



Overview of Voting Activity:

FOR	28,461	84.7%
AGAINST/WITHELD	4,585	13.7%
ABSTAIN	368	1.1%
OTHER	170	0.5%

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](#).

Number of resolutions voted on by theme:

AMEND ARTICLES	2723	8.1%
AUDIT + ACCOUNTS	4301	12.8%
BOARD STRUCTURE	18193	54.2%
CAPITAL STRUCTURE + DIVIDENDS	2845	8.5%
INVESTMENT/M&A	7	0.0%
OTHER	812	2.4%
POISON PILL/ ANTI-TAKEOVER DEVICE	21	0.1%
REMUNERATION	3832	11.4%
ESG SHAREHOLDER RESOLUTIONS	850	2.5%



Examples of voting decisions



bp Plc

THEME:

Climate Governance

RATIONALE:

We had engaged, alongside other investors, with the company following the decision to change the oil and gas production cut target down from 40% to 25% by 2030 and requested that shareholders be consulted on future changes to the climate strategy. We reiterated that as a minimum requirement that shareholders be consulted where a material change to the climate strategy has occurred. Since then, the company have rolled back on its climate targets twice without shareholder consultation. This was especially disappointing considering that in 2022 the advisory vote to approve the 'Net Zero – From Ambition to Action report' received close to 90% support. Following the lack of shareholder consultation on bp's 'strategy reset' announced in February 2025, and in the absence of a say-on-climate vote we voted against the Chair. We also voted against the Senior Independent Director (SID), the role of the SID is to challenge the Chair. It appears that the Chair was not effectively challenged considering the lack of climate governance over strategy reset. We voted against the Chair of the Safety and Sustainability Committee because we are not confident that the committee can provide oversight over the effective implementation of the next zero ambition considering the strategy reset.

RESULT:

The Chair's re-election received close to 25% dissent, and the company subsequently announced his departure. Post-AGM, we met with BP's Company Secretary and Investor Relations to explain our voting rationale. We reiterated concerns about the lack of shareholder engagement and the resulting uncertainty over the company's net-zero trajectory. The company explained that they had consulted with some shareholders who wanted bp to focus on the formulation and execution of the strategy and they did acknowledge that some investors raised climate concerns. The company also mentioned that they find it challenging to know which investors to engage with. While we acknowledged the financial pressures faced by the company, we emphasised the importance of transparent communication with shareholders.

We also touched on Elliot Management, who built a large derivative position giving them just over 5% of voting rights. It appeared that the equity swaps, which expire in 2029, were acquired a day before the AGM so it is unlikely that they would've had any effect on the outcome of the AGM results. As a long-term investor interested in the long-term stability and success of bp, we asked the company what mechanisms at board level there is to mitigate potential external pressure to focus on short term interests. The company outlined that the board considers a range of investors views in its activities. We agreed to reconvene after the proxy season to continue discussions on the company's climate strategy.



Amazon.com, Inc

THEME:

Remuneration / Worker Conditions

RATIONALE:

We voted against the advisory vote to ratify the executive officer's compensation primarily due to the Compensation Committee not adequately altering its approach to pay, or offering an explanation of its determination of the size, timing and appropriateness of the multi-year, time-based, restricted stock grants that comprise virtually all pay for top executives. In addition, we note that Amazon's approach to pay fails to align increases in the value of executive's accumulated Amazon shares with the corresponding returns to shareholders such that executives face no meaningful incentive to allocate capital efficiently. As a result, Amazon's capital productivity and Economic Value Added/Total Assets ("EVA/TA") have deteriorated both in absolute terms and compared to the peers Amazon identifies for compensation purposes. In advance of the AGM, we signed an investor statement calling on other investors to vote against the executive compensation package.

We also supported a shareholder resolution that requested the board commission an independent audit and report detailing the working conditions and treatment of the company's warehouse workers. Our voting decision was partly informed by the reported settlement with the U.S. Department of Labor's Occupational Safety and Health Administration (OSHA) over hazardous working conditions, and the anti-unionisation activity allegations at its Coventry warehouse.

**RESULT:**

The proposals received 22.1% and 23.2% respectively. It should be noted that the dissent level could be roughly 10% higher as Amazon founder, Jeff Bezos, retains 9.6% of voting rights.

**MOTOROLA SOLUTIONS****Motorola Solutions Inc****THEME:**

Human Rights

RATIONALE:

Since 2023 LGPSC has been engaging with the company on the adoption of the UNGPs across its business operations. Unlike its competitors, the company does not undertake human rights due diligence and its approach to human rights is not integrated into the terms of reference of any of its governance committees. We met with the company to discuss our concerns and provided a detailed review of the company's human rights approach compared with the practices adopted by its competitors. We were not able to secure a follow-up meeting with the company. The company deems its own human rights approach to be satisfactory (although not compliant with the UNGPs).

RESULT:

This is the second year we have voted against the Chair due to inadequate engagement progress. We are working on escalating our concerns with the company.

Alphabet

Alphabet Inc**THEME:**

Human Rights / Artificial Intelligence (AI)

RATIONALE:

We supported a shareholder resolution requesting the company report on the risks of improper use of external data in the development of AI products. We supported the resolution as further disclosure on the input data used for AI models would be beneficial considering Alphabet's history of litigation regarding data privacy issues. We note that Alphabet offers limited detail on the sourcing of its training data and therefore support was warranted for this resolution. We supported another shareholder resolution

which requested the company to publish a human rights impact assessment of AI driven targeted advertising. Whilst the company has disclosed policies, oversight frameworks, and tools aimed at responsible AI and privacy practices, an independent human rights impact assessment could strengthen oversight, especially amid a \$1.3bn data privacy settlement. Given the scale of Alphabet's advertising business and its legal exposure, support for this resolution is warranted.

RESULT:

The resolutions received 12.3% and 14.3% respectively.

**Bayer AG****THEME:**

Remuneration

RATIONALE:

We voted against the remuneration report due to several concerns with the executive pay package. We are concerned that the base salary and pensions increased by 33.3% compared to the previous year, which is above median peers. We note that pension contributions to some executives amount to 40% of their respective base salaries which is particularly high. We are concerned that the annual bonus and the long term incentive plan is paid in all cash which doesn't align with the interests of long-term shareholders. We also note the overemphasis of using Total Shareholder Returns as a performance metric in long term incentive plan, which isn't necessarily aligned with the interests of long-term shareholders as it doesn't provide much of a sense of future returns and is sensitive to macroeconomic factors such as interest rate changes and geopolitical events.

RESULT:

The proposal received 32.6% dissent. We would expect the company to consult with shareholders on the executive pay package.



04 H1 2025 Stewardship Strategy Reporting

Progress report against LGPS Central's 3 year Stewardship Strategy

STEWARDSHIP PRIORITY:



CLIMATE

Net Zero Alignment

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
SHELL PLC	Net Zero Alignment	✓	Level 2	✗	Level 2	✗	✗
RWE AKTIENGESELLSCHAFT	Net Zero Alignment	✓	Level 2	✓	Level 2	✗	✗
HOLCIM	Net Zero Alignment	✗	Level 2	✗	Level 0	✗	✗
CEMEX	Net Zero Alignment	✗	Level 2	✗	Level 0	✗	✗
BHP	Net Zero Alignment	✓	Level 1	n/a	Level 3	✓	✗
ARCELORMITTAL	Net Zero Alignment	✗	Level 2	✗	Level 1	✗	✗
BP PLC	Net Zero Alignment	✓	Level 2	✓	Level 2	✗	✗
CRH PLC	Net Zero Alignment	✗	Level 1	✓	Level 2	✗	✗
RIO TINTO LIMITED	Net Zero Alignment	✗	Level 1	✓	Level 1	✗	✗
GLENCORE	Net Zero Alignment	✓	Level 3	✓	Level 0	✗	✗

Banks (ShareAction)

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
SOCIETE GENERALE	O&G Policy/Green Finance	✓	Level 1	✗	Level 1	✗	✗



STEWARDSHIP PRIORITY:



NATURAL CAPITAL

Nature Action 100

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
GLENCORE	Global Biodiversity Framework	✓	Level 2	⊗	Level 0	⊗	⊗
RIO TINTO LIMITED	Global Biodiversity Framework	✓	Level 1	⊗	Level 1	⊗	⊗
THE SHERWIN-WILLIAMS COMPANY	Global Biodiversity Framework	✓	Level 1	⊗	Level 1	⊗	⊗

Petrochemicals

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
REPSOL	Sustainable Plastics	⊗	Level 1	⊗	Level 1	⊗	⊗
LYONDELLBASELL	Sustainable Plastics	✓	Level 1	⊗	Level 0	⊗	⊗

World Benchmarking Alliance

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
COSTO WHOLESALE CORPORATION	Global Biodiversity Framework	✓	Level 1	⊗	-	⊗	✓



STEWARDSHIP PRIORITY:



HUMAN RIGHTS

Corporate Index Benchmark

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
COSTCO WHOLESALE CORPORATION	Supply Chain	⊗	Level 1	⊗	Level 2	⊗	⊗
NVIDIA CORPORATION	Responsible AI	⊗	Level 2	✓	Level 0	⊗	⊗
TESLA	Supply Chain/ Labour Rights	⊗	Level 1	✓	Level 1	⊗	⊗

OPT

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
MOTOROLA	Alignment with UNGPs	⊗	Level 3	✓	Level 1	⊗	⊗

PRI Advance

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
BHP	Reparation	✓	Level 2	n/a	Level 2	⊗	⊗

Find it, Fix it, Prevent it – Modern Slavery

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
BARRATT REDROW	UK Modern Slavery	⊗	Level 1	⊗	Level 2	⊗	⊗
VOLUTION	UK Modern Slavery	✓	Level 2	n/a	Level 0	⊗	⊗



STEWARDSHIP PRIORITY:



TOPICAL/SENSITIVE TOPICS

Egregious Controversies in the ACS

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
HYUNDAI MOTOR COMPANY	Supply Chain	⊗	Level 1	⊗	Level 1	⊗	⊗
KIA CORPORATION	Product Safety	⊗	Level 2	✓	Level 0	⊗	⊗
META PLATFORMS	Online Safety	⊗	Level 2	✓	Level 2	⊗	⊗
AMAZON	Labour Rights	⊗	Level 1	✓	-	⊗	✓

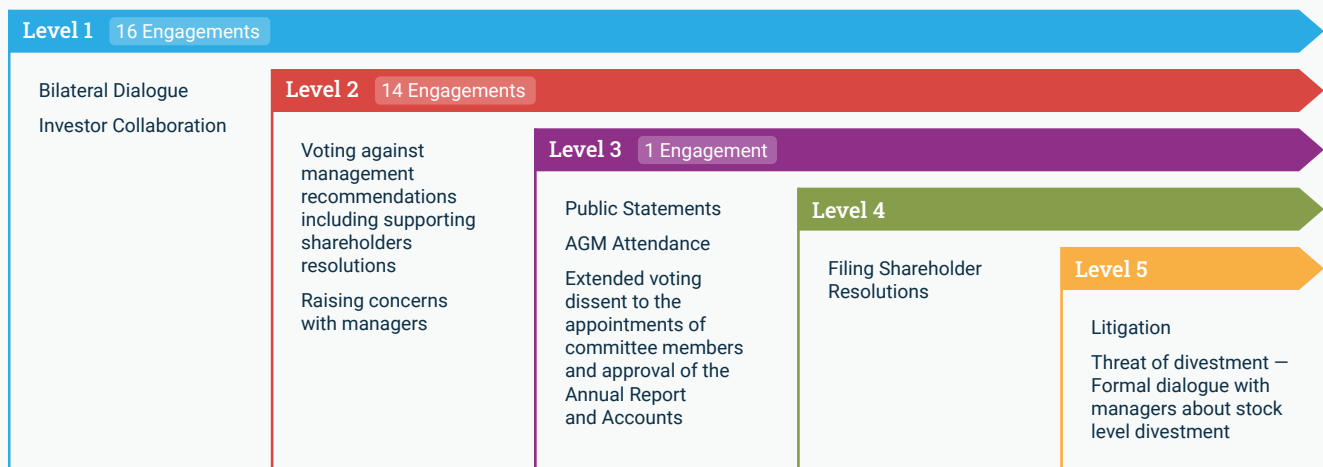
Laggards in the ACS

Company Name	KPI Keywords	2025 Engaged?	2025 Escalation Grade	2025 Associated Voting Dissent?	Progress	2025 Removal	2025 Inclusion
M3	Data Security	✓	Level 1	⊗	Level 0	⊗	⊗
BERKSHIRE HATHAWAY	ESG Policies	⊗	Level 1	✓	Level 0	⊗	✓



Escalation Strategy

FIGURE 11: 2025 ESCALATION STRATEGY



Measures of Success

FIGURE 12: MEASURES OF SUCCESS

	 Climate	 Natural Capital	 Human Rights	 Sensitive/Topical Activities
LEVEL 3: SUCCESSFUL OUTCOME	Company demonstrate alignment with LGPSC net zero strategy.	- Company undertook a nature impacts and dependencies assessment and has published an ambition to align with the GBF. - Company has disclosed robust petrochemical strategy underpinned by credible targets.	Company demonstrates full alignment with UNGPs or Modern Slavery Act.	- Company has disclosed a plan for: - Addressing the alleged controversy. - Improve ESG practices at reasonable level.
LEVEL 2: MODERATE PROGRESS	- Progress observed in the Climate Action 100+ Benchmark Framework, CDP. - Companies improving on TPI management quality ladder. - Companies are partly aligned with LGPSC net zero strategy.	- Progress on undertaking a nature impacts and dependencies assessment or on publishing an ambition to align with the GBF. - Progress on developing a robust petrochemical strategy underpinned by credible targets.	Partial progress observed by Find it, Fix it and Prevent it, Corporate Human Rights Benchmark and LAPFF research.	- Company has disclosed a plan for: - Partly addressing the alleged controversy including acknowledgment of the controversy. - Partly improve ESG practices at reasonable level.
LEVEL 1: MINIMUM EXPECTATIONS	Companies disclosing data to facilitate carbon performance assessment if relevant.	Evidence of constructive meeting with companies.	Companies responded to engagement request.	Companies responded to engagement request.
LEVEL 0: NO IMPROVEMENT	No progress made.	No progress made.	No progress made.	No progress made.



Partner Organisations

LGPS Central actively contributes to the following investor groups:





Meet the Team

LGPS Central Responsible Investment & Stewardship Team



Patrick O'Hara
Head of Responsible
Investment & Stewardship

E: Patrick.O'Hara@lgpscentral.co.uk



Sheila Stefani
Head of Stewardship

E: Sheila.Stefani@lgpscentral.co.uk



Basyar Salleh
Responsible Investment &
Engagement Manager

E: Basyar.Salleh@lgpscentral.co.uk



Edward Baker
Net Zero Manager

E: Edward.Baker@lgpscentral.co.uk



Sameed Afzal
Senior Stewardship Analyst

E: Sameed.Afzal@lgpscentral.co.uk



Alex Galbraith
Responsible Investment &
Engagement Analyst

E: Alex.Galbraith@lgpscentral.co.uk



Joshua Simpson
Responsible Investment &
Engagement Analyst

E: Joshua.Simpson@lgpscentral.co.uk



Ethan Phipps
Responsible Investment &
Engagement Analyst

E: Ethan.Phipps@lgpscentral.co.uk



This document has been produced by LGPS Central Limited and is intended solely for information purposes. Any opinions, forecasts or estimates herein constitute a judgement, as at the date of this update, that is subject to change without notice. It does not constitute an offer or an invitation by or on behalf of LGPS Central Limited to any person to buy or sell any security. Any reference to past performance is not a guide to the future. The information and analysis contained in this publication have been compiled or arrived at from sources believed to be reliable, but LGPS Central Limited does not make any representation as to their accuracy or completeness and does not accept any liability from loss arising from the use thereof. The opinions and conclusions expressed in this document are solely those of the author. This document may not be produced, either in whole or part, without the written permission of LGPS Central Limited.

All information is prepared as of **21/08/2025**.

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

LGPS Central Limited is authorised and regulated by the Financial Conduct Authority.

Registered in England. Registered No: 10425159.

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