



Stewardship Update

Q4 2025 (OCTOBER - DECEMBER 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 Q4 Stewardship Activity Overview

Key Stewardship Developments and a summary of engagement and voting activities and key stewardship developments

Key Stewardship developments

Shifting Dynamics shaping the 2026 Proxy Season

The forthcoming proxy season is unfolding amid notable shifts in the US governance environment, with several developments likely to influence voting outcomes and stewardship practices. Recent regulatory changes may reduce the opportunity for effective shareholder oversight. The SEC's updated 13D/13G guidance has broadened the threshold for when routine engagement may be viewed as "control-seeking," increasing the compliance burden for large investors involved in director elections or other stewardship matters. At the same time, a small but growing set of high-profile companies has chosen to reincorporate outside Delaware, favouring jurisdictions with more management-friendly legal regimes. Though limited in number, such moves risk weakening minority shareholder protections and shaping precedent for others.

Uncertainty also surrounds the future cadence of US corporate reporting. Proposals to shift from quarterly to semi-annual updates are framed as a means to reduce short-term market pressure, yet quarterly disclosures remain fundamental for efficient capital allocation. Any change in reporting frequency will need to balance managerial flexibility whilst maintaining market transparency.

The stewardship landscape is further complicated by the SEC's temporary suspension of no-action reviews for shareholder proposals. Issuers are now expected to determine, and justify, which resolutions reach the ballot, with decisions required 80 days before the AGM. While some companies have held discussions with filers, engagement windows are often compressed, limiting meaningful dialogue and increasing the risk of inconsistent or opaque decision-making.

Regulatory scrutiny of proxy advisors is also intensifying. A new Executive Order directing enhanced oversight and methodological disclosure may reduce support for environmental and social proposals, aligning with ISS's shift

toward more case-by-case assessments in its 2026 benchmark policy. Longer term, this may accelerate a broader move toward customised policies for institutional clients in place of one-size-fits-all benchmarks, even as the majority of recommendations continue to align with management. In a context of rising information volumes and increasing use of AI-driven tools by market participants, the evolving role of proxy advice remains a critical area to watch.

Concerns about investor democracy have been amplified by ExxonMobil's newly approved retail voting mechanism, which would automatically cast retail investors' votes in line with management unless they actively opt out. Given that retail investors hold around 40% of Exxon's shares yet historically exhibit low voting participation, this approach risks entrenching management support and weakening the influence of dissenting or institutional voices. Advocacy groups have challenged the decision on the grounds that it conflicts with Rule 14a-4, which requires informed, meeting-specific voting authority.

Disclosure practices across US markets also continue to evolve. Companies are increasingly referencing artificial intelligence both as a strategic opportunity and a risk, though recent SEC enforcement action against misleading AI-related disclosures underscores the need for accuracy and balanced reporting. Human capital reporting is also shifting, with decreasing emphasis on DEI-specific language and potential moves towards more granular retention disclosures, including breakdowns by diversity characteristics.

Together, these developments suggest a proxy season defined by tightening shareholder rights, heightened regulatory scrutiny, and evolving corporate disclosure norms, conditions that will shape stewardship priorities and require careful monitoring by long-term investors.



Audit Reform Bill

The UK Government confirmed that it would not proceed with the long-awaited Audit and Corporate Governance Reform Bill, originally designed in the aftermath of major corporate failures such as Carillion and BHS a decade ago. The Department for Business and Trade framed the decision as part of a broader agenda to “cut red tape” and reduce perceived regulatory burdens in order to boost economic growth.

The abandoned legislation would have represented the most significant overhaul of the UK’s audit and reporting framework in a generation. Core proposals included the creation of a new Audit, Reporting & Governance Authority (ARGA) to replace the Financial Reporting Council (FRC) and a reclassification of certain large private companies as Public Interest Entities, bringing them under stricter audit and disclosure requirements. The reforms also sought to increase competition in the audit market by reducing systemic reliance on the Big Four firms, improving audit quality, strengthening board-level accountability, and enhancing the reliability of information available to investors.

The Government justified the U-turn by arguing that audit quality has improved since the Carillion collapse. However, the past five years have seen continued high-profile governance and audit failures, including WHSmith, Thomas Cook, and Patisserie Valerie, indicating that systemic vulnerabilities persist across the UK’s governance ecosystem. The decision, therefore, raises questions about whether incremental improvements within existing regulatory structures are sufficient to safeguard market integrity.

Rather than pursuing structural audit reform, the Government stated it will now prioritise streamlining corporate reporting. This shift appears to be aligned with political commitments to deregulation but leaves unresolved many of the core issues originally identified by the Kingman, Brydon, and CMA reviews.

The retreat from reform also contrasts with emerging evidence on global governance risk. Approximately 10% of large US-listed companies engage in securities fraud each year, destroying around 1.6% of equity value annually, equivalent to USD 800 billion in 2021. While the UK market has structural differences, the finding underscores the scale of value destruction associated with weak governance, poor audit quality, and insufficient oversight.

High-quality, reliable financial and nonfinancial reporting is foundational to effective stewardship, informed voting, and long-term capital allocation.



Engagement Highlights

Human Rights

LGPSC is a lead investor with Find It, Fix It, Prevent It, a collaborative engagement initiative focusing on Modern Slavery in the UK construction sector. We met with Volution twice last year to discuss their Modern Slavery disclosures. See page 14 for details of our engagement with the company. We also co-signed letters to 18 AIM listed and FTSE 350 companies in February 2025 requesting reporting in line with Section 54 of the Modern Slavery Act 2015. As of the reporting period, 15 companies have aligned their disclosures.

We cosigned a letter to UK government encouraging the introduction of mandatory corporate human rights due diligence. The letter emphasised the operational efficiency that strong human rights risk management practices can have and the absence of mandatory human rights due diligence requirements in the UK, put some UK firms at a competitive disadvantage in key export markets to companies that are implementing stronger standards.

We engaged with several companies in Israel to understand how they identify, assess, and manage human rights risks in a complex and evolving environment. Our discussions focused on governance structures, due diligence processes, and measures to protect employees, contractors, and affected communities. We encouraged firms to strengthen risk assessments, increase supply chain transparency, and align practices with internationally recognised standards.

Our engagement approach aligns with the expectations outlined in the investor statement Responsible Corporate Policy and Practices on Human Rights in Conflict-Affected and High-Risk Areas¹, which we previously co-signed. This framework guides our dialogue on responsible business conduct, conflict-sensitive due diligence, and the need for clear board-level oversight of human rights issues. We sought clarity on grievance mechanisms, escalation pathways, and how companies ensure their operations remain consistent with responsible business expectations in high-risk contexts.

In addition to engaging with companies, we held a constructive dialogue with an Israeli banking trade association. We discussed the financial sector's approach to human rights due diligence, expectations for banks operating in high-risk areas, and the role of industry bodies in promoting consistent standards. We welcomed the Association's openness to investor perspectives and its willingness to discuss emerging best practices.

We observed varying levels of maturity, with some organisations demonstrating well-developed frameworks and others identifying areas for improvement. We will continue to monitor progress,

follow up on commitments, and maintain open communication with companies and sector bodies to support ongoing improvement and alignment with international standards.

Climate Risk

We cosigned letters to 93 UK-listed companies, requesting that they put their next climate transition plan to a requesting that they put their next climate transition plan to shareholder vote at their AGM. As of 31st December, 8 companies have committed to putting their climate transition plan to a shareholder vote at their AGM. We engaged with ArcelorMittal to set credible interim decarbonisation targets. The company is waiting for policy certainty before setting interim targets. We plan to meet with the company before their AGM to continue engagement.

We engaged with Societe Generale encouraging the bank to disclose sub-sector sustainable finance targets. Currently they only report on aggregate target which lags peers in transparency. We shared some peer analysis with the company who have set sub-sector targets. We are meeting with the company ahead of proxy season to continue engagement. We also met with Barclays CEO in person to ensure that the company is still committed to the enhancements made to the Oil & Gas financing policy, where financing would not be provided to companies expanding Oil & Gas fields.

Just Transition

We are part of the IIGCC's pilot collaborative engagement on the Just Transition in emerging markets. We engaged with HDFC bank to encourage the firm to demonstrate leadership in Just Transition. During second meeting with the bank, they outlined their approach to social and climate initiatives and stated that they are awaiting the publication of the Indian Sustainable Finance Taxonomy to inform the adoption of a more formal Just Transition strategy. We plan to meet with the company in H1 2026 following the publication of the Taxonomy.

Deforestation

We sent a letter to the European Commission outlining LGPSC's position on the EU Deforestation Regulation (EUDR). The EUDR provides a legal framework and due diligence requirements for companies exporting forest-risk commodities (e.g. palm oil, soya, wood, cocoa etc) into the EU. The legislation would require companies to ensure that products are not being sourced from recently or illegally deforested land and has been twice delayed. We emphasised that postponing the regulation would create uncertainty, undermine investor confidence, and expose companies and pension savers to greater climate and biodiversity related risks.

¹ [Call-FIR-FIDH-CAHRA-MAY-2025.pdf](#)



Voting Highlights



Image source: tesla.com

TESLA

Tesla, Inc.

We voted against the executive pay package due to the sheer magnitude, dilution risk, and lack of clarity in the performance metrics. The resolution received significant dissent. See further detail on page 17.



Image source: microsoft.com

Microsoft

Microsoft Corporation

We supported two shareholder resolutions seeking greater oversight and management of human rights risks. Both resolutions received significant support. See further detail on page 18.

FIGURE 1: OVERVIEW OF ENGAGEMENTS DURING THE QUARTER

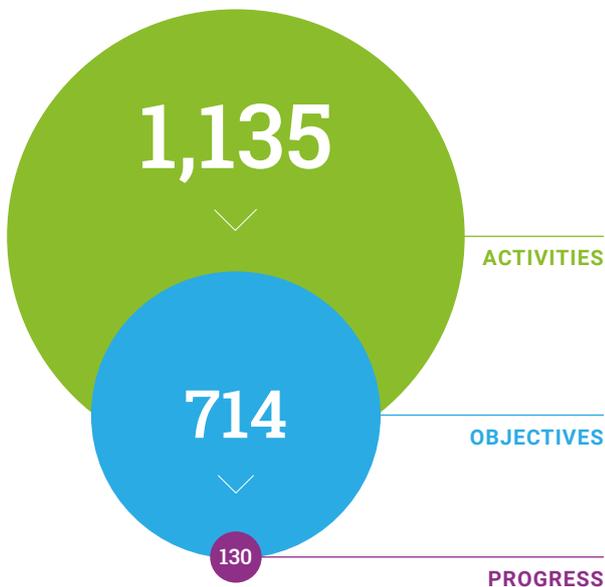
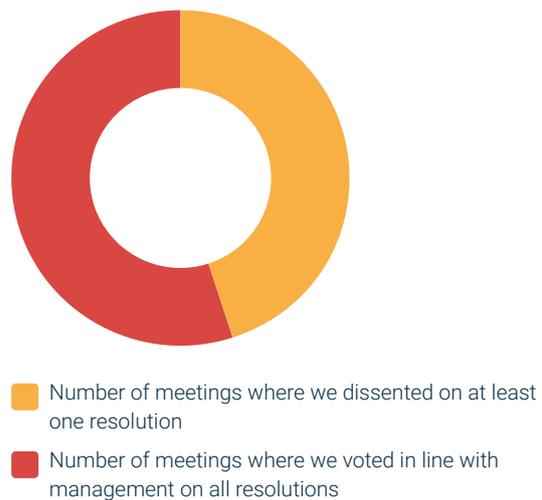


FIGURE 2: GLOBAL VOTING

We voted at 571 meetings (4,526 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
- Minimum Expectations
- Moderate Progress
- Successful Outcome



During this quarter, our engagement efforts involved 682 companies. We conducted 1,135 engagement activities aimed at 714 specific objectives, with positive progress measured on 130 occasions. Most engagements were carried out through issuing letters or holding remote meetings with companies. In these interactions, we or our stewardship provider (in the majority of cases) engaged with or communicated with the Chair, a Board member, or a member of senior management.





Climate Change Engagements



This quarter, our climate change engagement set comprised 376 companies with 654 engagement activities². There was progress on 71 specific engagement objectives.

FIGURE 3: BREAKDOWN OF CLIMATE CHANGE ENGAGEMENT BY TYPE

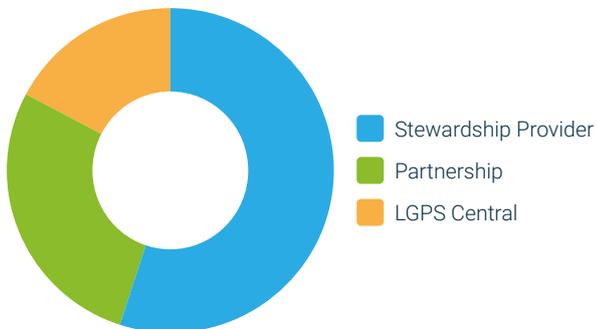
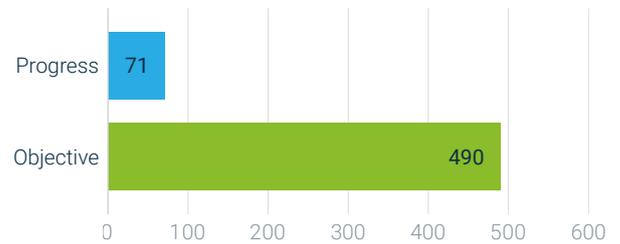


FIGURE 4: CLIMATE CHANGE ENGAGEMENT BY OUTCOME



² There can be more than one climate-related engagement issue and/or objective per company.



Cemex, S.A.B. de C.V

PROGRESS:

Minimum Expectations

OBJECTIVE:

To disclose forward looking capex associated with decarbonisation projects.

ENGAGEMENT:

We met with members of senior management to discuss board composition, decarbonisation strategy, and the transparency of climate related capital allocation. Management noted that governance has evolved in recent years, including the separation of the Chair and CEO roles and the increased independence and diversity of the board.

Cemex outlined progress in reducing Scope 1 and 2 emissions and described a defined pathway to achieving its 2030 climate targets. However, the company acknowledged that the post 2030 decarbonisation pathway remains subject to technological and policy uncertainties. Management cited regulatory constraints in the US construction sector and the limited commercial viability of CCUS technologies as factors shaping capital planning.

The company explained that its US growth strategy focuses on aggregates and additives, areas that currently offer lower emissions intensity compared to cementitious materials. It also noted that existing efficiency projects through 2030 are relatively small in scale and that the future of Cemex Ventures, the company's venture capital arm, is being reassessed by the new CEO. Management emphasised that policy clarity, including effective carbon pricing frameworks and updated building standards, would support long-term investment decisions.

OUTCOME:

We will continue to encourage Cemex to provide clearer forward-looking disclosures on decarbonisation related capital expenditure and will share peer benchmarking to illustrate emerging best practice.



thyssenkrupp

thyssenkrupp AG

THEME:

Climate Change

OBJECTIVE:

To set a medium-term target for reducing its greenhouse gas emissions by between 2030 and 2035 that covers at least 95% of Scopes 1 and 2 emissions and the most relevant Scope 3 emissions.

ENGAGEMENT:

In an email to investor relations EOS communicated expectations for the company to set Paris-aligned medium-term targets to reduce its greenhouse gas emissions covering at least 95% of Scope 1 and 2 emissions and the most relevant Scope 3 emissions for 2035.

At an in-person meeting in September 2022, the company confirmed its ambition to align with a 1.5-degree pathway and to set science-based targets to achieve this. The company discussed investment in a direct reduction steel plant that will be capable of running on green hydrogen, but acknowledged the uncertainty around the timing and volumes of green hydrogen coming online.

In a meeting with the head of sustainability in April 2024 the company confirmed that it was in the process of finalising its 1.5°C aligned carbon reduction plan. It did indicate some complications due to the uncertainty of whether the steel business would remain as an integral part of the group or not, but either way it expected Science Based Targets initiative (SBTi) approval for 1.5°C by the end of the year.

RESULT:

The company confirmed that it had received SBTi approval of the steel business targets to 1.5°C and had submitted targets for the rest of the group for approval, which it expected to get by the end of 2025. This covers 90% of its Scopes 1 and 2 emissions, and about 50% of the group's Scope 3 emissions. The company also confirmed that it had received SBTi validation for 1.5°C for the whole group.



Ashtead group

Ashtead Group Plc

THEME:

Climate Change

OBJECTIVE:

To disclose a credible climate strategy.

ENGAGEMENT:

EOS has been engaging with the company on its climate strategy since 2022. The Head of ESG confirmed the company would be validating their reporting with Carbon Trust and in the longer term is working with its associations in UK, Europe and the US to develop a scope 3 emissions reporting standard for the rental business with the aim of completing it in 2024.

The company published its scope 3 emissions for the first time in its 2024 Annual Report. Following further engagement the company published further disclosures in its 2025 annual report and EOS carried out a full review of how the company had progressed on its climate strategy. EOS determined that it has made credible progress in embedding climate considerations into its business strategy. It aligns disclosures with TCFD, sets a

clear target to reduce Scope 1 and 2 emissions intensity by 50% by 2034, and integrates climate risk management into governance structures. Its capital allocation strategy prioritises organic growth, acquisitions, and fleet modernization, which supports low-carbon opportunities such as offshore wind and subsea decommissioning. These steps position Ashtead to capture financial benefits from the energy transition while mitigating regulatory and operational risks. However, while Ashtead conducts scenario analysis and demonstrates strong climate governance (TPI Level 3), transparency on Paris-aligned pathways and absolute emissions reductions remains limited.

To fully align with long-term shareholder value and the Paris goals, Ashtead would need to strengthen disclosure on scenario assumptions, set Scope 3 targets, and seek independent validation of its scope 3 emissions reduction strategy against 1.5°C pathways.

RESULT:

Overall, the company shows a credible approach with room for improvement in demonstrating Paris consistency and long-term resilience. Having been open for 3 years EOS will close this engagement and review the priority of further engagement to improve strategy around scope 3 emissions reductions and developing climate scenarios.



Natural Capital Engagements



This quarter our natural capital-related engagement set comprised 111 companies with 181 engagement activities. There was progress on 25 specific engagement objectives.

FIGURE 5: BREAKDOWN OF NATURAL CAPITAL ENGAGEMENT BY TYPE

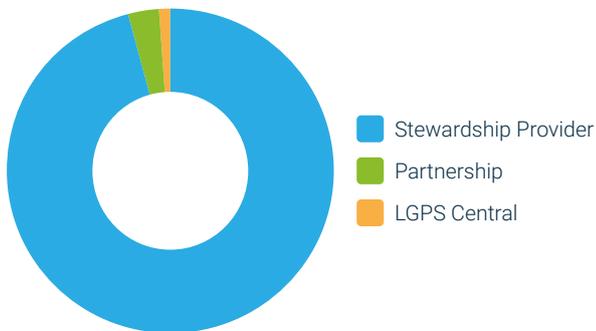


FIGURE 6: NATURAL CAPITAL ENGAGEMENT BY OUTCOME





Deere Group

OBJECTIVE:

To articulate a biodiversity strategy, including how it plans to help customers minimise their negative impact on biodiversity.

ENGAGEMENT:

Since 2020, EOS have been engaging on its precision agriculture offerings, and the role these play in mitigating negative impacts of agriculture on biodiversity and soil health, while also supporting yields and reducing costs for customers. This can help drive sales, leading to improved revenue and long-term profits. In a call with investor relations in 2020, EOS encouraged Deere to articulate its approach to biodiversity and, in a subsequent call in 2021, it said it would include related information in its sustainability reporting. In calls in 2023 and 2024, the company detailed how its technologies, including See & Spray and ExactShot, reduce pesticide and nitrogen use respectively, supporting biodiversity and soil health, while lowering growers' costs. EOS encouraged Deere to provide more detail on the benefits of its precision agricultural technologies through case studies in its reporting. During a visit to the company

headquarters in 2025, EOS discussed strategy for increasing 'highly engaged' acres (shown by Deere's operations centre to have high utilization of precision agriculture technologies).

OUTCOME:

Deere has provided more details on precision agriculture in each successive sustainability report. Its 2024 business impact report, published in 2025, included case studies, providing examples of the cost savings, soil health benefits and potential crop marketing advantages associated with its precision agriculture offerings. On the company's Q4 2025 results call, it highlighted that 147m acres are now 'highly engaged', up from 125m at the end of 2024. Through its extensive efforts to communicate the benefits to growers of adopting its precision agriculture technologies and the support it offers through its operations centre, Deere is helping mitigate negative impacts on biodiversity and soil health, while supporting yield improvements and cost savings for customers – dynamics that we expect should support Deere's long-term sales and profitability. EOS intend to continue monitoring Deere's progress in precision agriculture, and to engage the company on auditor tenure, supply chain rights and talent management.



Sensitive/Topical Activities

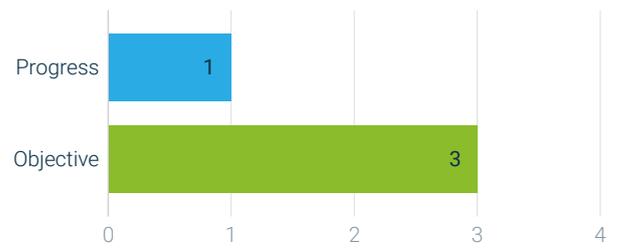


This quarter, our sensitive and topical activities engagement set comprised of 15 companies with 16 engagement activities. There was 1 instance of progress recorded during the quarter.

FIGURE 7: BREAKDOWN OF SENSITIVE/TOPICAL ACTIVITIES ENGAGEMENT BY TYPE



FIGURE 8: SENSITIVE/TOPICAL ACTIVITIES ENGAGEMENT BY OUTCOME





Human Rights Risks



This quarter our human rights-related engagements comprised 180 companies with 284 engagement activities. There was progress on 33 specific engagement objectives.

FIGURE 9: BREAKDOWN OF HUMAN RIGHTS-RELATED ENGAGEMENTS BY TYPE

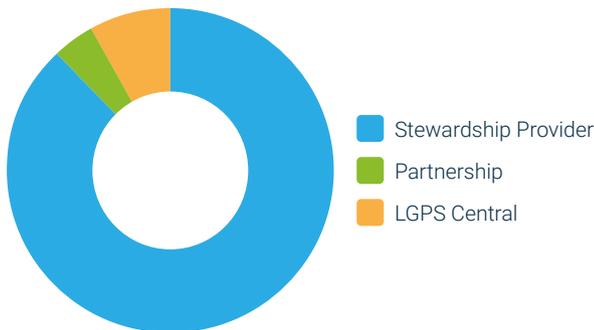
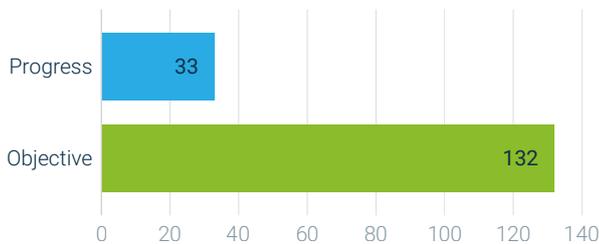


FIGURE 10: HUMAN RIGHTS-RELATED ENGAGEMENTS BY OUTCOME



volution

Volusion Group Plc

PROGRESS:

Moderate Progress

OBJECTIVE:

To improve modern slavery disclosure.

ENGAGEMENT:

We met with senior representatives, including the Company Secretary and the Head of Procurement, to discuss the company's approach to identifying and mitigating modern slavery risks within its supply chain. Volusion described ongoing work to strengthen due diligence processes; however, its public disclosures continue to fall short of sector peers in several areas, including saliency assessment, supply chain mapping, and clarity around governance oversight. Although the company has begun to enhance reporting, its 2025 Modern Slavery Statement introduced only incremental changes.

OUTCOME:

Given the limited progress, we abstained on the approval of the Financial Statements and wrote to the company explaining the rationale for our voting decision. We have requested a meeting with the Non-Executive Director responsible for sustainability oversight in H1 2026 to further escalate our concerns and to encourage clearer disclosure and more rigorous risk assessment practices.



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 October - December 2025, we:

Voted at

571

MEETINGS

and on

4,526

RESOLUTIONS GLOBALLY

Opposed one or more resolutions at

44.7%

MEETINGS

and our dissent level was

11.3%

Supported

47.7%

OF SHAREHOLDER PROPOSALS

(41 out of 86 resolutions)

Environmental

12

INSTANCES

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

Supported

11

ENVIRONMENTAL-RELATED SHAREHOLDER RESOLUTIONS

Topics included: climate risk, plastic pollution, deforestation, and seafood sourcing.

Social

76

INSTANCES

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

Supported

5

SHAREHOLDER RESOLUTIONS

Topics includes: artificial intelligence oversight, human rights risk assessment, regenerative agriculture effectiveness, supplier code of conduct compliance.

Remuneration

We dissented on

244

OF REMUNERATION-RELATED PROPOSALS, OF WHICH:

Opposed

4.1%

OF PROPOSALS IN THE UK

Opposed to

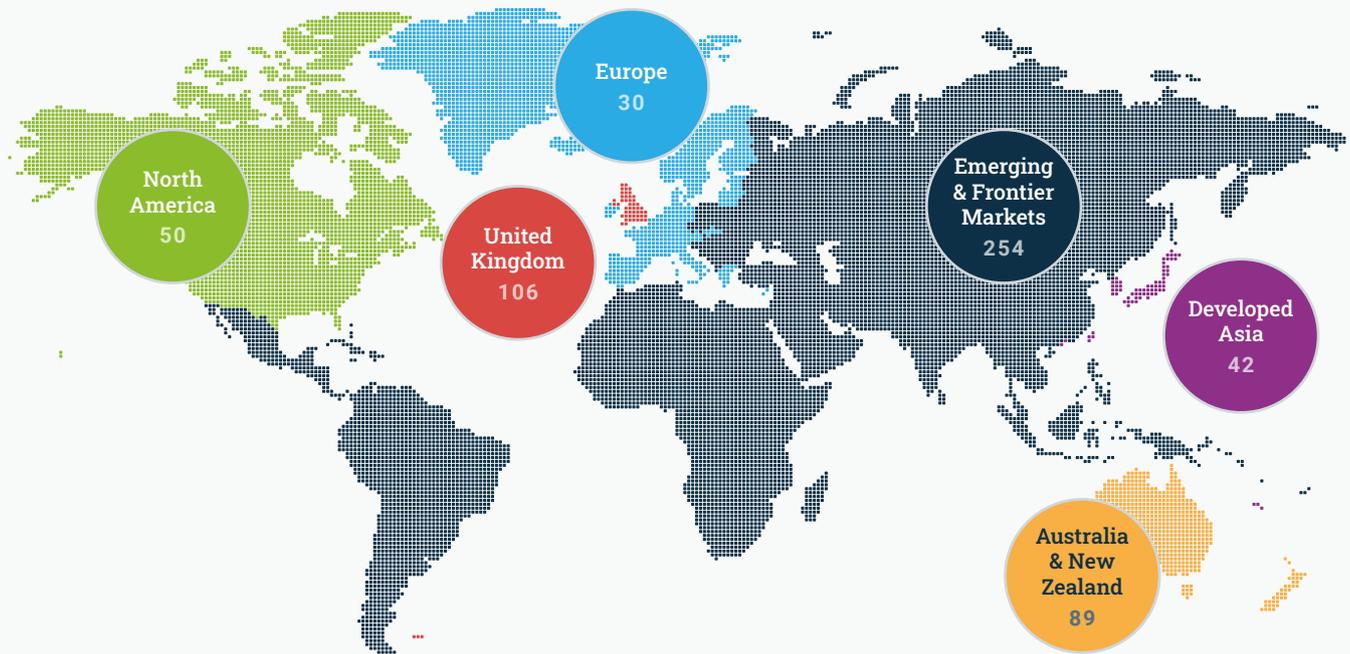
7% IN THE US

The vast majority of dissent, 76.2%, came from Emerging/ Frontier Markets and Australia & New Zealand.



Number of meetings voted on by region:

FIGURE 11: NUMBER OF MEETINGS VOTED ON BY REGION



Overview of Voting Activity:

FOR	3,661	80.9%
AGAINST/WITHELD	571	12.6%
ABSTAIN	291	6.4%
OTHER	3	0.1%
	4,526	100%

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	417	9.2%
AUDIT + ACCOUNTS	450	9.9%
BOARD STRUCTURE	2,106	46.5%
CAPITAL STRUCTURE + DIVIDENDS	521	11.5%
OTHER	162	3.6%
POISON PILL/ ANTI-TAKEOVER DEVICE	19	0.4%
REMUNERATION	766	16.9%
SHAREHOLDER RESOLUTION ESG	85	1.9%
	4,526	100%



Examples of voting decisions

T E S L A

Tesla, Inc.

THEME:

Remuneration

RATIONALE:

We voted against the executive pay package. While most NEOs received modest compensation in FY24, we have significant concerns about one NEO receiving an outsized, entirely time-based equity award. The rationale for the award's size and lack of performance conditions is insufficiently disclosed. In FY25, the NEO was granted a time-based equity mega-award that delivers value only if his 2018 mega-award is reduced or forfeited due to ongoing litigation. Although this award was granted after FY24, its size and design raise substantial concerns, justifying opposition to this year's advisory proposal. We also opposed a related resolution to approve the issuance of common stock to the CEO. The award structure increases the CEO's voting influence and control, as it consists of 12 tranches valued at over \$7 billion each. The total award of \$87.8 billion provides exceptionally high pay opportunities over the next decade and restricts the board's ability to adjust future compensation in response to unforeseen events or changes in company performance or strategy. The high value of each tranche may reduce the CEO's incentive to achieve all goals and maximize shareholder value. Some performance goals lack clarity, and certain operational metrics could result in duplicative performance assessments. Although the award aims to retain the CEO's focus on Tesla, there are no explicit requirements to ensure this. Finally, the extreme value and large number of shares granted pose a significant risk of shareholder dilution.

RESULT:

The resolutions received 21.8% and 23.4% respectively.

CINTAS

Cintas Corporation

THEME:

Governance

RATIONALE:

We supported a shareholder resolution to amend the governing documents, allowing holders of at least 10% of combined outstanding common stock to call a special shareholder meeting. The current 50% threshold is unusually high and does not align with market best practices. Without the ability to call a special meeting, shareholders cannot remove directors or propose resolutions between annual meetings. This limitation may also prevent shareholders from responding promptly to beneficial offers. Restricting special meetings can insulate management, negatively impact corporate performance and shareholder returns, and infringe shareholder rights.

RESULT:

The proposal received 45.3% support, which is considered significant. We note that a similar resolution filed in 2022 received 48.2% support. Considering that the executive chairman holds 14.2% of outstanding shares, the resolution could have achieved materially higher shareholder support estimated to be nearly to 60%.



Microsoft Corporation

THEME:

Human Rights

RATIONALE:

We supported a shareholder resolution requesting a report on the risks of operating in countries with significant human rights concerns (including conflict zones). The proponent highlights valid concerns about potential complicity in human rights violations in high-risk countries, which could increase the company's reputational, legal, and workforce risks. The company states that its datacenter installations will align with its commitments to protecting fundamental rights as stated in the Trusted Cloud Principles. However, the company has not disclosed how these assurances will be implemented or enforced, nor has it provided an oversight mechanism. As the company expands its data center footprint, further disclosure on its human rights due diligence process for site selection would help shareholders assess how related risks are managed. We also supported a shareholder resolution requesting a report on the effectiveness of the company's human rights due diligence processes in addressing misuse of its artificial intelligence and cloud products. Hence, this support is warranted because Microsoft has not provided sufficient transparency into its due diligence processes for customer-end use applications, especially in conflict-affected areas. Inadequate due diligence exposes the company to legal, financial, operational, and reputational risks. Shareholders would benefit from a report evaluating the effectiveness of Microsoft's processes in preventing, identifying, and addressing customer misuse of its artificial intelligence and cloud services.

RESULT:

Both resolutions received significant support, 27.5% and 26.3%, respectively. We would expect the company to consult with shareholders on these matters.

wetherspoon

JD Weatherspoon Plc

THEME:

Board Composition

RATIONALE:

We did not support the re-election of the Remuneration Committee Chair and member of the Audit Committee as she is considered non-independent by virtue of a nineteen-year tenure. The Remuneration Committee Chair should be independent in line with the UK Corporate Governance Code. It is vital that the Remuneration Committee recognises and manages potential conflicts of interest when designing and determining remuneration.

RESULT:

The resolution received 15.1% dissent.



04 H2 2025 Stewardship Strategy Reporting

Progress report against LGPS Central's 3 year Stewardship Strategy

STEWARDSHIP THEME:



CLIMATE CHANGE

Company Name	Engaged as at Dec 2025	Progress	Momentum	Escalation Grade	Assicated Voting Dissent	Removal
SHELL	✓	Level 2	-	Level 2	✓	⊗
HOLCIM	✓	Level 1	⬆	Level 2	⊗	⊗
CEMEX	✓	Level 1	⬆	Level 2	⊗	⊗
ARCELORMITTAL	✓	Level 1	⬆	Level 1	⊗	⊗
BP	✓	Level 1	⬇	Level 2	✓	⊗
SOCIETE GENERALE	✓	Level 1	⬆	Level 1	⊗	⊗
RWE	✓	Level 3	⬆	-	⊗	✓
BHP	✓	Level 3	-	-	⊗	✓
CRH	✓	Level 3	⬆	-	⊗	✓
RIO TINTO	✓	Level 3	⬆	-	✓	✓
GLENCORE	✓	Level 1	⬆	Level 1	✓	⊗

STEWARDSHIP THEME:



NATURAL CAPITAL

Company Name	Engaged as at Dec 2025	Progress	Momentum	Escalation Grade	Assicated Voting Dissent	Removal
GLENCORE	✓	Level 0	-	Level 2	⊗	⊗
RIO TINTO	✓	Level 2	⬆	Level 1	⊗	⊗
SHERWIN WILLIAMS	✓	Level 3	⬆	-	⊗	✓
COSTCO	✓	Level 1	⬆	Level 1	⊗	⊗
REPSOL	✓	Level 2	⬆	Level 1	⊗	⊗
LYONDELLBASEL	✓	Level 1	⬆	Level 1	⊗	⊗



STEWARDSHIP THEME:



HUMAN RIGHTS RISKS

Company Name	Engaged as at Dec 2025	Progress	Momentum	Escalation Grade	Assicated Voting Dissent	Removal
COSTCO	✓	Level 3	⬆	-	⊗	✓
NVIDIA	✓	Level 0	-	Level 3	⊗	⊗
TJX COMPANIES	✓	Level 3	-	-	-	✓
MOTOROLA	✓	Level 1	-	Level 3	✓	⊗
BHP	✓	Level 2	-	Level 2	⊗	⊗
BARRAT	✓	-	-	-	-	✓
VOLUTION	✓	Level 2	⬆	Level 3	✓	⊗

STEWARDSHIP THEME:



SENSITIVE/TOPICAL ACTIVITIES

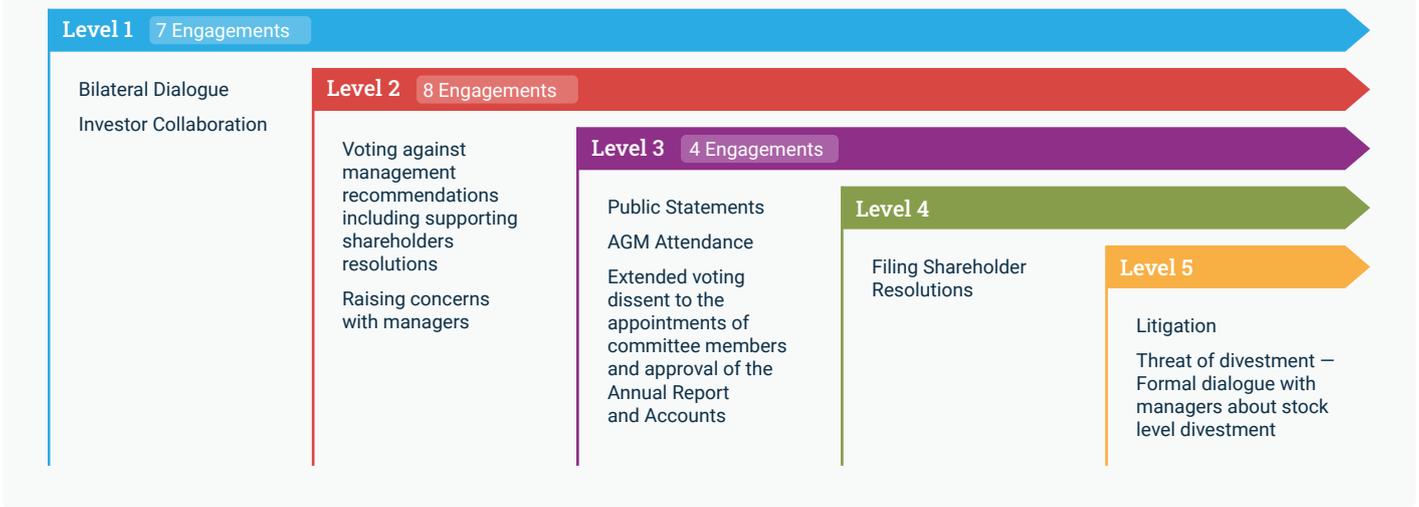
Company Name	Engaged as at Dec 2025	Progress	Momentum	Escalation Grade	Assicated Voting Dissent	Removal
TESLA	✓	Level 0	-	Level 3	✓	⊗
HYUNDAI	✓	Level 3	⬆	-	⊗	✓
KIA	✓	Level 0	-	Level 3	✓	⊗
META	✓	Level 0	⬇	Level 3	✓	⊗
AMAZON	✓	Level 0	-	Level 2	✓	⊗
BERKSHIRE HATHAWAY	✓	Level 0	-	Level 2	✓	⊗
M3	✓	Level 3	⬆	-	⊗	✓

Barrat has been removed from the priority list due to the company's acquisition of Redrow. NVIDIA has been engaged via our external manager. Glencore has been engaged on climate, but due to merger talks with Rio Tinto engaging on nature was paused. Meta's progress score has been lowered due to content moderation changes announced in 2025. BP's progress score has been lowered due to the company's strategic reset. Momentum is calculated based on the H1 Stewardship Strategy Reporting.



Escalation Strategy

FIGURE 12: 2025 ESCALATION STRATEGY



Measures of Success

FIGURE 13: MEASURES OF SUCCESS

	Climate Change	Natural Capital	Human Rights Risks	Sensitive/Topical Activities
LEVEL 3: SUCCESSFUL OUTCOME	<ul style="list-style-type: none"> Company demonstrate alignment with LGPSC net zero strategy. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Company demonstrates full alignment with UNGPs or Modern Slavery Act. 	<ul style="list-style-type: none"> Company has disclosed a plan for: <ul style="list-style-type: none"> Addressing the alleged controversy. Improve ESG practices at reasonable level.
LEVEL 2: MODERATE PROGRESS	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Partial progress observed by Find it, Fix it and Prevent it, Corporate Human Rights Benchmark and LAPFF research. 	<ul style="list-style-type: none"> Company has disclosed a plan for: <ul style="list-style-type: none"> Partly addressing the alleged controversy including acknowledgment of the controversy. Partly improve ESG practices at reasonable level.
LEVEL 1: MINIMUM EXPECTATIONS	<ul style="list-style-type: none"> Companies disclosing data to facilitate carbon performance assessment if relevant. 	<ul style="list-style-type: none"> Evidence of constructive meeting with companies. 	<ul style="list-style-type: none"> Companies responded to engagement request. 	<ul style="list-style-type: none"> Companies responded to engagement request.
LEVEL 0: NO IMPROVEMENT	<ul style="list-style-type: none"> No progress made. 	<ul style="list-style-type: none"> No progress made. 	<ul style="list-style-type: none"> No progress made. 	<ul style="list-style-type: none"> No progress made.



Partner Organisations

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