LPPI Responsible Investment Report
Q1 2025

Key takeaways for the period

- On the 11th of February LPPI received confirmation from the Financial Reporting Council (FRC) that our submission to the UK Stewardship Code, in the form of our Responsible Investment & Stewardship Annual Report 2023-24, was successful and we have retained signatory status.
- In Q1 2025, LPPI has launched a new fund which enables partner funds to allocate to climate “solutions” .
- The private equity team continue to engage with the ESG Data Convergence Initiative (EDCI).
- In Q1 2025 LPPI voted on 100% company proposals, supporting 89% of these.
- Investments in Brown sectors (extraction, transportation, storage, supply, and generation of energy from fossil fuels) are 1.29% of the portfolio.
- Investments in Green sectors (renewable energy generation, clean technology, and decarbonising activities) are 4.41% of the portfolio.

RCBPF RI Policy ESG Priorities

	Theme	Coverage	Location
E	Climate Change	TPI	p.3
		Green & Brown	p.5
		Climate Voting	p.9
		Environmental Opportunities Fund (EOF) Launch	p.19
	Pollution	N/A	N/A
	Biodiversity	Environmental Opportunities Fund (EOF) Launch	p.19
S	Local Investment	N/A	N/A
	Affordable Housing	N/A	N/A
G	Corporate Governance	Governance Insights	p.2
		Stewardship Headlines	p.6
		Votes Against Management – Director Related	p.7
		Votes Against Management – Compensation	p.8

P(E,S or G) – This symbol appears within the report where content links to RCBPF RI Policy ESG priorities.

Portfolio Insights – Listed Equities (LPPI Global Equities Fund)

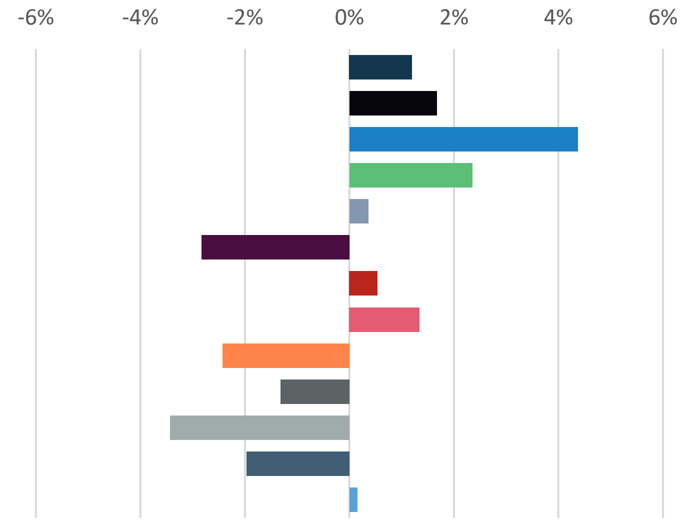
Q1 2025

Further Information

Sector Breakdown (%)

Information Tech.	24.5
Financials	19.8
Industrials	15.0
Consumer Discretionary	13.0
Communication Services	8.6
Health Care	7.5
Consumer Staples	6.8
Cash	1.3
Materials	1.2
Real Estate	0.8
Energy	0.8
Utilities	0.7
Others	0.1

LPPI Global Equities Fund Sector Weights vs MSCI ACWI ND



Top 10 Positions

	Portfolio (%)	Position Change
1. Visa Inc	3.7	+2
2. Alphabet Inc	3.6	-1
3. Microsoft Corp	3.6	-1
4. Constellation Software Inc	2.2	+1
5. London Stock Exchange Group PLC	2.2	+1
6. Accenture PLC	2.2	-2
7. AutoZone Inc	1.9	+3
8. HEICO Corp	1.9	New
9. Moody's Corp	1.7	-1
10. Nintendo Co Ltd	1.7	New

Top 10 Positions

The top 10 companies (10 largest positions) make up **25%** of the total LPPI GEF.

Governance Insights (ISS DataDesk)

Women on the Board (Average)

32%

Coverage of GEF 87%

Board Independence (Average)

68%

Coverage of GEF 87%

Support for Say-on-Pay (Average)

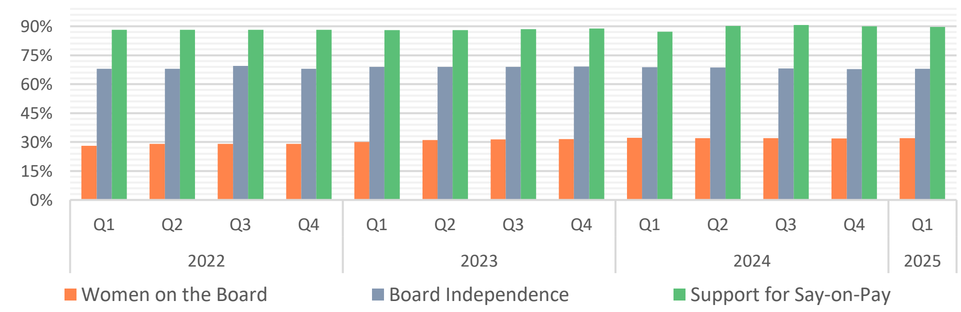
90%

Coverage of GEF 73%

P(G)

Governance Insights (Timeseries)

P(G)



Governance Insights

P(G)

Women on the Board

In Q1 2025, an average of 32% of board members were female in the GEF, which is unchanged from Q1 2024. There was a coverage of 87% data availability (up from 73% in Q1 2024), which was a result of several companies not being in scope of the ISS database.

Board Independence

In Q1 2025, on average 68% of board members were independent in the GEF, which is down from 69% in Q1 2024. There was a coverage of 87% data availability (up from 73% in Q1 2024), which was a result of several companies not being in scope of the ISS database.

Support for Say-on-pay

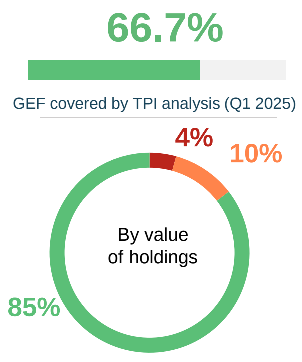
In Q1 2025, an average of 90% were in support for say on pay (up from 87% in Q1 2024), which indicates a high proportion of investors were supportive of the pay policies of investee companies. There was a coverage of 73% data availability (up from 48% in Q1 2024), which was a result of several companies not being in scope of the ISS database.

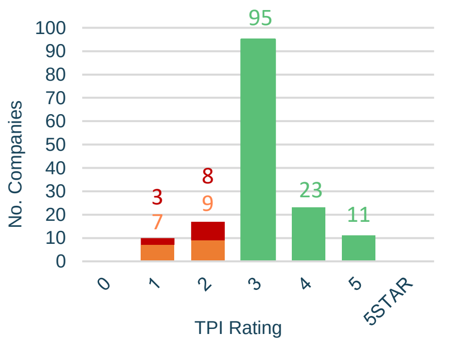
Portfolio Insights – Listed Equities (LPPI Global Equities Fund)

Q1 2025

[Further Information]

Transition Pathway Initiative – Management Quality Headlines





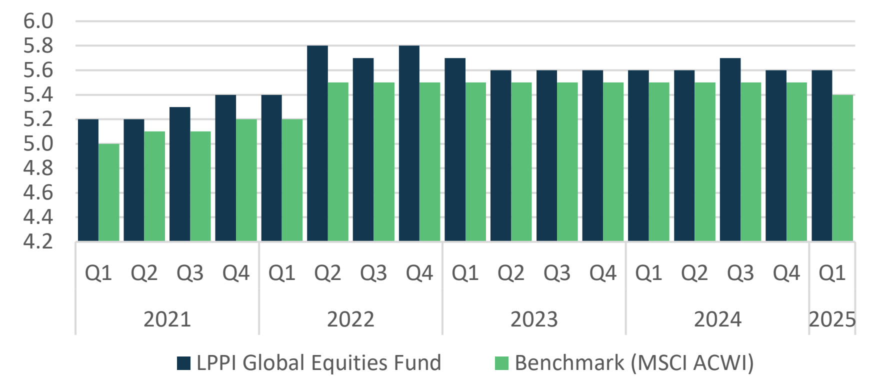
P(E)

TPI Management Quality Ranking

0 - Unaware
1 - Aware
2 - Building capacity
3 - Integrated into operational decisions
4 - Strategic assessment
5 - Transition planning and implementation
5* - Perfect Management Quality score

TPI 0-2 (High Impact) – TPI 0-2 (Low Impact) – TPI 3-5* (Low & High Impact)

Portfolio ESG Score (MSCI ESG Metrics)



Transition Pathway Initiative (TPI)

LPPI has recently implemented an update to its TPI monitoring methodology. As outlined further on page 20 of this report, following the update we have split out those companies that have a TPI MQ score of 2 or less and that sit in High Impact sectors. For all companies rated below TPI MQ 3 and sit in High Impact sectors, we request our internal team or external managers to submit a TPI monitoring questionnaire.

By value, the total coverage of the GEF represented under TPI assessment has decreased from 67.4% to 66.7%, and by number has decreased from 164 to 156 between Q4 2024 and Q1 2025. This decrease is as a result of 16 companies dropping out of scope as they are no longer in the portfolio, and 8 companies in the TPI universe that has entered the GEF portfolio.

Of the 156 companies in TPI scope:

- 85% (by value) are rated TPI 3 and above – demonstrably integrating climate change into their operational planning (TPI 3), their strategic planning (TPI 4) and into their transition planning and implementation (TPI 5). This is slightly down from 86% in Q4 2024, which is a general reflection of the churn in coverage of the GEF under the TPI universe.
- 27 companies are scored below TPI 3, with 11 of these sitting in High Impact sectors and are under monitoring.

Portfolio ESG Score

The GEF's Portfolio ESG score has not changed at 5.6 between Q4 and Q1. In the same period the equivalent score for the benchmark has not changed at 5.5.

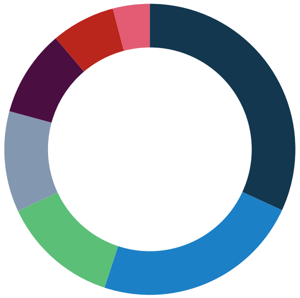
Portfolio Insights – Other Asset Classes

Q1 2025

[Further Information]

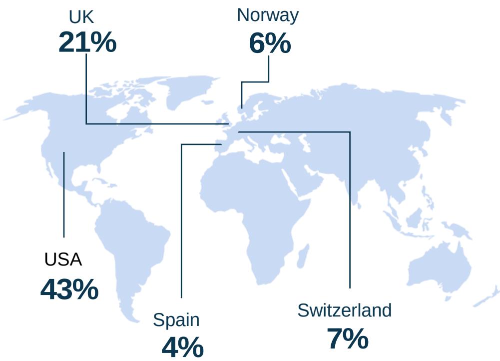
Private Equity

Industry Breakdown (%)



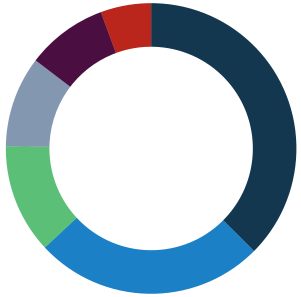
Information Technology	32
Health Care	23
Industrials	13
Other	11
Consumer Discretionary	10
Remaining Industries	7
Financials	4

Region Breakdown (%)



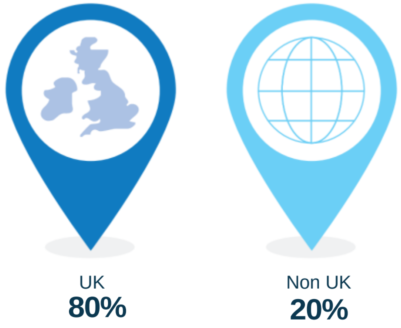
Real Estate (LPPI Real Estate Fund)

Sector Breakdown (%)



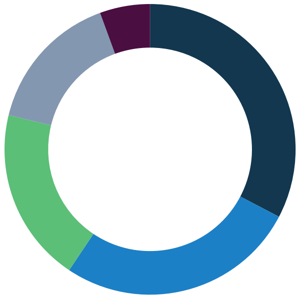
Living	37
Industrial	26
Retail	12
Alternative	10
Office	9
Agriculture	6

Geographical Exposure (NAV %)



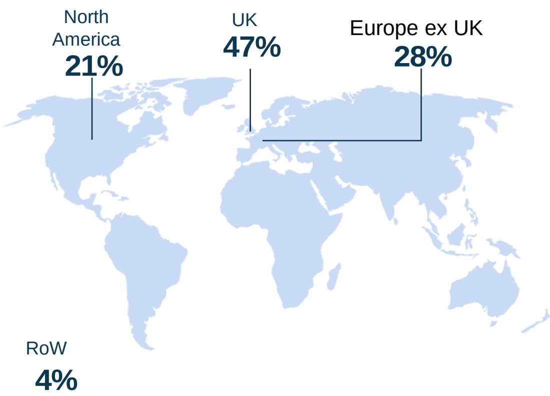
Infrastructure (LPPI Global Infrastructure Fund)

Industry Breakdown (%)



Traditional Energy, Renewable Energy, Waste	33
Transport and Distribution	27
Other	19
Social (incl PFI)	16
Regulated Assets	6

Region Breakdown (%)

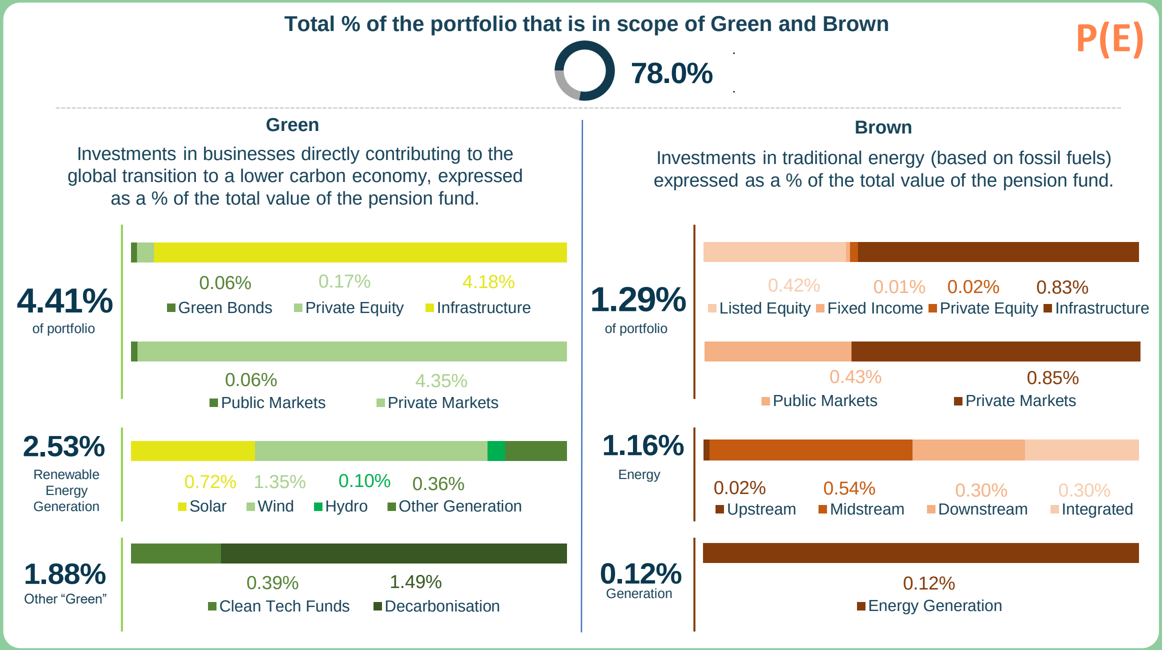


Portfolio Insights – Other Asset Classes

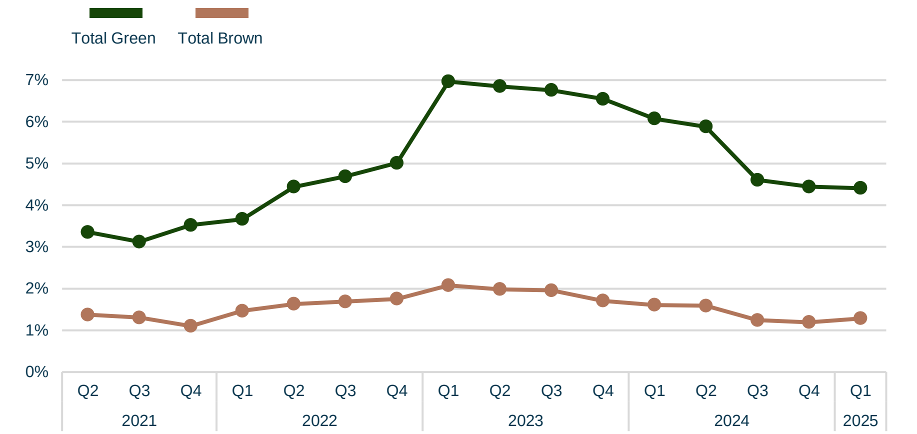
Q1 2025

[Further Information]

Green & Brown Exposure



Green & Brown Trend



The above Green and Brown metrics apply to parts of the portfolio which have exposure to a specific set of activities as per our definition of Green and Brown, and which are quantifiable at the time of publication (please see appendix). LPPI's Responsible Investment team endeavours to provide partner funds with the most expansive picture of exposure possible.

Green and Brown

P(E)

Calculation of the Fund's exposure to Green and Brown activities focusses specifically on equity assets (Listed Equity, Private Equity, and Infrastructure) plus corporate bonds within Fixed Income. As a result, in **Q1 2025, 78.0%** of the total portfolio was in scope of Green and Brown. Figures give an indication, rather than a precise measure, as an assistance to reviewing the overall position.

Compared with Q4 2024, **Brown** exposure has increased from 1.19% to **1.29%**. The biggest contribution to the increased exposure comes from the Listed Equity asset class. This increased exposure is a result of a new asset that has entered the portfolio, which has been categorised as Brown. This has increased Listed Equities' Brown exposure from 0.34% in Q4 2024 to 0.42% of the portfolio in Q1 2025. Other contributing factors have been increases to mark-to-market valuations for some existing Brown assets held in Infrastructure.

Compared with Q4 2024, **Green** activities have decreased from 4.43% to **4.41%** of the portfolio. The biggest contribution to the decreased exposure comes from Green Bonds in Fixed Income asset class. This decreased exposure reflects positive churn of the securities, resulting in a decreased value of the total Green Bonds held in the fund. This has decreased the Green Bond exposure from 0.08% in Q4 2024 to 0.06% of the portfolio in Q1 2025.

Investments in renewable energy generation from wind, solar, hydro, and waste make up 57% of total Green exposure, and 95% of Green exposure is via Infrastructure assets.

Stewardship Headlines

Q1 2025 - Shareholder Voting - LPPI Global Equities Fund (GEF)

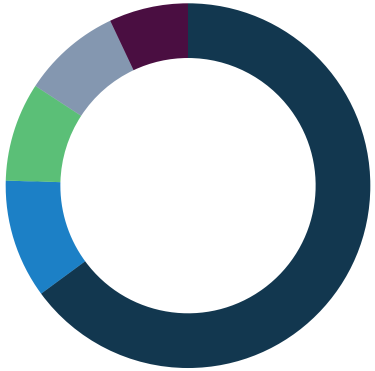
Further Information

Shareholder Voting Statistics (LPPI Global Equities Fund)

Headlines

P(G)

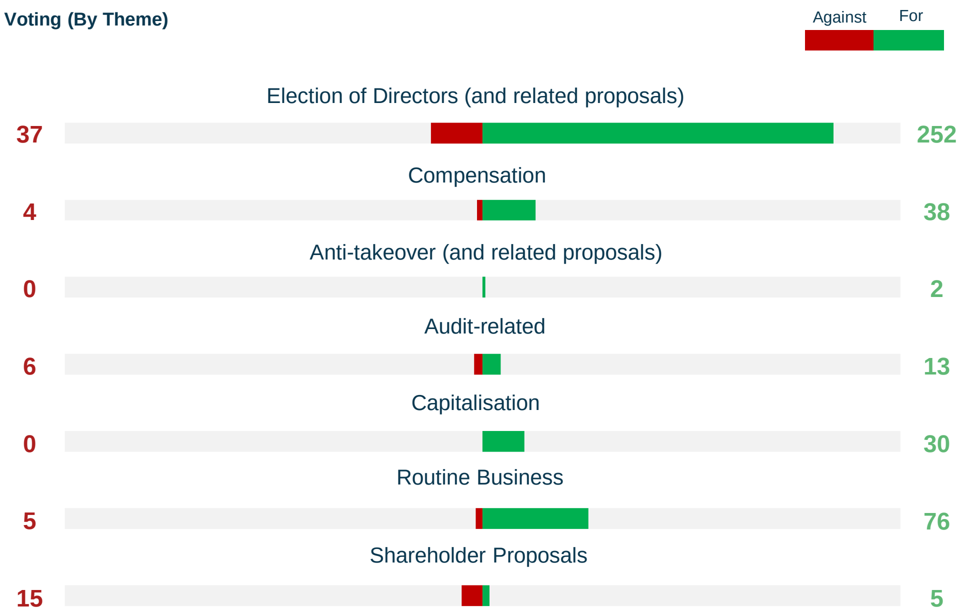
59	483	463	20	31%
Meetings Voted	Proposals Voted	Company Proposals (Supported 89%)	Shareholders Proposals (Supported 25%)	Meetings with a vote against Management



Votes Against Management (By theme)

Election of Directors (and related)	37
Audit-related	6
Routine Business	5
Shareholder Resolutions	5
Compensation	4
Anti-takeover (and related proposals)	0
Capitalisation	0

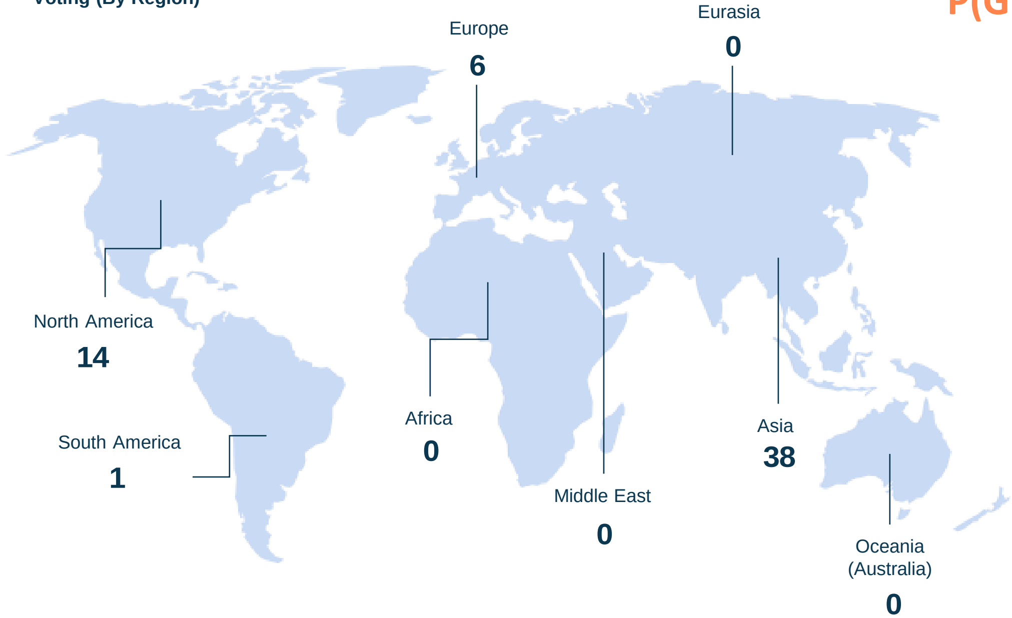
Voting (By Theme)



P(G)

Voting (By Region)*

P(G)



*Total votable meetings

Stewardship Headlines

Q1 2025 - Shareholder Voting - LPPI Global Equities Fund (GEF)

Headlines

The period 1st January – 31st March 2025 encompassed 59 meetings. LPPI voted at 59 (100%) meetings where GEF shares entitled participation, totalling 483 proposals voted.

Votes Against Management – Director Related

P(S,G)

- Director elections or resolutions relating to directors: 65% of all votes against management (addressing issues including lack of independent challenge - i.e., concentration of power, inadequate levels of independence both overall and on key committees, and board composition issues such as insufficient levels of diversity).
- LPPI voted against management on 37 director elections or director-related resolutions at 13 companies in Q1 2025. This was 12.8% of all director-related votes.

Independence
LPPI voted against 17 resolutions at five companies due to issues pertaining to lack of independent challenge either on the Board overall, or on key committees.
Schindler Holding AG (Switzerland: Machinery)
We voted against several re-elections to the Board of Schindler Holding as a result of overall independence being just 33%, and also due to the audit committee being composed of insufficient levels of independent directors. This demonstrates our conviction in a board's role in providing independent challenge to management, and also the importance of maintaining an independent audit committee.
Result: 5.9-12.4% dissent.

Diversity
LPPI voted against ten resolutions at five companies due to issues pertaining to lack of diversity.
HEICO Corporation (USA: Aerospace & Defence)
We voted against the re-election of the Chair of the Nomination committee at HEICO Corporation's AGM. This was due to the Board being composed of 20% women, versus the preferred 30% outlined in LPPI's shareholder voting guidelines for companies in the Russell 3000. This represented an escalation in our voting activity following our choice to abstain on the director's re-election at last year's AGM, and subsequent communication with the company.
Result: 37.8% dissent.

Votes Against Management – Compensation

P(G)

- Compensation: 7% of votes against (addressing issues including inadequate disclosure of underlying performance criteria, use of discretion, misalignment of pay and performance, and the quantum of proposed rewards).
- LPPI voted against management on four compensation resolutions at two companies. This was approximately 10% of management-filed compensation related votes.

SAMSUNG BIOLOGICS Co., Ltd. (South Korea: Life Sciences Tools & Services)
We voted against the proposal approving the total remuneration of inside and outside directors at Samsung Biologics' AGM. We noted that the proposed remuneration limit was excessive compared to the market norm. Furthermore, we felt that the company was proposing an increase without providing any reasonable justification.
Result: Pass

Shareholder Proposals

- There were 20 shareholder proposals at six companies during Q1.

Costco Wholesale Corporation (USA: Consumer Staples Distribution & Retail)
We voted against this shareholder proposal which requested Costco report on the risks of maintaining its DEI efforts as we deemed it to be 'anti-ESG'. We rationalised that the company's workforce initiatives appear to be within the bounds of the law and there did not appear to be any controversies related to employee diversity initiatives discriminating against 'non-diverse' employees, as asserted by the proponent.
Result: 1.7% of shareholders voted in favour

Deere & Company (USA: Machinery)
We voted in favour of this shareholder-filed proposal which requested Deere report on its civil rights audit. We believed that the request was proportionate and would better allow shareholders to assess the efficacy of the company's anti-discrimination policies and practices.
Result: 30.4% dissent (votes in favour- i.e., against management)

Stewardship Headlines

Q1 2025 - Shareholder Voting - LPPI Global Equities Fund (GEF)

Climate Voting

P(E)

- In Q1, AGMs of 5 companies in LPPI's climate voting watchlist occurred, at which we voted twice against management as a result of climate considerations.

Samsung Electronics (South Korea: Technology Hardware, Storage & Peripherals)
In line with the recommendations of our proxy advisor, ISS, we voted against directors sitting on the committee responsible for climate oversight, the governance committee. Whilst a longer-term target has been set covering scope 1&2 emissions, we estimate >85% of the company's emissions are scope 3 and not covered by GHG reduction targets. Furthermore, we would be encouraged to see the company set short and medium-term targets, and for the company's existing target to be ratified by the Science Based Targets initiative (SBTi). We have also learnt more about the Company's actions through the CA100+ engagement group- whilst we have been encouraged by the work Samsung continue to do, this has not been convincing enough to override the voting recommendations and rationale provided by ISS.
Result: ~17% dissent.

Climate Action 100+

P(E)

There was one AGM at a CA100+ company held in the Global Equities fund, Samsung Electronics, which occurred in Q1 2025.

LAPFF Voting Alerts

LAPFF did not issue voting alerts for any companies held in the Global Equities Fund in Q1 2025.

Case Study – Manager Engagement

During Q1, LPPI finalised its annual responsible investment focused surveys with each of the external managers in the private equity portfolio. The survey included questions on the manager's Governance, ESG Integration, Active Ownership, and Reporting processes. Using the responses, we have been able to internally rate our investment managers on their ESG capabilities and identify relative strengths and weaknesses. For lower rated ESG managers, the team is developing engagement plans that will be implemented over the coming year.

Overall, we are pleased with the high response rate by our investment managers to the survey and the ESG credentials of our managers at the portfolio level. We will be selectively sharing some of the results of the survey to our investment managers to help them understand market standards and provide areas of targeted improvement. One pertinent example is a list of the environmental consultants / providers used by investment managers to calculate GHG emissions for portfolio companies.

Collaborative Engagement

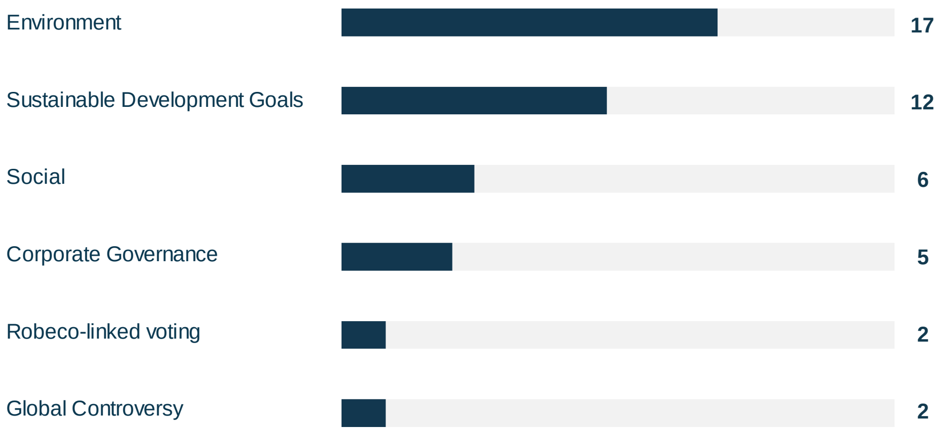
Q1 2025 – Engagement (Public Markets): Robeco

Further Information

This section of the dashboard outlines the engagement activities undertaken by Robeco in the public markets by topic, sector, method, and region (indicating the number of companies engaged / geographical distribution). Robeco currently engages with **18 companies in the LPPI Global Equities Fund (GEF) and 4 companies in the LPPI Fixed Income Fund (FIF)**, accounting for **11.97% and 0.15% of the total portfolios respectively**.

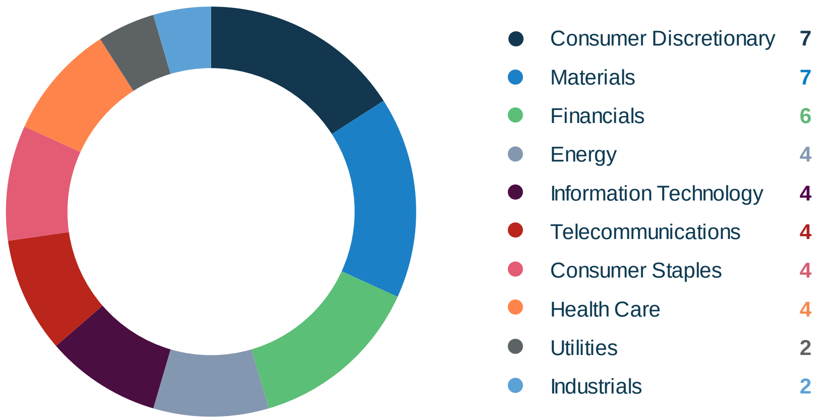
The following data is specifically related to the companies in LPPI's portfolio and the engagements Robeco undertake on our behalf.

Activity (By Topic)

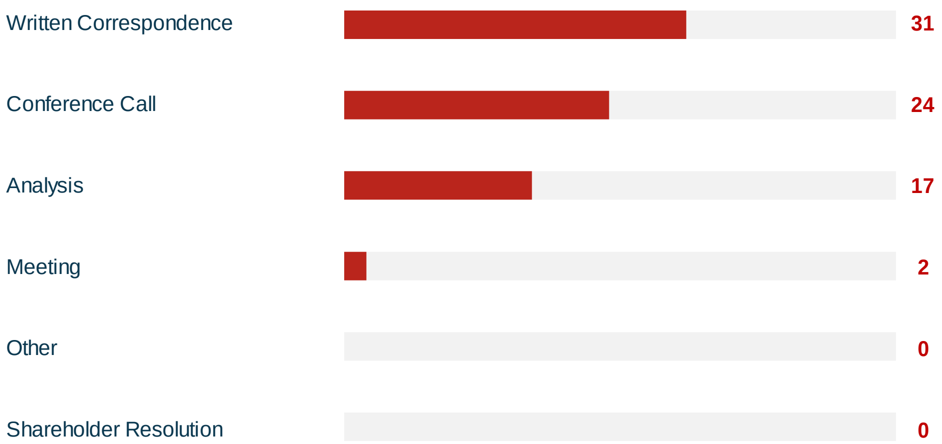


Sustainable Development Goals: https://sdgs.un.org/goals

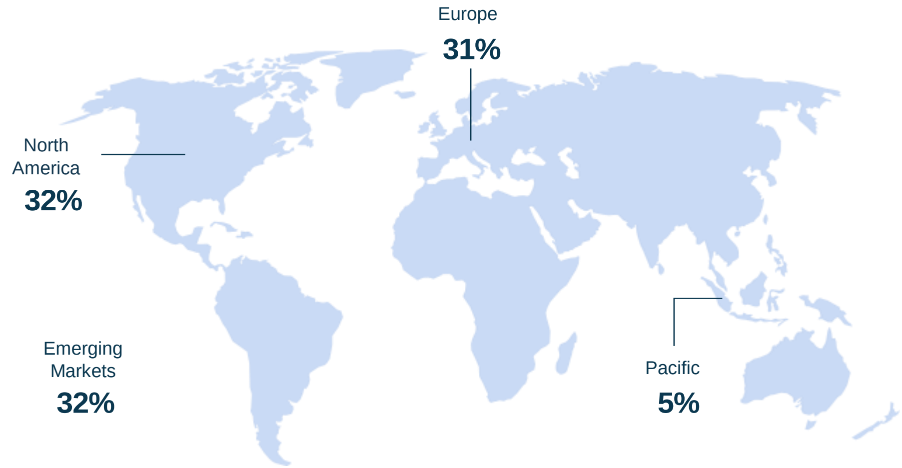
Activity (By Sector)



Activity (By Method)



Activity (By Region) (%)



Source: Robeco Active Ownership Report Q1 2025

Collaborative Engagement

Q1 2025 – Engagement (Public Markets): Robeco

Further Information

Engagement progress by theme, also shown on page 2 in the Robeco Active Ownership report, summarises their engagement activity for our portfolio over the quarter broken down into sub-sectors, and rated on success/progress (shown as a %). For this quarter, two themes have been added to the progress chart: Sound Environmental Management & Human Capital Management. An overview of these new themes can be found in the Q1 2025 Robeco Active Ownership report (see separately). Two themes which have concluded have left the chart: Diversity and Inclusion and Labour Practices in a Post COVID World. Results of these themes will be released in due course.

The following data is specifically related to the companies in LPPI's portfolio and the engagements Robeco undertake on our behalf.

Engagement Results (by Theme)

*CAHRAs - Conflict-Affected and High-Risk Areas
**Global Controversy Engagement - companies under engagement based on potential breaches of the UN Global Compact and/ or the OECD Guidelines for Multinational Enterprises.

Source: Robeco Active Ownership Report Q1 2025

Real World Outcomes

Q1 2025 – LPPI Infrastructure

[Further Information]

The Real-World Outcomes section features examples of positive ESG case studies, with this quarter focusing on investments held in Infrastructure portfolios.

Ligne Sud Europe Atlantique – % of LPPI Infrastructure IPV: **3.8%**

Ligne Sud Europe Atlantique(LISEA) is a high-speed Railway between Tours and Bordeaux, and forms 302km of the high-speed route from Paris to Bordeaux. LISEA passes through 113 municipalities, six departments and two regions (Centre-Val de Loire and Nouvelle Aquitaine). LISEA maintains and manages the high-speed track to allow train operators to run high-speed trains.

The construction of the SEA high-speed line aimed to provide improved mobility to travellers through a more efficient transport option, increase capacity from the classic line and incentivise a modal shift to rail. Since project inception, the LISEA team have worked to reduce stakeholder and biodiversity impact during construction and operations.

LISEA currently has a Corporate Social Responsibility ("CSR") program developed in 2022 in conjunction with LISEA's five-year roadmap. The program has 15 objectives in six key areas to achieve over the five years. Notable initiatives undertaken by the CSR team include:

Received a "Green Bond" label

In 2019, LISEA's refinancing **received a "Green Bond" label** due to the assets contribution to three UN Sustainable Development Goals ("UN SDGs"): SDGs: i) #9: Industry, innovation and infrastructure, ii) #11: Sustainable cities and communities, iii) #13: Climate action.

130k tonnes of CO2 equivalent is avoided annually

LISEA has a strong focus on decarbonisation of operations and to provide low-carbon efficient public transport. The team estimate **130k tonnes of CO2 equivalent is avoided annually** from the passenger shift from road and air to rail travel. LISEA is expected to reach **carbon neutrality by 2029**, after 12 years which takes account of the need to offset emissions linked to the construction phase.

Biodiversity preservation and enhancement

Biodiversity preservation and enhancement in the area surrounding the SEA line is an important priority. The team have put in place measures that include anti-intrusion mats and vegetation management to reduce animal collisions, zero phytosanitary products (pesticides) are used for vegetation management and in compensation for SEA's 'negative' wetland footprint and to ensure biodiversity net gain, there are 3.8k hectares of ecological compensation (protecting ecological sites nearby) and 1.35k hectares of afforestation. LISEA also supports the Fonds SEA program to support the ecological and social transition of SEA's territories.

Actively manages stakeholders and community engagement

LISEA **actively manages stakeholders and community engagement** in the regions SEA passes. As part of community relations, residents can contact LISEA with questions and the team consult residents on ongoing projects, especially when buildings are situated close to the railway.

Source – **https://www.lisea.fr/**

Real World Outcomes

Q1 2025 – LPPI Infrastructure

[Further Information]

The Real-World Outcomes section features examples of positive ESG case studies, with this quarter focusing on investments held in Infrastructure portfolios.

Elizabeth River Tunnels – % of LPPI Infrastructure IPV: **0.4%**

ERC is an owner and operator of two tolled tunnel crossings between Norfolk and Portsmouth, Virginia. The tunnels serve as an important transportation link for commuter and commercial traffic in the Hampton Roads region of Virgina. The ERC holds a strategic location providing access to a large commercial port and naval base.

The ERC ESG program is integrated into the team's ongoing operations surrounding health & safety, physical climate risk, energy efficiency, engagement with local community and employee diversity.

Key aspects of the ERC ESG program initiatives and achievements are outlined below.

Employee diversity: ERC is targeting to reflect the diversity of the community in the employment base: **more than 50% of the team are female** across the business and over half the executive committee are female.

Community engagement: ERC is committed to supporting the local community through education scholarships, contributing to local foodbanks and homeless charities, and engaging with the river authority to ensure the health of the river.

Regulator engagement: ERC established a good relationship with Virginia Department of Transportation ("VDOT") and VDOT support additional toll relief for low-income households and commuters in Virginia who use ERC.

Road safety: High-incident points on the toll road network are identified and once investigated, ERC works with Virginia's Department of Transport ("VDOT") to **improve safety** by changing signals or road markings.

More than 50% of the team are female

Improving road safety

Improving energy efficiency

Energy efficiency: The ERC team promoted small projects to **improve energy efficiency**, such as LED lighting transition, shift to renewable energy, and introducing recycling.

Annual safety month: June is the annual safety month campaign for awareness of safety during which ERC use direct positive messaging to improve driver behaviour.

Mitigating flood risk

Physical climate risk: To **mitigate the road tunnels' exposure to flood risk**, a flood gate was installed to prevent flooding, it has operated well so far during testing.

New gantry project: Relocated the current road gantry for each lane further into the tunnel to further reduce leakage (non-toll paying vehicles) numbers. In addition, ERC is installing an improved integrated system to monitor vehicles and reduce leakage through clearer capture of registration plates and a proprietary database of vehicles that are regular users.

Source – https://www.driveert.com/#/home

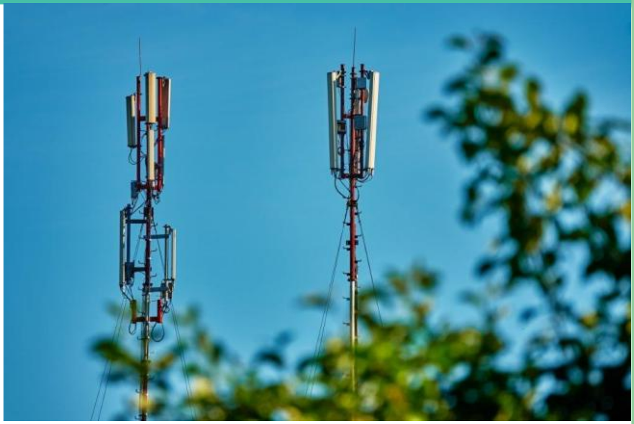
Cornerstone – % of LPPI Infrastructure IPV: 3.2%

cornerstone

UK's leading digital infrastructure services provider, who take responsibility for enabling robust and seamless infrastructure solutions for UK businesses and communities.

Cornerstone enable a digitally connected society through their nationwide network of neutral host and shareable sites, providing unmatched opportunities for coverage and digital services. They are committed to designing, building, and deploying shared digital infrastructure that ensures seamless connectivity by integrating land, property, and technology.

GLIL continue to join and form collaborative shareholder groups that cover portfolio companies, with Cornerstone being the latest shareholder collaboration. As part of the collaboration, the investor group have achieved the following:



Aligned with industry standard initiatives

Assessed Cornerstone against metrics that **align with** various **industry standard initiatives** such as TCFD, NZAMI, and Biodiversity impacts.

Efficient allocation of resource

Ensured **resource allocation is efficient** to improve disclosures at Cornerstone.

Focused engagement targets for 2025

Allowed for more **effective YoY comparisons of disclosures** to focus GLIL and shareholder groups **engagement targets for 2025**.

Real World Outcomes

Q1 2025 – LPPI Infrastructure

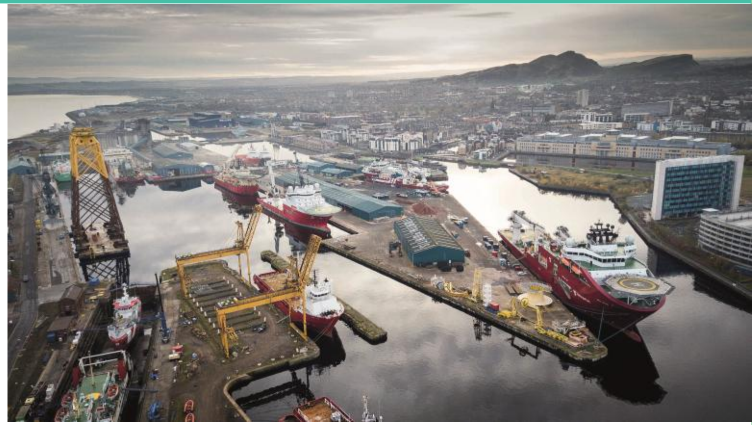
Further Information

The Real-World Outcomes section features examples of positive ESG case studies, with this quarter focusing on investments held in Infrastructure portfolios.

Forth Ports – % of LPPI Infrastructure IPV: 2.2%

Forth Ports is one of the UK's largest port groups with a diverse operational and port-centric logistic business model across Tilbury in the southeast of England and several Scottish ports.

Forth Ports have made progress and acted in relation to their Net Zero commitments. The company has committed to being Carbon Neutral by 2032 and Net Zero by 2042 through action to reduce operational emissions and those within their supply chain.



Reduced emissions from landside equipment by 11%

Replaced diesel fuels in operations with 500,000 litres of HVO which **reduced emissions from landside equipment by 11%.**

Installed 1500 solar panels

Installed 1500 solar panels onsite at Grangemouth.

Invested and installed a new electric vehicle fleet

Invested and installed new equipment which includes an **electric vehicle fleet** at Tilbury site.

Adoption of lower carbon alternatives

Adoption of lower carbon alternatives in contracts with suppliers.

FRC Stewardship Code Consultation

On the 19th of February, LPPI responded to the Financial Reporting Council's (FRC) consultation on changes to the UK Stewardship Code. These changes sought to streamline the reporting burden for signatories and provide clarity on the code's purpose and expected outcomes. In relation to supporting the revised definition of stewardship, we shared that LPPI had effectively worked within the 2020 Code's definition of stewardship, despite not being an impact focussed asset manager. If, for the reasons outlined, an alternative definition is considered appropriate, we believe this should ideally retain reference to the dependency which exists between long-term sustainable value and systems fundamental to the efficiency of the market, both now and into the future. This is what the term "responsible" points towards but does not explicitly say. We are supportive of alternative definitions which better reflect the long-term investment horizons our partner funds operate within and their expectations of us as stewards of their capital and reputations.

In conversation, the FRC has confirmed there is no current definition of the term sustainable value (despite its presence within the FRC's proposed revised definition of stewardship), and it would be for signatories to determine what this means for them as an individual organisation. We hold the view that if the FRC's revised definition of stewardship is implemented, the final code should make it a requirement for every signatory to provide the precise definition of 'sustainable value' that applies to their own circumstances. Only if this is a requirement can their reporting be assessed within a definite context capable of supporting the evaluation of whether the signatory has disclosed adequately on the stewardship they have undertaken.

LPPI supported the effort for disclosures to be less frequent but noted that we use our submission as our annual RI and Stewardship Report and therefore we would still look to publish full information each year. Separating stationary content on approach and policy (how and why) from activity-based content (what and when) seemed sensible, though this may not reduce the workload involved initially. Having two live documents per year will mean readers have a choice where to focus and a shorter read length if they just review the annual summary which is potentially a benefit.

LPPI requested more guidance on the length of answers expected and stated that this will support signatories to understand how to cut down the volume of content provided to meaningful outcomes. LPPI shared that good principles should work across the board and that there should be differentiated expectations for different participants but feel that principles could be phrased appropriately as opposed to completely different principles being created and applied separately to each group. Improvements could be made, specifically the guidance associated with the new code would need to define service providers for the different signatory types and be clear how principles apply to all categories of signatories. We agreed that escalation should be embedded across principles, as this matches our approach within our own stewardship activity.

Results are expected to be published in Q2.

FRC Stewardship Code Results

On the 11th of February LPPI received confirmation from the Financial Reporting Council (FRC) that our submission to the UK Stewardship Code, in the form of our Responsible Investment & Stewardship Annual Report 2023-24, was successful. This means LPPI has retained signatory status to the UK Stewardship Code, with no areas requiring further improvement identified. The outcome was announced on the FRC website where LPPI are named as part of an updated list of signatories. This report is a comprehensive account of our investment beliefs, strategic focus areas, our stewardship resourcing and governance, our ESG integration processes and the engagement activity that we carry out with the full spectrum of market actors we interact with.

This is a strong result which recognises the continuous focus placed on effective stewardship practices across LPPI's activities. It is also a testament to the breadth and quality of work being done across the organisation on responsible investment. We would encourage you to view the report as your first port of call to understand more about our responsible investment and stewardship activity, as it contains explanations of policy, process and case studies of the outcomes of our work from though out the year with every partnership and asset class represented.

Net Zero Asset Managers ("NZAM") Initiative

Recent developments in the U.S. and different regulatory and client expectations in investors' respective jurisdictions have led the 6 founding Network Partners to review the initiative to ensure NZAM remains fit for purpose in the new global context. The decision to pause activities was made in response to the increased threat to members of high-profile litigation in the US. The publicised exit of Blackrock from NZAM reflected a broader exit momentum already in progress affecting numerous other climate coalitions. The realities of the low carbon transition and market implementation of target setting methodologies to date have produced learnings the initiative wishes to take into account. We are supportive of NZAM taking the time to address developments and evolve the initiative via a member consultation, with the aim of continuing to provide value to long term investors who recognise dependencies between sustainable returns and sustainable systems. LPPI intends to participate in the consultation which begins with a series of investor roundtables, and a plan to holistically review any changes to the commitment's emphasis.

As the initiative undergoes review, activities to track signatory implementation and reporting are currently suspended. NZAM has also removed the commitment statement and list of NZAM signatories from its website, as well as their targets and related case studies, pending the outcome of the review. A statement on this can be read here. As a consequence, LPPI was unable to formally submit its phase three net zero targets for NZAM approval and publication on the NZAM website.

LPPI's position on climate change as a systemic risk remains unchanged. We use net zero targets to help us identify climate-related risks and opportunities and monitor their trajectory over time. LPPI's net zero commitment provides assurance to you our partner funds that we are placing adequate focus on the risks and opportunities arising from the global transition to more sustainable economic systems. We also recognise that our commitment aligns with your prioritisation of climate change as a theme and have appreciated your support since making the NZAM commitment back in 2021. At this point, the NZAM "pause" has no direct effect on LPPI's stewardship of assets. The asset class targets which underpin our commitment remain unchanged and we will be publishing a full set on LPPI's website in due course to maintain the transparency previously provided by the NZAM initiative.

ESG Data Convergence Initiative (EDCI)

The EDCI aims to improve private market ESG data disclosure by encouraging the use of standard definitions and templates and reporting of a baseline level of key ESG data points. 6,200 portfolio companies are now part of the data gathering and benchmarking process.

The private equity team has been a responsive participant in the ESG Data Convergence Initiative (EDCI). The team completed EDCI's most recent member survey, with our response encouraging the initiative, and therefore member investment managers, to provide more transparency on governance and cyber-related disclosures – such as the number of IT breaches / incidents or whether the portfolio company has a Chief Technology Officer. This relates directly to ESG factors we believe are material to the PE portfolios and would therefore benefit our understanding of the management of such risks through greater transparency.

EDCI already have a comprehensive framework around climate change, with current environmental metrics focused on decarbonisation plans, renewable energy consumption and GHG Emissions.

PRI

The 2025 PRI reporting window will open on 7 May and close on 30 July. PRI have provided existing signatories the flexibility to complete two short modules or report in full against the reporting framework, which evaluates responsible investment practices and enables signatories to benchmark their performance against peer groups.

With PRI's new reporting framework (Pathways) being introduced in 2025 and foundational reporting beginning in 2026, LPPI has decided to use flexibility offered for this reporting cycle and complete the two short high level; the Senior Leadership Statement (SLS) and Other Responsible Investment Reporting Obligations (ORO).

Environmental Opportunities Fund (EOF) Launch

P(E)

In Q1 2025, LPPI launched a new fund to enable its partner funds to allocate directly to climate solutions and other environmental opportunities. We have secured initial backing from two of our partner funds, LPFA and Lancashire County Pension Fund, which equates to a fund size of £500m.

The Environmental Opportunities Fund is an open-ended solution which aims to invest in private market assets that contribute towards climate mitigation, climate adaptation, and the protection, restoration, and sustainable management of nature.

The remit has been kept deliberately broad to reflect the evolving nature of climate-related investments. While climate adaptation and mitigation are central to the strategy, the team is also considering thematic opportunities such as biodiversity, resource efficiency and nature-based solutions.

The fund will invest through a mix of third-party managers and co-investments. Our first external manager, which will run a separately managed account, has already been appointed.

SEC Regulation Updates

A recent change in filing requirements for US investors who intend to actively engage with investee companies is likely to have a cooling effect on asset manager engagement efforts.

Background

The US Securities and Exchange Commission requires SEC-regulated firms holding 5%+ of a company's shares to file schedules 13G (short-form) and 13D (long-form) before engaging with issuers. Prior to a change in guidance in February 2025, the more arduous schedule 13D was only required of investors engaging with the purpose of 'changing or influencing control of the issuer', and not applicable to shareholders seeking to 'promote its view of good corporate governance practices' so in practice applied to activist investors.

Change in Guidance

Changes in guidance from the SEC suggest that filing the short-form schedule 13G may now be unavailable to investors who recommend portfolio companies adopt best practice with regards to ESG issues including 'switch to a majority voting standard, change executive compensation practices, and undertake a specific social, environmental policy.' Also implicated are conversations with portfolio companies regarding asset managers' voting policies and potential vote instructions on specific issues, should for example, a portfolio company not comply with an ask (as detailed).

Following the change in advice, some large US managers with passive strategies such as BlackRock and Vanguard temporarily paused engagement activities.

Relevance to LPPI

Whilst initially it would appear that (as a UK FCA regulated firm) LPPI is not directly impacted, LPPI's US-based external managers will be impacted in their own engagement and stewardship activities. We are currently assessing the full extent of how this might impact our Net Zero engagement strategy and whether there is any litigation exposure LPPI may need to consider based on our current stewardship approach.

TPI LPPI Policy Change

LPPI uses the TPI Management Quality ('MQ') Stairway as one of several tools to monitor companies held in the LPPI Global Equities Fund ('GEF'). Historically, for all companies held in the GEF portfolio with an MQ of 2 or less, LPPI has asked delegate managers, both internal and external, to provide written commentary on the MQ score. This includes a clear rationale for their selection and enhanced evidence of the assessment, management and mitigation of exposure to climate-related risks.

LPPI has opted to re-assess our process for TPI monitoring reflecting improvements and changes TPI has made since LPPI started using the MQ data. The TPI universe was originally focussed on companies with high greenhouse gas emissions and transition risks, however, over time the TPI has expanded its coverage universe to a greater number of companies including those with lower greenhouse gas emissions or transition risks. The most recent data update has expanded coverage to more than 2000 companies which has caused the number of companies in the GEF portfolio rated MQ 2 or less to increase. The expanded universe includes companies that LPPI does not define as High Impact under the Net Zero Commitment for the GEF. In light of the universe expansion, LPPI does not believe it is the best use of delegate managers' resources to request write ups for every company rated MQ 2 or less, particularly when delegate managers have other factors influencing Net Zero related engagement priorities.

As such, LPPI has carried out a review of our process for TPI monitoring and formed an updated approach:

- LPPI will continue to monitor TPI MQ scores for all companies held in the GEF portfolio.
- These will be used as one input, though not the only input, to define Net Zero engagement priorities.
- LPPI will prioritise requests for written commentary from delegate managers to higher risk companies determined to be those that have an MQ score of 2 or less and sit in High Impact sectors.

EU Omnibus Simplification Package

Published on 26th Feb 2025, the EU Omnibus Simplification Package proposes changes which reflect a recognition of the reporting burden placed on companies by existing corporate sustainability reporting directives and the EU Taxonomy Regulation. Revisions being proposed will have an impact on what data is published by companies and therefore what is available to investors but has the aim of enhancing competitiveness and attracting more investment.

"To boost our competitiveness and unleash growth, the EU needs to foster a favourable business environment and ensure that companies are not stifled by excessive regulatory burdens" – European Commission.

Link to more info
https://ec.europa.eu/commission/presscorner/detail/en/qanda_25_615

Further Information Guide

Q1 2025 – Portfolio Insights – Listed Equities (LPPI Global Equities Fund) (Pages 2 & 3)

Sector Breakdown (%)

- Identifies the Global Equities Fund's ("GEF") sector breakdown and their proportions.

Top 10 Positions

- The top 10 GEF companies as a % of the asset class portfolio.

GEF Sector Weights

- Comparison of sector weights against their benchmark.
- The larger the bar the bigger the difference between GEF and benchmark weightings.
- Where a positive number is shown, this indicates the GEF is overweight to a sector.
- Where a negative number is shown, this indicates the GEF is underweight to a sector.

Portfolio ESG Score

- This is a relative indicator and not a measure of portfolio ESG risk exposure.
- Individual companies are assigned an ESG score (between 0-10). The final numbers shown in the bar chart are the weighted averages of these scores for the stocks held in the GEF vs its benchmark through time.
- This table is a comparison with the benchmark and reviews changes over time.
- LPPI utilise an established methodology (developed by MSCI) for determining the ESG score of stocks within the GEF. Further details can be found here: https://www.msci.com/documents/1296102/21901542/MSCI+ESG+Ratings+Methodology+-+Exec+Summary+Nov+2020.pdf
- The higher the score shown, the better the ESG credentials of the GEF / benchmark.

Governance Insights

These metrics provide insights on governance issues for the GEF using data from ISS DataDesk (Institutional Shareholder Services), our provider of shareholder voting services.

- **Women on the board:** A measure of gender diversity based on the average proportion of female board members for companies in the GEF.
- **Board independence:** The average proportion of board members identified by ISS as independent. Please note independence expectations vary across markets with LPPI generally favouring greater independence.
- **Say-on-pay:** The average investor support for the most recent say-on-pay vote at a company meeting. Please note not all markets require say-on-pay votes. A vote of greater than 20% against (support < 80%) is generally considered significant.

Transition Pathway Initiative (TPI) Headlines

- TPI assess how well the largest global companies in high carbon emitting sectors are adapting their business models for a low carbon economy.
- The % of GEF covered by TPI shows the portfolio exposure to high emitting companies.
- The number/proportion of companies with top scores (TPI 3 to 5*) is a measure of the quality of transition management by the high emitting companies held within the GEF.
- Detailed TPI methodology can be found through the following link: https://www.transitionpathwayinitiative.org/publications/2023-methodology-report-management-quality-and-carbon-performance-version-5-0
- *Monitoring – For all companies rated below TPI 3 and sit in High Impact sectors, we request our internal team or external managers to submit a TPI monitoring questionnaire, which aims to further understand the rationale behind its inclusion in the fund, and asks the following questions: What is their thesis & observations on climate risk for the company? Is the TPI score an accurate reflection of the company's climate risk management? What actions have been taken to encourage improvement?

Private Market Asset Classes

- These metrics indicate the industry sector and regional breakdown as a % of the asset class for Private Equity, Infrastructure and Real Estate investments.

Green & Brown

- These metrics indicate the Pension Fund's total portfolio exposure (%) to green and brown assets. Current coverage extends to: Listed Equities, Fixed Income, Green Bonds, Private Equity, and Infrastructure.
- These are further broken down into their sectors/activities related to green and brown.
- Please be aware that due to rounding within the different breakdowns the totals may not sum correctly.
- The report presents information on the trend in Green and Brown exposures (commencing in Q4 2021). Quarterly changes in Green and Brown exposure reflect multiple factors at play including funds reaching maturity, assets being revalued, and investments being made and sold. The total value of the Royal County of Berkshire Pension Fund (RCBPF) portfolio (as the denominator) also affects Brown and Green % shares quarterly.

Green

Green activities are those directly contributing to real world decarbonisation, principally through renewable energy generation, but include other activities supporting lower emissions including district heating, and waste management. Where possible, these assets are identified at the sub-industry GICS level for each underlying asset. Further LPPI analysis is undertaken where GICS does not provide enough detail.

Brown

Investments in energy and power generation based on fossil fuel activities, including: extracting (upstream), transporting (midstream), refining (midstream), supplying (downstream), or some energy companies that legitimately span all aspects (integrated). Fossil fuels used to generate energy is part of electricity generation. These assets are identified at the sub-industry GICS level for each underlying asset.

Further Information Guide

Q1 2025 - Stewardship Headlines (Pages 6 - 12)

Shareholding Voting

- This section of the report gives an overview of stewardship activities in the last quarter. Partner pension funds delegate day to day implementation of the Partnership's Responsible Investment approach to Local Pensions Partnership Investments Ltd (LPPI). Ongoing stewardship activities by LPPI include portfolio and manager monitoring and the exercise of ownership responsibilities via shareholder voting and engagement.
- Shareholder voting is overseen centrally by LPPI rather than by individual asset managers. LPPI receives analysis and recommendations from Institutional Shareholder Services (ISS) who are a provider of proxy voting and governance research. We follow Sustainability Voting Guidelines focussed on material ESG considerations and liaise with providers and asset managers as needed to reach final voting decisions.
- Full details of all shareholder voting by LPPI are publicly available from the LPP website within quarterly shareholder voting reports.
- The Headline section provides insight into the scope of voting activity, including how votes against management is concentrated.
- The map of votes per region is included because different jurisdictions have different voting seasons. This provides context to the reporting of voting statistics quarter to quarter as votes take place in batches depending on the companies domicile at different points throughout the year.

Engagement (Public Markets)

- Engagement is an active, long-term dialogue between investors and companies on environmental, social and governance factors, which can be executed through a variety of channels.
- LPPI has engaged an external provider (Robeco Active Ownership Team) to supplement dialogue underway by LPPI and external delegate managers.
- This section outlines the engagement activities undertaken by Robeco in the public markets by topic, sector, method, and region (indicating the number of companies engaged / geographical distribution).
- "Activity by method" summarises engagements by category / method and can include multiple inputs from the same company.
- The updated Robeco Active Ownership report summarises our engagement activities for the quarter and breaks them down into sub-sectors, where they are rated on success/progress (shown as a %).
- Page 9 of the Robeco stewardship policy outlines further details of their process: https://www.robeco.com/docm/docu-robeco-stewardship-policy.pdf

Further Information Guide

Q1 2025 - Real World Outcomes (Pages 13 & 16)

- This section provides case studies which highlight positive ESG outcomes arising from the Pension Fund's holdings.
- The focus of the real-world outcomes rotates between asset classes for each quarter in the following pattern:
  - Q1 – Infrastructure
  - Q2 – Real Estate
  - Q3 – Private Equity
  - Q4 – GEF
- The case studies offer bite sized insights on positive outcomes being achieved and contributed to by companies held by the portfolio.

GICS - Global Industry Classification System
The most widely used approach to categorising activities into industry sectors. The main standard in use for public markets with growing use for other asset classes. For more information on GICS and the activities that fall into each sector, please see:
https://www.spglobal.com/marketintelligence/en/documents/112727-gics-mapbook_2018_v3_letter_digitalspreads.pdf

Climate Action 100+
Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

Paris Agreement
The Agreement is a legally binding international treaty to tackle climate change and its negative impacts. The Agreement includes commitments from all countries to reduce their emissions and work together to adapt to the impacts of climate change. It entered into force on 4 November 2016.

The Agreement sets long-term goals to guide all nations to:

- substantially reduce global greenhouse gas emissions to limit the global temperature increase in this century to 2 degrees Celsius while pursuing efforts to limit the increase even further to 1.5 degrees,
- review countries' commitments every five years,
- provide financing to developing countries to mitigate climate change, strengthen resilience and enhance abilities to adapt to climate impacts.

https://www.un.org/en/climatechange/paris-agreement

MSCI ACWI - MSCI All Country World Index
A stock index designed to track broad global equity-market performance. The LPPI Global Equity Fund's benchmark.

MSCI - Morgan Stanley Capital International
A global index provider.

TCFD - Taskforce on Climate Related Financial Disclosure
The Financial Stability Board created the Task Force on Climate-related Financial Disclosure (TCFD) to improve and increase reporting of climate-related financial information by companies and investors.
Recommendations include annual disclosure under 4 pillars: Governance, Strategy, Risk Management, Metrics & Targets.

TPI - Transition Pathway Initiative https://www.transitionpathwayinitiative.org/
The TPI assesses the highest emitting companies globally on their preparedness for a transition to a low carbon economy. 368 companies are rated TPI 0-4* for Management Quality based on 19 separate datapoints. TPI Management Quality scores provide an objective external measure of corporate transition readiness.

NZAMI – Net Zero Asset Managers Initiative https://www.netzeroassetmanagers.org/
The Net Zero Asset Managers Initiative launched in December 2020 and aims to galvanise the asset management industry to commit to a goal of net zero emissions.

IIGCC
Institutional Investor Group on Climate Change. LPPI is a member.

PRI - Principles for Responsible Investment https://www.unpri.org/
A United Nations-supported international network of financial institutions working together to implement its six aspirational principles, often referenced as "the Principles".