LPPI Responsible Investment Report
Q3 2025

Key takeaways for the period

- LPPI was a sponsor of and has actively collaborated with The Good Economy (TGE) and other partners in the production of a white paper on the topic of local investment published in September 2025.
- LPPI's fourth annual conference took place in September. Our annual conference provides an opportunity to bring partner funds together in a collegiate and engaging environment, to connect them with each other, with LPPI colleagues, and with peers and industry leaders.
- GLIL Infrastructure (GLIL) has invested in a landmark UK project that will future proof the water supply for millions of people across the North West of England.
- In Q3 2025 LPPI voted on 100% company proposals, supporting 85% of these.
- Investments in Brown sectors (extraction, transportation, storage, supply, and generation of energy from fossil fuels) are 1.15% of the portfolio.
- Investments in Green sectors (renewable energy generation, clean technology, and decarbonising activities) are 4.28% of the portfolio.

RCBPF RI Policy ESG Priorities

	Theme	Coverage	Location
E	Climate Change	TPI	p.3
		Green & Brown	p.5
		Climate Voting	p.8
		Manager Engagement - Corporate engagement on climate disclosure	p.9
	Pollution	Business Coalition for a Global Plastics Treaty	p.15
	Biodiversity	N/A	N/A
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
		ISS' 2025 Annual Global Benchmark Survey	p.15

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)

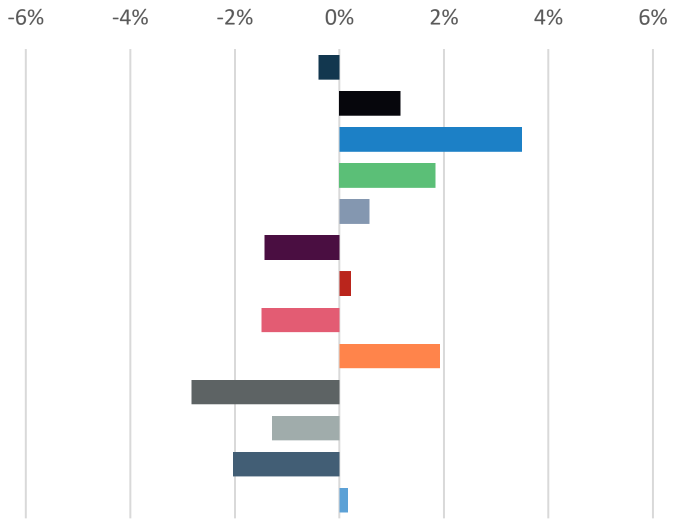
Q3 2025

Further Information

Sector Breakdown (%)

Information Tech.	26.7
Financials	18.6
Industrials	14.2
Consumer Discretionary	12.5
Communication Services	9.4
Health Care	7.1
Consumer Staples	5.5
Materials	2.1
Cash	1.9
Energy	0.7
Real Estate	0.6
Utilities	0.6
Others	0.2

LPPI Global Equities Fund Sector Weights vs MSCI ACWI ND



Top 10 Positions

	Portfolio (%)	Position Change
1. Microsoft Corp	5.0	-
2. Alphabet Inc	4.7	+1
3. Visa Inc	3.7	-1
4. Autozone Inc	2.2	New
5. London Stock Exchange Group Plc	2.2	-1
6. Amphenol Corp	2.1	New
7. Amazon.Com Inc	2.1	New
8. Heico Corp	2.0	-1
9. Autodesk Inc	2.0	+1
10. Experian Plc	1.9	-1

Top 10 Positions

The top 10 companies (10 largest positions) make up **28%** of the total LPPI GEF.

Governance Insights (ISS DataDesk)

Women on the Board (Average)

34%

Coverage of GEF

93%

Board Independence (Average)

71%

Coverage of GEF

93%

Support for Say-on-Pay (Average)

91%

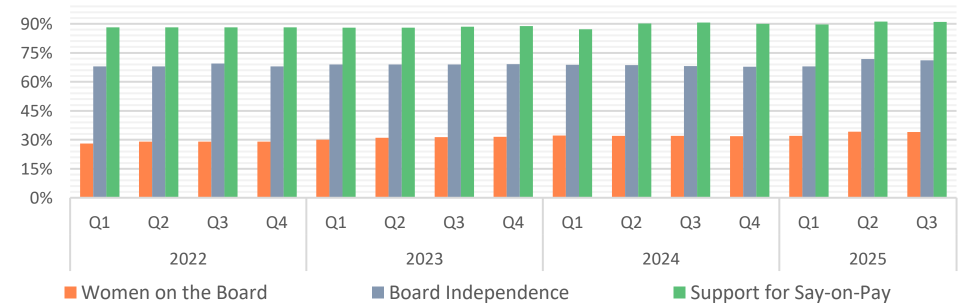
Coverage of GEF

88%

P(G)

Governance Insights (Timeseries)

P(G)



Governance Insights

P(G)

Women on the Board

In Q3 2025, an average of 34% of board members were female in the GEF, which is up from Q3 2024. There was a coverage of 93% data availability (up from 85% in Q3 2024), which was a result of several companies not being in scope of the ISS database.

Board Independence

In Q3 2025, on average 71% of board members were independent in the GEF, which is up from 68% in Q3 2024. There was a coverage of 93% data availability (up from 84% in Q3 2024), which was a result of several companies not being in scope of the ISS database.

Support for Say-on-pay

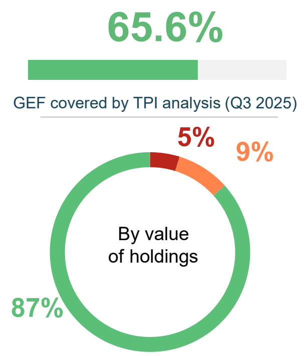
In Q3 2025, an average of 91% were in support for say on pay (unchanged from Q3 2024), which indicates a high proportion of investors were supportive of the pay policies of investee companies. There was a coverage of 88% data availability (up from 73% in Q3 2024), which was a result of several companies not being in scope of the ISS database.

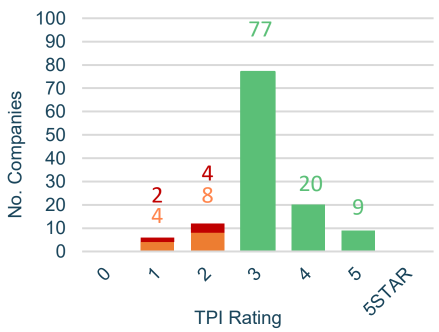
Portfolio Insights – Listed Equities (LPPI Global Equities Fund)

Q3 2025

Further Information

Transition Pathway Initiative – Management Quality Headlines





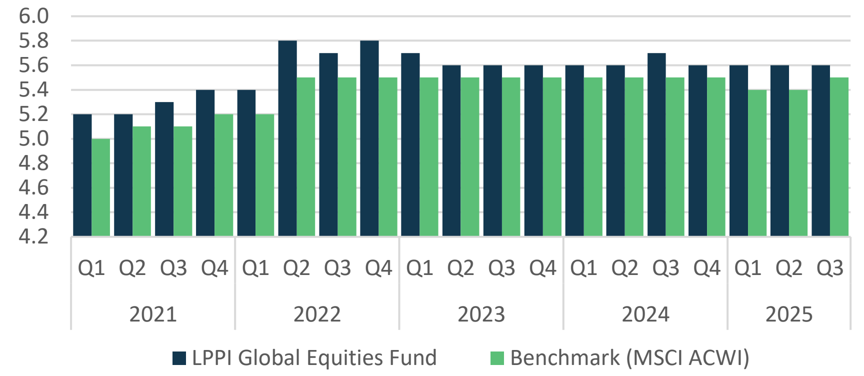
P(E)

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)

By value, the coverage of the GEF represented within the globally high emitting companies under TPI assessment has slightly decreased from 66.3% to 65.6%, and by number has decreased from 126 to 124 between Q2 and Q3 2025. This decrease is as a result of 6 companies dropping out of scope as they are no longer in the portfolio, and 4 companies in the TPI universe that have entered the GEF portfolio.

Of the 124 companies in TPI scope:

- 87% (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 up from 86% in Q2 2025, which is a general reflection of the churn in coverage of the GEF under the TPI universe.

- 18 companies are scored below TPI 3 and are under monitoring*. This remains unchanged from Q2 2025.

Portfolio ESG Score

The GEF's Portfolio ESG score remained unchanged at 5.6 between Q2 and Q3. In the same period the equivalent score for the benchmark had increased from 5.4 to 5.5.

Portfolio Insights – Other Asset Classes

Q3 2025

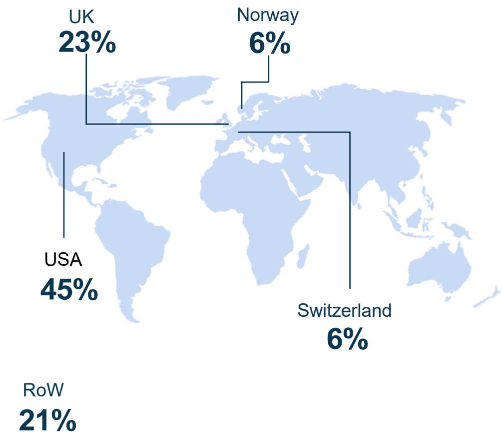
Further Information

Private Equity

Industry Breakdown (%)

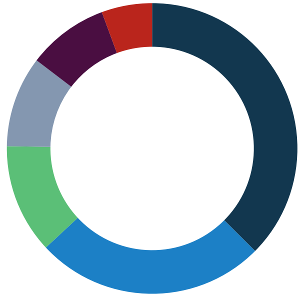
- Information Technology 32
- Health Care 21
- Other 12
- Industrials 11
- Consumer Discretionary 8
- Financials 7
- Communication Services 4
- Remaining Industries 4

Region Breakdown (%)



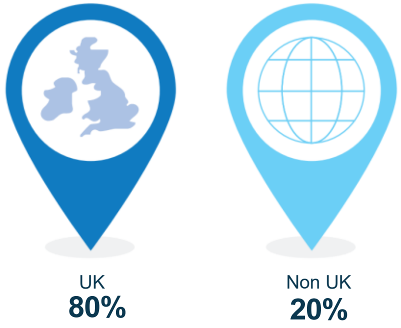
Real Estate (LPPI Real Estate Fund)

Sector Breakdown (%)



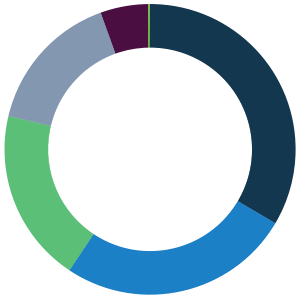
- Living 37
- Industrial 26
- Retail 12
- Alternative 10
- Office 9
- Agriculture 6

Geographical Exposure (NAV %)



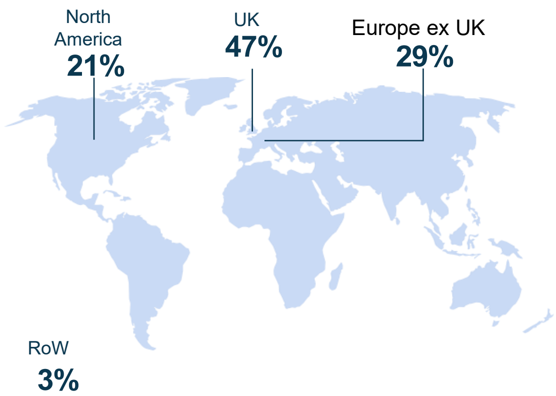
Infrastructure (LPPI Global Infrastructure Fund)

Industry Breakdown (%)



- Traditional Energy, Renewable Energy, Waste 33
- Transport and Distribution 26
- Regulated Assets 19
- Social (incl PFI) 16
- Digital 5

Region Breakdown (%)

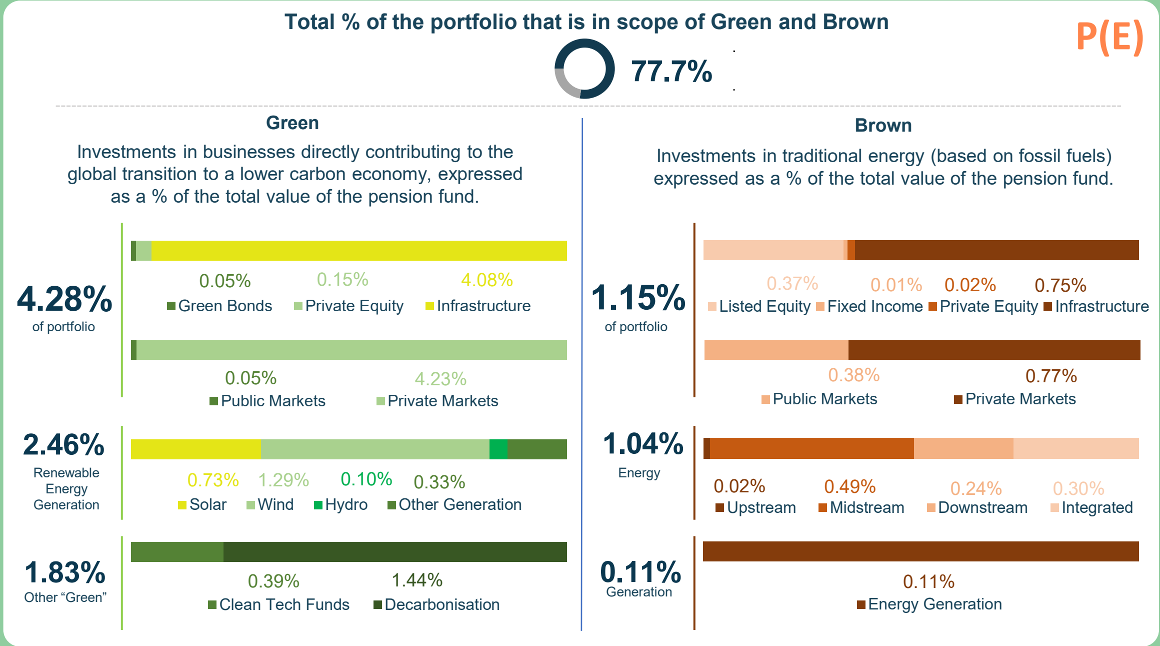


Portfolio Insights – Other Asset Classes

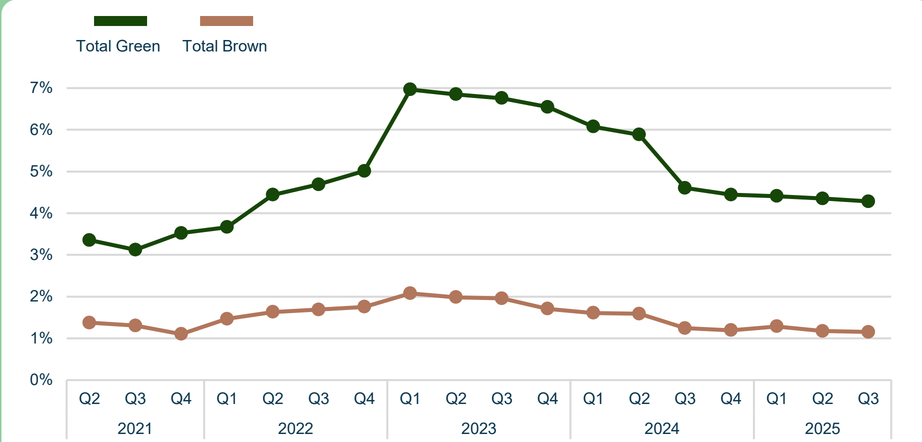
Q3 2025

[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 **Q3 2025, 77.7%** 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 Q2 2025, **Brown** exposure has decreased from 1.18% to **1.15%**. The biggest contribution to the decreased exposure comes from the Infrastructure asset class. This decreased exposure is a result of a reduction in mark-to-market valuations for some existing Brown assets held in the Infrastructure portfolio. This has decreased Infrastructure's share of Brown exposure from 0.79% in Q2 to 0.75% of the portfolio in Q3 2025.

Compared with Q2 2025, **Green** activities have decreased from 4.35% to **4.28%** of the portfolio. The biggest contribution to the reduced exposure comes from the infrastructure asset class. Although the total value of the Green assets increased, RCBPF's total fund value increased more than the value of Green assets, producing a reduction overall. This has decreased Infrastructure's share of Green exposure from 4.15% in Q2 to 4.08% of the portfolio in Q3 2025. Note: The increased total value of Green assets is a result of a new fund entering the portfolio, which contains multiple assets that have been categorised as Green.

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

Q3 2025 - Shareholder Voting - LPPI Global Equities Fund (GEF)

Further Information

Shareholder Voting Statistics (LPPI Global Equities Fund)

Headlines

P(G)

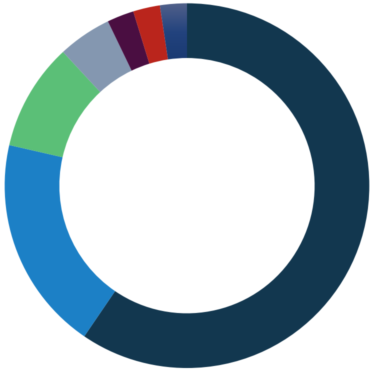
24 Meetings Voted

275 Proposals Voted

Supported 85%
274 Company Proposals

Supported 100%
1 Shareholders Proposals

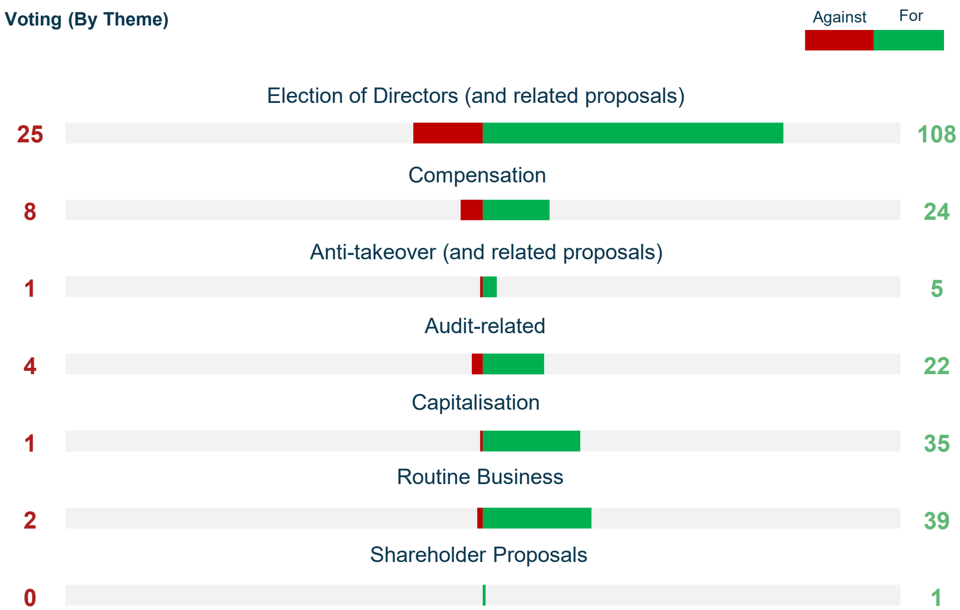
75% Meetings with a vote against Management



Votes Against Management (By theme)

Election of Directors (and related)	25
Compensation	8
Audit-related	4
Routine Business	2
Anti-takeover (and related proposals)	1
Capitalisation	1
Shareholder Resolutions	1

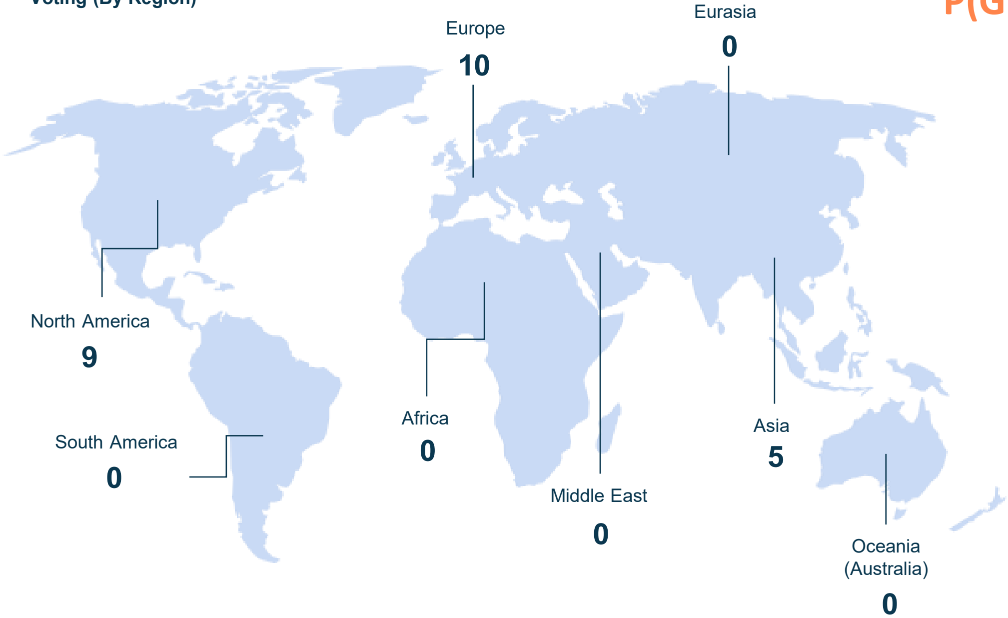
Voting (By Theme)



P(G)

Voting (By Region)*

P(G)



*Total votable meetings

Stewardship Headlines

Q3 2025 - Shareholder Voting - LPPI Global Equities Fund (GEF)

Headlines

The period 1st July – 30th September 2025 encompassed 24 meetings. LPPI voted at 24 (100%) meetings where GEF shares entitled participation, totalling 275 proposals voted.

Votes Against Management – Director Related

P(G)

- Director elections or resolutions relating to directors: 60% 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 25 director elections or director-related resolutions at 13 companies in Q1 2025. This was 19% of all director-related votes.

Independence
LPPI voted against eight resolutions at five companies due to issues pertaining to lack of independent challenge either on the Board overall, or on key committees.
Addtech AB (Sweden: Industrials)
We voted against the re-election of three non-independent directors at Addtech's AGM. This was because we assessed the Board to be just 33% independent. Furthermore, the directors sit on the Audit Committee, making it just 50% independent, which is contrary to our preference for it to be entirely independent. This vote represented continuity to our vote against these directors at the 2024 AGM.
Result: Pass (no further granularity provided)

Diversity
LPPI voted against four resolutions at three companies due to issues pertaining to lack of diversity.
Rockwood Strategic Plc (UK: Financials)
We voted against the re-election of the Chair of the Board at Rockwood Strategic's AGM. This was due to the Board having no women or ethnic minority directors, versus the preferred 30% women and at least one director from an ethnic minority background outlined in LPPI's shareholder voting guidelines for UK companies. However, it is worth noting that this company is a small-cap company with a market capitalisation of just ~77million at the time of writing.
Result: 7.5% dissent.

Stewardship Headlines

Q3 2025 - Shareholder Voting - LPPI Global Equities Fund (GEF)

Votes Against Management – Compensation

P(G)

- Compensation: 20% 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 eight compensation resolutions at five companies. This was approximately 25% of management-filed compensation related votes.

Rocket Lab Corporation (USA: Industrials)
We voted against the Say on Pay at Rocket Lab's AGM. This was because the company's short term incentive program was entirely discretionary, and the long-term incentive was entirely time-based. Further, the CEO and one other NEO received outsized RSU grants with a total value significantly above median peer CEOs' total annual compensation.
Result: ~25% dissent.

Shareholder Proposals

- There was one shareholder proposal at one company during Q3.

Linde Plc (Ireland: Materials)
A shareholder proposal was filed at Linde's 2025 AGM requesting Linde report on the alignment of its direct and indirect lobbying activities with its net zero by 2050 goal. While we appreciated the Board's response linking the company's current actions to the asks of the resolution, we rationalised that the company operates in a carbon-intense sector and would benefit from further transparency on *how* their lobbying and policy activities support their 2050 Carbon Neutrality ambition. We therefore voted in favour of the proposal, and against management's recommendation.
Result: In its Form 8-K, the company stated that '*No vote is being reported for a shareholder proposal that requested an annual report regarding the alignment of Linde's lobbying and trade association activities with the Linde's 2050 climate neutrality ambition. Neither the shareholder proponent nor a representative attended the AGM to present the proposal as required, and therefore, the proposal was not acted upon by the shareholders.*'

Climate Voting

P(E)

In Q3, AGMs of two companies in LPPI's climate voting watchlist occurred. We did not choose to exercise our voting rights with regards to climate in these occasions.

Climate Action 100+

There were no AGMs held for companies in the portfolio which appear on the CA100+ focus list.

LAPFF Voting Alerts

LAPFF did not issue voting alerts for any companies held in the Global Equities Fund in Q3 2025.

Manager Engagement - Corporate engagement on climate disclosure

P(E)

We have set expectations on our FIF/Credit managers to carry out engagement with high impact companies in their portfolio. One such manager has engaged a bond issuer in their portfolio in a carbon-intensive sector on a range of issues to date. This bond issuer is a financial services firm focused on retail banking with a commitment to facilitate EUR 5 billion for the climate transition by 2026. It has set financed emissions targets for 10 carbon-sensitive sectors and is a prolific issuer of ESG-labelled bonds. Our external manager has previously engaged on ESG bond issuance, organic agriculture and environmental protection, net zero progress, climate stress testing, and human rights and inclusiveness.

Recent engagements followed up on detailed recommendations shared in previous years, with a primary focus on the issuer’s climate strategy implementation. Efforts were made to obtain further details on their strategy for client engagements and reporting. Incorporating carbon attribution analysis in climate transition updates was also recommended to clarify the impact of real-economy greenhouse gas reductions versus other factors. Additionally, the issuer was encouraged to establish formal expectations around methane emissions for oil and gas companies and to consider implementing recommendations from the Taskforce on Nature-related Financial Disclosures (TNFD) to address nature-related risks and impacts.

Outcome:

The issuer has demonstrated progress in supporting client decarbonisation efforts and advancing nature-related disclosures, reflecting partial alignment with engagement expectations. Continued monitoring and engagement will focus on improving transparency, formalising methane emissions targets, and integrating nature-related risk management in line with TNFD recommendations.

Collaborative Engagement

Q3 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 38 companies in the LPPI Global Equities Fund (GEF) and 10 companies in the LPPI Fixed Income Fund (FIF), accounting for 27.88% and 1.69% 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)

Environment	21
Sustainable Development Goals	14
Corporate Governance	7
Global Controversy	1
Robeco-linked voting	1
Social	1

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

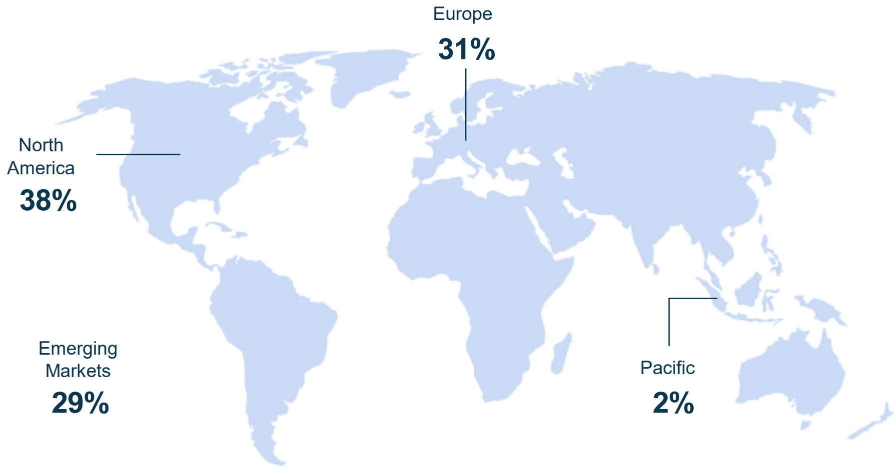
Activity (By Sector)

Consumer Discretionary	11
Health Care	6
Financials	5
Energy	5
Industrials	5
Information Technology	4
Consumer Staples	3
Materials	3
Utilities	2
Telecommunications	1

Activity (By Method)

Written Correspondence	43
Conference Call	18
Analysis	12
Meeting	4
Other	1
Shareholder Resolution	0

Activity (By Region) (%)



Collaborative Engagement

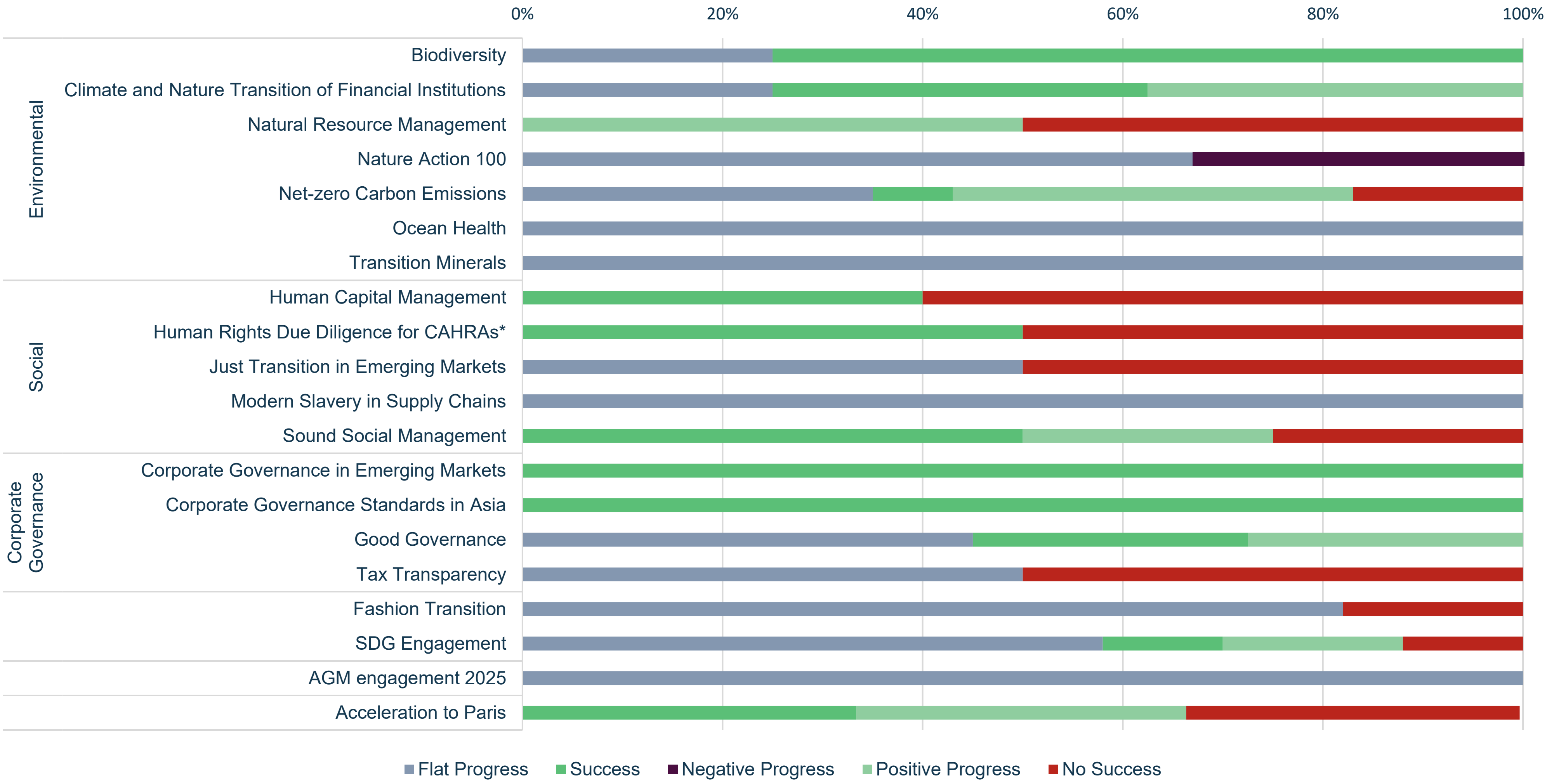
Q3 2025 – Engagement (Public Markets): Robeco

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, one theme has been added to the progress chart: Transition Minerals. An overview of this new theme can be found in the Q3 2025 Robeco Active Ownership report (see separately).

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 Q3 2025

Real World Outcomes

Q3 2025 – LPPI Private Equity

Further Information

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

Berkshire Pension Fund | LPP Local Pensions Partnership Investments

IFS World Operations – % of LPPI Private Equity IPV: 2.76%

IFS is a global leader in cloud-based software for enterprise resource planning (ERP), enterprise asset management (EAM), field service management (FSM) and enterprise service management (ESM) with a primary focus on asset-heavy industries and a track-record of expanding its product portfolio via strategic M&A to cover a broader spectrum of adjacencies.

IFS is focused on providing customers their 'moment of service' by leveraging industrial AI across 6 key focus verticals: Manufacturing, Energy and Utilities, A&D, Construction & Engineering, Services and Telecoms.

IFS's solutions are differentiated in their ability to serve the most complex asset-centric needs out-of-the-box, their single code base, and their ability to scale across on-premises, hosted, and public cloud environments.

IFS embeds sustainability in both its operations and customer solutions, focusing in areas of Sustainable Management, Carbon & Climate, and Culture & Inclusion.

Sustainable Management

Sustainability is **governed by an ESG Steering Committee**, chaired by the Chief Sustainability Officer.

Board-level oversight with sustainability as a standing agenda item.

Established **Sustainability Business Partner (SBP)** network across business functions.

Carbon & Climate

SBTi-approved 2030 target: reduce Scope 1 and 2 emissions by 42% and Scope 3 emissions by 25% by 2030, from a 2022 baseline.

100% renewable electricity across global offices, and 25% of employees volunteered during 2024 — exceeding its 20% target.

Introduced Emissions Management software (IFS Cloud) tool. This accurately tracks their emissions across Scopes 1 ,2 and 3.

A **Net Zero target date of 2050** has been set.

A detailed action plan has been produced to **reduce absolute CO2e by 5-10% each year** for the next 5 years.

A carbon champion initiative has been created to support ongoing reduction efforts across all services.

Culture & Inclusion

33% female managers in 2024 (up from 32% in 2023).

25% of employees volunteered, surpassing 20% target.

Introduced Anti-Bullying and Harassment Policy and Neurodiversity Employee Resource Group

Broader Impact

156 educational institutions engaged globally under the IFS Education Program.

IFS Foundation raised $300,000 in 2024 for Sri Lankan communities.

Real World Outcomes

Q3 2025 – LPPI Private Equity

Further Information

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

IBG – % of LPPI Private Equity IPV: **8.74%**

IBG (Innovative Beauty Group) is a global provider of value-added turnkey solutions across the beauty product value chain to discount and mass retailers as well as B&PC (Beauty & Personal Care) retailers in Europe and the US. The company provides a wide range of portfolio/product solutions including branding and product design, packaging design, formula development and manufacturing, packing and filling across the beauty product value chain for more than 180 customers worldwide.

At IBG, ESG governance is overseen by an inhouse CSR Committee. CSR knowledge is also propagated internally through modules on responsible packaging and sustainability in onboarding programmes for new employees. The company has a 2022-2025 Corporate Social Responsibility (CSR) roadmap and strategy in place, with 2025 targets and over 100 KPIs monitored annually:

Climate Change

Product carbon footprint is measured with an aim to redesign the existing range with a carbon footprint approach and **reduce the use of air transport in favour of land or sea.**

Diversity

78% of employees are women, with 40% women at executive level

Packaging Strategy

IBG faces risks relating to excessive use of packaging and use of plastic in its packaging.

In response, IBG has defined a **5R (rethink, reduce, recycle, refill/reuse) strategy** for eco-design of packaging, and its commercial offer includes 90% eco-friendly / eco-designed products.

Supply Chain Risk

With 73% of suppliers based in China, IBG is exposed to supply chain risks such as climate-related supply chain disruptions, ethical sourcing and labour conditions. This is mitigated since 2018 through the **Raise the Bar programme to assess suppliers using EcoVadis certification.** To date more than 200 suppliers have been onboarded in the programme.

Source – https://innovativebeautygroup.com/

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

FAMAR – % of LPPI Private Equity IPV: **0.99%**

FAMAR

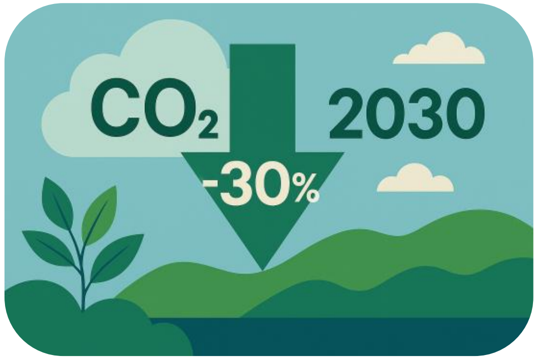
Founded in 1949, Famar is a Greece HQ pharmaceuticals CDMO (Contract Development and Manufacturing Organization) operating 6 manufacturing sites, 2 R&D centres and 1 pharma distribution centre across Greece, Spain and Italy. Famar offers a full-suite of finished dosage form manufacturing products: Solids (capsules & tablets) – Complex steriles (eye & ear drops, nasal sprays, ampoules and vials) – Dermocosmetics & packaging – Liquids and semi-solids (ointments, creams, gels, syrups, suspensions, sprays and drops).

Its customer base comprises c.100 pharma companies, including big and mid-sized pharma, consumer health and cosmetics companies.

Product safety and quality is a critical issue for Famar and its clients, which is managed by Famar with strict quality control procedures. These apply to each product and pipeline step, as part of an Integrated Quality Management System.

Gender Diversity

Good performance on gender diversity: 52% of employees are women, and 53% of management are women.



30% reduction in CO2 emissions by 2030

Climate targets aligned with the EU green deal have been set, including **30% reduction in CO2 emissions (Scope 1 & 2) by 2030** and net zero by 2050.

Environmental Health and Safety Strategy

Famar's **Environmental Health and Safety (EHS) strategy** and system promotes a culture of health and safety and continual improvement, as part of which annual EHS objectives are set.

Collaborations and Partnerships

Q3 2025

The Good Economy - White Paper on Place-based Impact Investing

LPPI was a sponsor of and has actively collaborated with The Good Economy (TGE) and other partners in the production of a white paper on the topic of local investment published in September 2025.

"Scaling-Up Local Investing for Place-Based Impact: A Strategic Framework and Guidance for the LGPS" was produced to encourage and support local investment by sharing insights, a strategic framework and practical guidance drawing on existing sector experience.

As part of its Fit for the Future programme, the Government is prioritising pension scheme capital to deliver greater support to the UK economy. Forthcoming regulations and guidance are due to require LGPS schemes to set a target range for local investment as a proportion of the fund and to report on local investments and their impact within annual reports.

The whitepaper considers the challenges and opportunities a local landscape poses for investment and aims to be practical and assistive. LPPI has contributed insights and case studies which reflect our experience of GLIL (as an LGPS collaboration investing in UK infrastructure) and local sleeves within real estate developed to achieve partner fund objectives for positive social outcomes through place-based investment.

The whitepaper has been well received and is available to read in full from the following link: https://thegoodeconomy.co.uk/place-based-impact-investing/white-paper/

Business Coalition for a Global Plastics Treaty

P(E)

During the latest round of UN negotiations (INC 5.2) on a global treaty to end plastic pollution, the Business Coalition for a Global Plastics Treaty raised concerns that progress toward a strong and coordinated outcome was stalling. In response, LPPI joined coalition efforts to reinforce the need for an ambitious and unified approach with our local representative for the UK's delegation. Our RI Manager engaged directly with the UK Secretary of State for DEFRA to communicate this position on behalf of the coalition.

The negotiations ultimately concluded without a definitive agreement, and the process has been paused while next steps are determined. Multiple options are on the table from the perspective of the coalition, which range from continuing to pursue the outcome via UN channels to moving forward outside the UN process.

Following the negotiations, the UK government responded to LPPI's message stating "the UK is committed to continue working with others at home and abroad to seek an ambitious and effective treaty to end plastic pollution, protect the environment and pave the way to a circular economy". The also stated their desire to continue engaging closely with the Business Coalition on next steps. We interpret this as a positive signal that the UK will remain engaged in the UN process. The Business Coalition will continue in its role of engaging policymakers and maintaining the momentum toward a binding global solution to plastic pollution.

ISS' 2025 Annual Global Benchmark Survey

P(G)

In August 2025, we responded to our proxy advisor, ISS', annual global benchmark survey. This gave us the opportunity to feed back to ISS on areas of the benchmark policy, which ultimately forms the foundation of ISS' speciality policies, such as the sustainability policy to which we subscribe. The survey covered many topics, including the following areas:

- Shareholder rights: multi-class capital structures, the right to act by written consent,
- Board-related matters: independence of the Board chair, 'over boarding,'
- Compensation: NED pay, the balance of Equity time-based vs. performance-based long-term executive incentives,
- AI Governance and Risk Management, and
- Board Diversity and DEI in the US.

Our responses emphasised the views on these issues, many of which we lay out in our shareholder voting guidelines such as diversity, and others where we took a materiality and proportionality-based approach.

Government Consultations

LPPI submitted responses to two consultations over the summer:

- Department for Energy Security & Net Zero's consultation regarding transition plan requirements and,
- Department for Business and Trade exposure draft on UK Sustainability Reporting Standards: UK SRS S1 and UK SRS S2

In both cases we communicated our support for the responses prepared by the Investment Association, and added our specific views on the core questions in the consultation where we wished to add a more detailed or nuanced perspective.

Our response to the Transition Plan consultation communicated our experience to date in preparing and using transition plans and included:

- Our recommendation for a mixed approach mandating transition plan disclosures where plans exist, with comply-or-explain for others.
- Our recommendation for clear, internationally aligned guidance focused on materiality and phased implementation prioritizing large or high-impact entities.
- Opposition to legally mandating transition plan implementation due to risks of narrowing ambition, external dependencies, and evolving methodologies that complicate enforcement. Market mechanisms are seen as more effective for ensuring delivery.
- Preference for disclosure of alignment with net zero by 2050 rather than strict 1.5°C alignment targets, allowing flexibility as global pathways evolve.
- Emphasis of the need to incorporate climate adaptation alongside mitigation in transition plans, advocating for mandated disclosure of physical risk adaptation actions.
- Our recommendation to include phased rollout learning from TCFD experience, focusing on real economy emissions first, and materiality-based disclosure for smaller entities to reduce burden. Clear guidance would help align supply chain disclosures and reduce misalignment.

Our response to the consultation on UK Sustainability Reporting Standards communicated:

- Our support for the voluntary adoption of these standards as a step toward mandatory use and global alignment in sustainability disclosures.
- Our perspective on the current issues with disparate reporting, including data gaps and lack of equivalence, and anticipation that UK SRS adoption will reduce data asymmetry, promote consistent reporting especially for private companies, and lower resourcing costs for stakeholders.
- Our view that the UK SRS is an opportunity to reset expectations to more strategic and insightful sustainability reporting, provided it avoids duplication and focuses on decision-useful information.

NZAM Review Consultation

During the summer the RI team completed a response to the NZAM initiative review consultation on an updated draft commitment statement and overall remit for the initiative. We outlined the value the initiative had delivered to us so far and communicated our desire to see the initiative maintain its core aim of providing direction, accountability and oversight for asset managers who which to manage the financial risks from climate change.

Reflecting on all feedback received, the Network Partners then agreed on necessary updates to the Commitment Statement, with final sign off from NZAM's Steering Committee, made up of CEOs and senior representatives of the Network Partners. The final commitment statement and guidelines for the initiative were then shared with signatories in October. LPPI will review the changes made and decide on final signatory status as a result before the deadline of 29th January 2026.

GLIL Local Investment

GLIL Infrastructure (GLIL) has invested in a landmark UK project that will future proof the water supply for millions of people across the North West of England.

The Haweswater Aqueduct Resilience Programme (HARP) will replace and maintain six tunnels on the more than 70 year-old, 110km pipeline that delivers water from the Lake District to 2.5m residents of Cumbria, Lancashire and Greater Manchester.

United Utilities has awarded the contract, with an estimated construction cost of c. £3bn, for the finance, design, build and maintenance of the six tunnels, to Cascade Infrastructure Ltd – a project company comprised of GLIL, Equitix and STRABAG.

As well as delivering essential upgrades that will safeguard a critical water supply, HARP will deliver economic benefits to the region and create local jobs and apprenticeship opportunities.

The project is also the first of its kind in the UK water sector approved by Ofwat to be delivered through a Direct Procurement for Customers (DPC) model – an initiative designed to deliver innovation and best value for water company customers, by competitively tendering for the delivery of major projects.

OPT – SAB Advice

The LGPS Scheme Advisory Board (SAB) have continued to publish updates and share advice relating to ongoing conflict in the Occupied Palestinian Territories (OPT) and the Palestine Solidarity Campaign which is forcefully pressing for divestment.

Latest updates available from the SAB website include:

- 29 August 2025 Board statement on Palestine Solidarity Campaign's recent letter and position paper
- 18 September 2025 Further Board statement on Palestine Solidarity Campaign's letter and position paper
- 13 October 2025 Board letter to Local Government Minister on Palestine Solidarity Campaign letter and position paper

The Board's letter to Local Government Minister Alison McGovern MP requests that she advise whether there is a view from the UK Government which can provide much needed clarity to LGPS funds on the matter of investments in conflict zones.

Further details are available from the SAB website here:
https://lgpsboard.org/index.php/welcome

LPPI Conference – Responsible Investment in Fit for the Future

LPPI's fourth annual conference took place in September.

Our annual conference provides an opportunity to bring partner funds together in a collegiate and engaging environment, to connect them with each other, with LPPI colleagues, and with peers and industry leaders.

The 2025 conference programme included a session dedicated to the question - What does 'Fit for the Future' mean for Responsible Investment?

LPPI's Head of RI and RI Team Manager decoded what the Government's Fit for the Future programme is likely to mean for pension funds and pools, noting changes are being introduced to an already dynamic space in which the UK political spectrum is expanding and regulatory and stewardship standards are in a phase of change.

The strong message was that LPPI exists to support partner funds in meeting their investment priorities. Fit for the Future introduces changes to roles and responsibilities that we will need to navigate and means a larger partnership of collaborating pension funds. As we go forward in the new landscape, funds will need to reflect, take stock, articulate their objectives, and collaborate with each other and LPPI to shape what responsible investment means in practice.

LPPI will focus on providing support, advice, insight and the implementation mechanics needed provide efficient investment pooling logistics to serve this expanded partnership.

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

Q3 2025 - Stewardship Headlines (Pages 6 - 11)

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 LPPI 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

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Q3 2025 - Real World Outcomes (Pages 12 & 14)

- 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:
  - Q3 – Infrastructure
  - Q3 – 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.

For Reference

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".