

LPPI Responsible Investment Report

Q2 2026

Key takeaways for the period

- Final statutory guidance on preparing and maintaining an Investment Strategy Statement (ISS) in England and Wales was published by MHCLG on 29 June 2026. The guidance implements Fit for the Future requirements and contains a dedicated chapter on Responsible Investment.
- LPPI completed IIGCC's biannual member survey, with input from both the Responsible Investment and Global Equities teams.
- On 3rd June 2026 LPPI's Head of Responsible Investment was a panellist at Responsible Investor Europe, a significant annual conference for the responsible investment community.
- In Q2 2026 LPPI voted on 100% company proposals, supporting 91% of these.
- Investments in Brown sectors (extraction, transportation, storage, supply, and generation of energy from fossil fuels) are 1.46% of the portfolio.
- Investments in Green sectors (renewable energy generation, clean technology, and decarbonising activities) are 4.25% 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
	Pollution	N/A	N/A
	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
		Shareholder Proposals	p.8
		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)

Q2 2026

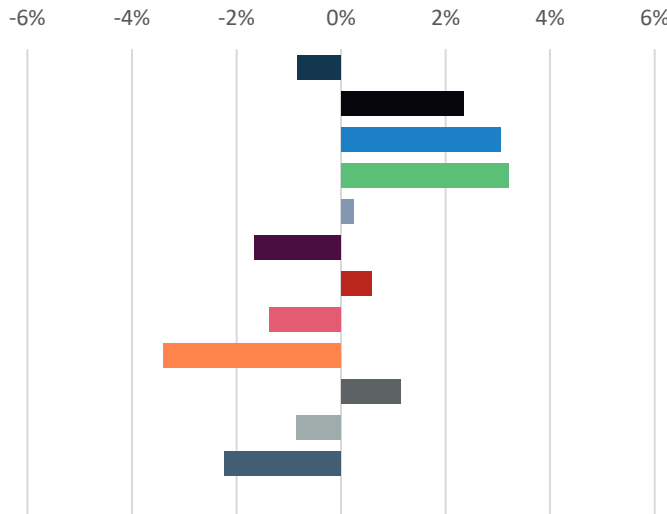
[Further Information](#)



Sector Breakdown (%)

Information Tech.	25.6
Financials	19.1
Industrials	14.4
Consumer Discretionary	12.6
Communication Services	8.6
Health Care	7.2
Consumer Staples	6.0
Materials	2.6
Energy	1.2
Cash	1.1
Real Estate	0.9
Utilities	0.6
Others	0.0

LPPI Global Equities Fund Sector Weights vs MSCI ACWI ND



Top 10 Positions

	Portfolio (%)	Position Change
1. Alphabet Inc	5.7	-
2. TSMC	5.2	+2
3. Visa Inc	4.0	-
4. Microsoft Corp	3.8	-2
5. KLA Corp	2.8	+5
6. Amazon	2.5	-
7. Amphenol Corporation	2.2	New
8. Heico Corp	2.1	-
9. LSE Group	1.9	-4
10. Experian Plc	1.8	-3

Top 10 Positions

The top 10 companies (10 largest positions) make up **32%** of the total LPPI GEF.

Governance Insights (ISS DataDesk)

Women on the Board (Average)



35%

Coverage of GEF



92%

Board Independence (Average)



73%

Coverage of GEF



92%

Support for Say-on-Pay (Average)



89%

Coverage of GEF

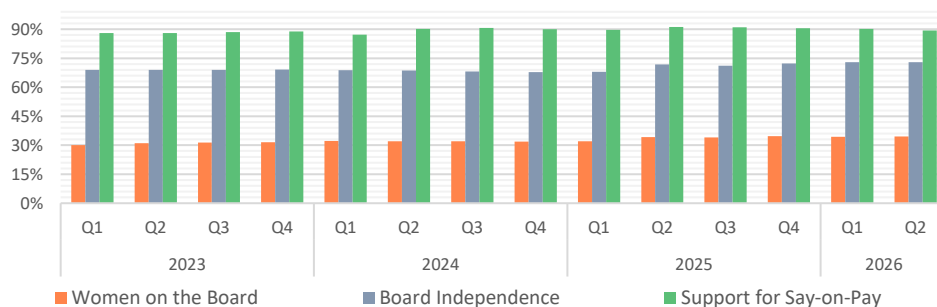


88%

P(G)

Source: ISS Data Desk

Governance Insights (Timeseries)



Source: ISS Data Desk

Governance Insights

P(G)

Women on the Board

In Q2 2026, an average of 35% of board members were female in the GEF, which is up from 34% in Q2 2025. There was a coverage of 92% data availability (slightly down from 93% in Q2 2025), which was a result of several companies not being in scope of the ISS database.

Board Independence

In Q2 2026, on average 73% of board members were independent in the GEF, which is up from 72% in Q2 2025. There was a coverage of 92% data availability (slightly down from 93% in Q2 2025), which was a result of several companies not being in scope of the ISS database.

Support for Say-on-pay

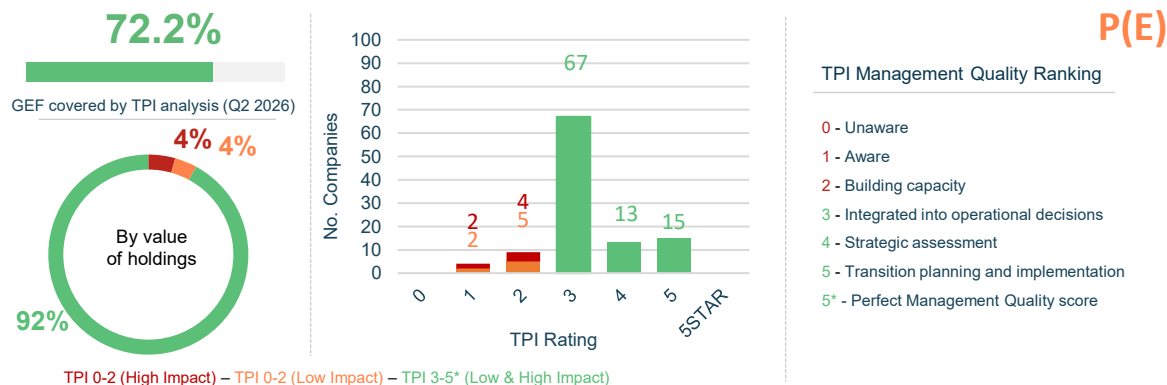
In Q2 2026, an average of 89% were in support for say on pay (down from 91% in Q2 2025), which indicates a high proportion of investors were supportive of the pay policies of investee companies. There was a coverage of 88% data availability (unchanged from Q2 2025), which was a result of several companies not being in scope of the ISS database.

Portfolio Insights – Listed Equities (LPPI Global Equities Fund)

Q2 2026

[Further Information](#)

Transition Pathway Initiative – Management Quality Headlines



Source: TPI

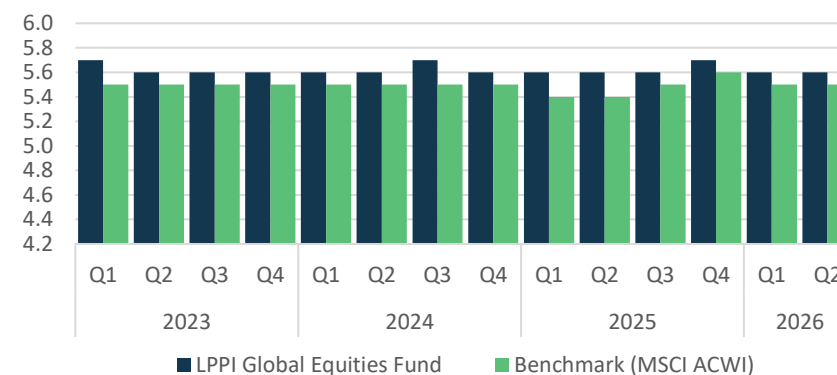
Transition Pathway Initiative (TPI)

By value, the coverage of the GEF represented within the globally high emitting companies under TPI assessment has slightly increased from 67.9% to 72.2%, and by number has decreased from 119 to 108 between Q1 2026 and Q2 2026. This decrease is as a result of 13 companies dropping out of scope as they are no longer in the portfolio, and 2 companies in the TPI universe that have entered the GEF portfolio.

Of the 108 companies in TPI scope:

- 92% (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 90% in Q1 2026, which is a general reflection of the churn in coverage of the GEF under the TPI universe.
- 13 companies are scored below TPI 3 and are under monitoring*. This has reduced by 1 since Q1 2026, reflecting the churn in the portfolio.

Portfolio ESG Score (MSCI ESG Metrics)



Source: MSCI ESG Manager

Portfolio ESG Score

The GEF's Portfolio ESG score has not changed at 5.6 between Q1 2026 and Q2 2026. In the same period the equivalent score for the benchmark had not changed at 5.5.

Source: MSCI ESG Manager

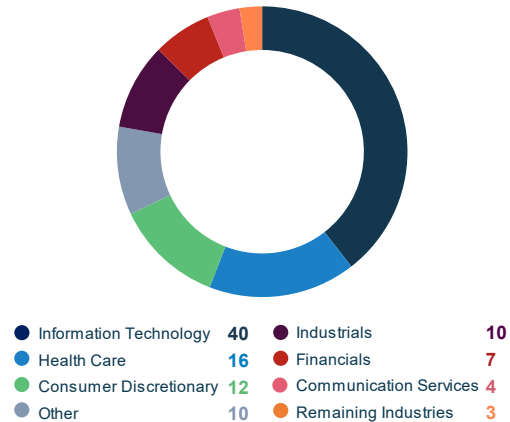
Portfolio Insights – Other Asset Classes

Q2 2026

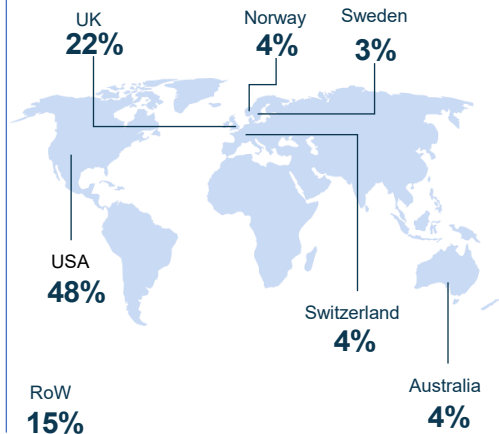
[Further Information](#)

Private Equity

Industry Breakdown (%)

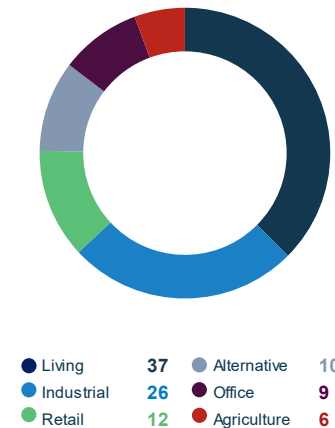


Region Breakdown (%)

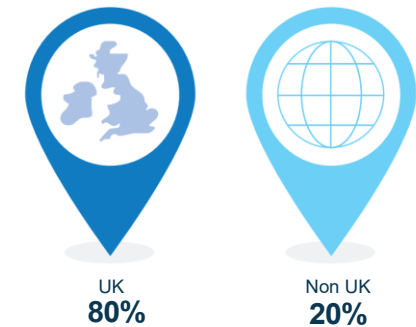


Real Estate (LPPI Real Estate Fund)

Sector Breakdown (%)

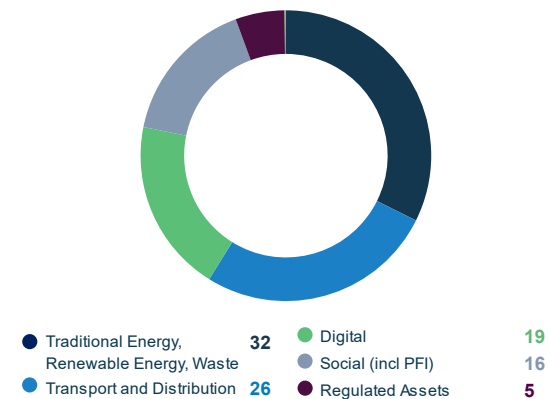


Geographical Exposure (NAV %)

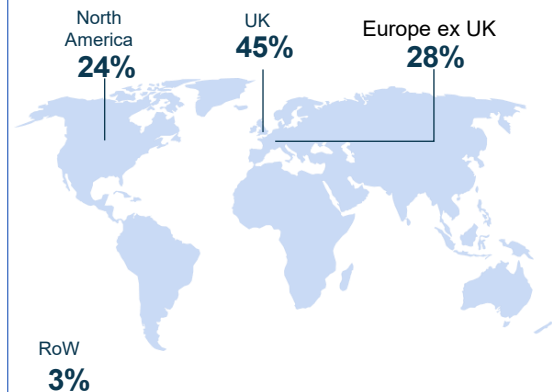


Infrastructure (LPPI Global Infrastructure Fund)

Industry Breakdown (%)



Region Breakdown (%)



Portfolio Insights – Other Asset Classes

Q2 2026

[Further Information](#)

Green & Brown Exposure

Total % of the portfolio that is in scope of Green and Brown



P(E)

Green

Investments in businesses directly contributing to the global transition to a lower carbon economy, expressed as a % of the total value of the pension fund.

4.25%
of portfolio

0.09% 0.15% 4.01%
Green Bonds Private Equity Infrastructure

0.09% 4.16%
Public Markets Private Markets

2.66%
Renewable
Energy
Generation

0.85% 1.36% 0.12% 0.33%
Solar Wind Hydro Other Generation

1.59%
Other "Green"

0.32% 1.27%
Clean Tech Funds Decarbonisation

Brown

Investments in traditional energy (based on fossil fuels) expressed as a % of the total value of the pension fund.

1.46%
of portfolio

0.62% 0.02% 0.02% 0.80%
Listed Equity Fixed Income Private Equity Infrastructure

0.64% 0.82%
Public Markets Private Markets

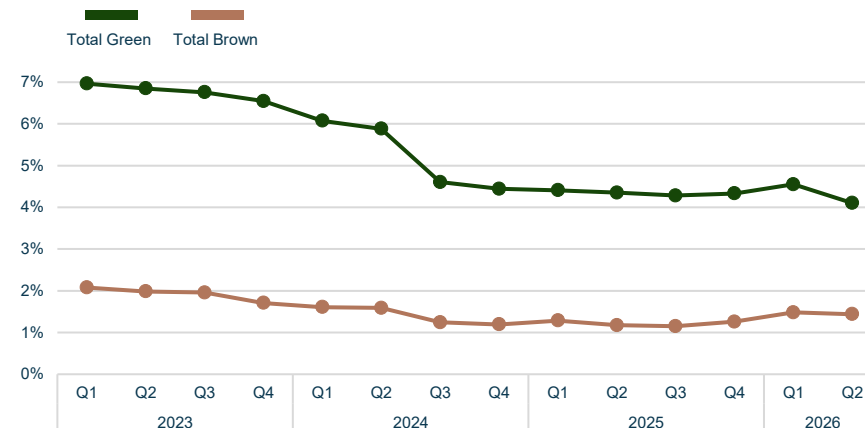
1.34%
Energy

0.02% 0.76% 0.25% 0.32%
Upstream Midstream Downstream Integrated

0.11%
Generation

0.11%
Energy Generation

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 **Q2 2026**, **70.6%** 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 Q1 2026, **Brown** exposure has decreased from 1.48% to **1.46%**. The biggest contribution to the decreased exposure comes from the Infrastructure asset class. Whilst the total value of the Brown assets increased, RCBPF's total fund value increased more substantially, producing an overall decrease to the fund's Brown exposure. This has decreased Infrastructure's share of Brown exposure from 0.82% in Q1 to 0.80% of the portfolio in Q2 2026.

Compared with Q1 2026, **Green** exposure has decreased from 4.55% to **4.25%** of the portfolio. The biggest contribution to the decreased exposure comes from the Infrastructure asset class. This decreased exposure is a result of a fall in mark-to-market valuations for some existing Green assets held in the Infrastructure portfolio. This has decreased Infrastructure's share of Green exposure from 4.32% in Q1 to 4.01% of the portfolio in Q2 2026.

Investments in renewable energy generation from wind, solar, hydro, and waste make up 63% of total Green exposure, and 94% of Green exposure is via Infrastructure assets.

Stewardship Headlines

Q2 2026 - Shareholder Voting - LPPI Global Equities Fund (GEF)

[Further Information](#)

Shareholder Voting Statistics (LPPI Global Equities Fund)

Headlines



164

Meetings
Voted



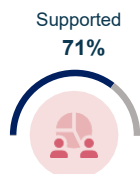
2331

Proposals
Voted



2239

Company
Proposals



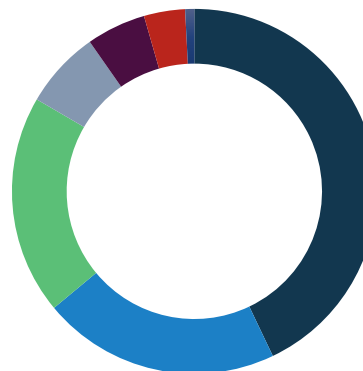
92

Shareholders
Proposals



53%

Meetings with a vote
against Management



Votes Against
Management (By theme)

● Election of Directors (and related)	106
● Shareholder Resolutions	52
● Compensation	48
● Audit-related	17
● Routine Business	13
● Capitalisation	9
● Anti-takeover (and related proposals)	2

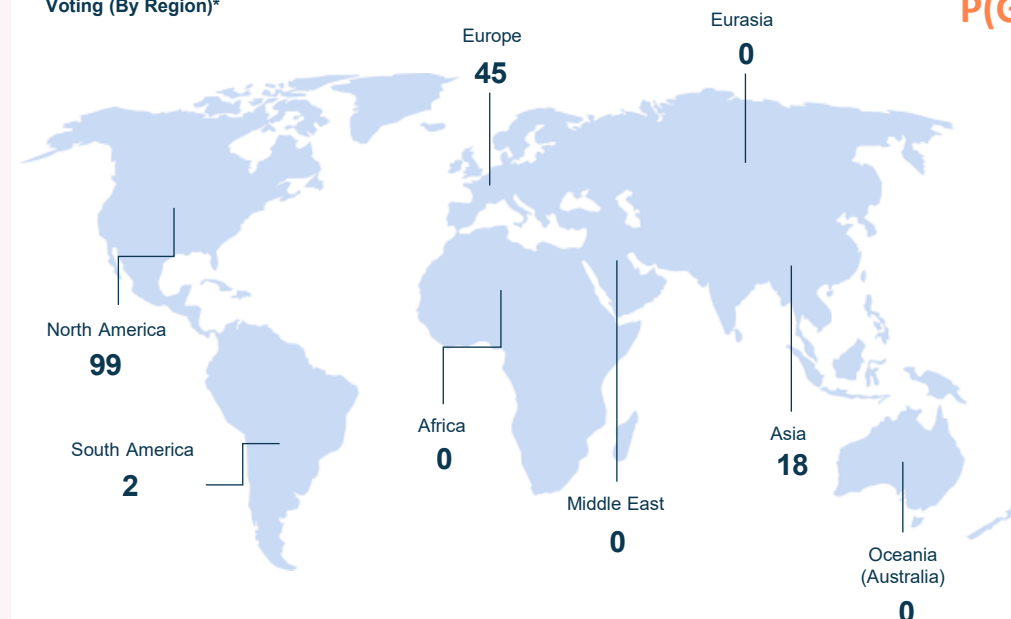
P(G)

Voting (By Theme)



P(G)

Voting (By Region)*



*Total votable meetings

P(G)

Headlines

The period 1st April – 30th June 2026 encompassed 164 meetings. LPPI voted at 164 (100%) meetings where GEF shares entitled participation, totalling 2331 proposals voted.

Votes Against Management – Director Related

P(G)

- Director elections or resolutions relating to directors: 54% 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 106 director elections or director-related resolutions at 43 companies in Q2 2026. This was 8% of all director-related votes.

Governance
Investor AB (Sweden: Financial Services)
We voted against the re-election of the chair of the board and a number of directors due to concerns about their independence status and their representation within audit (only 25% independent) and remuneration committees (0 percent independent), over boarding of one of the nominated directors and unequal voting structure.
Result - the resolutions passed - results not disclosed

Governance
NCAB Group AB (Sweden, Electronic Equipment, Instruments & Components)
We voted against director, Anders Lindqvist, on account of him being considered 'overboarded'. Whilst he only sits on four boards, he is the CEO of one of the companies, Mycronic, which we can reasonably assume would require greater time dedication and therefore may divert his attention from his board duties at NCAB.
Result: the resolutions passed - results not disclosed

Stewardship Headlines

Q2 2026 - Shareholder Voting - LPPI Global Equities Fund (GEF)



Votes Against Management – Compensation

P(G)

- Compensation: 25% 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 at 48 compensation-related resolution at one company. This was approximately 16% of management-filed compensation related votes.

LVMH Moët Hennessy Louis Vuitton SE (France: Textiles, Apparel & Luxury Goods)

In alignment with our voting direction in previous years, at the 2026 AGM, we continued to vote against both the retrospective remuneration reporting, and forward-looking remuneration policies for the CEO and Chair. The rationale for not supporting the proposals pertains largely to a lack of disclosure. On the retrospective reporting, this related to lacking disclosure of levels of achievement of performance conditions subsequent to awards vesting for both the annual bonus and the LTIP. Furthermore, we acknowledged concerns raised regarding the stringency of performance criteria granted in the LTIP. With regards the forward-looking policy for the CEO, the base salary was not disclosed, targets were not disclosed for the annual bonus, there were limited details disclosed regarding the LTIP, and we deemed the derogation clause too broad. We will seek to engage with LVMH on its remuneration policies and reporting prior to the next AGM.

Result: Remuneration policy of Chair and CEO received 18% dissent.

Shareholder Proposals

P(G)

- There were 92 shareholder proposals at 41 companies during Q2.

Booking Holdings Inc (USA: Hotels, Resorts & Cruise Lines)

We voted in favour of a resolution seeking additional disclosure on the risks of operating in areas with significant human rights concerns. The proponent requested that the company prepare and disclose a report assessing the board's role in overseeing human rights-related risks from the company's operations and activities in Israeli settlements within the OPT. We believe enhanced disclosure would enable more clarity on management of human rights and other related operational risks that could negatively affect shareholder value.

Result: The resolution received ~10% support.

Alphabet (US: Interactive Media & Services)

We chose to vote in favour of the shareholder-filed proposal Item 13. Commission Third Party Assessment and Report on Mitigating AI-Generated Misinformation, and therefore against the recommendations of management. While the company provides detailed disclosures regarding its responsible AI framework, governance mechanisms, and efforts to mitigate misinformation risks, the rapidly evolving nature of generative AI presents ongoing and potentially material legal, regulatory, and reputational risks. We rationalised that an independent third-party assessment could provide additional insight into the effectiveness of the company's current measures and help identify potential gaps in addressing AI-generated misinformation and related risks.

Result: 9% of shareholders supported the proposal, however shareholders other than the founders/insiders control only 47% of total voting power.

Climate Voting

P(E)

In Q2, AGMs of five companies in LPPI's climate voting watchlist occurred. We chose to exercise our voting rights with one company in regard to climate in this occasion, in continuation with our voting at last year's AGM.

Climate Action 100+

There were 8 AGM's held with companies in the portfolio which appear on the CA100+ focus list.

LAPFF Voting Alerts

LAPFF issued a voting alert for five companies held in the Global Equities Fund in Q2 2026. In this instance, our voting aligned with their recommendations on 16 of the 20 resolutions across the five companies.

External Manager Engagement – External GEF

Governance and child safety risks and queries

During our review of one of our held names, concerns were identified relating to governance and the management of child safety risks. These concerns prompted additional due diligence and were escalated through internal discussions into the quarterly review process. We queried the manager on its approach to monitoring governance related and potential reputational risks associated with the holding to gain assurance that these risks were being appropriately managed. This engagement provided an opportunity both to test the robustness of the manager's ESG risk monitoring framework and to demonstrate our oversight of underlying portfolio holdings. We will continue to monitor the risks identified here as well as the managers approach to engaging directly on and managing concerns.

Testing of ESG Integration for new managers

As part of the onboarding and review of new managers, we conducted a systematic assessment of ESG integration using a randomised selection of portfolio holdings. The review examined the ESG analysis undertaken by managers and how these considerations flowed through into investment decisions and thesis development. By selecting companies across a broad range of sectors, we were able to evaluate the consistency and depth of ESG integration across portfolios. Managers demonstrated how their investment approaches are supported by internal ESG frameworks and where applicable external measures such as SDG (Sustainability Development Goals) mapping.

Due Diligence Questionnaire (DDQ) Updates

The Responsible Investment team led a comprehensive review and refresh of the RI DDQ in conjunction with the stewardship managers to tailor questions where necessary to reflect the specific characteristics of different asset classes. The updated framework strengthens our ability to identify emerging and material ESG risks, including rapidly developing themes such as artificial intelligence and automation. The review also incorporated updates to bring it in line with recent internal policy developments such as around defence related investments.

Collaborative Engagement

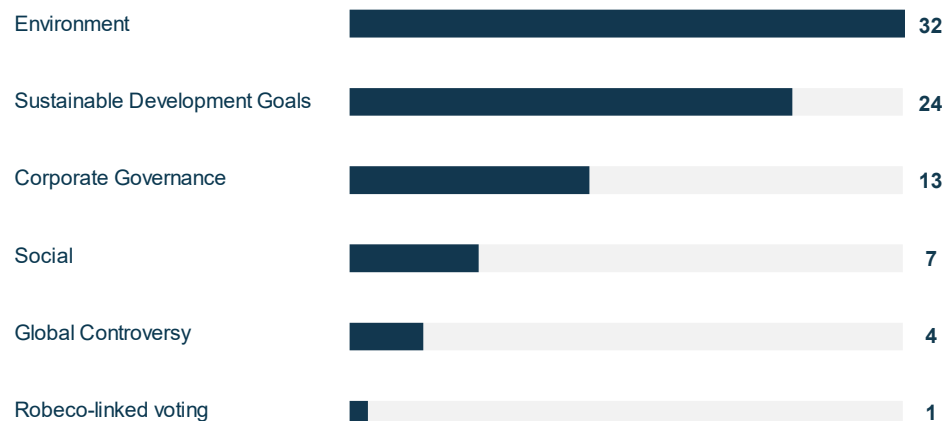
Q2 2026 – Engagement (Public Markets): Robeco

[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 45 companies in the LPPI Global Equities Fund (GEF) and 16 companies in the LPPI Fixed Income Fund (FIF), accounting for 31.80% and 3.36% of the total portfolios respectively.**

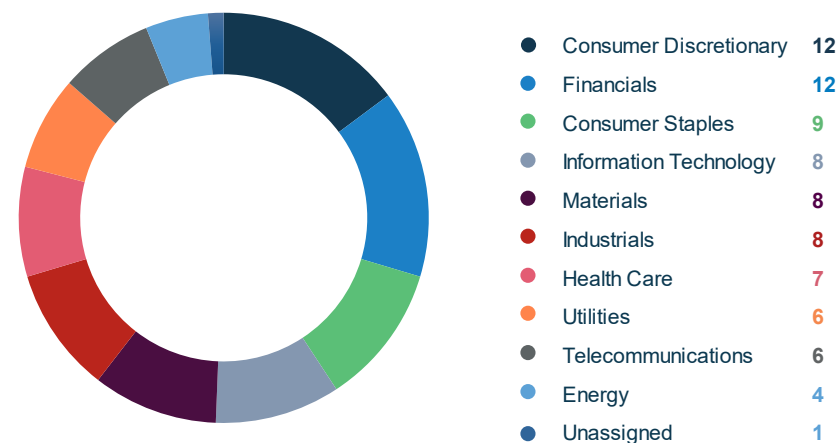
The following data is specifically related to the companies in LPPI's portfolio and the engagements Robeco undertake on our behalf.

Activity (By Topic)

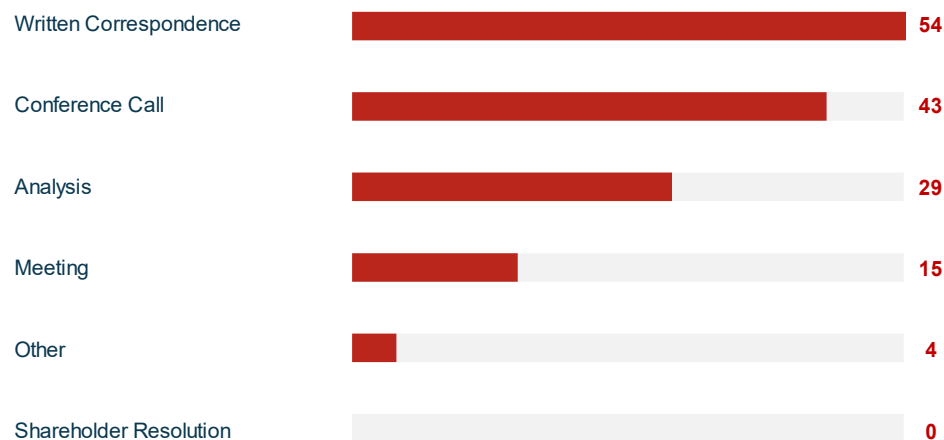


Sustainable Development Goals: <https://sdgs.un.org/goals>

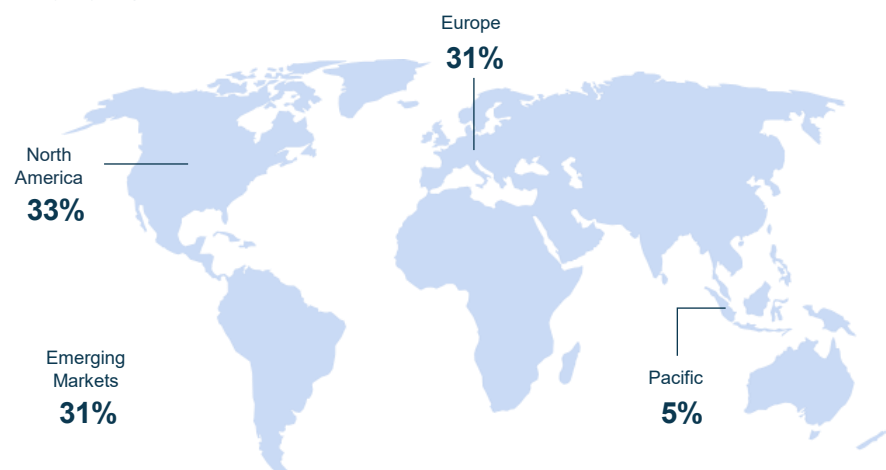
Activity (By Sector)



Activity (By Method)



Activity (By Region) (%)



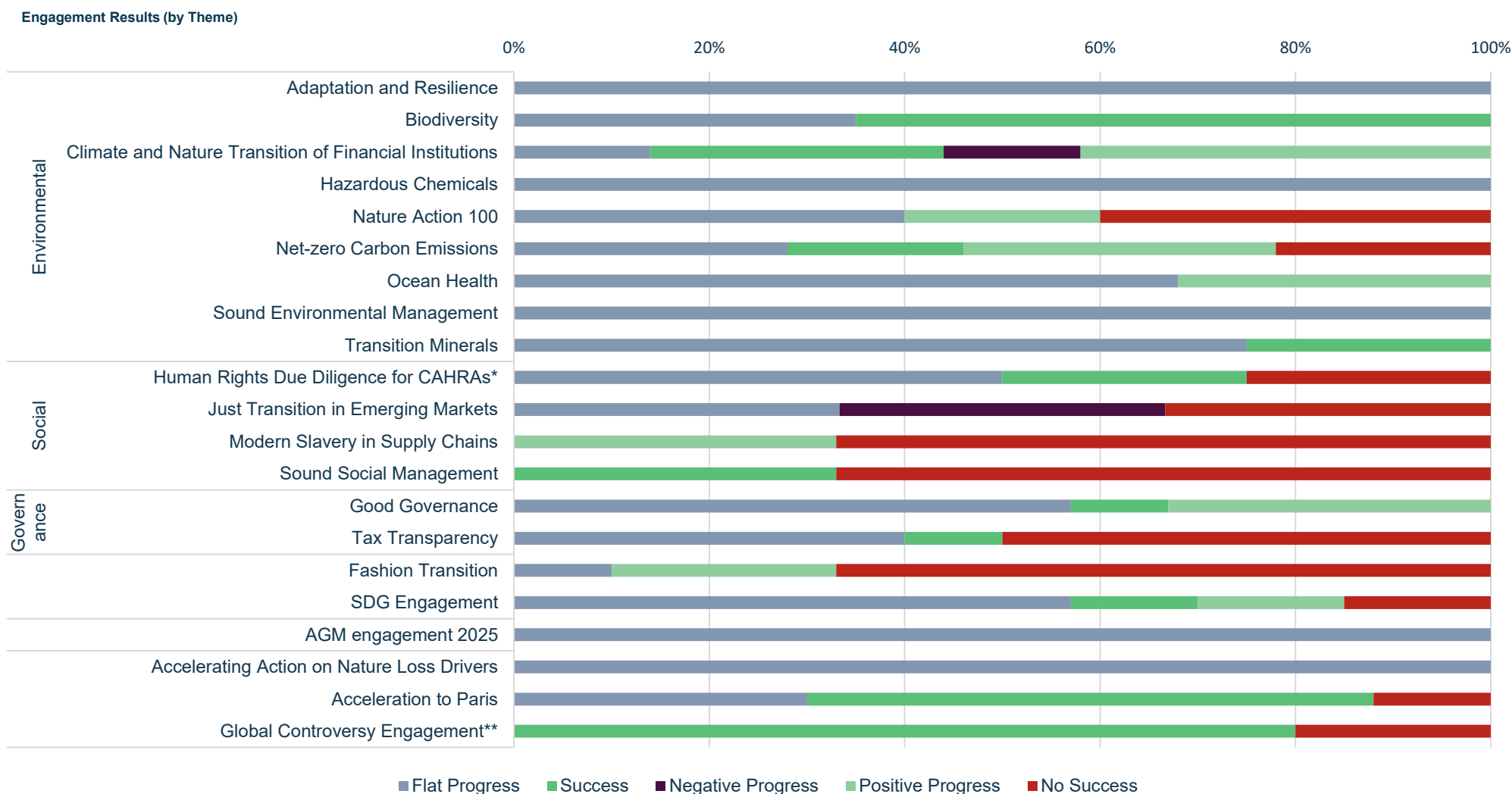
Collaborative Engagement

Q2 2026 – 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 four themes have started and are new to the chart: Adaptation and Resilience, Hazardous Chemicals, Sound Environmental Management, Accelerating Action on Nature Loss Drivers.

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



*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 Q2 2026

L&G Affordable Housing – % of LPPI Real Estate IPV: 1.17%



The L&G Affordable Housing fund invests in Affordable homes in the UK. The strategy acquires, develops and operates purpose-built, regulated Affordable Housing to provide inflation-linked income returns for investors whilst making a positive social impact. The approach is anchored by a stabilised, income-producing portfolio, complemented by forward funding and forward commitments for the construction of modern, environmentally efficient homes.

The fund aims to create positive social value by investing in high quality, well-managed affordable housing for those on housing waiting lists or locked out of home ownership.

The REF committed to L&G's Affordable Housing fund in 2025. The fund tracks and reports against several social and environmental key performance indicators, and proactively share feedback from tenants to help demonstrate the real-world impacts of LPPI's investment.

1,359 stabilised homes

Whilst the fund is continuing to grow, they reported 1,359 stabilised homes* in the fund by the end of Q2 2026. Properties are located across much of the UK, including seven LPPI partner funds' counties. Additionally, 1,244 future homes are in development, due for completion by the end of 2028.

* Stabilised homes - a property which has reached a stable and sustainable level of occupancy and income.



Growing Affordable Housing Supply

Top rating from the Regulator of Social Housing



Highest Regulatory Rating

In March 2026, L&G's Registered Providers received a top rating from the Regulator of Social Housing across all three areas of 'viability, governance and customers' (available at www.gov.uk). The judgements outline L&G's commitments to tenant safety, maintenance, resident engagement and their support for thriving communities.



97% EPC B or Above

EPC Ratings of B and above

Over 97% of the standing units have an EPC Rating of B and above, helping deliver energy efficiency and reducing residents' energy costs for homes in the portfolio.



Affordable Homes for Residents

58% below market rental value

Units are split between Affordable and social rented homes and shared ownership. The average rent for the portfolio is c.58% of local market rental value. However, some sites may have tenants with social rents set materially lower.

Sustainable, inclusive communities

The fund's strategy is focused on high quality design and the creation of sustainable, inclusive communities that remain affordable, delivering homes where they are needed. L&G work closely with local authorities to reduce waiting lists and address local under supply. Several developments include wheelchair adaptable homes, facilitating independent living in readily accessible locations.



Inclusive Sustainable Communities

KFIM – % of LPPI Real Estate IPV: 43.6%



LPPI's direct property portfolio represents nearly 50% of LPPI's Real Estate Fund (REF). The portfolio comprises 49 UK real estate assets, diversified across the main commercial property sectors (including retail, office, industrial, hotels and leisure) with approximately 200 active tenancies.

Decarbonisation targets have been set for the directly held property portfolio in the REF: LPPI aims to achieve a reduction in (average) emissions intensity of 37% by 2030 for the directs' portfolio, from the fund's own baseline position in December 2024. These initiatives have also supported the delivery of wider real-world benefits, including increased local renewable energy generation, reduced energy demand, lower operational costs for tenants and improved building efficiency.

We continued to work closely with KFIM to deliver real world decarbonisation initiatives for the UK directs portfolio. For example:

Operational Efficiencies



Voltage optimisation and smart Building Management Systems are driving further decarbonisation, identifying operational energy efficiencies across the portfolio.

St Albans office/retail asset: BMS optimisation since April 2024 has cut metered CO₂ emissions and operational costs, saving over £40,000 and 53 tonnes of CO₂ to December 2025.

Windsor and London offices are next for voltage optimisation, targeting around 5% annual energy bill savings, payback in under four years and one to two tonnes of CO₂ saved each year.



Alongside tenant engagement, the Fund completed four landlord-led de-gassing projects during 2025. The properties (in Bury St Edmunds, Huntingdon, Horsham and Manchester) will transition to electrical Heating Ventilation and Air Conditioning (HVAC) facilities, reducing greenhouse gas emissions in line with decarbonisation of the UK grid.



There are fifteen operational roof-mounted solar PV systems producing 955 MWh in 2025. This represents a near 50% increase in solar electricity generation for the directs portfolio since 2023.

In December 2025, the installation of a 156 kW solar PV system in Bolton was completed. The system is expected to generate more than 132 MWh annually, substantially increasing power generation for the portfolio, with financial benefits for both the fund and tenant.

Landlord-funded solar options have been modelled for a further 12 tenancies, with Huntingdon one of the sites earmarked for solar PV installation in 2026.

IIGCC and GRESB

The Institutional Investor Group on Climate Change (IIGCC), GRESB, and PGGM have initiated an effort to develop a consistent, standardised approach to alignment to the Net Zero Investment Framework (NZIF) for real estate. LPPI's Stewardship Manager for Real Assets and KFIM's Head of ESG have played an active role in the working group supporting this initiative.

The effort initially focuses on the development of a standardised set of questions to assess alignment of real estate portfolios against the relevant NZIF criteria. Key benefits of a standard approach upon which the industry agrees, include:

- Saved time by avoiding the need for interpretation by individual organisations.
- Easier and fairer comparisons between portfolios or comparisons with individual portfolios over time.
- A common language to foster clear communication and expectations from portfolio to manager to investor.

The immediate priority for the group was to review and refine the proposed question set, with the aim of securing working group endorsement. Members provided feedback through an initial discussion and a more formal survey process, helping to identify areas of agreement and any issues requiring further consideration before a final endorsement decision was reached.

Once agreed, the endorsed alignment questions are expected to be made available through a pilot tool in the GRESB portal for working group members. The pilot outputs will provide an important basis for testing the approach in practice and gathering feedback on usability, consistency and potential refinements. This tool should enable greater consistency of approach to the NZIF ratings process and materially reduce LPPI resource for portfolio-wide assessment. The new tool will be piloted on year-end 2025 reporting data completed through the summer of 2026.

ESG Data Convergence Initiative (EDCI) member survey

The private equity team continues to be an active participant in the ESG Data Convergence Initiative (EDCI). The team completed EDCI's most recent member survey, with our responses broadly encouraging the initiative, and therefore member investment managers, to further enhance transparency around governance, technology and cyber resilience-related disclosures. This includes metrics such as the number of cybersecurity incidents or breaches, board oversight of cybersecurity risks, and whether portfolio companies have senior technology leadership roles (e.g. a Chief Technology Officer or equivalent).

EDCI already maintains a comprehensive climate-related reporting framework, with existing environmental metrics focused on decarbonisation plans, renewable energy consumption and GHG emissions. We continue to support the development of the initiative and the expansion of consistent, decision-useful ESG data that enables investors to better assess both sustainability performance and operational resilience across portfolio companies.

IIGCC 2026 Member Survey

LPPI completed IIGCC's biannual member survey, with input from both the Responsible Investment and Global Equities teams. The survey sought feedback across three areas: IIGCC's current and future membership proposition, strategic priorities, and programme workplans. The IIGCC oversees a significant body of work and several investor initiatives that LPPI is directly involved in, including NZAM, NZEI, Climate Action 100+ and Nature Action 100. The survey provided an important opportunity to reflect on where IIGCC membership adds most value and where further support would be beneficial.

The support internal teams receive from the IIGCC, from direct interactions with their team to their subject matter expertise in market updates and implementing challenging industry frameworks, continues to be of high quality. In our response we highlighted the importance of IIGCC's role in supporting LPPI's implementation of its net zero commitments, including through NZAM and the Net Zero Investment Framework, and its responsiveness to incorporating member feedback in the frameworks development. We encouraged IIGCC to build on this by providing more practical implementation support, such as a potential 'buddy system' to connect members across the spectrum of experience, and suggested focusing future research and support on the latest debates around political pushback and the divergent energy transition.

LGPS Scheme Advisory Board RI Advisory Group (SAB RIAG)

LPPI's Head of RI is a pool representative on the LGPS SAB RIAG.

A quarterly meeting of the group took place on 8 June 2026 and the [agenda and papers](#) are publicly available from the SAB website.

One of the topics discussed was the response to the Scheme Advisory Board's letter on investment in conflict zones received from the Local Government Minister. This was the subject of a written statement from the SAB Chair expressing disappointment that the reply had not fully addressed the key issue of whether LGPS funds are expected to have regard to international law as opposed to domestic law and fiduciary duty. The Chair's statement noted the SAB would be publishing more detailed guidance on reviewing RI policies later in 2026.

Investment Strategy Statements – Final Statutory Guidance on RI (inc. lobbying/boycotts)

Final [statutory guidance](#) on preparing and maintaining an Investment Strategy Statement (ISS) in England and Wales was published by MHCLG on 29 June 2026. The guidance implements Fit for the Future requirements and contains a dedicated chapter on Responsible Investment.

In addition to clarifying the roles of pools and Administering Authorities and demarcating between strategy and implementation, guidance reiterates the two tests required where extra-financial objectives are due to be prioritised. Extra-financial means pursued directly and targeted intentionally rather than ancillary to investment focussed on maximising risk adjusted returns to pay pensions which naturally has outcomes as investee companies employ a workforce, build infrastructure, and supply critical products and services.

Guidance acknowledges that the views of external interest groups are challenging to navigate and advises that Administering Authorities should exercise caution against undue influence from campaign groups whose positions may not reflect the views of members or align with the fund's fiduciary responsibilities.

Pensions UK Local Authority Conference

LPPI's Head of Responsible Investment joined the Pensions UK Local Authority Conference (15-17 June 2026) to jointly lead a breakout session on the question "Responsible Investment: Whose Responsibility?" alongside Marion Maloney, Head of Investment at the Environment Agency Pension Fund.

After concluding good practice and good outcomes are a shared responsibility, debate centred on how Pools and Administering Authorities can achieve more across their combined roles given that pooling consolidation (Fit for the Future) introduces a stronger demarcation between strategy and implementation. There was recognition that the requirement to set a local investment target, collaborate with relevant strategic authorities and factor in local growth plans would be challenging and require co-ordination and partnership across all the parties involved.

RI Europe

On 3rd June 2026 LPPI's Head of Responsible Investment was a panellist at Responsible Investor Europe, a significant annual conference for the responsible investment community. "Exclusions and divestments: Evolution or end of an era?" was the topic discussed between Heads of ESG/Sustainability/RI at large public pension schemes with questions from the audience.

Bringing the LGPS perspective involved articulating how a partnership of collaborating pension schemes with 100% pooled investment arrangements involves balancing multiple needs, seeking consensus positions, and considering different options for implementation. The shared conclusion was that whilst exclusions and divestment remain a legitimate part of the toolkit, system-level risks cannot be excluded or diversified away from or simplistically excised. Different motivations exist for considering exclusion and clarity on the ultimate objective is needed to determine whether alternative options offer a better solution.

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

Q2 2026 - 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>

Further Information Guide

Q2 2026 - Real World Outcomes (Pages 12 & 13)

- 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".

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