

Responsible Investment Policy Annex on Human Rights

June 2026



LPPI

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Contents

1. Introduction	3
2. Policy standards and criteria	4

1. Introduction

1.1 Definitions

Abbreviation (A-Z)	Definition
ESG	Environmental, Social, and Governance
LPPI	Local Pensions Partnership Investments Ltd
OECD	Organisation for Economic Co-operation and Development
the Policy	LPPI Responsible Investment Policy – Annex on Human Rights
UNGPs	United Nations Guiding Principles on Business and Human Rights

1.2 Summary of relevant regulations and legislation

There is no relevant regulation or legislation expected to affect the policy.

1.3 Purpose

This annex to our Responsible Investment Policy outlines LPPI's recognition of international standards on human rights and the processes through which oversight occurs in investment research and portfolio monitoring across LPPI's assets under management.



2. Policy standards and criteria

2.1 Introduction

This annex to the LPPI Responsible Investment Policy explains our approach to human rights within our investment activities, outlining how we manage our exposure to salient *human rights risks*¹ in accordance with internationally applicable standards of practice.

This Policy articulates the standards applicable to all assets under management, whether internally managed by LPPI or managed under delegation by external managers we have selected to work with us.

On 1st April 2026, as an outcome of LGPS pooling consolidation under the UK government's Fit for the Future programme, LPPI commenced fiduciary management services for 6 additional LGPS Funds (partner funds). The transfer of these partner funds' existing portfolios into LPPI's pooled investment arrangements involves a process of transition and assimilation. Whilst this is underway, to the extent transitioning mandates do not already encompass equivalent approaches, minor variations in responsible investment practices may apply until mandates assimilate LPPI Responsible Investment Policy standards. This Policy articulates our substantive approach and guiding parameters both during and after the transition process.

Our approach to human rights within our corporate operations and supply chain is captured through LPPI's internal People and Culture policies. This annex focusses on the risks arising from our direct investments or mandates delegated to third-party investment managers - where we believe that we are most likely to be connected to adverse human rights outcomes.

2.2 LPPI human rights management process

The responsibility of institutional investors to respect human rights is defined in the UN Guiding Principles on Business and Human Rights (UNGPs) and reflected in the OECD's Guidelines for Multinational Enterprises.

As a provider of investment management services to UK pension funds, our approach is driven by the circumstances of our clients and their specific needs. The resulting investment style means our portfolio typically has a low direct exposure to markets considered high risk from a human rights perspective, given our significant exposure to UK, US and European jurisdictions. Nonetheless, given our large and diversified portfolio across markets and sectors, and the complex global supply chains of investee companies, LPPI could be exposed to human rights risks through the portfolio we manage.

We conduct human rights due diligence as part of pre-investment research and post-investment monitoring of the portfolio. We use a risk-based approach considering sector and geography to identify human rights risks and to understand how the external investment manager or investee company is managing and mitigating the exposure. Institutional investor uptake of the UNGPs has so far been limited. This means we do not believe a red lines approach to fund manager practice is appropriate at this point in time. However, as part of our wider responsible investment due diligence framework, we consider our level of conviction in the prospective investment's (or manager's) ability to manage risk, which feeds into our overall decision to proceed with the investment. We will highlight concerns and may seek improvement in standards in a set timeframe where we consider current practices merit improvement.

¹ Words and phrases in italics have specific definitions under the UNGPs. These can be found under 'Key Concepts' in the UN's Interpretative Guide.

2. Policy standards and criteria *continued*

LPPI conducts ongoing portfolio monitoring through systematic and reactive avenues. Systematic portfolio monitoring prioritises the identification of investments with material exposure to high-risk areas to understand their exposure to *potential human rights impact* and the action external managers or company management are taking to mitigate risk. We monitor news flow relating to our investments and request reporting from external managers in relation to material ESG incidents from underlying investments. Further monitoring for the most severe incidents in listed securities across equities and fixed income also takes place via our engagement services provider. Data quality in private markets asset classes is typically more limited and look through information is not always available. We therefore adopt a pragmatic, proportionate approach to monitoring these investments and make use of third party tools where appropriate.”.

In addition, the Risk Team identifies and monitors emerging market-wide geopolitical risks through the LPPI Emerging Risk register, which is reviewed and updated each quarter in collaboration with representatives from the Investment team to understand and monitor relevant risks, including human rights risks, which could eventually impact the portfolio. The LPPI Emerging Risk register is reported quarterly to the Executive Committee, Audit and Risk Committee, and to the LPPI Board.

In the event of reported adverse human rights impact or an actual human rights impact, priority focus is based on a matrix of scale, scope, and irredeemable character of the impact and leverage with respect to the investment manager or investee company, giving the greatest opportunity to investigate the incident (for example, by raising it with the respective investment manager) or encourage and enable access to remedy. Prioritisation is necessary due to the complex, globally diversified nature of our portfolio.

We recognise that exposure to human rights risks varies across sectors, with some industries presenting heightened risks due to the nature of their operations and products. The defence sector can be exposed to human rights risks due to its involvement in manufacturing and supplying equipment and technologies that can be used in armed conflict and surveillance, potentially contributing to serious human rights abuses. LPPI's approach to managing these sector-specific risks is detailed in our Responsible Investment Policy Annex on Defence Investments, which outlines how our due diligence, monitoring, and stewardship processes address the challenges and complexities of defence-related investments.

2.3 LPPI's leverage

The UNGPs recognise that the appropriate response to an identified adverse human rights impact will depend on a number of factors. An investor's leverage is key. As a significant portion of LPPI's portfolio is held via external managers, our relationships and discussions with them are the most significant route we have to increasing our leverage in order to influence human rights outcomes.

LPPI will also seek to increase leverage through collaboration with like-minded institutional investors and other stakeholder groups. For example, as documented in our Shareholder Voting Guidelines, we are minded to support shareholder resolutions relating to human rights due diligence and practices. We are active in collaborative engagement, for example, as an investor signatory to the Workforce Disclosure Initiative (which seeks to generate novel data on topics including human rights from the largest public companies across a range of markets) and are an Endorser of the PRI Advance.

Finally, through our engagement services provider, we benefit from specialist human rights knowledge in research and the execution of engagement activities. Through our provider's annual client forum we can raise specific priorities. This has contributed to, for example, three-year engagement themes centred on human rights being added to our provider's stewardship programme.

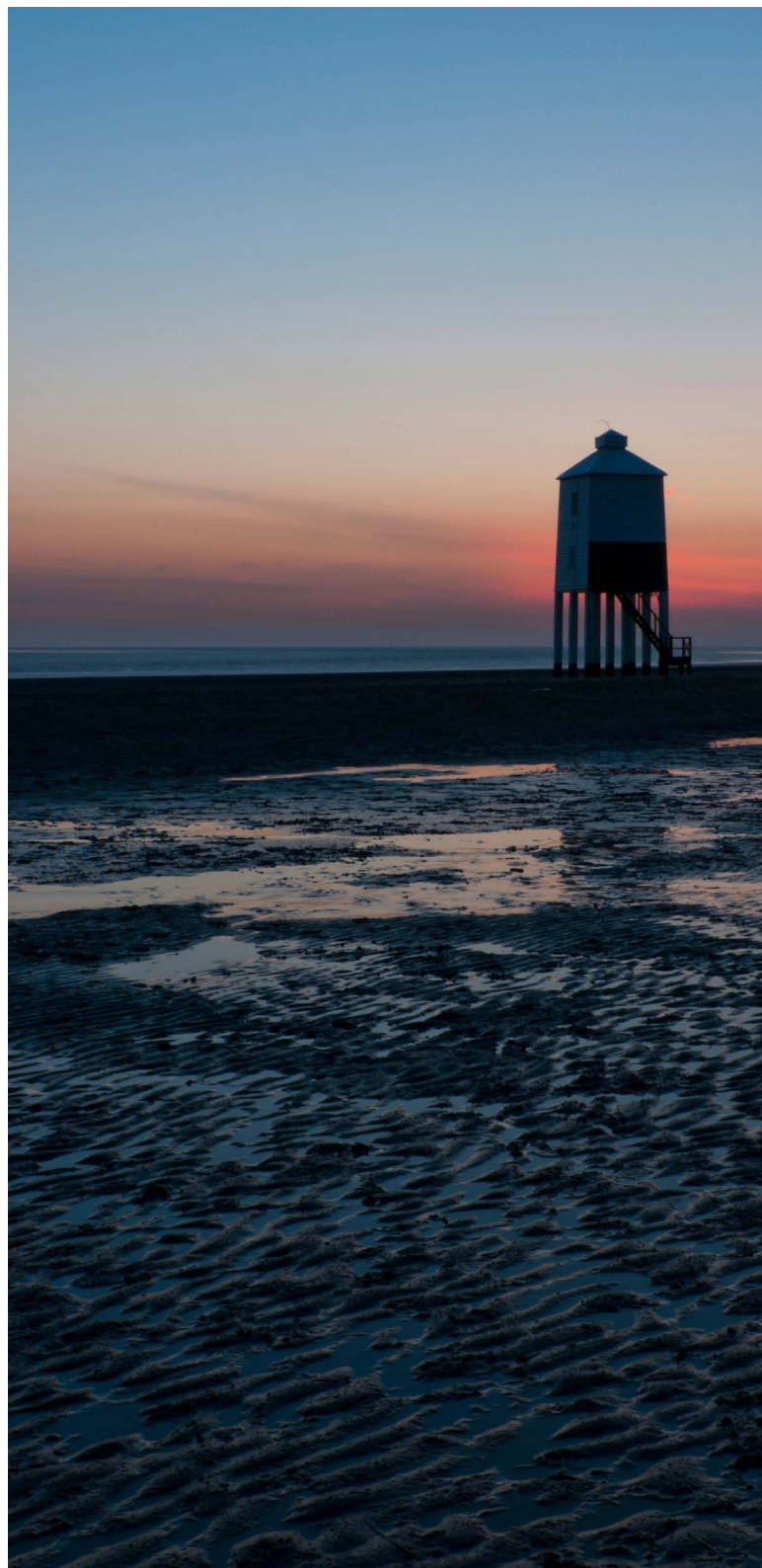
2. Policy standards and criteria *continued*

2.4 Divestment stance

LPPI will ultimately consider divestment on a case-by-case basis. It may be appropriate where long-term engagement has not led to the desired change in human rights risk management and we see little scope for future progress. Before taking this avenue, LPPI will consider whether ending the relationship with the investee company or third-party manager would potentially have an adverse *human rights impact*.

2.5 LPPI human rights governance

The LPPI Stewardship Committee, chaired by the Chief Investment Officer, has oversight of our responsible investment policies. The Stewardship Committee will review this annex to the Responsible Investment Policy on an annual basis and ensure it is updated to reflect further developments in our approach and process as our experience and knowledge in this area evolves.



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