Shareholder Rights Directive II Engagement Policy

June 2026

LPPI *Together,* let's do more

Contents

1. Introduction

1.1 Definitions

Abbreviation (A-Z)	Definition
AIFM	Alternative Investment Fund Manager
GEF	Global Equities Fund
IIGCC	Institutional Investor Group on Climate Change
LAPFF	Local Authority Pension Fund Forum
LPPI	Local Pensions Partnership Ltd
PLSA	Pensions and Lifetime Savings Association
PRI	Principles for Responsible Investment
RI	Responsible Investment
SRD II	Shareholder Rights Directive II
TPI	Transition Pathway Initiative
WDI	Workforce Disclosure Initiative

1.2 Summary of relevant regulations and legislation

This policy complies with the following regulations and/or legislation:

Title (A-Z)	Relevance to the Policy
Shareholder Rights Directive II	This document presents the disclosures required of LPPI under Article 3g of the European Shareholder Rights Directive II (SRD II) which is implemented in the UK via Shareholder Rights Directive (Asset Managers and Insurers) Instrument 2019 (FCA 2019/68).

2. Policy standards and criteria

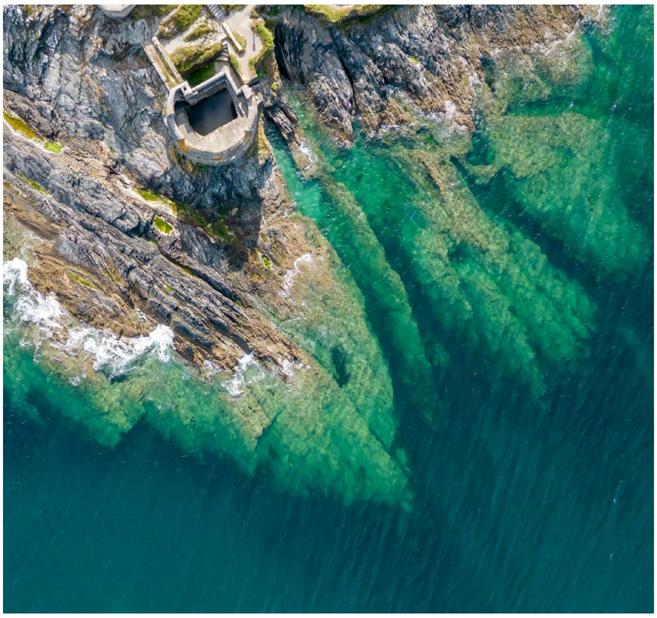
2.1 Introduction

This document presents the disclosures required of LPPI under Article 3g of the European Shareholder Rights Directive II (SRD II) which is implemented in the UK via Shareholder Rights Directive (Asset Managers and Insurers) Instrument 2019 (FCA 2019/68).

SRD II aims to promote effective stewardship and long-term investment decision making by the institutional investment community. It mandates enhanced transparency by investment firms through public disclosure on their approach to shareholder engagement.

2.2 Scope

LPPI is a regulated Alternative Investment Fund Manager (AIFM) investing on behalf of UK public sector pension funds. Our disclosures under SRD II relate to our investments in shares traded on regulated markets through our listed equities holdings across multiple funds. Our range of listed equity funds invest across global equity markets through a combination of internally managed and third-party managed investments and include both actively and passively managed strategies.



Under SRD II we are required to disclose how LPPI:

1. integrates shareholder engagement within investment strategy
2. monitors investee companies on relevant matters, including:
   a. strategy
   b. financial and non-financial performance and risk
   c. capital structure
   d. social and environmental impact and corporate governance
3. conducts dialogues with investee companies
4. exercises voting rights and other rights attached to shares
5. cooperates with other shareholders
6. communicates with relevant stakeholders of investee companies
7. manages actual and potential conflicts of interests arising from its engagements.

As a long-term responsible investor, LPPI has existing policies in place which articulate an approach to responsible stewardship that applies to all the asset classes we invest in, these are publicly available from our company website.

In focussing explicitly on listed equities here, we are inevitably condensing the detail and context explained more fully in our policies and in the disclosures we make on our stewardship activities as a signatory to the Principles for Responsible Investment and in our reporting under the UK Stewardship Code. Our Annual Responsible Investment and Stewardship reports contain the disclosures required of us under the Shareholder Rights Directive II which, in addition to a general description of our voting behaviour, includes an explanation of our use of the services of proxy advisers and the most significant votes of the past 12 months.

2. Policy standards and criteria *continued*

2.3 Integration of shareholder engagement

Our approach to stewardship applies to all the asset classes we manage on behalf of partner funds and is explained in a Responsible Investment (RI) Policy and accompanying annexes which are publicly available from our website.

Our RI Policy explains the beliefs, standards, procedures, and activities that underpin LPPI's approach to stewardship. Our arrangements are a translation of 5 core RI beliefs:

Fiduciary duty
We have a contractual responsibility to act in the best long-term interests of our clients.

Optimum returns
We must aim to generate optimal risk-adjusted returns in the long-term, at an acceptable level of risk, to describe oursleves as responsible investors.

Sustainable basis
The effective management of investment risks is essential to achieve optimum risk-adjusted returns on a sustainable basis.

ESG factors
Environmental, social and governance (ESG) factors can have a measurable, direct financial impact on the value of securities, assets, markets and portfolios.

Active ownership
Ownership rights have a value and investors have influence. Institutional investors have a duty to use their ownership powers to protect the long-term financial interests of beneficiaries.

We seek to ensure the assets under our management are subject to appropriate stewardship arrangements, either through our in-house investment teams, or through the standards we require of third-party managers and the service providers we select to work with us. This begins with our underwriting process where an External Manager ESG Rating Framework helps us to evaluate how External Managers integrate ESG into their governance, assessment of ESG risks, investment decision making, and stewardship activities. Further details can be found in LPPI's Annex on ESG Integration. Monitoring and engaging with investee companies is an integral part of our investment management approach and within listed equities, shareholder voting and engagement are a core part of our ongoing stewardship activities.

2.4 Monitoring investee companies

Encouraging strong corporate governance by investee companies and identifying issues that are cause for concern involves assessing and monitoring companies on an ongoing basis. Assets under management by LPPI are being continually monitored by members of our in-house Investment Team (where portfolios are internally managed) or by third party managers appointed and overseen by LPPI (where assets are externally managed). Investment Managers maintain detailed knowledge of the companies within their portfolios and have the most current understanding of the business risks and opportunities they face.

Investment teams and external managers gain and maintain insights into strategy, financial performance, and underlying business characteristics by monitoring companies. They also identify material ESG matters and how well these are being anticipated and managed as part of broader corporate governance by investee companies. Monitoring insights are direct inputs to the ongoing evaluation of each company's risk and sustainability[1] profile.

Monitoring activity typically incorporates information from a range of sources including company reporting, news media, real time market metrics, and the insights of research and ratings providers. Wider insights from NGOs, trade unions, regulators and other representative groups are also referenced as appropriate. External managers are encouraged to

1 Sustainability profile refers to the type, extent, and longevity of durable sources of value present.

2. Policy standards and criteria *continued*

share any material company insights gained from their review activities as part of regular monitoring calls with LPPI.

Portfolio and company monitoring influence the direction of LPPI's shareholder voting, the selection of priority engagement themes and the targeting of LPPI's participation in wider investor collaborations which are a route for influencing change.

2.5 Dialogue with investee companies

LPPI is committed to using ownership influence to encourage corporate decision-making that is aligned with the long-term best interests of our partner funds as beneficial shareholders. Engagement is a time consuming and resource intensive activity and our approach acknowledges the challenges of fulfilling ownership responsibilities for a large, diverse portfolio incorporating both inhouse and external management.

Direct dialogue with investee companies is underway as part of the evaluation, monitoring, oversight, and portfolio management activities of our internal team and delegate asset managers. For our actively managed global equities funds, their company specific and portfolio-focused dialogues are supplemented by a thematic engagement programme resourced through external providers of engagement services. We meet with and receive detailed reporting from our external providers on engagement activities underway and we identify priority issues for our portfolio as participants in Client Panels which collectively influence future engagement themes and targets.

Our partnership with external providers augments our internal stewardship capacity. Their experienced staff and established processes, relationships, and data infrastructure expand our engagement resources and assist the co-ordination of data on engagement activities which enhance our reporting capabilities.

2.6 Exercise of voting rights attached to shares

On 1st April 2026, LPPI commenced fiduciary management services for 6 additional LGPS Funds (partner funds). For a transitionary period LPPI arrangements will incorporate multiple strands of shareholder voting for the listed equity holdings under our management as shown below.

	Strand	Summary Detail
1	Active Pooled Launched 31 Oct 2016	LPPI Global Equities Fund (GEF)
2	Active Pooled Launched 1st April 2026	LPPI High Alpha Global Equities Fund LPPI Global Equities Fund II LPPI Smaller Companies Equities Fund LPPI Low Volatility Global Equities Fund
3	Active Segregated Transitioned 1st April 2026	Small number of externally managed "legacy" mandates under LPPI oversight
4	Passive Pooled Transitioned 1st April 2026	Externally managed passive index funds under LPPI oversight

2. Policy standards and criteria *continued*

Our shareholder voting arrangements accommodate four strands on behalf of 9 partner funds, collectively encompassing actively and passively managed, pooled and segregated and externally and internally managed listed equities.

The voting rights for shares held by LPPI Funds (strands 1 and 2) are retained and exercised centrally by LPPI. This facilitates an objective approach consistent across our funds whilst allowing voting to be responsive to company context. For strands 2 and 3, voting rights are delegated to the respective external managers and exercised in accordance with their shareholder voting policy and proxy voting arrangements.

Shareholder voting and our reporting on voting activities are overseen by LPPI's Responsible Investment Team in accordance with a clear policy and accompanying guidelines on shareholder voting which are publicly available from our website. Voting activity is reviewed quarterly by our Head of Responsible Investment.

We use our best efforts to vote every shareholder meeting we are entitled to participate in, but sometimes it may be impractical for us to do so. For example, in international markets where share blocking applies, we typically may not vote due to liquidity constraints.

Our overriding aim is to ensure that:

- Our voting rights are exercised appropriately
- Our voting process is consistent, efficient, and auditable
- Voting decisions are congruent with our investment beliefs and reflect the long-term financial interests of our partner funds
- Voting activity reflects our commitment to responsible investment.

We employ external providers of proxy voting services to oversee ballot management and vote execution and receive detailed analysis and voting recommendations ahead of each company meeting. We liaise with our asset managers, engagement partners, and proxy voting providers as needed to reach final voting decisions.

Voting recommendations are in accordance with policies and guidelines which focus on identifying material ESG considerations and support our commitments as a signatory to the Principles for Responsible Investment. Voting Guidelines are reviewed and updated annually by providers and LPPI participates in surveys and exercises which inform policy development.

We publish summary voting headlines and detailed quarterly reports on shareholder voting activity for LPPI listed equity funds on our website (covering strand 1, 2 and 4).

2.7 Cooperation with other shareholders

A central pillar in our RI approach is the recognition that effective partnerships build strength and influence through scale, consensus and a collective voice. Achieving influence as a minority shareholder can often include collaboration with other shareholders to build critical mass.

LPPI actively seeks opportunities to work with other responsible investors on identified shared priorities. The concentration of collective stewardship resources and unified shareholder support for appropriately framed and clearly articulated outcomes can achieve a reach and influence greater than acting alone.

Examples of organisations LPPI regularly works with on a collaborative basis include the Principles for Responsible Investment (PRI), Institutional Investor Group on Climate Change (IIGCC), Local Authority Pension Fund Forum (LAPFF), Pensions UK, Transition Pathway Initiative (TPI), Local Government Pension Scheme Cross Pool Responsible Investment Group, UK Pension Schemes RI Roundtable, Workforce Disclosure Initiative (WDI), Nature Action 100 and Climate Action 100+.

2. Policy standards and criteria *continued*

2.8 Communication with broader stakeholders

It is one of our 5 RI beliefs that as providers of capital, investors have influence. We recognise that in addition to using the rights of share ownership to communicate with companies, our oversight should incorporate the way in which investee companies impact upon customers, clients, employees, stakeholders, the environment, and wider society. This acknowledges the interdependency of the companies we invest in and the cultural, economic, political, and environmental contexts they operate within.

We do not restrict our stewardship activities to direct dialogue with investee companies or conference with fellow shareholders. We are active within a wider network of responsible asset owners and asset managers discussing broad priorities and sharing thinking on issues of common concern. Our stewardship and engagement activities consider wider circumstances and contexts for the companies and sectors we invest in. They can also involve us in dialogue with a broad range of stakeholders including government departments and regulators, industry and special interest groups, NGOs, and community groups.

Where they relate to issues material for our portfolio, we will consider signing investor letters, publicly giving support to investor initiatives, submitting responses to focussed consultations and sharing feedback. Our stewardship reporting routinely includes examples of our participation in networks and initiatives where broader engagement activities are focussed on priority issues and themes.

Our stewardship and engagement activities are regularly reported on to our partner funds within quarterly responsible investment reporting and are disclosed publicly on our website within an Annual Responsible Investment and Stewardship Report, which we submit to the Financial Reporting Council as a signatory to the UK Stewardship Code.

2.9 Conflicts of Interest

LPPI conducts its business in accordance with the Financial Conduct Authority's 8th Principle of Business which requires the Firm to manage conflicts of interest fairly, both between the Firm and its clients as well as between one client and another client.

The Firm's policy is to take all appropriate steps to maintain and operate effective organisational and administrative arrangements to identify and prevent or to manage potential and actual conflicts of interest in the Firm's business.

Our Conflicts of Interest Policy sets clear parameters for good governance in the management of actual and potential conflicts of interest and includes a section on stewardship which identifies that conflicts may arise in the exercise of the ownership rights which relate to companies we invest in.

In overseeing, protecting and exercising rights and relationships in this respect, LPPI is conscious of the potential for conflicts of interest and always seeks to act in accordance with sound principles of good stewardship and specifically in line with standards prescribed by the UK Stewardship Code.

Examples of instances where the potential for conflict arises include decision-making on the direction of shareholder voting for the GEF, decision-making on participation in shareholder litigation and decision-making on the focus of engagement actions.

In all such stewardship considerations, LPPI consistently seeks to promote the long-term value and success of the companies we invest in for the benefit of all partner funds, and to engage with relevant stakeholders to enable this outcome.

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Company registration no: 09835244
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Authorised and regulated by the Financial Conduct Authority.
Reference number: 724653

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