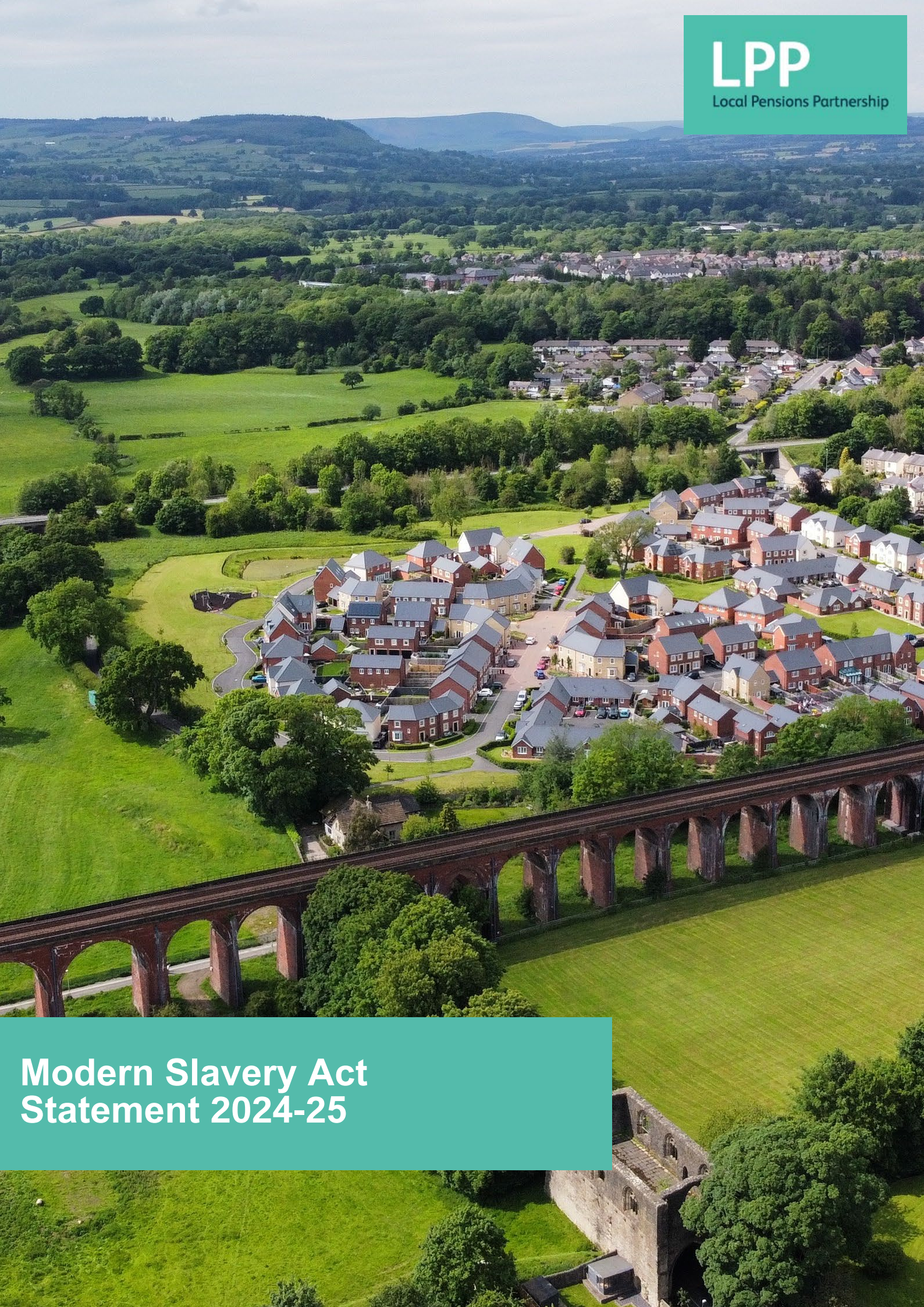


An aerial photograph of a village in a valley. In the foreground, a long railway viaduct with multiple arches spans across the landscape. Below the viaduct, there's a green field and a stone building with arched windows. The middle ground shows a cluster of houses with red roofs and walls, surrounded by green fields and trees. In the background, there are rolling hills and more houses under a clear sky.

LPP

Local Pensions Partnership

Modern Slavery Act Statement 2024-25

Modern Slavery Statement

This statement is made pursuant to section 54 of the Modern Slavery Act 2015 (the "Act") and constitutes the slavery and human trafficking statement for the financial year ended 31 March 2024 for the Local Pensions Partnership Group including its subsidiaries ("LPP").

The use of the term "modern slavery" in this statement includes slavery, servitude, any type of forced or compulsory labour and human trafficking as defined in the Act.

1. Organisational structure

LPP Group is a pension services provider for the Local Government Pension Scheme ("LGPS") and other public sector pension schemes. We aim to help clients reduce pension deficits, improve investment returns and provide an excellent service to their members via our two core business lines: Local Pensions Partnership Investments ("LPPI") and Local Pensions Partnership Administration ("LPPA").

2. Our business

Formed in 2016, LPP Group comprises a holding company and two subsidiary companies, LPPI and LPPA.

LPPI provides clients with pension investment management services and manages c£23bn of pension assets (as at 31 March 2024). It is FCA authorised and is an Alternative Investment Fund Manager under the Alternative Investment Fund Manager Directive.

LPPA provides pension administration services to more than 660,000 pension scheme members.

LPP Group has c.400 employees employed directly by our subsidiaries across the UK, with its main offices are based in London and Preston.

We have reviewed and documented our clients and our supply chain across LPP which mainly includes:

- Local authorities and public pension funds (as clients)
- Professional advisers, financial services firms, institutional investors
- Corporate services support such as IT providers

Our partners are typically based in the UK, Europe and North America.

We consider the risk of slavery or human trafficking within our activities to be low and this is further examined below.

3. Introduction

Modern slavery is a crime and a violation of fundamental human rights. It takes various forms, such as slavery, servitude, forced and compulsory labour, and human trafficking, all of which have in common the deprivation of a person's liberty by another in order to exploit them for personal or commercial gain.

LPP is committed to acting ethically and with integrity in ensuring that slavery and human trafficking is not taking place anywhere, as far as we can reasonably control, in our business dealings and relationships and supply chains. We have a responsibility to ensure transparency

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in our own business and in our approach to tackling modern slavery, consistent with our disclosure obligations under Section 54 of the Act. We expect the same high standards from all of our contractors, suppliers and other business partners, and as part of our contracting processes, we include specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude, whether adults or children, and we expect that our suppliers will hold their own suppliers to the same high standards.

4. Our people

One of LPP's strategic goals relates to making LPP an "exciting, forward thinking and collaborative place to work", and this is supported by clear objectives to seek out and value the benefits of diversity, in all its forms, on our business, and to create and maintain an inclusive culture.

As a responsible business we pride ourselves on treating all employees fairly, facilitated through policies and processes that are transparent and consistently applied. We use relevant and experienced agency partners for the recruitment of permanent, consultant and interim employees, and they are contracted to uphold the same standards that we extend to our direct employees.

HR Business Partners actively manage agency partner relationships ensuring they meet with our employment requirements and that their processes are fit for purpose. We carefully monitor this area and believe the policies and processes we have in place mean the risk of forced or trafficked labour being employed directly by LPP is very low.

5. Relevant policies and compliance with the statement

We operate a number of internal policies to ensure that we are conducting business in an ethical and transparent manner. These include:

- **Recruitment** – LPPI and LPPA run robust recruitment and onboarding processes, with multiple checks built in to ensure all individuals employed by us have the right to work in the UK, are paid a fair salary in compliance with all relevant regulations and are not subjected to human trafficking or forced labour.
- **Whistleblowing** – our whistleblowing policies ensure that all employees know they can raise concerns about how colleagues are being treated, potential unethical business practices such as fraud and bribery, without fear of reprisal. Our whistleblowing procedures are designed to ensure any matter raised will be investigated thoroughly, promptly and confidentially.
- **Anti-bribery policies** - set out the approach taken to countering bribery in accordance with the Bribery Act 2010 and how employees should report instances of bribery.
- **Health and safety** – these policies set out our approach to ensuring we provide a healthy working environment for our employees and contractors who work out of our premises and the wellbeing of our staff.
- **Codes of conduct** – we maintain a reputation for conducting our business activities in the highest ethical and professional manner and individual employment contracts clearly articulate the consequences of misconduct. Our employees also have a personal

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responsibility to immediately report illegal or unethical behaviour they are witness to. We also comply with all applicable employment legislation relating to employee terms and conditions.

6. Our supply chains and due diligence process

We work with diverse and varied suppliers and have zero tolerance of slavery and human trafficking. To ensure all those in our supply chain and contractors comply with our values and ethics, we have in place rigorous selection, due diligence and tender procedures. Given the nature of the services that we offer, the risk of involvement in modern slavery and human trafficking is low.

As part of our Supplier Risk Assessment process, we carry out regular reviews to ensure suppliers are assessed and the information held on supplier databases is kept up to date. This may include supplier audits or on-site assessments dependent on the nature of the goods or services being provided. If an audit reveals risks of modern slavery, this could result in termination of the supplier's contract.

Going forward, we will continue to take the following steps:

- Notify all significant and high-risk existing suppliers of our expectations and their obligations in relation to the prohibition of modern slavery;
- Incorporate anti-slavery and human trafficking obligations into significant procurement agreements and subcontracting arrangements and to consider all other procurements on a risk assessed basis;
- Include appropriate measures in our due diligence processes for sourcing significant suppliers, subcontractors and acquisitions on a risk assessed basis.

7. Investment management activity

LPPI invests c£26bn (as at 31 March 2024) on behalf of local authority and public pension funds across a wide range of asset classes. Around 50% of assets are invested in public markets and investments tend to be in large cap and well-established companies. Investment can be via LPPI's internally managed portfolio or via external fund managers. Due diligence is carried out on both external fund managers and investee companies at the point of purchase and on an on-going basis. Reports are reviewed covering topics such as modern slavery, anti-money laundering and fraud. LPPI has an Investment Due Diligence team and an Operational Due Diligence team. The due diligence process assesses and reviews the external managers across all asset classes. An assessment as to whether a company has a modern slavery policy in place forms part of that review.

Private market assets go through the same process as outlined above. When entering into joint ventures or co-investment opportunities LPPI carries out background investigations and due diligence on asset owners and potential co-investment partners.

The above due diligence activities, alongside LPPI's Compliance Monitoring programme and our approach to risk management seeks to mitigate the risk of LPPI investing in companies who are not adhering to modern slavery standards.

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8. Concluding Remarks

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes LPP Group's slavery and human trafficking statement for the financial year ending 31 March 2023. We will also review and update this policy annually. It was approved by the LPP Board on 26 September 2024 on behalf of the LPP Group including subsidiaries (LPPI and LPPA).

Fiona Stark

Local Pensions Partnership

26 September 2024

LPP

Local Pensions Partnership

www.localpensionspartnership.org.uk

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