

**This report has been prepared by LPPI for Lancashire County Pension Fund (LCPF) as a professional client.**

### 1. Introduction

This report on Responsible Investment (RI) is a companion to the LPPI RI Dashboard (Appendix B) and the Quarterly Active Ownership Report (available from the online Pensions Library).

It covers stewardship in the period 1st July - 30th September 2023 plus insights on current and emerging issues for client pension funds.

<sup>R</sup> This symbol indicates a term explained in the reference section at the end of this report.

Key takeaways for the period:

- In Q3 2023 LPPI voted on 95% company proposals, supporting 88% of these.
- Investments in Brown sectors (extraction, transportation, storage, supply, and generation of energy from fossil fuels) are 2.47% of the portfolio.
- Investments in Green sectors (renewable energy generation, clean technology, and decarbonising activities) are 5.18% of the portfolio.
- In September, LPPI was a signatory to an investor letter to the Prime Minister Rishi Sunak in response to the UK Government's announcement of changes in net zero policy.
- LPPI signed up as a founding participant of Nature Action 100 and has put our name forward to be the lead engager on 3 of the initial 100 companies under focus which are within the internal equities portfolio.
- LPPI successfully submitted its Annual Report on Stewardship and Responsible Investment (2022/23) to the Financial Reporting Council.

### 2. RI Dashboard – Portfolio Characteristics

This section of the report shares key takeaways from the RI Dashboard at Appendix B.

Asset class metrics (*Dashboard pages 1 & 2*) offer insights on the composition of the portfolio and its general characteristics. See the summary for Q3 2023 outlined below.

The Real-World Outcomes section of the dashboard features examples of socially beneficial investments and this quarter the focus is on Private Equity. Pages 6-7 share information on a selection of investments within the LCPF portfolio which are developing solutions based in the UK and abroad.

## Listed equities (Dashboard p1)

### **Sector Breakdown**

Categorised by GICS<sup>R</sup> the largest sectoral exposures for the GEF are Information Tech. (22%), Financials (17%), and Industrials (15%).

Comparing the GEF with its benchmark (MSCI ACWI)<sup>R</sup> gives insight into how sector exposures for the fund differ from a global market index. The length of each horizontal bar indicates by how much exposures differ in total (+ or –) compared with the benchmark, which is the outcome of active managers making stock selection decisions rather than passively buying an index.

### **Top 10 Positions**

The top 10 companies (10 largest positions) make up 23% of the total LPPI GEF.

In Q3 2023 Microsoft remains the largest holding in the GEF. Visa, Nestle, Alphabet, Accenture all remain in the top five, although Alphabet and Accenture have both moved up 1 position and Nestle has moved down 2 positions. Adobe and Intuit have moved up 4 and 1 positions respectively. Rockwell Auto, LVMH and Adobe were replaced by the London Stock Exchange, Moody's Corp and Booking Holdings, which makes up the last positions in the top 10.

### **Portfolio ESG Score**

The GEF's Portfolio ESG score remained stationary at 5.6 between Q2 and Q3. In the same period the equivalent score for the benchmark also remained stationary at 5.5.

### **Transition Pathway Initiative (TPI)**

Monitoring against TPI<sup>R</sup> Management Quality ratings confirms the GEF continues its relatively low exposure to highly carbon intensive activities with minimal changes in ratings since Q2. By value, the coverage of the GEF represented within the globally high emitting companies under TPI assessment has decreased from 11.6% to 11.0%, between Q2 and Q3. This reduction is due to the overall value of the GEF reducing between Q2 and Q3 and not because of the churn in coverage of the GEF under the TPI universe.

The number of GEF companies in scope of TPI scoring has increased by 1 since Q2 2023, changing from 30 to 31. This increase reflects 2 companies dropping out of scope as they are no longer in the portfolio, and 3 companies entering the GEF portfolio which are within the TPI universe.

Of the 31 companies in TPI scope:

- 90% (by value) are rated TPI 3 and above – demonstrably integrating climate change into their operational planning (TPI3) and into their strategic planning (TPI 4). This is down from 91% in Q2 2023, which is a general reflection of the churn in coverage of the GEF under the TPI universe.

- 8 companies are scored below TPI 3 and are under monitoring.

### *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.

This quarter we have included a timeseries graph in the RI Dashboard (Page 1), showing the past performance of the governance insights between Q1 2022 to Q3 2023. This allows us to compare changes annually, which provides a more impactful period to make a comparison against.

**Women on the board:** A measure of gender diversity confirming the average proportion of female board members for companies in the GEF (where data is available).

In Q3 2023, an average of 31% of board members were female in the GEF, which is up from 29% in Q3 2022. There was a coverage of 85% data availability (up from 83% in Q3 2022), which was a result of several companies not being in scope of the ISS database.

**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 as a route to an appropriate breadth of ideas, skills and experiences being drawn upon.

In Q3 2023, on average 69% of board members were independent in the GEF, which is unchanged from Q3 2022. There was a coverage of 85% data availability (up from 83% in Q3 2022), which was a result of several companies not being in scope of the ISS database.

**Say-on-pay:** The average level of 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.

In Q3 2023, an average of 89% were in support for say on pay (up from 88% in Q3 2022), which indicates a high proportion of investors were supportive of the pay policies of investee companies. There was a coverage of 70% data availability (down from 72% in Q3 2022), which was a result of several companies not being in scope of the ISS database.

[Other asset classes \(Dashboard p2\)](#)

### *Private Equity*

The geographical exposure continued to have a strong United States presence, increasing from 50% exposure in Q2 to 53% in Q3 2023. The largest sectoral exposure continued to be Information Technology, remaining at 29% in Q3 2023.

## **Infrastructure**

The geographical exposures to UK based infrastructure slightly increased, moving from 46% exposure in Q2 to 49% in Q3 2023. The largest sectoral exposure remained in Traditional Energy, Renewable Energy, Waste, which makes up 38% of the portfolio.

## **Real Estate**

Sector and geographical exposures remained similar to those reported in Q2 2023. The portfolio continued to be largely deployed in the UK, making up 74% of the portfolio. The largest sectoral exposure continued to be Industrial assets, making up 40% of the portfolio.

## **Green & Brown Exposures**

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 2023, 73.7% of the total portfolio is in scope of Green and Brown. Figures give an indication, rather than a precise measure, as an assistance to reviewing the overall position.

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. Brown activities are those directly involved with extracting, transporting, storing, and otherwise supplying fossil fuels, or using them to generate energy.

The dashboard presents information on the trend in Green and Brown exposures (commencing in Q4 2019). 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 Lancashire County Pension Fund (LCPF) portfolio (as the denominator) also affects Brown and Green % shares quarterly.

Compared with Q2 2023, Brown exposure has slightly increased from 2.38% to 2.47%. The biggest contribution to the increased exposure comes from the Listed Equities asset class. The figures reflect a mark-to-market increase in the value of Brown positions held in portfolio. This has increased listed equities' Brown exposure from 0.37% in Q2 to 0.44% of the portfolio in Q3 2023.

Compared with Q2 2023, Green activities have slightly decreased from 5.34% to 5.18% of the portfolio. The biggest contributor to the decreased exposure is from the Infrastructure asset class. The figures reflect a mark-to-market decrease in the value of Green positions held in portfolio. This has decreased infrastructure's Green exposure from 5.14% in Q2 to 4.92% of the portfolio in Q3 2023.

Investments in renewable energy generation from wind, solar, hydro, and waste make up 83% of total Green exposure, and 95% of Green exposure is via Infrastructure assets.

### 3. Core Stewardship

This section of the report gives an overview of stewardship activities in the last quarter. Client 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 - LPPI Global Equities Fund (GEF) (Dashboard page 3)

Shareholder voting is overseen centrally by LPPI rather than by individual asset managers. LPPI receives analysis and recommendations from an external 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 LPP website within quarterly [shareholder voting reports](#).

The period 1st July – 30th September 2023 encompassed 57 meetings. LPPI voted at 54 (95%) meetings where GEF shares entitled participation, totalling 476 resolutions voted. LPPI did not vote in three meetings:

- LPPI applied “Do Not Vote” at one company due to it being a Russia-linked holding that could not be liquidated prior to the introduction of trading restrictions.
- LPPI applied “Do Not Vote” at one company on management recommendation where a dissident shareholder campaign was suspended following third-party takeover interest.
- LPPI missed one vote due to an expired Power of Attorney which has been subsequently rectified.

#### **Company Proposals**

LPPI supported 88% of company proposals in the period.

Voting against management encompassed:

- the election of directors: 38% of votes against (addressing issues including overall board independence, and company specific issues such as diversity).
- compensation: 37% of votes against (addressing issues including inadequate disclosure of underlying performance criteria, use of discretion, and the quantum of proposed rewards).

#### **Case Study – Director Related**

LPPI voted against 23 director-related resolutions across 15 companies. This was 9% of all director-related votes.

LPPI voted against 12 directors across eight companies due to concerns around board independence levels. At StoneCo Ltd (USA: Transaction & Payment Processing Services),

LPPI voted against a director for serving as a non-independent member of the compensation committee. Result: not disclosed.

LPPI voted against two directors at two companies in relation to minority shareholder rights. Members of Governance Committees were targeted where problematic governance practices (including the presence of a classified board and multiple share classes with unequal voting rights) existed. For example, at Houlihan Lokey, Inc (USA: Investment Banking & Brokerage), LPPI withheld support for Chair of the Governance Committee. This was given the board's failure to remove, or subject to a sunset requirement, the multi-class capital structure, the classified board, and the supermajority vote requirement to enact certain changes to the governing documents. Result: 12.5% against.

LPPI voted against two directors across two companies due to a lack of board gender diversity. This reflects LPPI's proxy voting guidelines which require companies in the FTSE350 to have at least 30% women on the Board.

### **Case Study – Compensation**

LPPI voted against 22 compensation resolutions at 13 companies. This was approximately 37% of management tabled compensation related votes.

At Black Knight (USA: Application Software), LPPI voted against the say on pay. This is because the Chair received a discretionary bonus deemed excessive in relation to a pending merger. Result: 67.4% against.

At RS Group (UK: Trading Companies & Distributors), LPPI voted against the say on pay. This was driven by the fact that a named executive officer resigned from their position, yet the Remuneration Committee used their discretion to allow them to keep certain variable awards. Result: 38.4% Against.

At Nike (USA: Footwear), LPPI voted against the say on pay. Shareholder support for remuneration has been low for a number of years at Nike. Some improvements have been made this year, for example, increasing the proportion of awards linked to performance criteria in future years, however, concerns around the metrics used remained and, ultimately, LPPI voted against. Result: 12.0% against.

### **Shareholder Proposals**

There were two shareholder proposals during Q3, both at Nike (USA: Footwear).

- One resolution sought the disclosure of median pay gaps across race and gender which LPPI supported. Result: 29.6% For.
- The second requested a report assessing the effectiveness of Nike infrastructure in meeting human rights commitments across its supply chain which LPPI also supported. Result: 12% For.

## **Climate Voting**

In Q3, AGMs of three companies in LPPI's climate voting watchlist occurred. A vote against management was cast in one instance due to poor performance against the CA100+ benchmark.

Companies typically avoided votes against management where disclosure has improved or there is evidence of adequate progress prior to reporting (e.g. as ascertained through engagement calls).

## **LAPFF Voting Alerts**

There were no LAPFF Voting Alerts for GEF holdings in Q3 2023.

## **4. Active Ownership**

### **Case Study – Manager Engagement**

In Q3 2023, LPPI's Infrastructure team engaged with an external manager on specific initiatives as part of ongoing portfolio monitoring. The first initiative was a review of the alignment with Net Zero, progress towards targets, and importance of Net Zero in their investment strategy. This review consisted of a dialogue to explore the assets current alignment with the IIGCC Net Zero Framework, and the actions identified to meet targets. The manager's pre-defined commitments as a signatory of the Net Zero Asset Manager's Alliance (NZAM) supported a top-down portfolio approach, combined with asset level GHG emission reductions. The second initiative related to a deep-dive review of the recent UK Biomass Strategy, scope of the UK Emissions Trading Scheme (ETS), and potential developments for Carbon Capture and Storage (CCS) at the asset. The review sought to understand the policy implications to identify the key risks and opportunities for the investment, and whether there is potential for inclusion in the UK ETS as the scope expands in the future. Further, the LPPI Infrastructure team has been collating and monitoring the quarterly GHG emissions in comparison to the electricity generated, to understand the carbon intensity of the electricity exported.

These activities directly contribute to our ambitions to bring infrastructure under scope of LPPI's net zero targets and to manage climate change risks and opportunities overall in line with TCFD.

## **5. Robeco Summary**

### **Engagement (Public Markets): Robeco (Dashboard page 4)**

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 31 companies in the LPPI Global Equities Fund (GEF) and 9 companies in the LPPI Fixed Income Fund (FIF), accounting for 19.6% and 2.4% of the total portfolios respectively.



## Engagement (Public Markets): Robeco (Dashboard page 5)

Engagement progress by theme, also shown on page 2 in the Robeco Active Ownership report, summarises engagement activity for our portfolio over the quarter and breaks this down into sub-sectors, which are rated on success/progress (shown as a %). For this quarter, one new theme has been added to the progress chart, Just Transition in Emerging Markets, which has been summarised in the next section below.

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

### ***Robeco Active Ownership Report: Content Overview***

#### **Just Transition in Emerging Markets**

As companies are transitioning from fossil-based economies to more sustainable practices, they should not only account for the transition of their own operations, but also the impacts that these transitions will have on their key stakeholders; workers, communities, customers.

While the Just Transition is a global challenge, it is especially relevant for emerging markets. Emerging markets account for over 95% of the increase in global emissions and are projected to account for 90% of global population growth. Given their strong dependence on high-emitting sectors like coal mining and agriculture, they face a significant risk of unsustainable, inequitable development.

Robeco have developed five engagement objectives that will structure their Just Transition engagement approach. The first engagement objective covers a company's Just Transition ambitions and governance. The second objective addresses stakeholder engagement, ensuring that companies identify potentially affected stakeholders and commit to ongoing social dialogues with them. The third objective focuses on the need for a Just Transition Plan, including a defined strategy towards Just Transition-related risks and opportunities. The fourth objective concerns risk identification, assessment and management, with a focus on social risks and impacts. Finally, the fifth objective addresses the company's transparency and disclosures in relation to its Just Transition progress.

Robeco have conducted extensive research to understand the industries represented in their portfolio and the progress in integrating Just Transition principles. They aim to identify the industries with the most potential for engagement and positive impact, considering key factors including emission intensity, industry size in the Asia-Pacific (APAC) region and South Africa; and Just Transition-related initiatives in these countries.

Although the Just Transition is relevant for the global economy and therefore all sectors, the engagement activities are initially focused on the energy and mining sectors due to their stronger decarbonization progress and social relevance for emerging markets. Going forward, Robeco's engagement will expand to other key sectors, including agriculture, construction, transportation, and finance.



## **Corporate Governance in Emerging Markets**

Clear accountability structures, transparent communication and strong corporate governance policies are key requirements of long-term sustainable growth, especially where markets are still developing. Robeco are active members of the Asian Corporate Governance Association (ACGA) and work together for the implementation of effective corporate governance practices throughout the continent.

In Robeco's active ownership report, they showcase how their engagement with companies and policymakers in Hong Kong, South Korea and other emerging markets continues to shape stronger corporate governance practices. Robeco speak about a consultation paper that they have been part of on the Enhancement of Climate-related Disclosures, and discuss how improved disclosures in ESG is expanding into firms listed in the Asian markets.

Robeco demonstrate that there has been positive progress on the improvement of meaningful disclosures for investors in some emerging market companies, and even visible leadership in the case of climate related disclosures in Hong Kong. The progress on efficient capital allocation remains mixed, but Robeco will continue with this important objective.

## **Sovereign Engagement**

Over the last few years, countries around the world have repeatedly come together to pledge collective action on topics ranging from poverty and health to climate and biodiversity, but progress is often too slow. While 194 sovereign states have pledged to support the Paris Agreement, efforts are still not high enough, according to the Intergovernmental Panel on Climate Change's latest warning issued earlier this year. Investors in sovereign debt hold an important role here, as they can encourage and support sovereign issuers to safeguard and invest in the environmental services that their economies and their citizens' livelihoods depend on.

Robeco explore how sovereign engagement can be applied and zoom into their engagement with Brazil, with the aim to support the government on ending deforestation in the Amazon. The engagement was initiated in 2020 as part of the Investor Policy Dialogue on Deforestation (IPDD) collaborative investor platform and represented the launch of their sovereign engagement efforts.

The Brazilian business sector have led the initial transition, as companies jointly developed a strategy to fight deforestation. Pressures to act were only met by the government by the end of 2021, when the country signed the Glasgow Leaders Declaration on Forests and Land Use at COP26. However, progress remained stagnant until the new administration came into force in 2023, where Robeco and other IPDD members travelled to Brazil to discuss deforestation actions with the new government. The dialogue focuses on finding systematic and socially beneficial solutions to the deforestation challenge. One such solution discussed during the visit related to increasing the transparency and traceability of cattle supply chain data, empowering companies in their fight against deforestation.

Robeco's trip also included numerous discussions focused on unlocking new channels to finance the country's green transition. They engaged with the Brazilian Central Bank and the Bank of Brazil to explore how to strengthen local sustainable credit markets, pushing the development of clearer taxonomies and verification systems.

The new elected administration seems to be standing behind its 2022 campaign promises, fostering cross-ministerial collaboration, and increasing budgets for environmental protection and enforcement by among others reviving the Amazon Fund. This has witnessed a fall of 34% in deforestation rates during the first half of 2023. However, the anti-environmental lobby remains strong in the Brazilian Congress and parts of the agribusiness sector, leaving budgeting and progress plans open to question.

## **6. Collaborations and Partnerships**

LPPI participates in a range of investor groups and partnerships which provide opportunities for shared learning and a platform for collective action. The following are headlines for Q3 2023.

### ***WDI Reporting Cycle***

The Workforce Disclosure Initiative (WDI) is an investor collaboration platform which seeks to enhance corporate management of workforce issues through increased transparency. During Q3, LPPI wrote to seven companies to encourage participation in the annual workforce survey, the completion of which produces novel and rich data insights on company practices used as part of portfolio monitoring. The deadline for survey submission is in Q4 2023.

### ***Investor Letter to the Prime Minister on Net Zero Policy Changes***

In September, LPPI was a signatory to an investor [letter](#) to the Prime Minister Rishi Sunak in response to the UK Government's announcement of changes in net zero policy. The IIGCC and PRI jointly convened investors to communicate concerns to the Prime Minister at policy changes which include the relaxation of some key dates. The letter reinforced the need for an enabling policy environment which supports investors to make long-term investment and asset allocation decisions in line with their fiduciary duty to clients and beneficiaries, and to manage risk and opportunities to maintain the long-term financial value of their assets.

LPPI was invited to participate through our signatory status of both the IIGCC Net Zero Asset Manager Initiative and the Principles for Responsible Investment.

### ***Nature action 100+***

[Nature Action 100](#) is a new global investor engagement effort focused on driving greater corporate ambition and action to tackle nature and biodiversity loss. The initiative will focus on companies in key sectors that are deemed to be systemically important in reversing nature and biodiversity loss by 2030. Participating investors will engage companies to ensure they are taking timely and necessary actions to protect and restore nature and ecosystems. More information on the 'Investor Expectations for Companies' and the sectors under focus can be found [here](#).

LPPI signed up as a founding participant and put our name forward to be the lead engager on 3 of the initial 100 companies under focus, all of which are within the internal equities portfolio. The engagement campaign launched with initial engagement letters being sent to all companies outlining the initiatives baseline expectations. These were signed by investors including LPPI regardless of exposure.

### *Fair Reward Framework*

LPPI has supported the development of the Fair Reward Framework (FRF) as part of a group of UK asset owners convened by the Church of England Pensions Board and Brunel Pension Partnership. The proposed FRF provides a 'dashboard' that compiles different indicators of executive pay and enables the ranking of individual companies against each of these 'fairness indicators.' Investors can then use this information to inform their own stewardship priorities and proxy voting decisions in line with their fiduciary duties. The proposed framework poses a constructive challenge to all stakeholders to think more broadly about what factors lead to success and which approaches engender a fair division of the resulting rewards. The Framework is currently in a consultation phase, with input from asset owners and asset managers, alongside corporations and other bodies sought across Q3/Q4.

## **7. Other News and Insights**

### *Net Zero Update*

LPPI provided our first progress update on the targets we set in 2022 in the PRI report this year. Our PRI report was submitted in September, and we expect transparency reports to be made available in Q4 2023.

Meanwhile, our second wave of targets covering direct real estate and our corporate bond holdings have now been approved internally. We are currently in the process of submitting these to the IIGCC for approval, after which they will be published on the NZAM website [here](#).

### *Stewardship Code Update*

LPPI successfully submitted its Annual Report on Stewardship and Responsible Investment (2022/23) to the Financial Reporting Council ahead of the October 2023 deadline. The final document is a strong submission addressing the requirements of the UK Stewardship Code (2020) and illustrates the huge amount of work carried out by the responsible investment team and wider business in 2022/23.

The report will be published on the LPPI website in Q1 2024 and the FRC will assess LPPI's report and confirm (in early 2024) whether it meets the standard required for retaining signatory status.

### *OPSC Update*

LPPI is a member of the Occupational Pensions Stewardship Council which was created in 2021 by the Department for Work and Pensions, fulfilling a recommendation from the Asset

Management Taskforce that a 'dedicated council of UK pension schemes should be established to promote and facilitate high standards of stewardship of pension assets.'

Council Members have recently been discussing the future of the council when DWP steps back as its convenor. Options under consideration are seeking to ensure continued dialogue and support between UK Pension schemes and efficient communication with the sector by UK government departments and regulators. One option is to merge the Council with another longstanding pension scheme forum in the RI space which will have the benefit of reducing duplication to improve the focus of priority attention and available resourcing.

## 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](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.

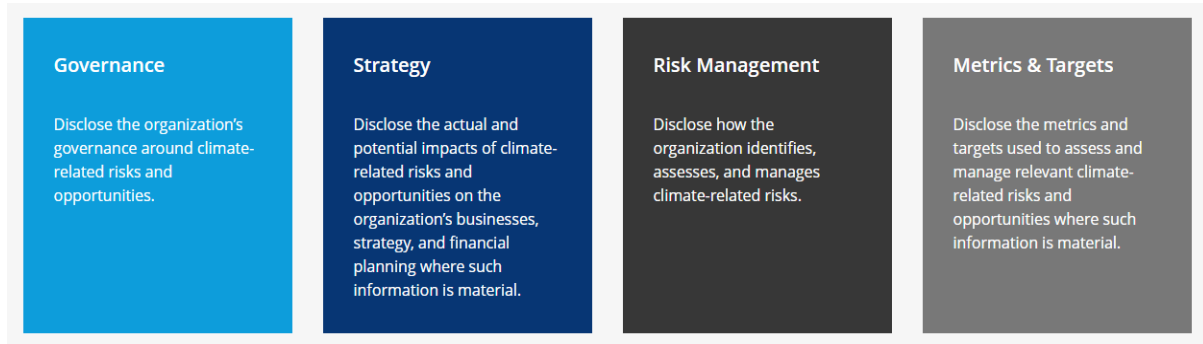
### **MSCI - Morgan Stanley Capital International**

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:



## 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"