

Stewardship Report 2025

**for the London Borough of Sutton Pension
Fund**

March 2025

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1. Introduction

This report provides an overview of the stewardship activities undertaken by the London Borough of Sutton Pension Fund (the Fund) during the 2024/25 reporting period, ending 31 March 2025.

The Fund is administered by the London Borough of Sutton and exists to provide pension benefits to its members in line with statutory requirements. As part of its responsibilities, the Fund monitors how its assets are managed by appointed investment managers. This includes oversight of voting activity, engagement with companies, and the consideration of Environmental, Social, and Governance (ESG) factors, where relevant to financial outcomes.

The purpose of this report is to outline the Fund's approach to stewardship, describe the actions taken over the past year that have contributed to the Fund's responsible investment approach, and provide transparency to members, employers, and other stakeholders. The content of this report is intended to support accountability and inform ongoing discussions about how the Fund discharges its long-term investment responsibilities.

Stewardship aims to promote the long term success of companies in such a way that the ultimate providers of capital also prosper. Effective stewardship benefits companies, investors and the economy as a whole. For investors, stewardship is more than just voting. Activities may include monitoring and engaging with companies on matters such as strategy, performance, risk, capital structure, and corporate governance, including culture and



remuneration. Engagement is purposeful dialogue with representatives on these matters, as well as on issues that are the immediate subject of votes at general meetings.

2. Our Fund and How we Operate

Sutton Council administers The London Borough of Sutton Pension Fund, which is part of the national Local Government Pension Scheme (LGPS). This statutory, contributory defined benefit pension scheme provides pensions to current and former employees of The London Borough of Sutton and other participating organisations.

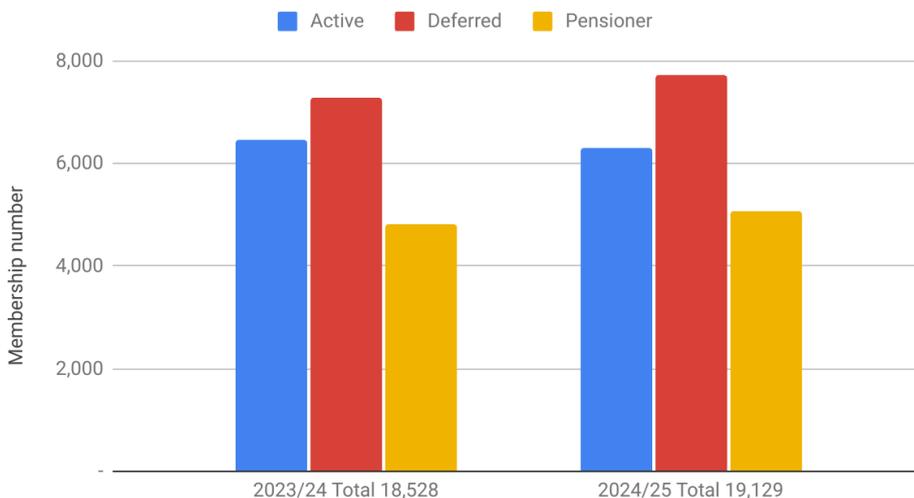
The Fund is financed through contributions from employees, the Council, and other admitted and scheduled bodies, along with returns from its investments. The Fund's actuary determines employee and employer contribution rates every three years during an actuarial valuation. The previous valuation, as of 31 March 2022, set contribution rates effective from 1 April 2023 to 31 March 2026. From 2019 to 2022, the Pension Fund's funding level significantly improved from 90% to 101%, driven by strong investment returns and substantial deficit recovery payments from the Council. The next triennial valuation is scheduled for 31 March 2025 and will provide the contribution rates for 1 April 2026 to 31 March 2029.



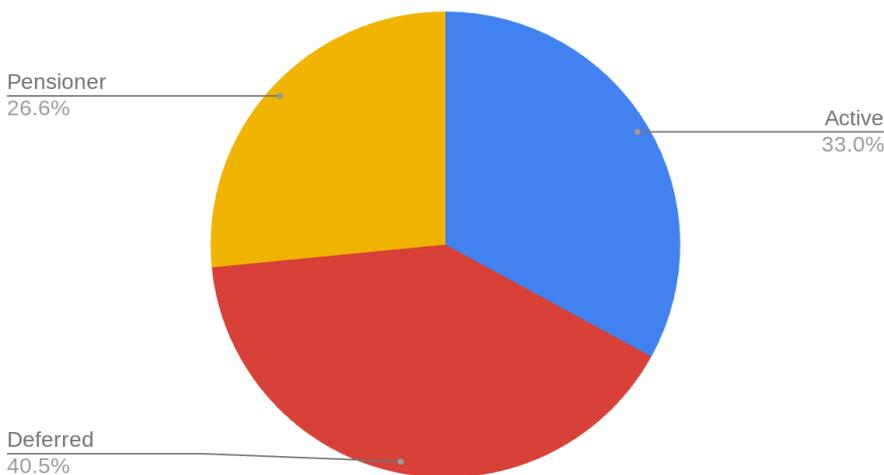
Membership

At the end of March 2025 membership of the Fund stood at approximately 19,129, having increased from 18,528 in 2023/24. Active membership declined from 6,445 in 2023/24 to 6,309 in 2024/25, however, both deferred and pensioner membership types increased over the year.

Membership Numbers over 2 years



Membership Type 2024/25



Employers

Membership of the Fund spanned across 67 employers as at the end of March 2025. The Council is the Fund’s largest employer. Other employers include non-teaching staff in the borough’s schools and further education bodies, together with a range of admitted bodies, such as Citizens Advice Sutton and Sports Leisure Management.

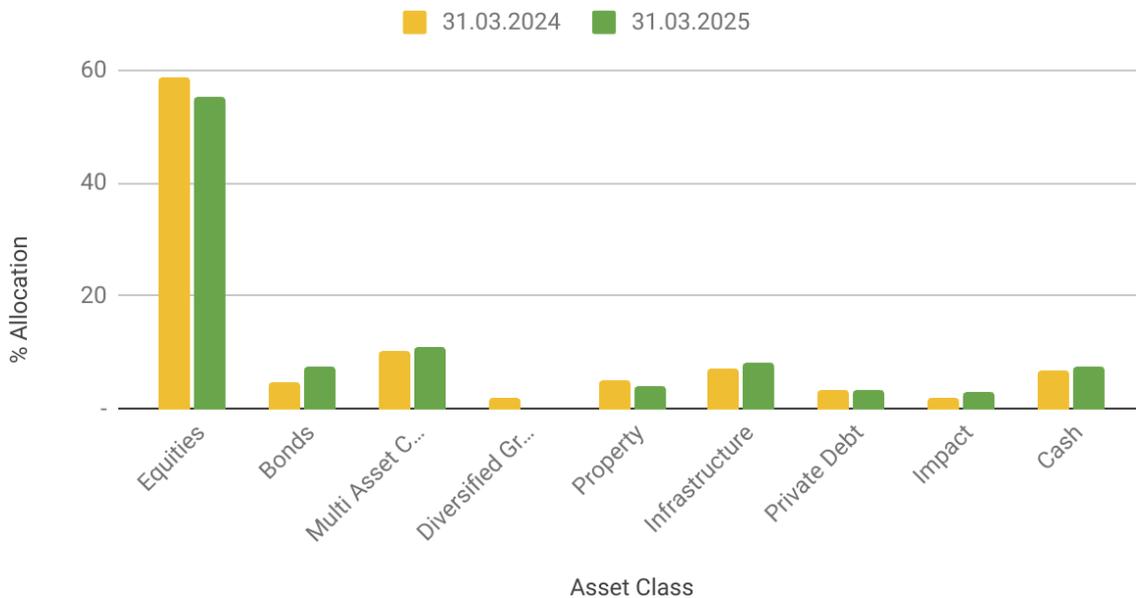




Investment Assets

At the end of March 2025, the total value of the Fund's net assets was £979m, having increased from £924m at the end of March 2024. The Fund maintains a diversified investment portfolio, with a range of asset classes, including equities, fixed income, multi-asset credit, property, infrastructure and private debt.

Asset Allocations



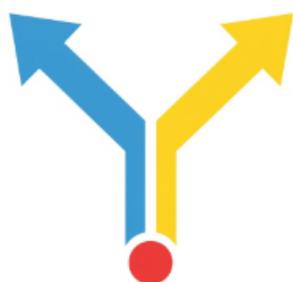
**London
CIV**

London LGPS CIV Ltd (London CIV) is the investment pool for London-based Local Government Pension Schemes and it is the Fund's chosen asset pooling vehicle.

84% (£808.6m) of the Fund's investment assets were pooled via the London CIV as at 31 March 2025. This puts the Fund in a strong position in light of pension reforms and the requirement for LGPS funds to have transferred all investment assets to their chosen pool by 31 March 2026.

The table that follows shows the investments of the Fund that are managed by the LCIV.

Investments with London Collective Investment Vehicle	Market Value at 31/03/24 £'000	Market Value at 31/03/25 £'000
LCIV Global Equity Fund	130,377	136,270
LCIV Sustainable Equity Fund	130,096	131,976
LCIV Passive Equity Progressive Paris Aligned Fund	124,680	132,221
Legal & General Future World Global Equity Index Fund	152,647	132,805
LCIV Diversified Growth Fund	24,038	0
LCIV Multi Asset Credit Fund	31,678	104,091
Legal & General Over 5 Year Index Linked Gilts Fund	47,081	71,885
LCIV Private Debt Fund	31,238	33,515
LCIV Renewable Infrastructure	27,234	38,171
LCIV The London Fund	11,944	14,698
LCIV UK Housing Fund	100	12,945
	711,114	808,577



Decision Making

The London Borough of Sutton Council is the scheme manager and administering authority for the pension fund.

The Fund is governed by the Pensions Committee as the principal decision-making body with responsibility for all Fund matters including governance, investment and funding strategies, accounting, employer and scheme member engagement, communications and administration. The Pensions Committee delegates the day-to-day

running of the Fund to officers, led by the Strategic Director of Resources, as the council's Chief Finance Officer. This role is responsible for the financial affairs of the council in accordance with Section 151 of the Local Government Act 1972 and has overall delegated powers for the management of the Fund, reporting directly to the Chief Executive.

Members of the Pensions Committee are responsible for ensuring that the Fund is managed in the best interests of all members, employers, and beneficiaries. Pension Committee members must therefore take a non-political approach to the decisions they take.

The Pension Board assists in the good governance of the scheme by ensuring compliance with legislation and statutory guidance. Together the Pensions Board and Committee make up the Fund's governing bodies.

Investment Beliefs

The Fund is committed to being a responsible investor and its investment beliefs reflect the need to deliver sustainable investment returns in order to pay pension benefits. The Fund's Responsible Investment (RI) Policy aims to incorporate financially material ESG factors into investment decisions and recognises that it is consistent with its fiduciary responsibility to identify and manage ESG risks and opportunities appropriately, while safeguarding its assets over the long term.



Engagement Priorities

The Fund uses its influence as a long-term investor to encourage positive change. It expects all of its investment fund managers to exercise their voting rights and to actively engage with companies to encourage responsible investment behaviour. Divestment is considered as a last resort, once all avenues of engagement have been explored.

The Fund works closely with its chosen pool, the London CIV, to maximise stewardship and engagement opportunities and is a member of the Local Authority Pensions Fund Forum (LAPFF), an organisation that engages directly with company chairs and boards to affect change at investee companies.

Goals

UN Sustainable Development Goals (SDGs)

UN SDG's address the world's most pressing challenges, from poverty and climate to environmental degradation and inequality. The Fund, within its Investment Strategy Statement has identified a number of the seventeen UN SDGs to align with and this framework has been used as a base from which to start the Fund's Impact monitoring.



The Fund has identified seven UN SDGs as relevant to the Fund's investment beliefs and supportive of its responsible investment ambitions. They are a set of interconnected goals with an aim to achieve them by 2030.

“A set of goals to end poverty, protect the planet, and ensure prosperity for all”



Net Zero Goal



Net Zero means balancing the greenhouse gases put into the atmosphere with the greenhouse gases taken out, so the net amount added is zero. This is achieved by reducing emissions as much as possible (e.g. switching to renewable energy) and then removing any remaining emissions through methods like planting trees, or carbon capture. It is a key goal for fighting climate change.

The Fund has set a long-term target to achieve Net Zero by 2050, or sooner and to support this goal, it has also established specific interim targets.

3. Our Responsible Investment Policy

The Fund’s current Responsible Investment Policy was approved by the Pension Committee in October 2024 and can be found [here](#). It includes the following key areas;



The **AIMS AND OBJECTIVES** of the Pension Fund’s RI policy:

- Reduce the likelihood that ESG issues and climate risk will negatively impact asset values and returns;
- Inform stakeholders on the action the Fund is taking to address and manage ESG and climate risk issues.



The Fund’s **RESPONSIBLE INVESTMENT BELIEFS** reflect the need to deliver sustainable investment returns in order to pay pension benefits. They recognise the importance of active asset ownership and effective stewardship, alongside the assessment of investment risk and opportunity over the long term.

- The Fund believes ESG factors can have a financially material impact on the delivery of investment objectives and therefore the Fund recognises that it is consistent with its fiduciary responsibility to identify and manage ESG risks and opportunities appropriately.
- The Fund expects all of its investment fund managers to exercise their voting rights and to actively engage with companies to encourage responsible investment behaviour. The Fund will only consider divestment as a last resort once all avenues of engagement have been undertaken and shown not to be effective.
- The Fund seeks to identify investment opportunities that have a real-world positive impact, alongside generating suitable investment returns.
- The Fund expects that its appointed fund managers will provide evidence on an annual basis of the assessment, presence, and materiality of ESG issues across their respective portfolios.
- The Fund will adopt investment strategies that seek to minimise and ideally eliminate irresponsible corporate behaviour. Some of the environmental, social and governance issues which it will focus on include:
 - Environmental degradation

- Armament sales to military regimes
- Human rights violations
- Institutionalisation of poverty through discriminatory market practices
- Racial or sexual discrimination



Considering the implications of **CLIMATE CHANGE** and seeking to mitigate climate change related risks, as well as taking advantage of opportunities, is consistent with the Fund's fiduciary duty and is fundamental to the ability to continue to generate long-term sustainable returns.

- The Fund communicates these views to its appointed investment managers.
- The Fund expects its investment managers to show evidence that they are considering climate change when constructing investment portfolios.
- The Fund will work with its investment managers to analyse the carbon exposure across its portfolio. This analysis helps to understand the level of climate risk and to monitor progress towards its Net Zero goal.
- The Fund acknowledges that while exposure to fossil fuel investments is a significant component, it is essential to consider climate change risk holistically.
- The Fund has set a long-term target to achieve Net Zero by 2050 or sooner and to support this goal, it has also established specific interim targets.



UN SDGs

The Fund has identified a number of **UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)** as relevant to the Fund and supportive of the Fund's responsible investment ambitions. The core principle underpinning the Fund's agreed approach is the desire to be a long-term, sustainable investor. SDGs have been selected as the Fund's priorities, which have been grouped into three themes; Environment, Economic and Social.

ENVIRONMENT	ECONOMIC	SOCIAL
<ul style="list-style-type: none"> ● SDG 13 - Climate Action 	<ul style="list-style-type: none"> ● SDG 8 - Economic Growth 	<ul style="list-style-type: none"> ● SDG 3 - Good Health and Wellbeing
<ul style="list-style-type: none"> ● SDG 7 - Energy 	<ul style="list-style-type: none"> ● SDG 9 - Infrastructure development 	<ul style="list-style-type: none"> ● SDG 10 - Reduced Inequalities
<ul style="list-style-type: none"> ● SDG 11 - Sustainable Cities and Communities 		



The Fund recognises the importance of responsible and active ownership and has a duty to exercise its **STEWARDSHIP** and active ownership responsibilities, such as use of voting rights and encouraging its appointed investment managers to actively engage with investee companies and effectively by using its influence as a long-term investor to encourage positive behaviour.

The Fund supports the Local Authority Pension Fund Forum ("LAPFF") stance regarding engagement with investee companies, rather than divestment from certain sectors. The Fund continues to participate in LAPFF to actively shape their agenda and priorities on stewardship matters.

The Fund monitors the stewardship activity of its appointed fund managers and expects that they will highlight examples of thematic voting, on matters such as climate change, human rights and strong standards of corporate governance.



One of the Fund's investment beliefs is to seek investment opportunities that have a real world positive **IMPACT**, alongside generating suitable investment returns. The Fund has made a 10% strategic allocation to Impact investments to help achieve this.

Impact Investing can be defined as;

“Investments made with the intention to generate positive, measurable social and environmental impact alongside financial return”.

The Fund monitors the real world positive impact of its investments and reports on this annually to the Pension Committee.

4. Our Responsible Investment Journey

While the Fund's approach to responsible asset ownership has already led to the transition of the majority of its investments into funds with an ESG tilt, there is a continuing RI journey.

During 2024/25 Pension Committee members attended a training session on taking the next steps in responsible investing. Following this, a revised RI Policy was put in place, which set out clearer beliefs and objectives, strengthened the approach to climate change through the introduction of 2030 carbon reduction targets, set out the Fund's enhanced adoption of UN Sustainable Development Goals and its objectives on Impact Investing, alongside how that will be measured and reported. The Fund continues to work closely with the London CIV on RI monitoring and reporting, which includes the provision of annual climate analytics.



Since the start of its RI journey, the Fund has passed a number of significant milestones, which are set out below.

-  **Sep 2014** ESG factors were incorporated into the Statement of Investment Principles
-  **Nov 2015** Fund managers were asked to adopt the institutional Shareholders Committee Statement of Principles
-  **Feb 2017** First Investment Strategy Statement (ISS) that included ESG considerations
-  **Nov 2018** First RI Policy workshop for Pension Fund Committee members
-  **Mar 2019** The Fund became a member of LAPFF
-  **Sep 2020** The Fund approved its first standalone RI Policy
-  **Dec 2020** The ISS was reviewed following the 2019 Triennial Valuation (TV) and included strategy changes with a stronger RI focus
-  **Feb 2022** Started reporting fossil fuels exposure across the investment portfolio
-  **Sep 2022** The Fund updated its RI Policy, which included setting a Net Zero target of 2050, incorporating a range of UN Social Development Goals and engaging the London CIV to carry out carbon footprint analysis
-  **Nov 2022** The ISS was reviewed following the 2022 TV, resulting in strategy changes with a continued focus on RI and a new strategic allocation to Impact
-  **Jun 2024** London CIV produced a second climate analytics report as at 31/03/2024
-  **Sep 2024** Training session held for members on RI Next Steps, looked at strengthening the approach to climate change through the introduction of 2030 carbon reduction targets for the Fund, more clearly defining the Fund's beliefs and objectives, grouping

the SDG's highlighted by the Fund as areas of focus into three themes and adding a section to the RI Policy on Impact Investing and how Impact will be measured and reported



Oct 2024 The Fund updated its RI Policy to include interim targets for 2030 to work towards its Net Zero target of 2050 and grouped a range of UN SDGs into three themes; Environment, Economic and Social

The majority of the Fund's investment assets sit across funds that support its responsible investment beliefs. The ESG credentials of some of the Fund's key investments are set out below.

INVESTMENT FUND	ESG CREDENTIALS
LCIV Sustainable Equity Fund	Long term expectation to deliver a carbon footprint which is lower than that of the MSCI World Index (Net) (Total Return).
LCIV Passive Equity Progressive Paris Aligned Fund	Tracks the performance of the S&P World Net Zero 2050 Paris-Aligned ESG Index (GBP). The Index is based on a wider index; the S&P Developed Ex-Korea Large Mid Cap Index, which is representative of large and mid-cap securities of the global developed equity markets (excluding Korea). The Index measures the performance of eligible equity securities from the wider index, selected and weighted to be collectively compatible with a 1.5°C global warming climate scenario and aims to meet the requirements of the EU Paris-Aligned Benchmark standard. The index is progressive, as it is updated in line with any changes to the minimum standards of EU Paris-Aligned Benchmarks, and uses powerful underlying climate datasets, methodologies and ESG products.
Legal & General Future World Global Equity Index Fund	The investment objective of the fund is to track the performance of the Solactive L&G ESG Global Markets Index. The index aims to provide exposure to developed and emerging equity markets, while reflecting significant ESG issues. The index excludes companies on LGIM's Future World Protection List (FWPL), which include companies considered as perennial violators of the United Nations Global Compact, certain companies involved in controversial weapons manufacturing and production, or with involvement in mining and extraction of thermal coal, thermal coal power generation, or oil sands. Following these exclusions, the index tilts to increase exposure to companies with higher LGIM ESG scores and decreases exposure to companies with lower

	<p>LGIM ESG scores. Finally the index aims to cut its carbon emissions intensity by 50% (from its 2021 base year), and 7% annually.</p>
<p>LCIV Multi Asset Credit Fund</p>	<p>Uses enhanced ESG guidelines, including omitting corporations that score poorly on ESG criteria, particularly those with low environmental scores and those aimed at restricting exposure to fossil fuels, cannabis production, gambling and other areas. The fund is on a pathway to achieving Net-Zero. The PIMCO managed portion of the fund seeks to achieve 35% reduction in WACI by 2025 and 60% reduction by 2030, relative to a 2021 baseline, and maintain the WACI in line or below benchmark at all times.</p>
<p>LCIV Renewable Infrastructure</p>	<p>Focuses on investing in renewable energy infrastructure, including generation, transmission and distribution and enabling assets across greenfield and brownfield sites.</p>
<p>LCIV London Fund</p>	<p>Provides access to investment opportunities in Greater London across real estate, infrastructure and growth capital opportunities, including clean energy. Aims to invest in projects with sustainable outcomes that address social needs, such as job creation, area regeneration and projects that have a positive environmental impact.</p>
<p>LCIV UK Housing Fund</p>	<p>Provision of affordable family housing that is energy efficient and built in areas of constrained affordability across the UK.</p>
<p>Partners Group</p>	<p>Net Zero strategy in place for all direct holdings with the aim of having every asset in each portfolio Net Zero aligned by 2050, with interim targets to achieve that. Partners Group integrates ESG considerations throughout the entire investment process.</p>



5. Engagement

Stewardship supports the long-term success of companies and extends beyond simply voting, encompassing a range of investor activities. These include monitoring and engaging with companies on key areas like strategy, performance, risk, capital structure, and corporate governance. Engagement involves meaningful discussions with companies on these topics, as well as on issues that are directly put to a vote at general meetings. Engagement offers the opportunity to influence corporate behaviour and bring about change.

The Fund recognises that significant value can be achieved through collaboration with other stakeholders and it works closely with the London LCIV, other LGPS funds and member groups such as the Local Authority Pension Fund Forum (LAPFF), to ensure corporate interests are aligned with the Fund's values.

Officers regularly engage with stakeholders, including the London CIV and investment managers, to ensure it receives updates on investment performance, fund developments, and strategy changes, which are subsequently reported to the Pension Committee.



The Fund's external investment adviser, Mercer, acts on behalf of the Fund to engage with investment managers and to report to the Pension Committee on all aspects of investment manager performance, along with any matters of significance, or concern.



London CIV

The Fund’s chosen LGPS investment pool, London CIV, primarily engages with companies through its investment managers, its appointed voting and engagement service provider EOS, and industry collaborations. Having explored all avenues for engagement through these three key channels, further action may involve escalation to direct engagement with companies. Pooling offers the ability to harness scale and amplify influence. This gives the London CIV a stronger voice with global corporations and fund managers, than the Fund would have on its own.



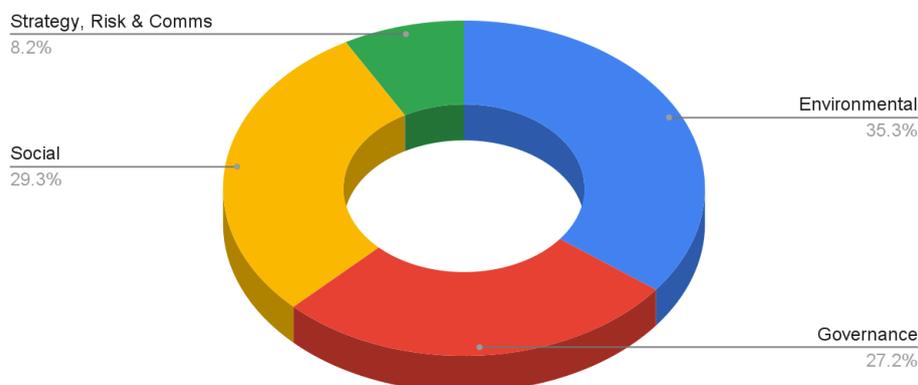
London CIV, uses EOS, a stewardship services unit of Federated Hermes to provide voting and engagement services for its listed equity and fixed income investments. This partnership aims to use active ownership to reduce investment risks, maximize returns, and drive positive societal and environmental outcomes in the companies

London CIV is invested in. EOS uses a proprietary milestone system that tracks engagement progress against their objectives set with the company. They categorise these milestones as follows:

- **Milestone 1** Concern raised with the company at the appropriate level
- **Milestone 2** The company acknowledges the issue as a serious investor concern
- **Milestone 3** Development of a credible strategy/stretching targets set to address the concern
- **Milestone 4** Implementation of a strategy or measures to address the concern

London CIV supplies the Fund with quarterly reports detailing the engagement activities undertaken by EOS. During the year EOS engaged with 786 companies that are invested in by the Fund through holdings in London CIV listed funds. These engagements covered 2,661 issues on a number of different topics, as shown in the chart that follows.

EOS Engagement Topics



EOS Engagements

Examples of engagement activities carried out by EOS on behalf of London CIV, in respect of funds in which the Fund is invested are set out below.



EOS began engagement with Bayer on female representation in senior management in 2019. The expectation is that the company achieves greater than 30% female representation in both the management board and group leadership circle for this region. EOS first sent a letter to the chair of the supervisory board with their corporate governance principles highlighting their expectation. EOS also encouraged a public ambition of approximate gender parity across the business to support the pipeline of future female senior managers. The company appointed a woman to the management board in February 2019. Following this, EOS continued to engage on the topic in 2019 and 2020. The company showed its commitment to improving gender diversity in senior management by announcing new targets as part of its ESG target setting programme. These were to increase the proportion of women in top management to 33% by 2025 (compared to 23% in 2020) and 50% by 2030; and to increase the proportion of women at all other management levels to 50% by 2025 (including upper and lower management which had reached 43% and 36% in 2020). In a visit by the company's ESG team to EOS's London office in 2022, EOS reiterated the importance of greater gender balance at the leadership level. As of the end of 2022, only one out of six (17%) management board members were female.

Outcomes and next steps: The company's 2023 annual report showed strong progress against the targets set in 2021. During the reporting period, the proportion of women in top management (circa 550 employees), which encompasses the highest levels of management including the board of management, was made up of 32% women and the proportion of women in management reached 44%. In 2024, the company reported the proportion of women in top management increased to 35% and all management level at 44.1%. This shows progress towards the company's 2025 goals. The company also maintained its 2030 target for gender parity across management levels to support the pipeline of future female senior managers. EOS states that they will continue engaging about gender diversity on the management board and they expect to see a minimum of 20% for DAX40 companies.



Background: GlaxoSmithKline plc is a British multinational pharmaceutical and biotechnology company. By using artificial intelligence, GSK is enhancing its ability to manage and analyse vast amounts of molecular data. This allows the company to more effectively identify causal disease associations, uncover new therapeutic strategies, and accelerate drug discovery. Ultimately, these innovations help bring vaccines and medicines to patients more swiftly and efficiently.

Action and Engagement: EOS has been engaging with GSK on a range of topics since 2011, including on executive remuneration, drug development pipeline plans and its sustainability strategy. At a meeting in November 2023, EOS raised the topic of artificial intelligence (AI) as part of their discussion in order to understand how the company views AI and what potential use cases it may have. Given the importance of research and innovation to its future growth, EOS encouraged the company to develop a public position and policy on AI, to demonstrate that it is developing and using AI within a responsible and ethical framework. The company acknowledged EOS's concerns and said that it would reach out to them as it sought to develop a public position and policy on AI. At the beginning of 2024, the company reached out to EOS with its draft Responsible Use of AI Policy and offered them the chance to provide feedback and additional input on the policy. EOS provided feedback to the company based on a review of peer disclosures, and also shared EOS' own Digital Rights Principles for consideration. Feedback provided included a request for explicit detail on which board members had oversight of AI usage, as well as clarity on what reporting structures and procedures were in place for AI use. The company thanked EOS for their feedback and stated that they would seek to implement our feedback where plausible.

Fund Manager Engagements

All of the assets under management of the LCIV are externally managed by investment fund managers. They also carry out engagement activities directly with companies and examples of these are highlighted in the quarterly reporting provided to the Fund. A selection of active engagements that took place during the year are set out below.



CQS actively engaged with Match Group, an American online dating provider, regarding concerns about user safety, following a press report that highlighted the lack of safety parameters for female users on Match Group's platforms. Although the company committed to releasing a transparency report in 2020 showing data about harm occurring on and off their platforms, no such report, or update to their safety policy had materialized as of February 2025. CQS sought clarification from Match Group on the measures being taken to implement safety policies, particularly for female users. During their engagement, Match Group's management affirmed that safety is central to their operations, citing an annual investment of approximately \$125 million in risk controls and technology. They also confirmed that a transparency report, in compliance with the EU Digital Services Act, would be released later this year. CQS will continue to monitor the situation and review forthcoming policy updates.

State Street's Asset Stewardship Team has undertaken a series of engagements with companies that develop emerging technologies, including Artificial Intelligence (AI), to understand how they are identifying, managing, and disclosing information about relevant risks. Ahead of its 2024 annual meeting, State Street discussed a shareholder proposal requesting Apple publish a transparency report on the company's use of AI in its business operations and disclose any guidelines that the company has adopted regarding the company's use of AI technology. Apple's initial disclosures on AI development and use were limited, lacking details on risks related to misinformation and human capital management, and no responsible AI guidelines were published. State Street encouraged the company to provide improved disclosures and by November 2024, Apple had published Responsible AI principles that guide the development of its AI tools.



RBC engaged with Unilever's Head of Sustainability regarding their evolving sustainability strategy, which features fifteen goals across four pillars with time-bound, costed roadmaps. A key focus was Unilever's regenerative agriculture program, vital for reducing environmental impact and ensuring supply chain resilience. This program promotes practices that restore soil health, increase biodiversity, and conserve water, aiming to lower carbon emissions, improve crop yields, and support farmers. This strategy also builds resilience in Unilever's value chain. The company is developing impact reporting for its regenerative agriculture efforts, currently involving twenty five large-scale projects with partners like PepsiCo and the Food and Agriculture Organization to implement programs for key ingredients such as potatoes, rice, and tomatoes.

Newton engaged with Alcon, a Swiss-American pharmaceutical medical device company, regarding CEO pay, talent retention, leadership continuity, and linking incentives to long-term performance. Newton suggested enhanced disclosure of short-term and long-term incentives (STI/LTI) to boost shareholder confidence and trust by increasing transparency in executive pay. Alcon adjusted CEO pay to be slightly below U.S. peers but slightly above other international peers. Alcon is now considering including performance achievement levels in LTI and STI disclosures, aligning with Newton's feedback, and exploring retrospective disclosure of metrics, while addressing competitive sensitivities around disclosing these metrics. Newton will be monitoring the implementation of LTI and STI disclosures in the executive compensation structure.

LGIM Engagements



LGIM produces a quarterly engagement report, which includes details of the investment fund manager's engagement activities during the period and information about its campaigns, key votes on companies and policy updates. Examples of engagement activities that are specific to the investment the Fund has with LGIM are provided below.



PEPSICO

PepsiCo⁺ has ambitious commitments and targets related to plastics and sustainable packaging, but its progress has stalled for a few years.

Engage and escalate

LGIM signed a joint letter with the Dutch Association of Investors for Sustainable Development (VBDO), calling on intensive users of plastic packaging to take urgent action, which was sent to PepsiCo in May 2023 and followed up in 2023 and 2024 with a collaborative engagement that LGIM led alongside its peers to discuss the requests made. In 2024, as part of the Plastic Solutions Investor Alliance, convened by NGO As You Sow and comprising over 50 asset managers and asset owners, LGIM co-led its engagement with PepsiCo to discuss its approach to plastics and the steps being taken to transition to more sustainable packaging. LGIM's specific objective was for the company to transition away from single-use (fossil-fuel-based) plastics and to expect it to support the Global Plastics Treaty and refrain from negative lobbying regarding it, or any other plastic-related regulations. LGIM expects the company to disclose information on how it aims to transition away from single-use plastics by boosting sales of reusable products and concentrate (e.g. Sodastream), increasing

recycled content in its packaging and reducing virgin plastics, tackling challenges related to flexible packaging, and advocating for a supportive regulatory backdrop.

Outcome and next steps

Although the company has not been able to decouple its business growth from its packaging waste yet, it communicated that it is sharing regulatory best practice across markets, so that recycled food-grade packaging is accepted locally. While it remains difficult to recycle flexible packaging, PepsiCo has also committed to switching to paper packaging where possible and focusing on finding solutions at its R&D centre in Texas. LGIM continues to engage and monitor its progress.

BHP

In 2022, LGIM published its initial expectations on climate transition plans, and has recently further developed its approach across sectors that are especially subject to climate-related risks and opportunities and key to achieving net-zero emissions by 2050. This includes the mining and diversified metals sector. Without the critical minerals that mining companies produce, the transition will not happen. It is essential that long-term, responsible investors should support these companies' journeys to decarbonise.

Engage and escalate

BHP[†] is one of the biggest mining companies in the world. In 2021, the company put its first Climate Transition Action Plan (CTAP) to the vote. LGIM voted against the approval of this plan, as it did not meet its expectations. However, since then, LGIM met with BHP several times (six meetings in 2024 alone), including with the climate and sustainability teams and the Chief Executive Officer, Chief Financial Officer and board chair. The aim of the engagements was to provide feedback on BHP's 2024 CTAP and ensure that it met the requirements of LGIM's updated assessment framework. It was clear that BHP had made significant strides in improving its CTAP since it put the inaugural plan to the vote in 2021. It demonstrates substantial alignment with LGIM's assessment framework, and LGIM believes it is important investors recognise progress when it occurs.

Outcome and next steps

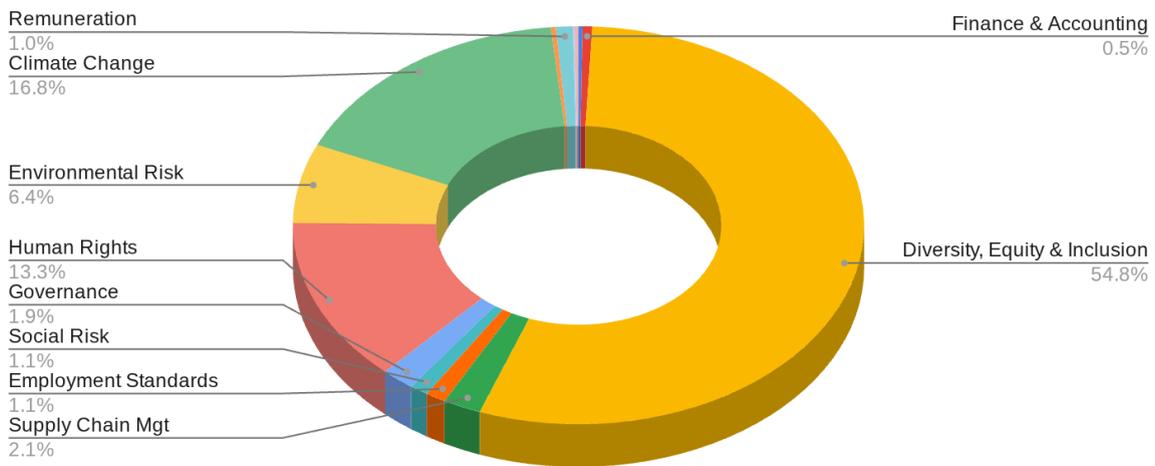
Following LGIM's positive engagements with the company, LGIM was able to support the updated CTAP at BHP's October 2024 AGM. This is the first mining company transition plan that LGIM has supported. LGIM will continue to monitor and engage with BHP on a number of areas, including:

- Disclosure of progress on BHP's plans for the development of a more targeted methane measurement, management, and mitigation strategy
- Plans to be executed in support of the decarbonisation of steelmaking
- Ensuring resilience while navigating the dynamic market for metallurgical coal

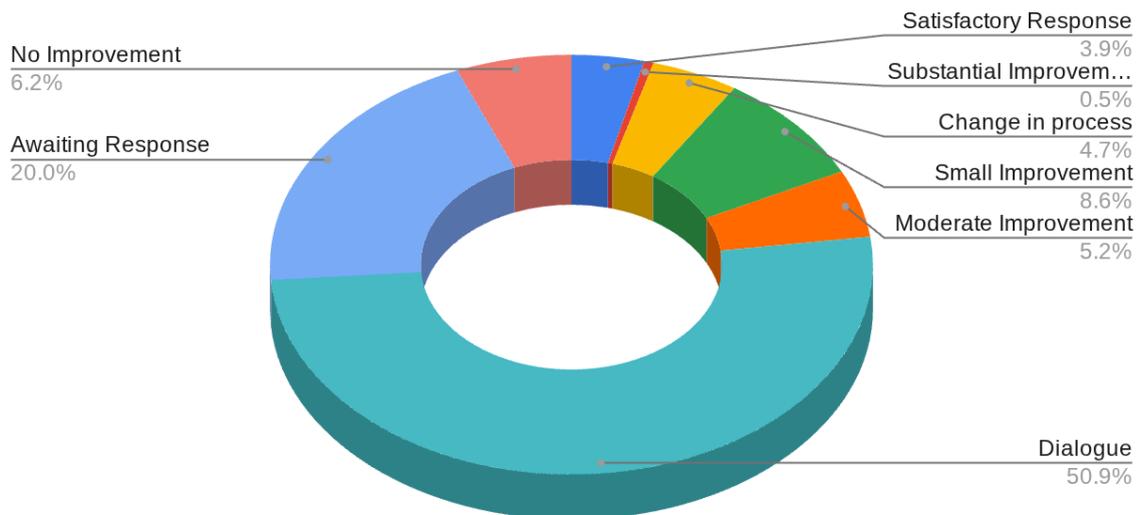


The Fund is a member of LAPFF, which is the UK’s leading collaborative shareholder engagement group encompassing over 85 local authority pension funds and 7 investment pools from across the country, with combined assets of over £425 billion. On the Fund’s behalf, the forum engages directly with company chairs and boards to affect change at investee companies, challenges regulators, and delivers reforms that advance corporate responsibility and responsible investment.

LAPFF Engagement Topics



LAPFF Engagement Outcomes



LAPFF Engagements

Two detailed examples of the active engagements carried out by LAPFF during the year are set out below.

Gas and Oil



Objective: Drax's Yorkshire power station is the UK's largest single emitter of carbon dioxide. LAPFF has focused for several years, from its own research, as well as public coverage of the company, on Drax's business model which faces considerable challenges. These challenges include the continuation of a government subsidy which is in excess of £500m a year. That subsidy runs out in 2027. There is an additional proposal to add carbon capture and storage to Drax for what is called

BioEnergy Carbon Capture and Storage (BECCS), which would require further subsidy, locked in for the duration of at least 25 years. This proposal has to this point not been approved by HM Government. Drax's operation is currently dependent on two contracts for difference (CfDs) by which Drax receives a fixed price for its power output and subsidy. On the environmental side there are significant issues with claims of net zero, as well as continuity of supply of imported wood pellets.

Achieved: Since meeting with the Senior Non-Executive Director in December 2024, there has been press coverage that Drax has been cutting down rare forest wood in Canada. In February 2025, the Government announced that subsidies will continue for another 4 years from 2027, but on a more restrictive basis. The subsidy will be halved, and the output will be more than halved. That is because rather than operating as a baseload plant (operating at any time), Drax will become a dispatchable source of power (i.e. to make up demand when other sources are short). In revenue terms, the reduced operation may be beneficial as dispatchable power sells at a much higher price. However, the fact Drax will operate as a dispatchable source of power makes any Carbon Capture Storage proposition less viable. That is on cost grounds, as there is less operating time to cover the fixed costs, but also, there is no working model of CCS on dispatchable power as the CCS plant would require power when the generation is off. The capture of carbon is not an instantaneous process, whereas a dispatchable power station coming on and going offline is. The Government has attached conditions on supply of pellets, to mitigate the import of wood pellets linked to deforestation, and subsidies can be cancelled or repaid if such problems recur.

In Progress: The issues LAPFF has raised are central to the business model. The argument for the government to continue to support Drax is the claim that "the UK can't be carbon net-zero by 2050 without it", thus Drax with carbon capture and storage would result in "negative emissions", but Drax with a lower output would result in less "negative emissions".

Conflict-affected and High-Risk Areas



Objective: There has been an increase in geopolitical tensions and conflict in recent years. This has covered the Russia-Ukraine war, Sudanese civil war, the ongoing conflict in Myanmar and the Israel-Gaza war. Alongside conflicts, there are a number of regions which are classified as high-risk (of conflict or widespread or serious abuses). Such conflict-affected and high-risk areas (CAHRAs) pose serious legal, financial and reputational risks for companies. However, understanding the nature and exposure that investee companies face can be difficult to ascertain, because of the geographical spread of CAHRAs and because associated risks are not only the direct footprints of company operations, but also complex supply chains and a nexus of sold goods and services. Furthermore, the exposure investors face will be shaped by the ways in which companies mitigate and manage CAHRA related risks. LAPFF therefore wanted to better understand company exposure and practices towards such risks.

Achieved: In December 2024 LAPFF wrote to all FTSE 100 companies (excluding investment trusts) requesting they provide the Forum with details about their approach to operating in, or having operations or funds linked to CAHRAs. The letter noted the human rights risks and potential negative impacts on financial performance. It also set out the legal, operational and reputational risks and the emerging mandatory laws on human rights and environmental due diligence. LAPFF requested companies provide information on their approach to risk mitigation in relation to CAHRAs. The Forum outlined considerations to do so that were aligned to LAPFF's policy on CAHRAs, including the process of heightened human rights and environmental due diligence.

In Progress: LAPFF will monitor the responses to the letter to better understand and identify the most material reputational, legal and financial risks. This will in turn inform the engagement work that LAPFF undertakes for its members. In addition, LAPFF will follow up with companies, continue to monitor ongoing global conflicts, and engage with companies more broadly operating in conflict-affected and high-risk areas to assess their implementation of heightened human rights due diligence.



6. Voting

The Fund delegates its voting rights to its investment managers. They are expected to exercise these rights in line with the Fund's responsible investment beliefs and to collaborate with other parties when appropriate to achieve better outcomes.

The Fund's listed equities investments are managed by the London CIV and Legal & General Investment Management (LGIM).

The London CIV's Voting Guidelines outline its expectations and thresholds for specific issues, which are then implemented through EOS, which conducts proxy voting and engages with companies on behalf of the London CIV and its partner funds. The focus is on ESG issues and other key objectives to promote responsible corporate practices and long-term value. The guidelines are reviewed and updated by its Responsible Investment team on an annual basis. They outline London CIV's voting approach, detailing its expectations of companies, as well as the execution of its voting process.

London CIV's Responsible Investment team performs regular vote reviews to ensure votes have been executed in line with the voting guidelines. As a member of LAPFF, London CIV also reviews its votes closely with LAPFF's voting alerts. In some cases, it will decide to override EOS's recommendations when they are not aligned with its stewardship objectives. London CIV holds quarterly meetings with EOS to oversee their stewardship services and participates twice a year in EOS's Client Advisory Council meetings to collaborate with their other clients and offer direct feedback to EOS on their engagement, voting and other services.

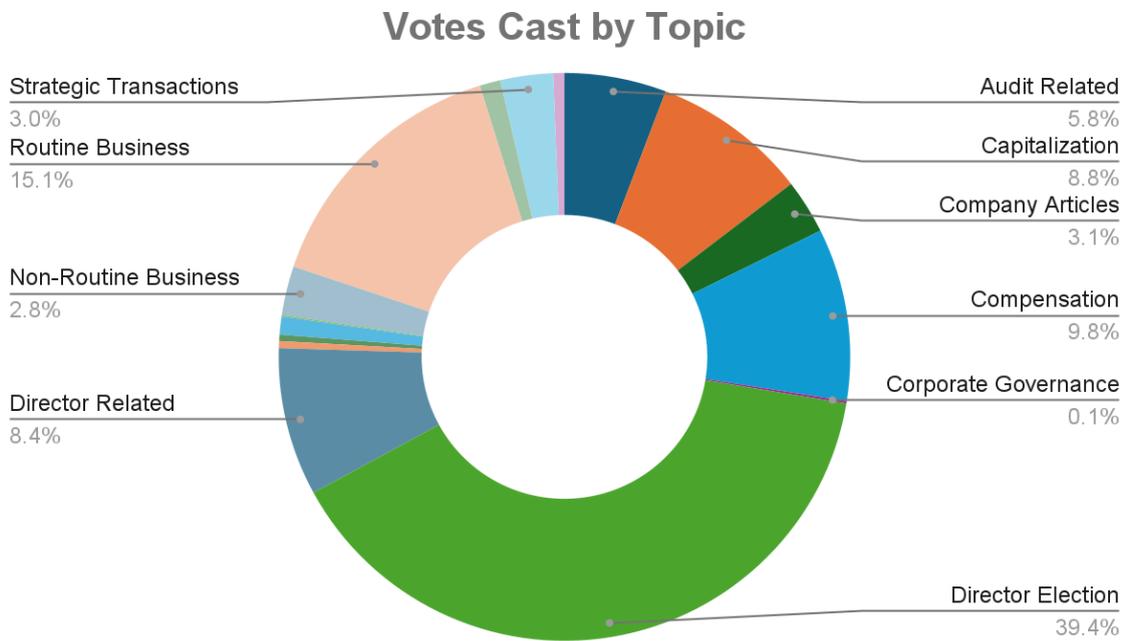


Exercising voting rights is carried out by LGIM’s Investment Stewardship team. The details of its vote instructions are disclosed on a per-meeting basis, with the rationale provided for all votes cast against management. The data is uploaded to LGIM’s website one day after the conclusion of each shareholder meeting. It is LGIM’s policy not to engage with its investee companies in the three weeks prior to an AGM, as its engagement is not limited to shareholder meeting topics.

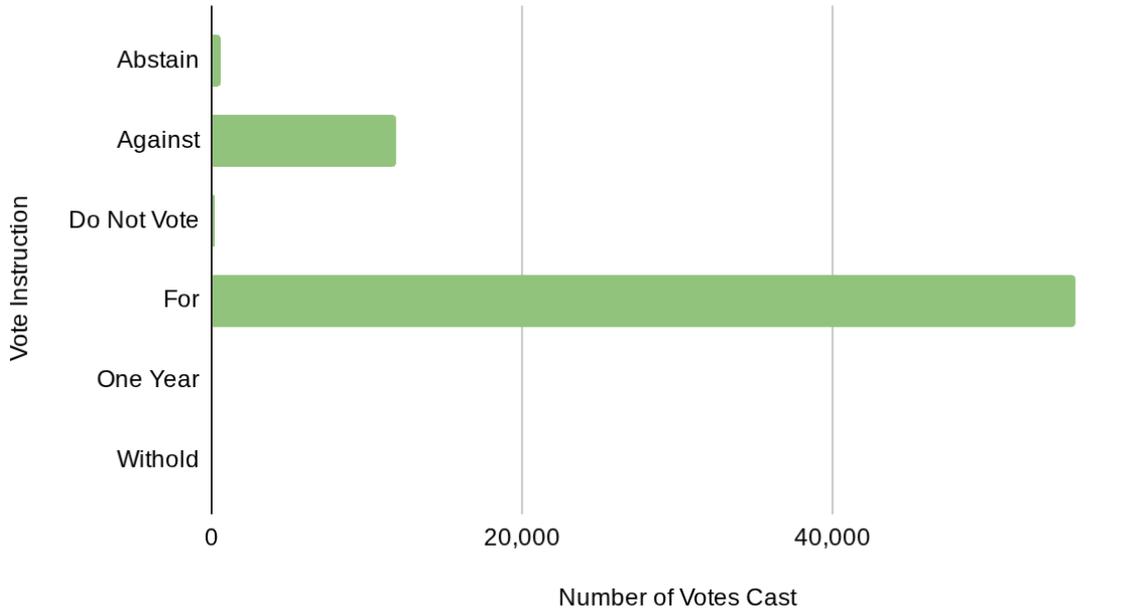
While LGIM’s Asset Management business has a high proportion of equity investments in index strategies, this does not absolve it from making voting decisions; rather, it makes informed voting on key topics more important and underlies the universal owner approach to improving the market as a whole.

Voting Records

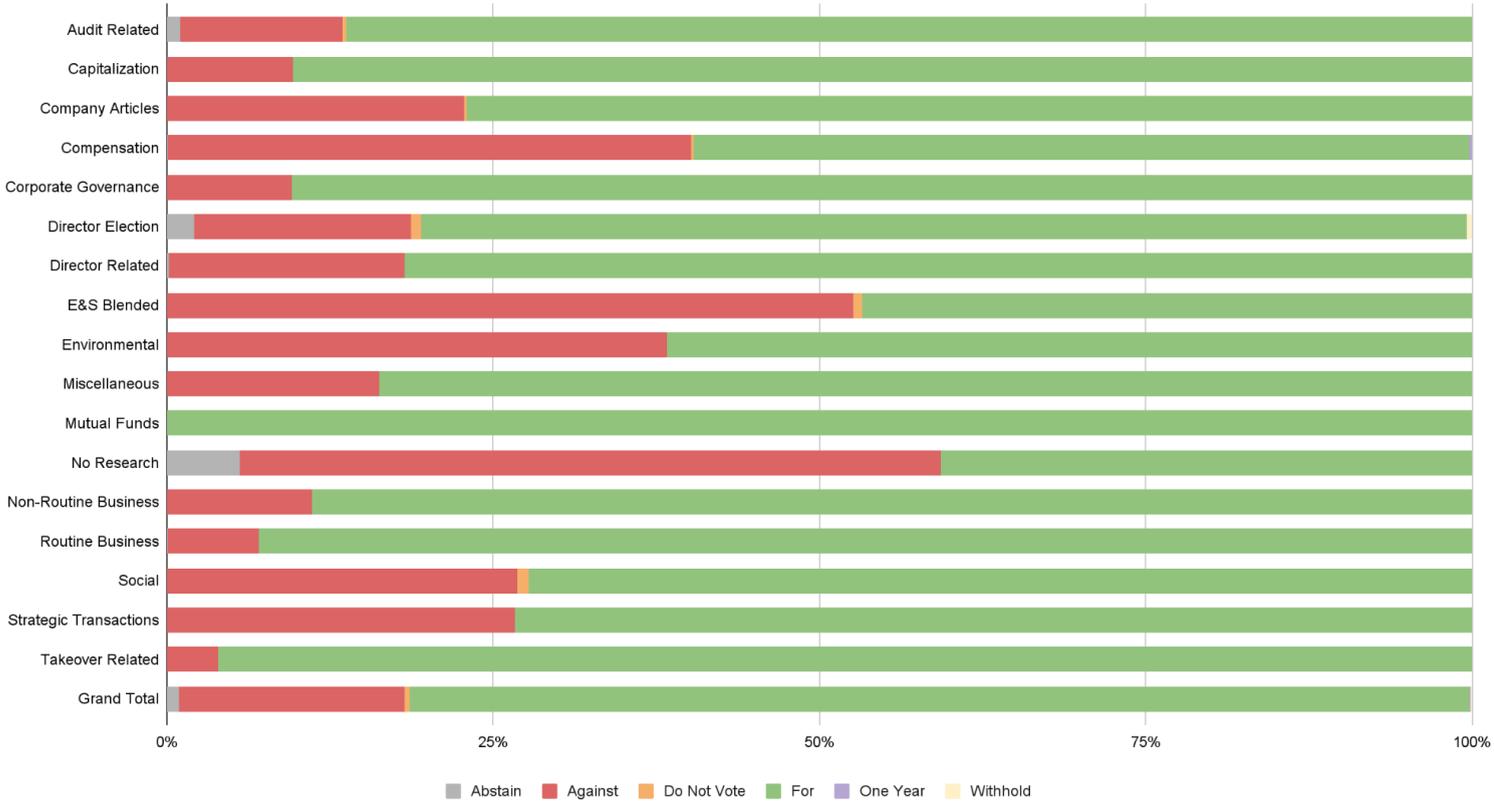
The London CIV provides the Fund with detailed voting records via its online portal on a quarterly basis for each equity product that the Fund is invested in. LGIM provides voting data to the Fund on a quarterly basis across all of its investment products and provides detailed listings relevant to the Fund’s investment on request. The following charts combine the voting data received from both LCIV and LGIM that are relevant to the Fund’s investments.



Votes Cast by Instruction



Voting Instruction Breakdown



Voting in Action

Examples of significant votes cast during the year by EOS and LGIM are provided below.



During Apple's 2024 AGM, EOS voted in support of a shareholder proposal on racial and gender pay gaps, in support of the belief that the UK-style median pay gap disclosures could be applied in the US and key global markets. These disclosures offer more meaningful insights than the pay equity proposal (a proposal requires over 50% support to pass). It was a good outcome, as it effectively brings shareholder concerns to management's attention.



EOS voted against a discrimination related shareholder resolution, because while on the surface the proposal seems to promote anti-discrimination audit, its focus is on 'non-diverse employees' in the resolved clause. This indicates that the proposal appears to be an attempt to thwart progress on the company's inclusion efforts.



In Amazon's 2024 AGM EOS voted in support of a shareholder proposal requesting additional reporting on freedom of association. The company's stated policies respecting freedom of association run counter to widespread reports from workers and third parties, necessitating the importance of independent review. The company says that an independent review is unnecessary given National Labor Relations Board (NLRB) regulations, but this response was deemed unsatisfactory, especially given the company's active litigation against the NLRB and public comments criticising its authority. This proposal received 31.8% of support from shareholders.



Tyson Foods, Inc. engages in the production of processed food. It operates through the following segments: chicken, beef, pork, and prepared foods. In 2024, EOS voted in favour of a shareholder proposal requesting Tyson accelerate its efforts to eliminate deforestation, native vegetation conversion, and primary forest degradation from its supply chains to achieve independently verified deforestation-free supply chains by 2025. Unfortunately, the proposal only received a disappointing 3.3%. However, EOS will continue to engage to promote better management of natural capital.



LGIM voted for Microsoft to produce a report titled “The Risks of Operating in Countries with Significant Human Rights Concerns”. The shareholder resolution was that the vote proposal was warranted, as shareholders would benefit from increased disclosure regarding how the company is managing human rights-related risks in high-risk countries. This was a vote against management, which failed to be passed.



LGIM voted for the provision of a Climate Transition Action Plan, to include the disclosure of scope 1, 2 and material scope 3 GHG emissions and short, medium and long-term GHG emissions reduction targets, consistent with a 1.5 degree Paris goal. Despite the SBTi recently removing their approval of the company’s long-term scope 3 target, LGIM noted that the company had recently submitted near term 1.5 degree aligned scope 3 targets to the SBTi for validation and therefore LGIM determined the company's ambition level to be adequate and remained supportive of its current Net Zero trajectory.

LGIM voted in favour of electing a dissident (person who opposes official policy) director nominee. Following engagement with the dissidents and the company it was felt that the board would benefit from the challenge, resource and expertise the candidate would bring to strategic discussions. The newly formed board would also be expected to work constructively together for the benefit of all stakeholders.





7. Climate Change

The Fund acknowledges climate change as a significant environmental, social and governance (ESG) factor that could financially impact its investments over time. Addressing and mitigating climate change risk aligns with the Fund's fiduciary duty and is essential for generating long term sustainable returns within its investment portfolio.

The Fund receives a Climate Analytics Service from the London CIV, which supports understanding the carbon footprint of the Fund's entire investment portfolio and helps track progress towards the Fund's Net Zero ambition and interim targets.

The Fund has set a target to achieve Net Zero by 2050, or sooner and to support this long term aim the Fund has set three specific interim targets:

- Reduce the Carbon to Value Intensity (scope 1 & 2) of listed equities by 50% by 2030 (relative to a 2020 baseline)
- Engage with investment managers in order to increase the percentage of companies in listed equities which have Science Based Targets initiative (SBTi) approved targets
- 15% of total fund assets invested into climate solutions (defined as activities, products and services that contribute to emissions reductions in line with Net Zero) by 2030



Carbon to Value Intensity (C/V)

Carbon to Value Intensity is used to measure a pension fund's exposure to climate related risks by assessing the carbon efficiency of the companies in which it is invested. It is a measure of a fund's contribution to global carbon emissions. It is calculated as the average greenhouse gas emissions per million pounds invested (tCO₂e/mGBP). A high carbon to value intensity may indicate a high contribution to global warming. This metric is also sometimes known as the Carbon Footprint, or Carbon Intensity.

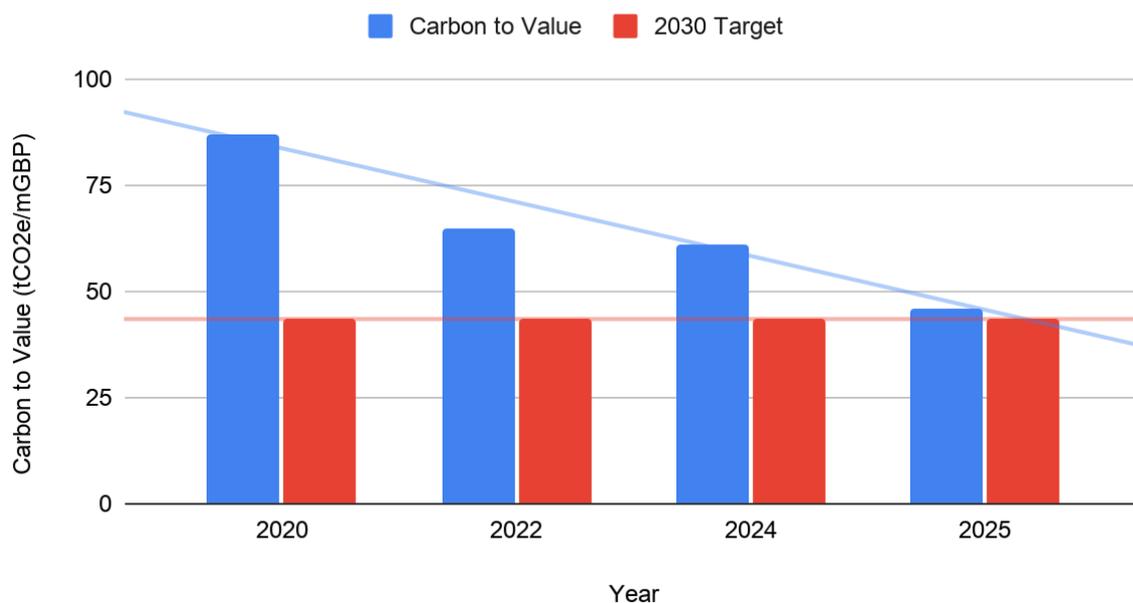
Scope 1 and 2 are terms used to describe the source of carbon emissions:

Scope 1: These are the Green House Gas (GHG) emissions that a company generates directly by its activities, for example while running its boilers and vehicles.

Scope 2: These are the GHG emissions that a company generates indirectly, such as when the electricity or energy it buys for heating and cooling buildings is being produced on its behalf.

The chart below shows the Carbon to Value (using scope 1 & scope 2) of the Fund's listed equity and bond investments alongside the 2030 target, which is to achieve a reduction of 50% compared to the 2020 baseline. The trendline shows that the Carbon to Value of the Fund is steadily reducing and is on track to meet the target of a 50% reduction before 2030.

Carbon to Value, Benchmark and 2030 Target



Science Based Targets initiative (SBTi)

The SBTi is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

SBTi develops standards, tools and guidance which allow companies to set greenhouse gas emissions reduction targets in line with what is needed to limit global warming and reach Net Zero by 2050 at the latest. It was formed as a collaboration between the World Resources Institute, CDP, the United Nations Global Compact and the World Wide Fund for Nature (WWF). In 2023, it was incorporated as a charity in the United Kingdom. Over 7,000 companies and financial institutions are leading the transition to a Net Zero economy by setting emissions reduction targets and having them validated by the SBTi.



At the end of March 2025, 43% of the Fund's investments in listed equities were with companies that have set science based targets.

Climate Solutions

Climate solutions are activities, goods or services that are needed to enable the global economy to reach Net Zero. This generally includes both climate mitigation; activities that help to reduce, avoid or remove greenhouse gas emissions from the atmosphere and climate adaptation/resilience; activities that help the world adjust to cope with expected or actual climate change impacts.



At the end of March 2025, 21% of total Fund assets were invested into climate solutions.



8. Impact Investing

It is one of the Fund's key investment beliefs to seek investment opportunities that have a real world impact, alongside generating suitable investment returns. The Fund has a 10% strategic allocation to impact investments to achieve this.

The definition of impact investing can be defined as;

“Investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.”

The Fund is invested in a number of ways that sit firmly within the Impact investing theme. These include investments in The London Fund, the LCIV UK Housing Fund, the LCIV Renewable Infrastructure Fund and Partners Group.

For the reporting year 2023/24 the Fund developed a framework to measure and monitor the impact all of its investments were having using the United Nations Sustainability Development Goals (SDGs). This was based on seven of the seventeen UN SDGs. Underlying the seventeen UN SDGs there are 169 targets, from these underlying targets one or two were selected as the primary target underlying the UN SDG which the Fund looked to monitor.

From these targets, metrics were selected that could be related, measured and monitored.

The metrics were reported under three main categories;

Intentionality - when the investment decision was made it was with the intention that a positive impact, as well as financial return returns would be achieved.

Additionality - investments were not made at inception with the intention of having a positive impact, but there is an expectation that some positive impacts, particularly in climate would be achieved.

Reporting/Metrics - no objectives were set for investments to have a positive impact, therefore any information provided would be for reporting purposes only.

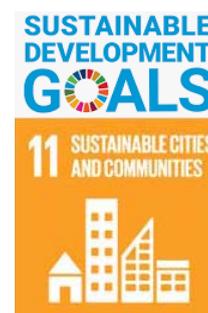
The Fund's Impact investments (those made with intentionality) and some of the metrics used to assess the actual impact they have had so far are set out below.

LCIV UK Housing Fund



In December 2024, the LCIV UK Housing Fund made a £100m investment commitment into Legal and General's Affordable Housing Fund ("L&G AHF"). This latest investment brought London CIV's total pooled allocated investments in affordable and community housing (through the London CIV UK Housing Fund) to over £470m – less than two years since the fund was launched in March 2023. Through the commitments made to date into L&G AHF, at the end of 2024 L&G expected to deliver approximately 3,500 to 4,000 homes.

In November 2024, a combined £104m anchor commitment was made by London CIV UK Housing Fund with the Church of England into Man Group's Man RI Community Housing Fund 3 LP (London CIV: £100m / Church of England: £4m). The initial capital investment into Man Group's Community Housing Fund is expected to help enable more than 350 energy efficient, affordable family homes to be built in areas of constrained affordability across the UK and is the first step towards an initial capital raise of £300m that aims to fund the delivery of 1,000 homes over the next few years.



Also in 2024, the LCIV UK Housing Fund committed £75m into Savills IM's Simply Affordable Homes Fund and made a £45m secondary commitment in CBRE UK Affordable Housing Fund. LCIV UK Housing Fund committed £50m in November 2023 into Octopus Affordable Housing Fund. Highlights since then include the acquisition of 180 affordable homes (existing stock) and two forward commitment deals to acquire 218 homes in total upon practical completion.

LCIV Renewable Infrastructure

Renewable Infrastructure Fund investment manager Quinbrook invested in Cleve Hill, which is a solar and storage site located in Kent, UK. At 373 MW of solar PV capacity and 150 MW of battery capacity, Cleve Hill is the UK's first nationally significant solar and storage project. It is situated on a wetland area of high biodiversity significance, which was historically used for low grade arable land, but was under local community pressure to re-wild the area and support local wetland birds and wildlife. Drawing on the economic benefits of solar and storage, the site has avoided higher intensity property development, and established an extensive biodiversity net gain plan. In 2023, the project actively commenced its Landscape and Biodiversity Management Plan (LBMP), implementing extensive rewilding and habitat management, including dedicating 15% of the total site to biodiversity improvements, to actively create wildlife and biodiversity benefits and gain.

Cleve Hill solar and storage site



Quinbrook's leadership in integrating biodiversity with infrastructure is exemplified by Cleve Hill, through:

- a full-time, on-site ecology team
- creation and enhancement of grassland, grazing marshland, riparian, and reedbed habitats
- initiatives to support hedgehogs, badgers, bats, bees, lapwings, marsh harriers, great-crested newts, water voles, eels, bearded tits, reed and sedge warblers, reed buntings, brent geese, golden plovers.

The project includes full-time on-site ecologists to support a 40-year biodiversity monitoring program, working with Natural England, the UK Environment Agency, Kent Wildlife Trust, and the Royal Society for the Protection of Birds.



The LCIV Renewable Infrastructure Fund was invested in seven different portfolios at the end of March 2025.

563,696 mega watt hours is the Fund's estimated share of the renewable energy generated by those portfolios. This would be enough to power 187,899 homes, which equates to powering most of the homes in Sutton for one year. Avoided emissions refers to the greenhouse gas emissions (GHG) that are prevented from being released into the

atmosphere. 410,731 tCO2e is the amount of GHG that is estimated to be the Fund's share of avoided emissions.



Partners Group

79% of the Fund's investments with Partners Group is in direct investments with clear net-zero ambitions / targets.

15% of the Fund's investments with Partners Group is specifically in assets classified as "renewable power".



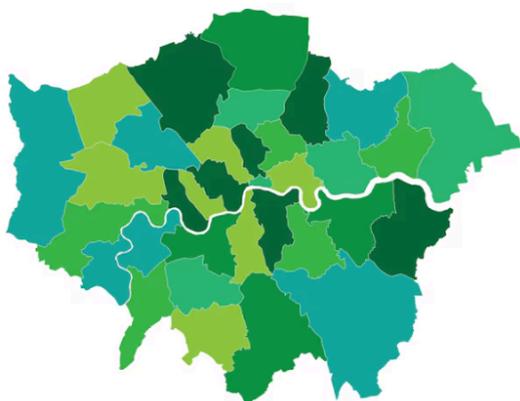
During the year, Partners Group finalized the sale of Greenlink Interconnector, a landmark subsea electricity interconnector linking Great Britain and Ireland. With a capacity of 504 MW, Greenlink stands as the first project-financed interconnector completed in Europe, capable of powering approximately 380,000 homes.

Greenlink Interconnector



This critical infrastructure asset plays a vital role in enhancing grid stability and facilitating the energy transition. By enabling the integration of renewable energy and bolstering energy security, Greenlink diversifies energy sources and fosters competition in electricity provision across both nations. Since acquiring a

controlling stake in Greenlink in 2019 and full ownership in 2021, Partners Group has driven substantial value creation leading to the successful operational launch of Greenlink in early 2025 - on schedule and within budget.



Local Investment

Following the government's Fit for the Future initiative, there will be a requirement for funds to invest locally within asset pool areas. For the Fund, this will be the Greater London area. Such investments involve working with local government, regional mayors, and strategic authorities to identify opportunities that offer both financial return and positive local impact. The Fund is already well positioned in meeting this requirement, primarily as a result of its investment in the London Fund.

The London Fund

As at March 2025, the London Fund had made four investments as set out below.

1. A primary fund investment in DOOR, a residential investment vehicle that comprises investment from Delancey co-mingled funds, Oxford Properties, Alecta, Allianz, the London Fund, and LPPI. During the year the portfolio continued to provide exposure to a mix of private rental sector, student accommodation and affordable housing. These assets are held within Get Living, a Real Estate Investment Trust which has achieved a 5-star GRESB rating in 2024.
2. A primary fund investment in Yoo Capital Fund II, an investment vehicle that provides exposure to mixed use real estate repositioning opportunities that incorporate offices, life sciences, affordable housing, retail, hospitality, and performing arts, including the regeneration of Shepherds Bush Market.
3. A co-investment into Virtus Data Centres, a data centre platform. Virtus has set a Net Zero target for 2030 and matches its grid electricity consumption to 100% renewable power procurement.
4. A co-investment alongside LPPI Real Estate Fund into a joint venture with Goldman Sachs Asset Management and their partner, the developer EDGE.

EDGE London Bridge



EDGE London Bridge is a 275,000 sq ft. sustainable office development in St Thomas Street, London Bridge. The design incorporates a new

landscaped public park, which will connect to the building's publicly accessible ground floor, providing amenities not only for its occupants, but also for the surrounding community. It will be the first office tower in London with a timber hybrid frame with each building component designed to achieve an embodied carbon goal of below 600kg CO₂e/sqm. The development is targeting both Platinum and BREEAM outstanding certificates. The building is expected to top out (reaching the building's maximum height) in Q4 2025 and to practically complete in Q4 2026.

9. Glossary

Avoided Emissions: Emissions that are not emitted because a specific product or service has been used and they outside of a company's value chain.

Biodiversity: the variety of plant and animal life in the world or in a particular habitat, a high level of which is usually considered to be important and desirable.

Carbon to Value: A carbon-to-value (C/V) metric is a measure that links a company's or portfolio's carbon emissions to a financial or economic value, such as revenue or investment. It helps stakeholders understand a company's efficiency in generating value with fewer emissions and is used to track progress toward sustainability and decarbonisation goals.

Engagement: Dialogue with a company concerning particular aspects of its strategy, governance, policies, practices, and so on. Engagement includes escalation activity where concerns are not addressed within a reasonable time frame.

ESG Factors: Environmental, social and corporate governance factors which could impact company performance and therefore investment returns. Examples include (but are not limited to) climate change, workforce issues, remuneration, independence of the board and auditors, board composition and diversity.

Ethical Investment: An approach seeking a moral or ethical return, potentially ahead of financial return.

Governance: The process and principles by which a company or organisation undertakes its business. For the Fund, governance includes how it undertakes both its operational and investment responsibilities on behalf of its members.

Greenhouse Gasses (GHGs): Gasses which absorb and re-emit infrared radiation, thereby trapping it in Earth's atmosphere and causing the GHG effect. They include carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF₆), and nitrogen trifluoride (NF₃).

GRESB Rating: The Global Real Estate Sustainability Benchmark is a leading ESG benchmark for real estate and infrastructure investments across the world. It offers standardised and validated data to assess the sustainability performance of real estate assets and portfolios.

Net Zero: A state in which there is overall balance between the amount of greenhouse gas emissions released into the atmosphere (through human activities) and the amount of greenhouse gas emissions removed from the atmosphere.

Pension Board: The role of the Pensions Board is to assist in the good governance of the Fund through the monitoring of Fund performance and adherence to statutory duties. The Pensions Board is not a decision-making body, nor does it hold a scrutiny function; its role is to assist in the compliance with scheme rules.

Pension Committee: Body established by the London Borough of Sutton Council (the administering authority) in charge of the management of the administration of benefits and strategic management of the Fund, including Fund assets.

Proxy Voting: Proxy voting allows shareholders to exercise their right to vote without needing to attend AGMs. This can involve shareholders with voting rights delegating their votes to others who vote on their behalf.

Renewable Energy: energy from a source that is not depleted when used, such as wind or solar power.

Responsible Investment: The integration of financially material environmental, social and corporate governance (“ESG”) factors into investment processes both before and after the investment decision.

Science Based Targets: Corporate targets to mitigate GHG emissions that are in line with what the latest climate science says is necessary to meet the goals of the Paris Agreement – to pursue efforts to limit warming to 1.5°C.

Scope 1 & 2: Emissions generated from sources owned or controlled by a company (Scope 1), plus indirect emissions from purchased electricity, heat and steam (Scope 2).

Socially Responsible/Social Impact Investments: Investments that deliver social impact as well as a financial return are often described as “social investments”. The Fund considers opportunities in social investments alongside other opportunities and will assess their relative merits on fundamental grounds and with reference to suitability of fit for the Fund.

Stewardship: We define the concept of stewardship the same as the Financial Reporting Council (FRC), the organisation that oversees the UK Stewardship Code: “Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

Carbon to Value Intensity (C/V): A measure of a fund's contribution to global carbon emissions. Calculated as the average greenhouse gas emissions per million pounds invested (tCO₂e/mGBP). A high carbon to value intensity may indicate a high contribution to global warming. It is used to show a portfolio’s contribution to carbon emissions and is primarily a performance / impact metric measuring carbon per £ invested.