

Shareholder Voting Policy

1. Introduction

Local Pensions Partnership Investments Ltd (LPPI) is committed to achieving sustainable investment returns over the long term through an approach to stewardship which embraces responsible investment principles and practice.

We believe that well-governed companies are best equipped to manage business risks and opportunities, and this contributes to achieving optimum risk-adjusted returns over the long term.

We encourage strong governance and sustainable business practices through our oversight and engagement activities. These feature company monitoring and dialogue (directly and via the third party managers we select to work with us) representation on investor groups and shareholder voting. We support and participate in wider collaborations and frequently work alongside other investors as part of initiatives that build consensus and seek to use collective influence to encourage positive change.

In this document we articulate our approach and arrangements for shareholder voting.

2. Policy Objectives

We aim to ensure that:

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

3. Voting Arrangements

The listed equities we manage fall within the LPPI Global Equities Fund (GEF) which comprises an internally managed portfolio supplemented by segregated external mandates.

The voting rights for stocks within the GEF are retained and exercised centrally by LPPI rather than being delegated to third party external managers. We use our best efforts to vote each shareholder meeting we are entitled to participate in. However, in some circumstances it may be impractical or impossible for us to vote. For example, in international markets where share blocking applies we typically may not vote due to liquidity constraints.

Where LPP participates in securities lending, procedures will be put in place to assess the appropriateness of recalling lent stock ahead of shareholder meetings. In each case, the direct monetary impact of recalling shares will be considered against the discernible benefits of exercising voting rights. Decisions will reflect the significance of items on the

ballot and whether LPP has actively supported reform of the company's governance practices via engagement or other coordinated efforts including shareholder proposals.

The day-to-day management of our shareholder voting activities is overseen by the Responsible Investment Manager, supported by services from an external provider, Institutional Shareholder Services (ISS).

The services received from ISS feature:

- a web-based voting and research platform (ISS ProxyExchange);
- voting recommendations in line with a designated voting policy;
- access to governance data, research and analytics;
- ballot administration and vote execution;
- monitoring and reporting functionality.

Voting recommendations are made in accordance with the ISS Sustainability Proxy Voting Guidelines. These guidelines are designed to reflect the requirements of investors who have made commitments to the integration of environmental, social and corporate governance (ESG) issues and to responsible investment practices in line with the Principles of Responsible Investment. The Sustainability Guidelines are reviewed and updated annually to ensure they reflect changes in norms and standards as well as new academic research, empirical studies, and market commentary as appropriate.

As part of ongoing oversight, the Responsible Investment Manager identifies upcoming company meetings with votes on priority themes and reviews the related ISS analysis and recommendation. Where resolutions are complex or contentious, the Responsible Investment Manager will discuss the issue with the internal investment team to agree an appropriate stance. The Responsible Investment Manager may also seek insight from a third party manager who has been in direct dialogue with the company as part of an engagement programme.

As warranted, the Responsible Investment Manager will seek the views of the LPP Stewardship Committee which is chaired by the Chief Investment Officer. Collectively, the Stewardship Committee is the ultimate arbitrator on stewardship matters.

In cases where a decision is taken to depart from the ISS voting recommendation, the underlying voting rationale is recorded for reporting purposes.

The Stewardship Committee receives and reviews voting statistics quarterly.

4. Reporting and Disclosure

To protect confidentiality and remove the opportunity for undue influence as a result of external intervention or duress, LPPI will not enter into dialogue about voting intentions in advance of company meetings taking place.

Pre-disclosure may be considered for specific resolutions in exceptional circumstances subject to authorisation from the Stewardship Committee. Generally, we would only pre-disclose where there was a pre-existing commitment to working collaboratively with other investors as part of an initiative agreed in advance.

LPP I provides regular reports to client pension funds on shareholder voting activity for the GEF as part of information on wider stewardship and responsible investment activities.

LPP I publicly discloses summary information on voting activity through quarterly reports published retrospectively on the company's website.

5. Voting Philosophy

In our view, shareholder voting is not a route to micro-manage companies or impose formulaic standards. We use voting to encourage companies to adopt best practice standards, but recognize that pragmatism is needed to accommodate local circumstances and scenarios.

We have no management bias, and will consider voting against management where companies lag consistently behind accepted norms of good governance, are resistant to dialogue or fail to show evidence of sufficient progress. In circumstances where we use voting to voice concerns, we will seek to target the individual, committee or proposal most directly associated with the specific issue. For example, a failure to provide adequate disclosure in compliance with applicable standards is most likely to be addressed through voting on the annual report and accounts or other statutory publications.

We assess shareholder proposals on their individual merits. We will consider giving support to resolutions which provide an impetus for positive change on matters of significance to institutional shareholders where they;

- are carefully drafted and proportionate;
- are accompanied by an appropriate system of checks and balances;
- are protective of the best interests of long term investors;
- do not seek to negate the responsibilities of Board.

Shareholder resolutions are most likely to be viewed sympathetically when they introduce proposals that are proportionate to the underlying issue, are not unnecessarily complex or onerous and have implementation costs which are reasonable in light of the scope of the benefit to be produced.

LPP I will consider co-filing shareholder resolutions with other investors where this offers an appropriate route for active engagement on issues of stewardship priority.

Approved by the LPP Stewardship Committee on 21 August 2018

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