

Stewardship Guidelines

Document Purpose and Scope

These guidelines set out how LCIV implements our stewardship approach in practice for London LGPs CIV's (LCIV) funds. They support the Responsible Investment (RI) Policy by explaining how stewardship priorities are identified, how engagement and voting activity is carried out, how escalation may be considered, and how stewardship activity is monitored and reported.

These guidelines apply to stewardship activity undertaken in respect of LCIV's funds, including both active and passive strategies. They do not apply to Partner Fund assets held outside LCIV funds, except where LCIV has an agreed role under the relevant mandate, agreement or service arrangement.

Where stewardship or voting activity is undertaken by an external investment manager or another party, the applicable approach will be governed by the relevant mandate, product structure or contractual arrangement.

LCIV is a signatory to the UK Stewardship Code and the UN-supported Principles for Responsible Investment. These frameworks inform our approach to responsible investment and stewardship, alongside our fiduciary duties, regulatory responsibilities and the investment objectives of our Partner Funds.

About Us

LCIV was established as a collective venture to pool Local Government Pension Schemes ('LGPS') pension assets. LCIV is one of six LGPS investment pools in England and Wales, and supports more than a third of local authority pension funds nationwide. LCIV is the investment pool for the London and Buckinghamshire local authorities, and is authorised and regulated by the Financial Conduct Authority.

LCIV develops and oversees investment funds for our Partner Funds. Partner Funds retain responsibility for setting their investment strategy statement, including their objectives, priorities and preferences on responsible investment. LCIV is responsible for implementing the Partner Funds' investment strategies, including decisions on fund design, manager selection and oversight, responsible investment integration, and stewardship activity, in line with the investment strategy statements set by Partner Funds.

Our Stewardship Approach

Stewardship is one of the tools LCIV uses to understand and, where appropriate, influence the management of material ESG risks and opportunities within LCIV funds. Stewardship activity may include engagement, voting, manager oversight, participation in collaborative initiatives, escalation and reporting. At present, this approach applies exclusively to LCIV public equity funds, including both active and passive strategies. Our stewardship model, as described in our [Responsible Investment Policy](#), is built on three steps:

1. Define Priorities
2. Implement through engagement and voting
3. Collaborate for greater impact

These guidelines explain how these steps are applied in practice, including the inputs used, ownership, the evidence retained and the reporting used to monitor activity and outcomes.

Table 1: Stewardship implementation under the three-step model

RI Policy step	What this means in practice	Key inputs	Ownership	Typical outputs or evidence
Define priorities	Identify and review stewardship themes, priority issues and holdings for closer monitoring	Portfolio exposures, ESG risk data, Partner Fund priorities, Investment Team input, manager reporting, stewardship provider insight, external research and market developments	The RI and Investment teams and external providers where relevant	Stewardship themes, priority company or issue list, theme review notes, rationale for prioritisation
Implement through engagement and voting	Use available stewardship routes to engage, vote, monitor and escalate where appropriate	Engagement objectives, voting guidelines, manager reporting, provider recommendations, company disclosures and relevant external research	RI Team, Investment Team, stewardship provider and investment managers	Engagement records, voting records, manager meeting notes, escalation notes, monitoring actions
Collaborate for greater impact	Participate in collaborative initiatives or industry bodies where this supports stewardship priorities, market insight or engagement objectives	Investor initiatives, working groups, industry guidance, peer insight and collaborative engagement opportunities	RI Team, with input from the Investment Team where relevant	Records of participation, engagement updates, insight shared internally, relevant outputs used in monitoring or reporting

Step 1: Define Priorities

In 2025, LCIV refined how it set stewardship priorities, introducing a more focused set of themes to support targeted and impactful engagement. LCIV defines stewardship priorities by identifying where ESG issues may be financially material to LCIV funds, where stewardship activity may provide useful insight or influence, and where priorities are aligned with the Responsible Investment Policy and Partner Fund expectations.

The RI Team reviews stewardship priorities using a range of inputs, including:

- portfolio exposure and holding size;
- the materiality of ESG risks and opportunities;
- input from the Investment Team;
- external investment manager reporting and engagement activity;
- research and data from stewardship and ESG data providers;
- stakeholder feedback, including Partner Fund priorities;
- relevant regulatory, market and systemic developments; and
- insight from collaborative initiatives and industry bodies.

Stewardship themes are reviewed periodically and may not change every year.

Engagement can take time, and continuity of focus is important where objectives require sustained monitoring or repeated engagement over several years. A review may also be triggered by material changes in portfolio exposure, regulation, market conditions, data availability or stakeholder priorities.

Core stewardship themes:

LCIV's core stewardship themes provide a focused framework for engagement, voting and manager oversight. These themes are selected because they are financially material across portfolios, relevant to long-term risk and return outcomes, and capable of being monitored through available stewardship routes.

1. Human Rights and Wider Societal Impacts

Human rights-related issues may create legal, operational, reputational and financial risks for companies and investors. LCIV considers these issues where they are relevant to portfolio holdings, workforce practices, supply chains, consumers, affected communities or wider stakeholder impacts. Stewardship activity in this area focuses on understanding how companies identify, manage and mitigate material risks.

2. Climate Change

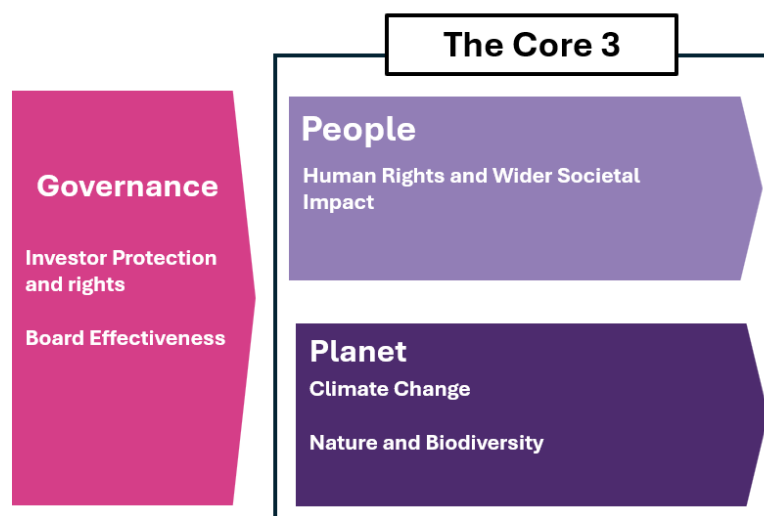
Climate change is a material, system-wide issue with implications across economies, sectors and asset classes. It presents both risks to long-term investment value, through physical and transition impacts, and opportunities associated with the shift to a lower-carbon economy. These dynamics are already reshaping operating environments, supply chains and capital allocation decisions across markets. Climate change therefore remains at the forefront of our stewardship agenda due to the implications for long-term investment risk and return outcomes and the well-being of the communities our Partner Funds serve.

3. Nature and Biodiversity

The degradation of natural systems, including biodiversity loss, deforestation, soil degradation and ocean stress, can disrupt supply chains, constrain resources and increase financial risk for companies. Business activities, such as land use change, resource extraction and pollution, can also contribute to these pressures, reinforcing companies' exposure to them. These dynamics can be linked to climate change, which accelerates ecosystem decline and compounds physical and transition risks. In contrast, healthy ecosystems can help to mitigate climate change and underpin long term economic stability. These interdependencies make nature-related risks financially material and therefore are a stewardship priority.

Governance is treated as a foundational stewardship consideration. Effective governance supports board accountability, risk management, transparency, shareholder rights and the delivery of long-term value.

Figure 1: LCIV Core Stewardship Themes



These themes are informed by an assessment of the most material risks and opportunities across our portfolios, considering the size of holdings and the associated ESG issues relevant to those exposures, the priorities of stakeholders, and broader market and systemic developments. This is supplemented by insights from LCIV's stewardship provider, investment managers and collaborative initiatives, alongside external research including publications such as the World Economic Forum's Global Risks Report. Together, this approach enabled LCIV to consider both company-specific and systemic risks with potentially material financial implications, while continuously monitoring market developments to ensure our stewardship strategy remains dynamic, focused on material issues and aligned with our fiduciary responsibilities.

The stewardship priorities are embedded in LCIV's investment process, including through manager selection, ongoing monitoring, and the integration of engagement insights into investment discussions.

Table 2: Inputs used to define stewardship priorities

Input	How it is used	Evidence created
Portfolio exposure	Helps identify where LCIV funds have material exposure to sectors, companies or themes	Exposure analysis, holdings review or manager reporting
ESG risk data and research	Supports assessment of material risks and opportunities	Data extracts, research notes or RI analysis
Investment Team input	Helps test financial materiality and relevance to investment oversight	Meeting notes, monitoring records, internal commentary, financial data, earnings forecasts and investment analysis.
Manager reporting	Provides evidence of existing engagement, escalation and voting activity	Manager reports, due diligence notes or monitoring outputs
Stewardship provider insight	Provides information on company engagement, milestones and voting considerations	Provider reports, case studies and engagement notes
Partner Fund priorities	Helps ensure stewardship priorities remain relevant to Partner Fund expectations	Stakeholder feedback records or consultation summaries
Market and regulatory developments	Supports review of emerging risks and expectations	RI updates, regulatory notes or thematic reviews

Prioritising holdings for stewardship monitoring

LCIV's listed market holdings may be covered by stewardship activity through a combination of stewardship provider engagement, investment manager engagement, voting activity and collaborative initiatives. Given the breadth of portfolio holdings, LCIV prioritises a smaller number of companies, themes or issues for closer monitoring.

Prioritisation may be based on factors such as:

- size of exposure within LCIV funds;
- severity or materiality of the ESG issue;
- relevance to LCIV's stewardship themes;
- potential financial impact;
- existence of current engagement activity;
- potential for influence through engagement or voting;
- stakeholder relevance; and
- availability and quality of supporting evidence.

For priority holdings or themes, the RI Team may document engagement objectives, relevant stewardship routes, progress against objectives and, where available, milestones or outcomes. The priority list is reviewed periodically to ensure it remains relevant to portfolio exposures, stewardship themes and available evidence.

Private Markets

Stewardship in private markets differs from listed markets because investment structures, access to information, liquidity and influence rights vary by asset class and mandate. LCIV therefore places particular emphasis on pre-investment due diligence, manager selection, mandate design and expectation-setting.

After investment, LCIV monitors private markets managers through periodic reporting, meetings and reviews. Where relevant, the RI Team may seek information on how managers identify, manage and engage on material ESG issues within underlying investments. The approach taken will depend on the asset class, fund structure, contractual rights, data availability and the nature of LCIV's exposure.

Where LCIV holds representation on a Limited Partner Advisory Committee (LPAC) or equivalent investor body, it may use those rights to provide input on governance, ESG-related matters and other significant issues requiring investor consideration. LCIV may also exercise voting or consent rights in relation to extraordinary matters where such rights are available under the relevant fund arrangements.

Step 2: Implement through Engagement and Voting

LCIV implements stewardship priorities through the stewardship routes available to it. These may include engagement by stewardship providers, engagement by investment managers, voting, manager oversight, direct engagement where appropriate, escalation and reporting.

The route used will depend on the relevant asset class, mandate structure, fund terms, exposure, issue and available rights.

Engagement through stewardship providers

LCIV may appoint stewardship service providers to support engagement, voting, research, reporting and monitoring activities in relation to companies held within LCIV's public equity funds. This includes both actively managed and passive strategies, such as the LCIV Passive Equity Progressive Paris Aligned Fund.

The use of a provider helps LCIV access specialist stewardship expertise, company engagement records, voting analysis and reporting across a broad range of holdings.

For listed equities and corporate fixed income, LCIV's current stewardship provider supports engagement and voting activity. For corporate fixed income, stewardship is primarily exercised through engagement with the underlying issuer, as bondholders do not typically have voting rights. The RI Team uses provider reporting to monitor engagement objectives, activity, progress and outcomes. Where relevant, LCIV may share our stewardship priorities with the provider, request further information on specific engagements, review voting recommendations, or participate in selected engagements.

Provider outputs are used as one input into LCIV's stewardship oversight. They are not treated as a substitute for LCIV judgement and may be considered alongside investment manager input, company disclosure, external research, portfolio exposure and other relevant information.

LCIV reviews the continued suitability of material stewardship service providers through periodic oversight. This may include consideration of service quality, coverage, methodology, responsiveness, reporting quality, alignment with LCIV's priorities and value for money.

Engagement through investment managers

All assets under management at LCIV are externally managed, and our investment managers therefore play a central role in delivering our stewardship priorities. Responsible investment considerations are embedded into the manager selection process and once appointed, expectations for incorporating ESG factors into investment processes and reporting are formalised through Investment Management Agreements or Side Letters. LCIV works closely with our investment managers to ensure alignment with our stewardship priorities.

All investment managers are required to report on engagement activity, including examples of active engagement, outcomes and any escalations relating to portfolio holdings. Where appropriate, LCIV will conduct follow-up meetings with managers to address any areas of concern. This ongoing monitoring is supplemented by more in-depth reviews conducted periodically by the RI and Investment teams. These reviews provide a more detailed assessment of each manager and sub-fund, including the quality and effectiveness of stewardship practices and the extent to which these are aligned with LCIV's expectations.

Voting

Voting is an important stewardship tool for listed equity holdings where LCIV has voting rights or an agreed voting role. Voting is undertaken in line with LCIV's Voting Guidelines, subject to the relevant fund structure, mandate terms and operational arrangements.

For funds where LCIV has appointed a voting or stewardship provider, the provider may make voting recommendations, provide rationales and execute votes in accordance with LCIV's Voting Guidelines. LCIV may review selected votes, including significant or contentious votes, shareholder resolutions, votes linked to stewardship priorities, or votes where additional judgement is required.

Where voting is undertaken by an external investment manager, pooled fund provider or another party, LCIV's role will depend on the applicable mandate, fund structure and contractual arrangements. In these cases, LCIV may monitor voting activity through manager reporting, engagement with the manager, or periodic review.

LCIV may also consider relevant external voting research, investor alerts or industry guidance where this is useful and appropriate. Such inputs are considered as part of the overall voting review process and do not replace LCIV's Voting Guidelines or judgement.

Escalation

LCIV seeks to promote improved ESG practices through ongoing engagement with companies, recognising this as the most effective means of driving long-term change. Escalation is typically focused on the most material cases, particularly where prior engagement through investment managers or the stewardship provider has not achieved the desired outcome.

LCIV's escalation framework follows a staged approach, beginning with the identification and prioritisation of ESG issues through materiality mapping and risk validation. Investments assessed with a higher ESG risk or where that risk is poorly managed, are placed on an observation list with enhanced monitoring and engagement.

Where concerns persist, escalation progresses through stronger actions, including enhanced engagement, voting, and collaboration with other investors.

Reactive Stewardship

In addition to planned stewardship priorities, LCIV may need to respond to emerging issues affecting LCIV funds. These may include significant controversies, regulatory developments, market events, voting alerts, company-specific issues, manager concerns, stakeholder queries or new information from stewardship providers or data sources.

Where a reactive issue is identified, the RI Team will consider:

- whether LCIV funds have relevant exposure;
- whether the issue is financially material or relevant to stewardship priorities;
- the quality and reliability of available evidence;
- whether the issue is already being addressed by the investment manager or stewardship provider;
- whether LCIV has voting, engagement or other stewardship rights;
- whether further information is needed;
- whether internal escalation or governance input is required; and
- whether the issue should be monitored, reported or reflected in future stewardship priorities.

Possible responses may include no further action, continued monitoring, seeking further information, raising the issue with an investment manager or stewardship provider, reviewing voting options, participating in collaborative engagement, or considering escalation where appropriate.

Step 3: Collaborate for Greater Impact

LCIV may participate in collaborative investor initiatives, working groups and industry bodies where these support our stewardship priorities, provide market insight, or offer an appropriate route for engagement or learning.

Collaboration may include:

- participating in investor working groups;
- contributing to collective engagement initiatives;
- sharing insight with other institutional investors;
- reviewing investor guidance or research;
- supporting market-wide stewardship standards where relevant; and
- building internal understanding of emerging ESG risks and stewardship practice.

The specific organisations, memberships and initiatives LCIV participates in may change over time. For this reason, the current list of memberships and collaborative initiatives is maintained separately from these guidelines.

LCIV's participation in collaborative initiatives does not mean that LCIV adopts every position taken by those initiatives. LCIV considers whether and how to participate by reference to the LCIV Responsible Investment Policy, stewardship priorities, fiduciary duties, regulatory responsibilities and the interests of Partner Funds.

Reporting and Assessment

Through our annual Responsible Investment and Stewardship Outcomes Report, LCIV details key engagement and voting activity across LCIV funds over the year, drawing primarily on engagement case studies and data from our stewardship provider and investment managers. It also publishes quarterly engagement factsheets and voting statistics, alongside relevant climate, nature and PRI disclosures.

The RI Team uses these reporting outputs, together with provider reporting, manager reporting, voting records and engagement updates, to monitor progress against stewardship priorities and identify where further engagement, monitoring or escalation may be appropriate.

In using data and reporting outputs, LCIV considers the relevance, quality, coverage and limitations of the information available. It recognises that stewardship outcomes may take time and that it may not always be possible to attribute change to a single investor, engagement route or voting decision.

The table below summarises the key publicly available reports through which stewardship activities and outcomes are disclosed, together with their reporting frequency.

Table 3: Key reporting and disclosures

Stewardship Reporting and Disclosures	Frequency
Responsible Investment and Stewardship Outcomes Report (Including Shareholder Rights Directive II Disclosures)	Annually
Task Force on Climate-related Financial Disclosures (TCFD) Report	Annually
Task Force on Nature-related Financial Disclosures (TNFD) Report	Annually
UN Principles for Responsible Investment (PRI) Report	Annually
Annual Entity Sustainability Report	Annually
Stewardship Providers Annual Review covering LCIV Engagement Highlights	Annually
Engagement Factsheet (provided by stewardship provider covering LCIV public markets funds)	Quarterly
Voting Statistics Report (provided by stewardship provider covering LCIV public markets funds)	Quarterly