



**Westmorland
& Furness
Council**

**Cumbria
Pension
Fund**

Stewardship Report 2025/26



This report was submitted for review and approval to Cumbria Pensions Committee in September 2026 and with a final review completed by the Senior Manager and the Chair of the Committee.

This report prepared in accordance with the requirements of the Financial Reporting Council (FRC's) – UK Stewardship Code 2026 and Cumbria Local Government Pension Scheme is listed as a signatory to the UK Stewardship Code ('the Code')

CUMBRIA LOCAL GOVERNMENT PENSION SCHEME
STEWARDSHIP REPORT 2025/26

POLICY & CONTEXT DISCLOSURE		Page
DISCLOSURE		
A	Organisation, investment beliefs & stewardship approach.	3
B	Governance & resources.	8
C	Policies, processes & review.	18
D	Conflicts of interest.	22
E	Dialogue with clients & beneficiaries.	26

ACTIVITY & OUTCOMES REPORT		Page
PRINCIPLE		
1	Integrating stewardship & investment.	28
2	Promoting well-functioning markets.	36
3	Engagement.	42
4	Exercising rights & responsibilities	53
5	Selection & oversight of managers.	61
6	Monitoring service providers.	63
Appendix	Glossary of Terms	65

Disclosure A: Describe your organisation, your Investment Beliefs, your clients or beneficiaries and how that informs your approach to Stewardship.**1.1. Background & Purpose:**

- 1.1.1. The Local Government Pension Scheme (LGPS) is a statutory scheme, established by an Act of Parliament and governed by the Public Services Pensions Act 2013 (PSPA 2013). It is a contributory defined benefit scheme to provide pensions and other related benefits for all eligible employees of local government and other participating employers.
- 1.1.2. In November 2024, the government launched the 'Fit for the Future' consultation on further LGPS reforms. The consultation sought to reform the LGPS by enhancing asset pooling, improving governance, and increasing investment in local economies to ensure long-term sustainability. Key goals include tackling fragmentation, achieving economies of scale, and accelerating the transfer of assets to qualified, FCA-regulated pools. Following the consultation, the vast majority of proposals were unchanged, and these reforms are being driven through a combination of primary legislation, new and amended Regulations, with Draft Regulations and Guidance published in December 2025 and the Pensions Schemes Act 2026 expected to receive Royal Assent in April 2026.
- 1.1.3. Whilst the regulations are set on a national basis, individual Funds are managed by designated administering authorities at a local level. The LGPS, unlike private pension schemes, does not have Trustees but elected Members that perform similar duties to Trustees. The Pension Committee is a committee constituted under Section 101 of the Local Government Act 1972, the principal aim is to carry out the functions of Westmorland and Furness Council as the Administering Authority for the Cumbria Local Government Pension Scheme ("the Cumbria Pension Fund" or "the Fund") in accordance with the requirements of the Local Government Pension Scheme and any other relevant legislation.
- 1.1.4. The LGPS, and therefore the Fund, is a multi-employer scheme which is open to new membership. The purpose of the Fund is to pay Cumbria Pension Fund members' pensions securely, affordably and sustainably over the short, medium and long term. The LGPS operates on a 'funded' basis, this means that contributions from employees and employers are paid into a fund which is invested, and from which pensions are paid. To do this, the Fund seeks to achieve sustainable, risk-adjusted performance of its investments over the long-term.

1.2. Culture, strategy and investment beliefs:

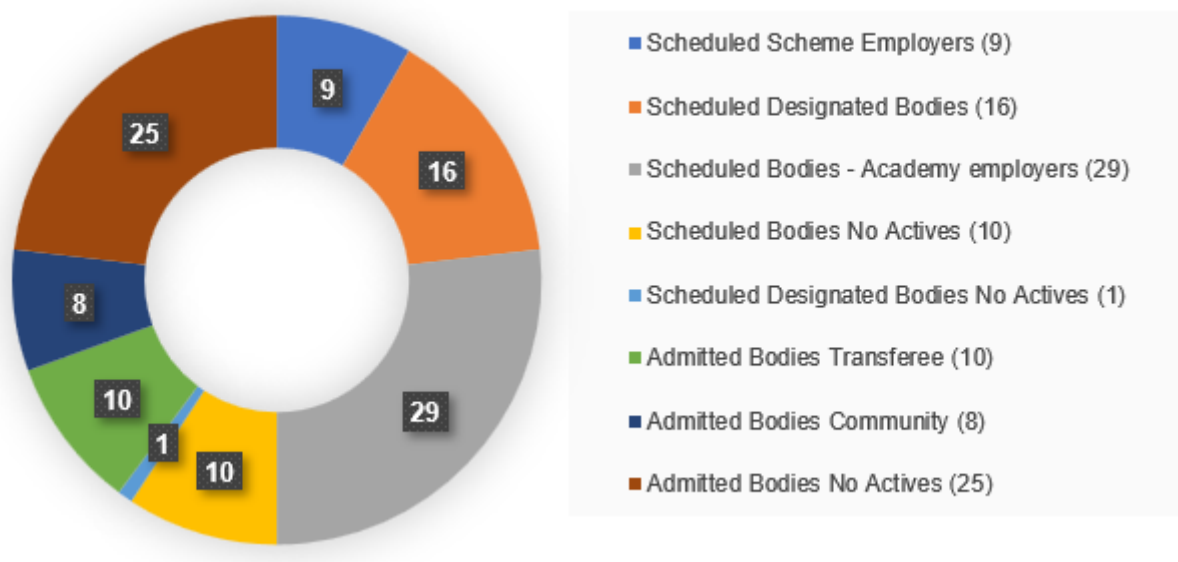
- 1.2.1. The Fund has a fiduciary duty to its employers and members and recognises the important role of being a responsible asset owner – including the clear articulation of the Fund's investment beliefs and strategy, values and organisational culture - in delivering this. This is articulated in the Fund's Governance Strategy which includes the core behaviours framework (1.2.3 below) and in the Fund's Investment Strategy Statement (ISS) which sets out the Fund's investment beliefs (1.2.4 below).
- 1.2.2. The Fund considers that having a clearly defined culture, strategy and investment beliefs assist the Fund in choosing managers and other service providers whose approach is most closely aligned to that of the Fund.
- 1.2.3. The Fund's behaviour framework – the Fund will strive to:
- Act in the best interest of all employers and members of the Fund.
 - Communicate in a clear and constructive way;
 - Act with honesty and respect for others;
 - Take responsibility for our actions;
 - Obtain and maintain the appropriate knowledge and skills to understand the investments and risks undertaken within the Fund; and
 - Work collaboratively, with our Pool and partner funds.
- 1.2.4. The Fund's investment beliefs are detailed in the **ISS** and the Statement of Investment beliefs, which are reviewed annually to ensure they remain relevant and appropriate. These beliefs were subject to a detailed review and updated by the Pensions Committee in March 2026.
- 1.2.5. These beliefs recognise that the Cumbria Pension Fund is committed to being a responsible asset owner and believes that responsible investment can help to improve the long term value for investors. The Fund believes that this will help to achieve its overall objective of managing a sustainable and solvent pension fund on behalf of its scheme members and employers.
- 1.2.6. The Fund's behaviour and culture specifically relevant to Stewardship are also detailed within its Responsible Investment policy which was approved in March 2024 having been informed by broad engagement with key stakeholders. This is further detailed in **Disclosure E**.

Scheme Employers and Scheme Members (Clients and Beneficiaries)

- 1.2.7. Scheme employers are organisations that offer membership of the Cumbria Local Government Pension Scheme to its employees. These include all eligible employees of scheduled bodies (e.g. local government, academies & colleges) and admitted bodies (e.g. employers to whom contracts have been awarded for the provision of public services within the county). These employers are legally obligated to fund

pension liabilities, pay monthly contributions, and meet statutory reporting requirements.

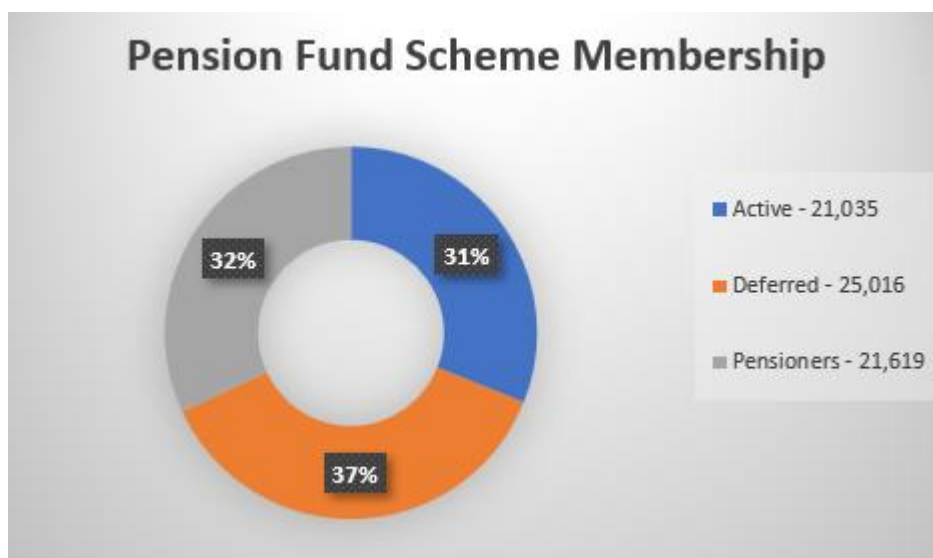
1.2.8. As at 31 March 2026 there were 108 employers in the Fund.



1.2.9. Scheme members are predominantly employees and ex-employees of local public sector organisations including local authorities, the police authority (non-uniformed), schools, and academies. Additionally, a small number of scheme members are employees and ex-employees of either community bodies or private companies to whom services and therefore staff have been contracted out.

1.2.10. Scheme Membership as at 31 March 2026 was

	Active Members	Deferred Members	Pensioners	Total Beneficiaries
People	21,035	25,016	21,619	67,670
Percentage	31.1%	37.0%	31.9%	100%



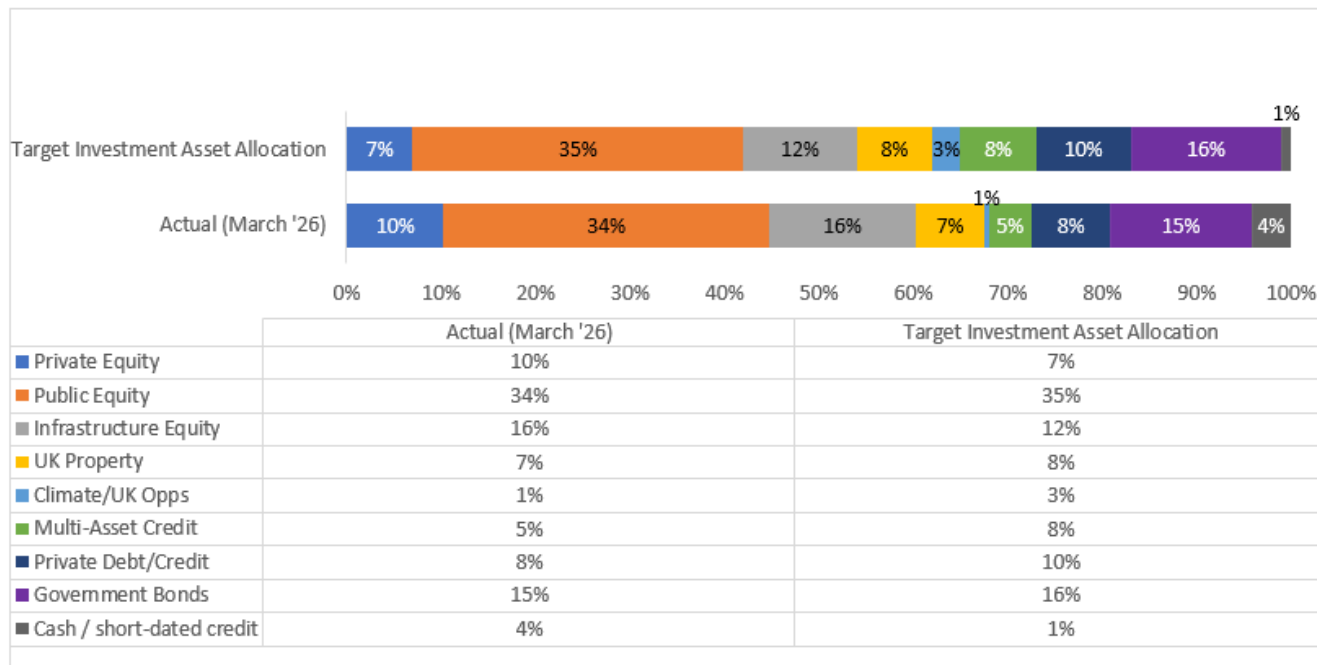
How the needs of scheme Employers & Members have been reflected in the Fund's stewardship & investment approach.

- 1.2.11. The Fund is a defined benefit pension scheme which is open to new employers and members. This means that pension benefits are payable over a long timeframe and which continues to extend as new benefits accrue. As such the needs of the scheme employers and members are long-term and their views and needs are considered in this context.
- 1.2.12. To ensure that it is able to meet the needs of its scheme employers and members over a long timeframe, the Fund seeks to achieve sustainable, risk-adjusted performance of its investments over the long-term. This is reflected in the Fund's approach to stewardship and investment as set out in the Fund's ISS and investment beliefs (summarised at **1.2.4**).
- 1.2.13. Whilst its ultimate investment horizon is very long-term, the overriding objective of the Fund is to achieve a 100% solvency level over a reasonable time period and maintain sufficient assets in order for it to pay all benefits arising as they fall due. To assist it in achieving this and to inform it of its progress in relation to this objective, the Fund sets a deficit recovery period as part of its triennial valuation for those scheme employers with a funding level of below 100%.

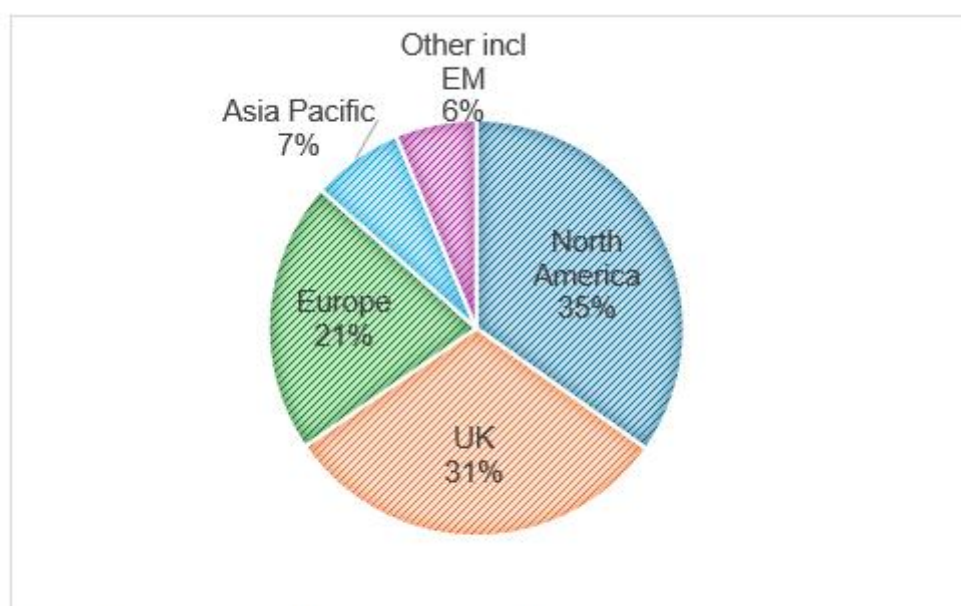
Assets under Management

- 1.2.14. The Fund's pooling partner is Border to Coast Pensions Partnership ("BCPP") and we will aim to use their investment funds or funds under their oversight to implement Cumbria LGPS's Investment Strategy.
- 1.2.15. Asset Classes: The Fund's ISS articulates how the Fund will responsibly allocate its investments to create long-term value for beneficiaries and meet its funding

requirements. The ISS includes details of the Fund's target investment asset allocation, as summarised below along with the actual amounts invested as at 31 March 2026.



1.2.16. The ISS seeks to manage specific concentration risks across the Asset allocation, ensuring that exposure to individual issuers, sectors and regions are appropriately diversified and aligned within the overall risk tolerances of the portfolio. The following chart indicates the regional breakdown of the Funds investments as at 31 March 2026.



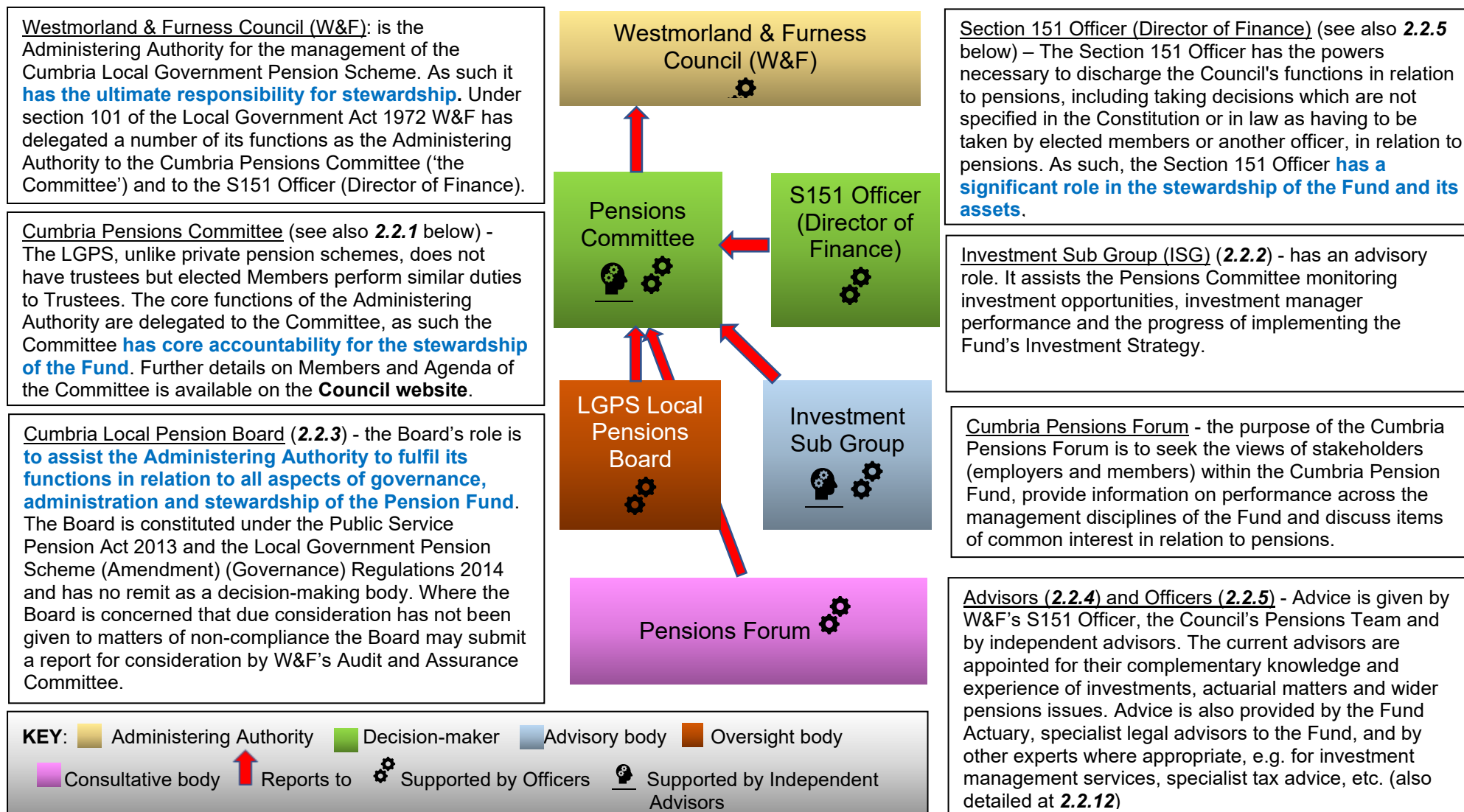
NB - Some Investment Managers include UK assets within the category Europe

DISCLOSURE B: Describe how your resources enable effective stewardship.**2.1. Governance structure:**

- 2.1.1. The Fund believes that effective internal governance arrangements are fundamental to effective stewardship. The Administering Authority, as a Local Authority, must adhere to applicable regulations such as the Local Government Act 2000 and LGPS specific regulations such as the Local Government Pension Scheme Regulations 2013. As such, the governance structures and processes for the Fund are designed to comply with relevant regulatory requirements whilst also seeking to deliver effective oversight and accountability and, ultimately, effective stewardship.
- 2.1.2. Details of the governance arrangements for the Fund for 2025/26 are set out in the Constitution of Westmorland and Furness Council which is available on their website and is detailed further in the Fund's **Governance Policy Statement** available on the its own website. In summary the core governance arrangements of the Fund consist of the elements shown in the diagram overleaf.
- 2.1.3. Details of how these are resourced, including the workforce structure and information about qualifications, experience and training are set out in section **2.2** below. To support the core governance arrangements summarised in the diagram, the Fund also accesses several specialist service providers. Further details of these are set out in sections **2.2.12**, **2.2.13** and **2.3** below.

POLICY & CONTEXT DISCLOSURE

B – Governance & resources



2.2. Resourcing of stewardship activities:

- 2.2.1. Cumbria Pensions Committee: In 2025/26 the membership of the Pensions Committee comprised 8 Members of Westmorland and Furness Council: 3 co-opted Members of Cumberland Council, and 2 employee representatives (one appointed by GMB and one appointed by UNISON). All members of the Committee including co-opted members are entitled to vote. Equal weight is given to each member's vote with the Chair having the casting vote should the need arise.
- 2.2.2. The Investment Sub Group (ISG): In 2025/26 the membership of the ISG consisted of 4 elected members of the Pensions Committee (nominated by the Pensions Committee, taking into account knowledge, understanding and capacity), the two Independent Advisors to the Pensions Committee, and the Chief Finance Officer (Section 151 Officer) (or deputy in their absence).
- 2.2.3. Cumbria Local Pension Board (the LPB): In 2025/26 the membership of the LPB comprised 3 scheme employer representatives (allocated: 1 to Westmorland and Furness Council, 1 to Cumberland Council, and 1 for all other employers within the Cumbria Fund), 3 scheme member representatives (selected to ensure all membership groups within the Fund are covered), and 1 independent member (non-voting) appointed as Chair.
- 2.2.4. Independent Advisors: As noted above, the Independent Advisors are appointed for their knowledge of investments and of pension funds:
- Mr Alistair Sutherland - Horizon Investment Advisory Ltd
 - Mr Jonathan Hunt - Pittencrieff Consulting Ltd
- 2.2.5. Regulated Investment Consultants: In addition to the advice and guidance provided by the Fund's independent advisors, the Fund engages an FCA-regulated investment consultant to provide independent professional advice on investment strategy, asset allocation and market developments, helping the Fund fulfil its fiduciary duties and make informed investment decisions. In 2025/26 the Fund used Isio.
- 2.2.6. S151 Officer and LGPS Pensions Officers: the experience, qualifications and structure of the team of officers supporting the Council in carrying out its functions as Administering Authority for the Fund is included below.

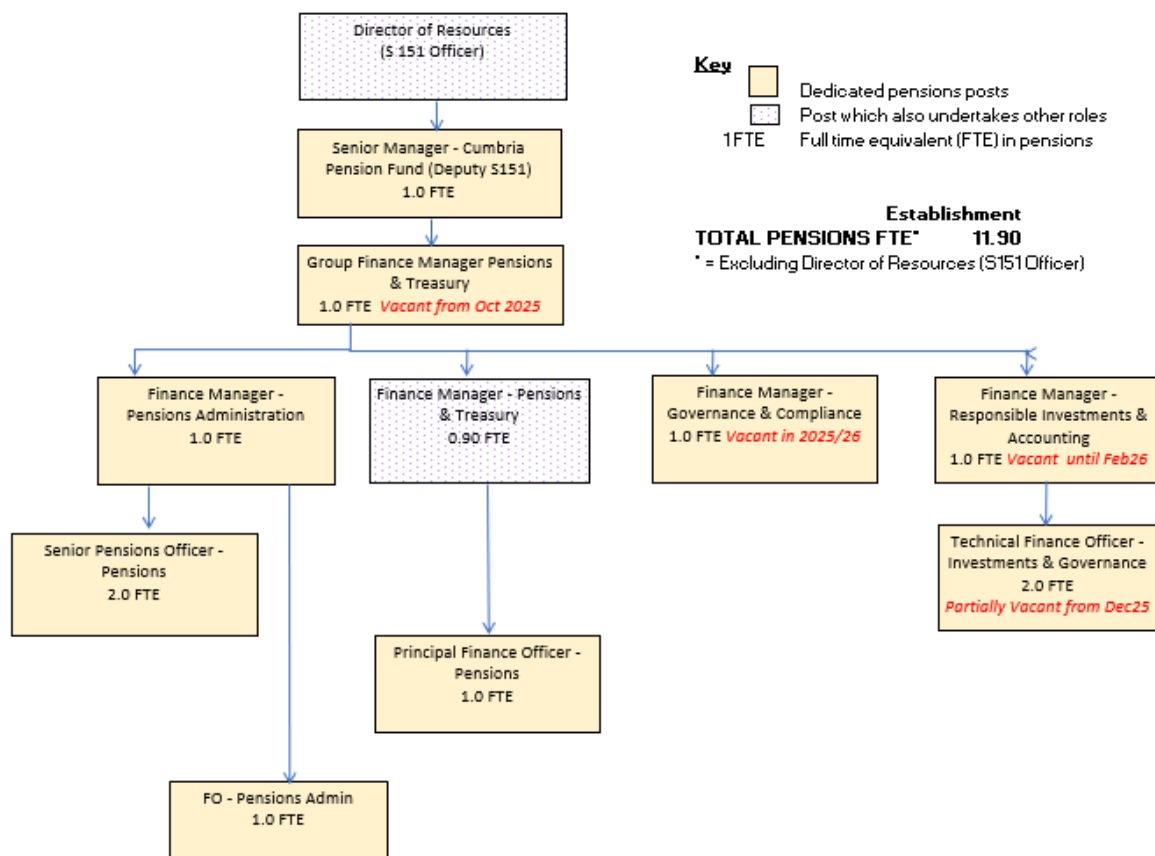
Experience

< 1 year experience	9%
1-5 years' experience	0%
6-10 years' experience	0%
11-15 years' experience	27%
> 15 years' experience	64%

Relevant formal qualifications

Formal qualification	55%
No formal qualification	45%

S151 Officer and LGPS Pensions Officers team structure (during 2025/26):



2.2.7. Training: A core principle of the Fund and a major factor in its governance and stewardship arrangements is ensuring Committee & Board Members and Officers have appropriate skills and knowledge. Training helps build and maintain a strong culture of good governance, assists in the identification and implementation of investment beliefs, strategy, and ultimately supports and enables effective stewardship. In recognition of this, the Fund has a training strategy and plan in place, which is updated annually.

2.2.8. The plan and strategy are designed to ensure that Officers and Members meet the knowledge and understanding obligations and expectations set out in regulation and as articulated by relevant bodies such as the Pensions Regulator (tPR) and CIPFA. In line with good practice the strategy is designed to be dynamic and aligned to the work programme, national policy and regulatory changes. The plan and strategy are considered and set by Committee annually in March, and the Committee receives a formal mid-year review of progress against the plan each December.

- 2.2.9. The training strategy was reviewed to ensure continued compliance with tPR's expectations for Member and officer training and its requirements in relation to acquiring and maintaining an appropriate degree of knowledge and understanding.
- 2.2.10. The Fund's Training Strategy was updated in March 2026 to reflect the proposals in the Government's 'Fit for the Future' consultation, and subsequent draft guidance on fund governance. The updates reflect the greater emphasis on the need for high standards of knowledge and understanding for Pensions Committee Members, aligning this with the requirements for the Local Pension Board and will apply to future years.
- 2.2.11. This will be further reviewed against the final regulations and guidance issued in respect of the Pensions Bill, ahead of the 2026/27 Stewardship report.
- 2.2.12. Each year in December, a training needs assessment questionnaire is sent to all Member and substitute Members of the Pensions Committee and the Local Pension Board, which helps to inform the development of a Training Plan for the Committee and Board for the upcoming year. Monitoring of progress against the Plan is undertaken by officers informally throughout the year and any significant matters reported on an ad hoc basis to the Committee as appropriate.
- 2.2.13. Systems, processes, research and analysis: The Fund does not undertake any investments directly - it engages external managers to invest on its behalf. As such it draws on specialist systems, processes, research, analysis and reporting from its external advisors and investment managers to support its stewardship activities. To ensure that these external systems, processes etc. are operating effectively, the Fund undertakes a review of internal control reports from its key managers as part of its year-end accounting processes. Work undertaken as part of the 2025/26 year-end has identified that controls and processes are operating in line with expectations.
- 2.2.14. Other Advisors: The Fund's principle professional advisors who assist in facilitating Fund governance are summarised in the table below along with details of the key services they provided to the Fund during the year:

Specialism	Company	Key Services provided during the year
Actuary	Mercer Ltd	Work undertaken includes: IAS 19 valuations, triennial valuation, advice on bulk transfers & admissions, input into the review of the Funding Strategy Statement and Investment Strategy and provision of funding updates.
Pensions Administration (a delegated function from Westmorland and Furness)	Local Pensions Partnership Administration (LPPA)	Work undertaken by LPPA includes the provision of core administration services such as the maintenance of member records, undertaking relevant pensions

Specialism	Company	Key Services provided during the year
Council to Lancashire County Council)		calculations and the provision of a Helpdesk and email facility for enquiries for both members and employers.
Auditor	Grant Thornton UK LLP	Annual statutory audit of the Fund's Financial Statements.
Bank	National Westminster Bank PLC	Banking services.
Custodian & Performance Monitoring	Northern Trust Company	Record keeping/custody of the Pension Fund's pooled funds, passive funds and cash; settlement of subscriptions, redemptions, capital calls, distributions; investment accounting quarterly and annually to LGPS/IFRS regulations; ONS reporting; and performance reporting.
Legal - LGPS	Eversheds Sutherland	Provision of specialist advice on aspects of the laws and regulations of England relevant to LGPS funds and pools, Administering Authorities, and scheme employers (in respect of their participation in the LGPS) e.g. investment work, benefit administration, employer bodies & governance work.
Legal – General	Westmorland and Furness Council Legal Services	Provision of general advice on laws and regulations relevant to the Council and the Fund.
Legal – Class Actions	Institutional Protection Services (IPS) / Labaton Sucharow (class actions)	To file claims in opt out and opt in shareholder/non-shareholder anti-trust class actions, group investor actions and direct actions on behalf of the Fund.
Performance Monitoring	PIRC - Local Authority Pension Performance Analytics	Peer Group Analysis: participation in the Local Authority Universe and customised analysis. IFRS Sensitivity Analysis: provision of sensitivity template to calculate potential volatility published in the Fund's financial statements.

2.2.15. Investment Managers: As previously noted the Fund does not undertake any investments directly, it engages external managers to invest on its behalf. The below table sets out the managers currently engaged by the Fund to manage its investment assets and the proportion of assets invested with each manager. This includes BCPP which, as detailed below at **2.3**, is the Fund's chosen approach to meet the Government's requirement to pool investment assets in the LGPS in England and Wales.

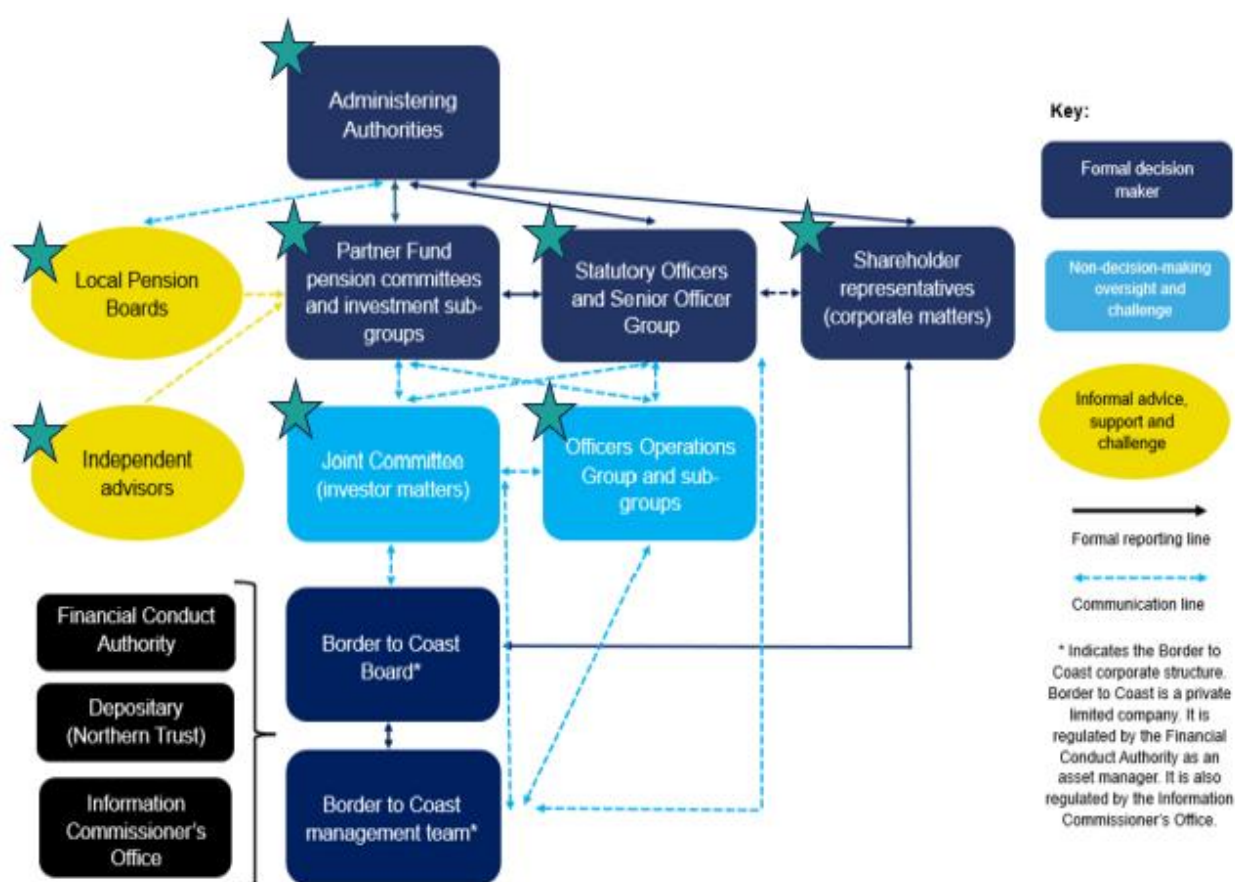
2.3. Pool governance structure and resourcing:

Manager	Core Asset Class	% of Fund at 31/03/26
<u>POOL: BCPP</u>	UK Listed Equity	2.1
	Overseas Developed Equity	10.1
	Global Equity Alpha	10.8
	Global Multi Factor Equity	10.5
	Multi Asset Credit	4.5
	Property	4.6
	Private Equity	6.6
	Infrastructure	7.5
	Private Credit	6.5
	Climate Opportunities	0.4
	UK Opportunities	0.1
		63.7
<u>OTHER MANAGERS:</u>		
Aberdeen Group (previously Aberdeen Standard Investments)	Direct property	0.1
Aviva	Long Lease Property Fund	0.9
Barings	Private Loan Funds	0.6
HealthCare Royalty Partners	Royalties Funds	0.8
Hearthstone Investments	Residential Property Fund	0.8
JP Morgan	Infrastructure Fund	5.4
Legal & General Investment Management	Passive global equities, Index-linked gilts	15.7
M&G	Property Fund	0.9
Pantheon Ventures	Private Equity Funds	1.3
Partners Group	Infrastructure & Private Market Credit Funds	2.8
Patria (formerly SL Capital Partners)	Private Equity Fund	1.1
SL Capital Partners (part of Aberdeen Group)	Infrastructure Fund	1.2
Unigestion	Private Equity Funds	0.5
Various including Northern Trust	Cash	4.2
		36.3

2.3.1. BCPP is the Fund's chosen approach to meet Government's requirement to pool investment assets in the LGPS in England and Wales. Throughout the year the Fund has continued with its strategy to transition assets to the Pool, including the reallocation between different Global Equity funds within the Pool. In line with the Government's

‘Fit for the Future’ requirements the Fund worked with the Pool to bring all Fund assets to be either managed by or under management oversight of BCPP by 31 March 2026.

- 2.3.2. The Administering Authority is 1/11th equal shareholder in the company with the other equal shareholders being 10 other LGPS funds. Following the Government’s direction that LGPS funds within the previous pools of Access and Brunel would be required to select a new pooling partner, an additional seven partner funds will join BCPP from the Access pool with effect from 1 April 2026. The diagram below shows the governance structure in place to ensure that appropriate oversight of BCPP is carried out both from a shareholder and an investor perspective, where the Fund carries out their oversight are marked with a star:



- 2.3.3. Further details of the Governance structure of the company can be found at:
BCPP Governance Charter 2026.
- 2.3.4. From the Fund’s perspective, the key mechanisms enabling appropriate oversight of the company and to hold it to account to ensure the effective stewardship of the Fund’s assets invested with BCPP include:
- The Joint Committee: The Fund is represented on the Joint Committee (by the Chair of the Pensions Committee) where investment operations of the company are overseen.

- b) In 2025/26 it was agreed that all future arrangements in respect of the Fund's shareholding in BCPP would be the responsibility of the Pensions Committee.
- c) The Officer Operations Group (including a specific Responsible Investment Officer group) and Statutory Officer group: Officers of the Fund attend both of these groups.
- d) Non-Executive Directors: two shareholder-nominated (from partner funds) Non-Executive Directors have been appointed to the Board of the company who provide oversight of the Company.

2.3.5. In addition to this:

- a) The Fund monitors and reviews the investment performance of assets managed by BCPP, with Officers having ongoing dialogue with BCPP to discuss performance and formally reporting on performance to the Committee and ISG on a quarterly basis.
- b) Through its contractual arrangements, the Fund requires BCPP to maintain regular dialogue with companies, other investors and professional advisors, which allows them to monitor the development of company's businesses, corporate responsibility, financial performance, risk management (including those from environmental and social factors), capital structure, leadership team and corporate governance.
- c) The Fund in its capacity as a shareholder is able to influence the approach taken to pay and reward incentives at the pool. The Fund supports BCPP's approach to reward to ensure long term incentives are aligned with our objectives. As a shareholder, the Fund to consider and approve the amount of, or any increase in, remuneration payable to any directors at the Company.
- d) The Fund also supports BCPP's approach to engagement and voting rights to ensure the companies in which it invests are incentivised to deliver long term shareholder value. Further details of this can be found in the sections relating to ***Principles 3 and 4.***

2.3.6. The Pool utilises Robeco as its strategic voting and engagement partner, and together use a combination of screening tools, activity trackers and voting platforms to progress their Stewardship and Engagement activities. These partners are in the process of assessing the potential uses of artificial Intelligence (AI) within these activities. In March 2026 the Fund recognised AI as an emerging risk that spans many societal, ethical and safety concerns; the Fund will maintain a watching brief whilst developing our understanding further.

2.3.7. In 2022 the Fund contracted a third party to conduct a detailed review of the robustness of its approach to Cyber Security. The review highlighted some areas for improvement

which were developed into an action plan the completion of which was allocated to the oversight of the Local Pension Board. Following completion of the highlighted actions the Fund created a schedule of Cyber Hygiene guidelines which are circulated to those charged with Fund governance on an annual basis for them to acknowledge and return to be held as a record of their acceptance.

DISCLOSURE C: Describe your Stewardship policies and processes, and how you review them.

- 3.1 The Fund's policies are the mechanism through which the Fund expresses and implements its investment beliefs, strategy and culture. They provide the framework for effective governance and stewardship – both of the Fund assets and of the Fund as a whole.

Policies

- 3.2 The current Fund Policies can be found on the website at: **Fund Policies**. The Fund's current policies and processes, the purpose of each policy is summarised below:

- **Governance Strategy:** sets out the roles and responsibilities and reports compliance against a set of best practice principles.
- **Administration Strategy & Communications Policy** details the formal arrangements for pensions and benefits administration for the Fund, and the communications with members, employers and pensioners.
- **Investment Strategy Statement (ISS):** details how the Fund's assets are invested, the fund managers and benchmarks, and the Fund's compliance with the Financial Reporting Council's UK Stewardship Code.
- **Investment Beliefs:** details the framework that guides investment decisions, governance and the long term strategy for the Fund.
- **Responsible Investment Policy:** details how the Fund takes its shareholder / investor responsibility seriously and how it is involved from an engagement and influence perspective on the wider ESG agenda.
- **Cash Investment Policy:** the management of the pension fund cash, bank account and investment of surplus cash.
- **Funding Strategy Statement (FSS):** identifies how the Fund's pension liabilities will be funded in the longer term and addresses solvency issues.
- **Admissions & Termination Policy** - details the policy on employer admissions and the methodology on cessation from the Fund.
- **Discretions Policy** - details the policy regarding the exercise of certain discretions to assist in the management of the Fund.
- **Training Strategy** - sets out the policy concerning the training and development of members of all committees and officers responsible for management of the Fund.

- **Policy & Procedure on Reporting breaches of the law** - sets out the policy and procedures to be followed by persons involved with the Cumbria Pension Fund in relation to reporting breaches of the law.
- **Internal Controls & Risk Management** - sets out the policy approach within the Cumbria Pension Fund in relation to internal controls and risk management procedures that seek to protect the Fund from adverse risk.
- **Conflicts of Interest** - this policy sets out the process for identifying, assessing and managing conflicts of interest in the governance and management of the Fund.

3.2.1 Whilst the Fund retains responsibility for setting out its policy stance in relation to responsible investment issues, this is implemented in the most part by BCPP, who have developed collective policies on responsible investment and associated Corporate Voting Guidelines, together with a Climate Change Policy in conjunction with all partner funds.

Processes

3.2.2 Other core governance processes relating to the stewardship of the Fund's investment assets include but are not limited to:

- Production and monitoring of the annual business plan;
- Undertaking a full Investment Strategy Review, to consider the key outcomes of the triennial actuarial valuation and their implications for the Fund going forwards;
- Review of BCPP's Responsible Investment Policy & Corporate Voting Guidelines;
- Overseeing performance of BCPP and the Fund's Investment Manager;
- Production of the Pension Fund Accounts and Annual report; and
- Contributing nationally to the development of policy and regulation relating to the LGPS and wider public sector pensions policy.

Review of Policies and Processes

3.2.3 It is a regulatory requirement that Fund Policy documents are kept up to date. The Pensions Committee formally reviews the policies on an annual basis, in line with best practice, to ensure that the Fund's policies remain fit for purpose (i.e. continue to reflect the Fund's purpose and investment beliefs as well as meeting regulatory requirements). In addition, updates are made if required throughout the year.

3.2.4 The review process seeks to ensure that the policy documents comply with the requirement that they are fair, "balanced and understandable". As such, it incorporates both fundamental changes, e.g. due to regulatory and/or legal changes, and more minor 'housekeeping' amendments for example to reflect the change to the financial year, to simplify language and to correct spelling, grammar and punctuation.

- 3.2.5 The first step of the review process is undertaken by Fund officers. The proposed changes to individual policies are considered and approved at the next quarterly meeting of the Pensions Committee.
- 3.2.6 The LPB, in their role in assisting the Administering Authority to ensure the efficient and effective governance of the Fund, review all Pensions Committee papers at their quarterly meetings. Whilst the LPB has no remit as a decision-making body, as the Fund's Policies are a key governance tool, it is important that they give Fund Policies appropriate consideration. This is included in the formal Work Plan for the Board which is reviewed on a quarterly basis to ensure it captures any arising issues.
- 3.2.7 In line with good practice BCPP reviews its policies on an annual basis. Each partner fund is asked to review the updated policies and feedback any suggested amendments ahead of the final approval by the BCPP Board and presentation to Joint committee. The revised policies are presented to both the Pensions Committee and Local Pension Board members ahead of the start of the next proxy voting season. This presentation includes confirmation that the Pool's policies continue to be aligned with the underlying principles of the Fund's ISS and Responsible Investment Policy.
- 3.2.8 Factors that may prompt an additional review of any of the Fund's policies would include (but are not limited to):
- Regulatory and/or legislative changes e.g. the Pensions Regulator General Code and the upcoming Pensions Bill.
 - Response to a systemic or market wide risk assessment e.g. geo-political events or inflation risk increasing significantly
 - Significant changes to the composition of the Pensions committee, advisors to and Officers of the Fund.

How the Fund gains assurance in relation to its stewardship and why

- 3.2.9 External Audit: The annual Statement of Accounts for the Cumbria Pension Fund are subject to external audit by Grant Thornton. The External Auditor prepares an 'Audit Findings Report' (AFR). This work provides assurance that the financial statements of the Fund, which include details of investment performance and other core stewardship information present a 'true and fair view' of the financial transactions during the reporting year and of the amount and disposition of the Fund's assets and liabilities at the end of that year.
- 3.2.10 Internal Audit: Internal controls are in place to ensure procedures and processes, which provide the framework for effective governance and stewardship, are followed. Internal Audit undertake an audit of the control environment, subject to a pre-agreed remit, to provide an assessment on the internal controls in operation and whether they are applied consistently.

- 3.2.11 Actuary: The Actuary prepares the valuation and sets the contribution rates to ensure Fund solvency and long-term efficiency with due regard to LGPS Regulations. The Actuary is instrumental in assisting the Fund in the production of its FSS and the Actuary's valuation assumptions play a key role in the development of the ISS (both of which are key stewardship policy documents). Importantly, the valuation is a key tool in assessing the appropriateness - thereby providing assurance of the Fund's Investment Strategy. As part of the valuation the actuary conducts scenario analysis which includes the impact of significant potential risks such as climate change which provides further assurance over the stewardship of the Fund.
- 3.2.12 Independent Advisors and FCA Regulated Advisors: The Fund appoints external Independent and FCA Regulated Advisors, whose remit includes the provision of clear, concise and understandable investment and governance advice to the Pensions Committee and the ISG. The advisors also support members of the Committee, ISG and Officers in developing and reviewing the ISS relevant to the Fund's current funding level and risk appetite. Their input into and challenge of the Fund's approach to the stewardship of its assets is integral to providing assurance to the Pensions Committee that the Fund's approach to stewardship is efficient and effective.

DISCLOSURE D: Describe how you manage Stewardship related conflicts of interest to put the best interests of clients and beneficiaries first.

- 4.1 Conflicts of interest, including those relating to matters of investment stewardship, are managed according to the Fund's Conflicts of Interest Policy. A Conflicts of Interest Policy was developed specifically for the Cumbria Pension Fund in line with the requirements and expectations detailed in tPR's General Code of Practice. The policy is reviewed annually and can be viewed on the Fund's website.
- 4.2 This Conflicts of Interest Policy is supplementary to the Members Code of Conduct applicable to elected Members' (of both the Pensions Committee and the LPB) of the respective Councils and the Officer Code of Conduct for Westmorland & Furness Council (as the Administering Authority of Cumbria Pension Fund). The Codes are designed to promote and maintain high standards of conduct by Members and Officers of the Fund across all activities including the stewardship of the Fund's assets. The Codes of Conduct applicable in 2025/26 are set out in Part 4 of the Council's Constitution as at July 2025 and can be found at:
- Members' Code of Conduct and guidance: **Code of Conduct for Councillors** starting at page 231.
 - Officers' Code of Conduct (including conflicts of interest): **Officer Code of Conduct** starting at page 243.

Identification and management of conflicts of interest

- 4.3 The Council delegates responsibility for the management of the Fund to the Director of Finance (S151 Officer) and the Pensions Committee. This includes the overall responsibility to ensure that systems, controls and procedures are adequate to identify, manage and monitor Conflicts of Interest.
- 4.3.1 In order to identify and manage potential and actual conflicts of interest, Members, Advisors and Officers responsible for governing the Fund need to have a clear understanding of them. As such, training is a key tool to ensure Members and Officers are aware of and understand their responsibilities in relation to the Fund, including the identification and management of conflicts of interest. Further details on the Fund's training strategy and plan can be found in **Disclosure B**.
- 4.3.2 The table below sets out the key steps employed by the Fund in the identification and management of actual and potential conflicts of interest relating to the stewardship of the Fund's assets.

Identification	Management
<p>Members of the Pensions Committee and LPB ('Members'): All Members must declare any pecuniary or other registerable interests.</p> <p>Members are required to consider whether they have an interest in any matter on the agenda for a meeting and if so whether there is a need to disclose such an interest.</p> <p>All formal meetings of the Committee and LPB have 'disclosures of interest' as a standing item on the agenda. At that point each Member formally considers conflicts of interest they may have in any item on the agenda or during discussions throughout the meeting and the outcome is declared in the public minutes.</p>	<p>The Fund maintains and monitors its own register of interests. This register is separate from the register of interests that elected members are required to complete for their respective Council as detailed within their Council's Code of Conduct Policy. Applicable persons are required to submit an annual return confirming that their information contained in the register of interests remains correct and up to date.</p> <p>Full details of the process for the management of declarations of interests at meetings are set out in Part 4 section 1 Appendix B of the Council's July 2025 Constitution. An example of this is when a Member may have worked for or holds shares in a company that is a service provider to the Fund. Unless a dispensation has been granted, they must then leave the meeting room and may not participate in any discussion, vote on, or discharge any function related to the matter.</p>
<p>Advisors to the Fund: In accordance with the Council's Constitution on appointment Independent Advisors are required to sign a declaration statement outlining any potential conflicts they may have.</p> <p>Once appointed they must immediately report any changes of circumstance directly to the Chair of the Committee for their consideration and further action should this be necessary.</p>	<p>Post appointment: where a matter arises, which presents a potential or actual conflict of interest, then the action taken to manage the conflict is considered by the Chair of the Committee in consultation with Fund Officers. Examples may include requiring the Advisor to not participate in the relevant discussion or to leave the meeting during the consideration of the matter.</p>
<p>Officers of the Fund ('Officers'): Officers are required to make a formal declaration about any financial or non-financial interests which could bring about a potential or actual conflict of interest. Such declarations should be discussed with their line manager and submitted using the Council's online reporting tool.</p>	<p>Where a potential or actual conflict of interest is identified then the Officer may be removed from the relevant workstream.</p> <p>Interactions of officers with Investment Managers is subject to the requirement for any gifts or hospitality to be declared and captured by the Fund.</p>
<p>Investment Managers: The Fund expects the asset managers it employs to have effective stewardship policies including conflicts of interest and voting & engagement, and that these are all publicly available on their respective websites.</p>	<p>The Fund collaborates with other Partner Funds and BCPP on an ongoing basis through Responsible Investment workshops and by feeding into the annual BCPP RI Policy review to facilitate the alignment of our approaches to stewardship where possible.</p>

Identification	Management
	<p>Work to date includes entering into an Investment Oversight Agreement with BCPP whereby the company provides Funds with an oversight service in relation to Legal & General's (LGIM) management and stewardship of the passive funds including the provision of a comparison of LGIM and BCPP's Responsible Investment Policy and Corporate Governance & Voting Guidelines (highlighting any differences between these policies).</p>
<p>Other service providers to the Fund: Consideration of potential and actual conflicts of interest is undertaken both prior to entering into a contract for service provision (i.e. at the procurement stage) and throughout the duration of the contract.</p> <p>For example, the requirement to undertake a conflict check to confirm that no conflicts of interest were present in the tender process undertaken during 2025/26 for Legal Services to the fund.</p>	<p><u>Procurement:</u> The Fund adheres to the Council's Contract Procedure Rules (Constitution (as at July 2025) Part 3 Section 7) which set out a clear framework for the procurement of goods and services. The Rules state that Officers must comply with measures put in place by the Council to identify, prevent and remedy conflicts of interest which arise during procurement.</p> <p><u>Contract management:</u> Where a conflict is identified the steps taken will depend on the type of service provider. For example, if the provider for the Fund is engaged to provide advice for a different client which creates a conflict of interest or a significant risk of one, then the Fund would ensure that the provider adheres to their obligations in relation to both parties' conflicts of interest policies.</p>
<p>Local Pensions Partnership Administration (LPPA): provide administration services to the Fund which is covered by a discharge of function agreement between the Council as the Administering Authority and Lancashire County Council (LCC). – LCC then contracts its obligations to LPPA.</p>	<p>The agreement with LCC includes details of how any potential conflicts should be highlighted with the other party and the need to promptly provide proposals to avoid or mitigate the conflict and any potential impacts.</p>

- 4.3.3 All potential Conflicts of Interest have been managed effectively during 2025/26. Declarations of Interest are a standing item on both the Pensions Committee and Board agendas at each meeting.
- 4.3.4 The Conflicts of Interest Policy will be reviewed at least every three years to ensure it remains fit for purpose and continues to fulfil the requirements and expectations detailed in tPR's General Code of Practice.

DISCLOSURE E: Describe how you maintain a dialogue with clients and beneficiaries

5.1. Scheme Members and Employers.

- 5.1.1. The Fund has 46,635 deferred or pensioner members who will or do receive pension benefits from the scheme. The Fund has 21,035 active scheme members contributing to the scheme at 31 March 2026.
- 5.1.2. The Fund has 108 Employers which may include local authorities, academies and educational bodies, housing organisations, charities, and other admitted or scheduled public sector employers.
- 5.1.3. The Fund regularly engages with both employers and scheme members to ensure they are aware of developments which may have an impact on them.
Further details of the Fund's governance structure are set out in **Disclosures A & B**.

5.2. How the Fund communicates with Scheme Members and Employers

- 5.2.1. The Fund's framework for communications and its communication programme is set out in the **Administration Strategy & Communications Policy**. This includes information relating to both methods and frequency of communications to beneficiaries (which are referred to as 'stakeholders' in the policy).
- 5.2.2. Cumbria Pensions Forum (the Forum): As detailed in **Disclosure B** the purpose of the Cumbria Pensions Forum is to seek the views of stakeholders within the Cumbria Pension Fund and provide information on performance across the management disciplines of the Fund and discuss items of common interest in relation to pensions. The Forum meets annually.
- 5.2.3. Membership of the Committee and Board includes employer and scheme member representatives. Through the Committee and Board meetings held over the year, these representatives have the opportunity to input into and comment on the Fund's stewardship and investment approach.
- 5.2.4. The Fund communicates with its beneficiaries in a number of ways including, but not limited to:
- Maintenance of the Fund's website at **www.cumbriapensionfund.org**. This is designed to improve both the accessibility of Fund information (including stewardship activities) and its ability to engage in dialogue with its stakeholders. The website provides scheme members, scheme employers and other interested

parties with key information about the Fund and the wider LGPS and is regularly reviewed and updated to ensure it remains fit for purpose.

- The Fund's pensions administrator – Local Pensions Partnership Administration Ltd (LPPA) – has a clear plan of core communications to members on matters such as annual allowances, member annual benefit statements and pensions increase. In addition to this, LPPA provides members with an annual newsletter which provides information on key issues and news in relation to LGPS pensions.
- Publication of the Fund's Annual Report including the audited Financial Statements of the Fund. In developing the 2025/26 Annual Report, the Fund recognised the new reporting structure required by the Scheme Advisory Board (SAB) to provide consistent and comparable data for all funds.
- Publication of reports presented to the various governance bodies associated with the Fund on the Administering Authority's website. Where appropriate these reports link to other relevant sources of information, for example BCPP stewardship and voting reports.

5.2.5. In addition to the above channels for communications, the Fund also undertakes formal and informal consultations with employers including:

- where it is proposing material changes to its Administration Strategy;
- where it is proposing material change to its FSS; and
- during the triennial valuation process.

5.3. Seeking the views of Scheme Members and Employers

5.3.1. The development of the Responsible Investment policy for the Cumbria Pension Fund provides a good example of seeking the views of Scheme Members and Employers. The policy was informed by a body of evidence collated through a wide and extensive engagement process with the Fund's beneficiaries and other key stakeholders including Cumbria Divest. This innovative approach to policy development was recognised by the Fund being shortlisted for the "ESG Innovation" category of the LGC Investment Awards 2024.

5.3.2. The Fund is happy to engage with employers and scheme members on an ad hoc basis to provide additional information on Stewardship matters. Such responses are reflected on and used to consider the development of wider future communications. The Pensions Committee and Board meetings are open to members of the public and papers are published and available on the Council's website for review.

Principle 1: Signatories integrate stewardship and investment to deliver long-term sustainable value for their clients and beneficiaries.

6.1. Introduction

6.1.1. As detailed in **Disclosure A**, the Fund's investment beliefs and approach to assessing investments are set out in its ISS. This includes our belief, as long-term investors, that integrating ESG considerations into the investment management process improves risk adjusted returns. As such, the Fund seeks to systematically integrate stewardship and investment to fulfil its responsibilities as set out below. In practice this is carried out predominantly by Border to Coast Pensions Partnership (BCPP) as our LGPS Investment Pool and the managers of our legacy investment fund external managers.

6.2. Investing with BCPP

6.2.1. As previously noted, BCPP is the Fund's chosen approach to meet Government's requirement to pool LGPS investment assets. A significant benefit of the BCPP pool is that it has an in-house dedicated responsible investment team along with an external specialist stewardship partner – Robeco. This means that BCPP is able to effectively integrate responsible stewardship throughout its investment process.

6.2.2. Details of how BCPP does this are set out in its Responsible Investment (RI) Policy. The policy has been formulated in conjunction with partner funds including Cumbria, key elements of which are summarised below.

6.2.3. Overall approach: ESG factors are fully incorporated into BCPPs investment decisions across all investment portfolios and asset classes. Indeed, BCPP have a dedicated RI Integration Manager.

6.2.4. Factors considered: BCPP focusses on those which could cause financial and reputational risk. Of particular relevance are factors which could cause environmental and reputational risk ultimately leading to a reduction in long-term value. Issues considered include, but are not limited to:

Environmental	Social	Governance	Other
Climate change Resource & energy management Water stress Single use plastics Biodiversity	Human rights Child labour Supply chain Human capital Employment standards Pay conditions (e.g. living wage in UK) Just transition	Board independence Diversity of thought Executive pay Tax transparency Auditor rotation Succession planning Shareholder rights	Business strategy Risk management Cyber security Data privacy Bribery & corruption Political lobbying

- 6.2.5. Integration into internally managed listed equities: ESG data and research from specialist providers is used alongside general stock and sector research. It is an integral part of the research process and when considering portfolio construction, sector analysis and stock selection. The Head of RI works with colleagues to ensure they are knowledgeable and fully informed on ESG issues. Information from engagement meetings is shared with the investment team to increase and maintain knowledge, and ensure voting and engagement is not detached from the investment process.
- 6.2.6. Integration into externally managed listed equities: RI is incorporated into the external manager appointment process including the 'request for proposal' (RFP) criteria and scoring and the investment management agreements. The RFP includes specific requirements relating to the integration of ESG by managers into the investment process which includes assessing and mitigating climate risk, and to their approach to engagement. BCPP expect to see evidence of how material ESG issues are considered in research analysis and investment decisions.
- 6.2.7. The monitoring of appointed managers by BCPP includes assessing stewardship and ESG integration into the investment process and ongoing management of the investments held in accordance with the approved policies. Both the BCPP Investment Committee and the Funds Pensions Committee require that all asset managers report on stewardship and ESG matters on a regular basis and be responsive to any queries and encourage fund managers to become signatories or comply with international standards applicable to their geographical location.
- 6.2.8. BCPP encourage managers to become signatories to or comply with the UN-supported Principles of Responsible Investment ('PRI') and Sustainable Development Goals ('SDG') and consider the PRI assessment results in the selection and monitoring of managers. They also encourage managers to make a firm wide net zero commitment and to join initiatives that drive industry wide collaboration on systemic issues.
- 6.2.9. Integration into Private Markets: The assessment of ESG issues is integrated into the investment process for all private manager investments. This includes assessing a manager's ESG strategy through a specific ESG questionnaire and supplementary interviews. Managers are requested to report annually on the progress and outcomes of ESG related values and any potential risks and ongoing monitoring includes identifying any possible ESG breaches and following up with the managers concerned.
- 6.2.10. The ESG questionnaire is agreed with the Head of RI and reviewed by the Alternatives Investment Team on an annual basis. Following the introduction of additional questions in 2025 on human rights, diversity & inclusion, and biodiversity, responses in 2026

indicate that these themes are being increasingly embedded within investment processes.

6.2.11. All metrics showed a year-on-year increase. In 2026, 78% of private equity funds reported to ESG Data Convergence Initiative (EDCI) participation with a further 4% indicating they are considering reporting. Participation remains materially higher than in 2023, when 50% reported to EDCI. This collaborative industry initiative aims to set out a standardised set of metrics for ESG reporting thereby increasing comparability and allowing investors to make better informed decisions.

6.2.12. **Case Study: Evidencing improvements in ESG disclosures.**

In 2025 BCPP introduced additional questions into their annual Responsible Investment questionnaire to capture reporting on human rights, diversity & inclusion and biodiversity.

Responses in 2026 indicate that the themes are being increasingly embedded within the investment processes of their external managers as shown in the below image (2026 values are: Human Rights 96%, Diversity & Inclusion 94% and Biodiversity 78%). Where these issues are not currently integrated the responses mainly referenced strategy characteristics or limited materiality in the sector.

RESULTS OF OUR ANNUAL SURVEY



Source: Border to Coast private markets manager survey

6.3. Investing with other Investment Managers

6.3.1. The Fund considers the ESG credentials, policies and procedures as part of the appointment process for all prospective managers with the aim of ensuring that ESG is well established in the managers appointed. In recent years the Fund has sought

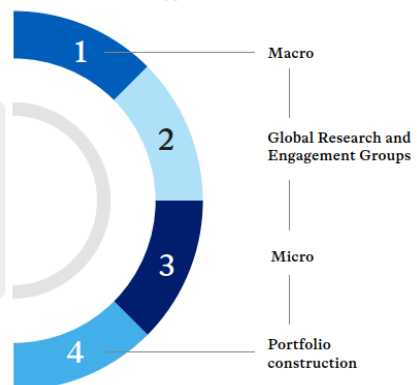
the majority of its new investments through the sub-funds offered by BCPP with our last other external investment manager being appointed in 2021/22.

- 6.3.2. All Managers are now either signatories to or working towards the new requirements of the Stewardship Code 2020. The Fund expects its Managers to incorporate ESG factors into their investment process and demonstrate the outcomes being achieved through this activity. The Fund continues to develop how it incorporates RI within the ongoing monitoring of all managers, including private markets. See **Principle 5** for further details.
- 6.3.3. The Fund monitors the asset manager's stewardship activities, including their involvement in collaborative engagement activities, such as supporting the Transition Pathway Initiative (TPI), and Climate Action 100+.
- 6.3.4. The Fund has developed a questionnaire to draw out how managers incorporate ESG factors into decision-making for new investments as well as ongoing monitoring of managers and the underlying investments especially in the less established asset classes of private markets, which they continue to send out on an annual basis. The questionnaire is reviewed annually to take account of developments within the ESG arena. Responses have continued to improve in quality over time with observations very much in line with BCPP in **6.2.10** above.
- 6.3.5. Examples of how the Fund and its other Investment Managers integrate stewardship and investment include:
 - A. Passive Global Equity - Legal & General (LGIM) (0.9% of the Fund at 31 Mar 2026):** Although LGIM do not actively choose the investments in the underlying companies within the index, they aim to use their influence and scale to promote better regulation to improve the entire market as a key driver of long-term growth. This includes working with key policymakers, such as governments and regulators, and collaborating with asset owners to bring about positive change. A key pillar of their approach to index strategies is active ownership: encouraging companies to consider sustainability risks, develop resilient strategies and consider their stakeholders. Further information regarding their approach to ESG integration in relation to indexed funds can be found at in their 'Active Ownership 2025' report: **LGIM How we engaged globally to deliver positive change in 2025.**

Our Global Research and Engagement Groups



Active investment approach



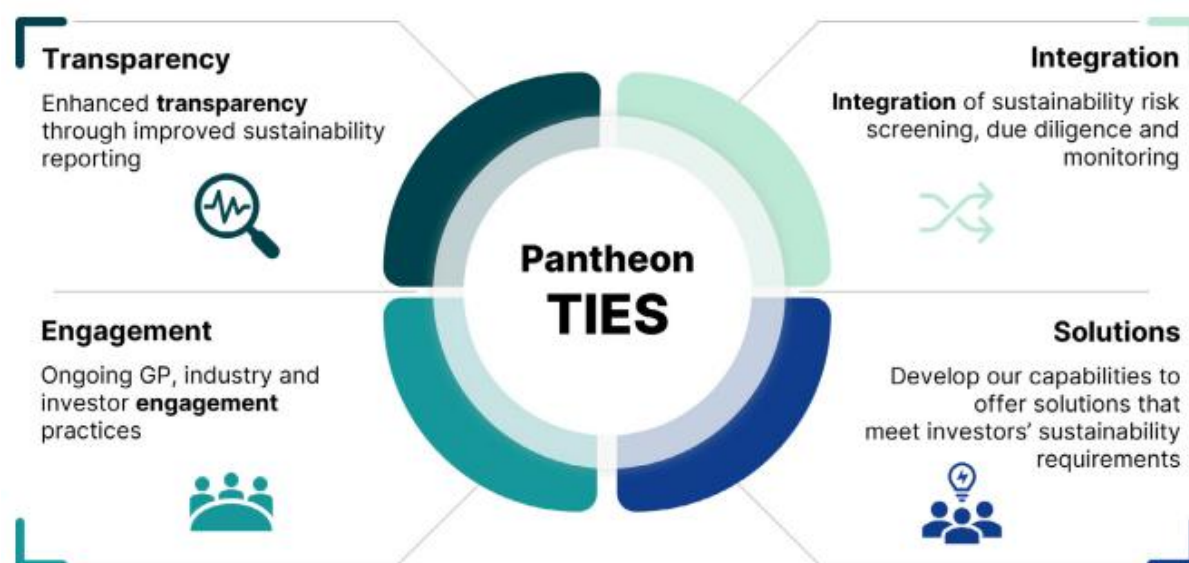
LGIM have developed proprietary ESG scores for companies (LGIM Methodology for rating companies). Through a partnership between the Index and Investment Stewardship teams, LGIM have made them publicly available for thousands of companies who can identify and tackle gaps in their strategies and their disclosures, thereby contributing to better market outcomes.

Their summary Stewardship Code 2026 evidenced the breadth stewardship activities they undertake and can be viewed on their [website](#) and links the Disclosure and Activities and Outcomes to the relevant pages of their Active Ownership 2025 report providing further examples of their ESG integration.

B. Private Equity – Pantheon (1.3% of the Fund at 31 Mar 2026):

The principles embedded within the UK Stewardship Code closely align with Pantheon’s approach to active engagement with the General Partners (GPs) in which they invest and although Pantheon is not currently a signatory to support the development of a Stewardship framework more applicable to private markets, Pantheon participated in a roundtable co-hosted by the PRI and the Financial Reporting Council (FRC), as part of the FRC’s fundamental review of the UK Stewardship Code.

Pantheon’s Board share the belief that focusing on sustainability risks and opportunities is an important aspect of risk mitigation that can lead to value creation across the investment portfolio. Pantheon’s sustainability ethos and its approach are summed up by its enhanced sustainability factors framework, ‘TIES’



Pantheon undertake an annual Sustainability Survey of general partners and in 2025 92% of managers surveyed responded and the full details are reported in **Pantheon Sustainability Report 2025**, in addition some high level metrics from the report are detailed below:



C. Infrastructure - JP Morgan (JPM) Infrastructure Investment Fund (IIF) (5.4% of the Fund at 31 March 2026)

JPM recognises that financially material ESG considerations can have an impact on the risk adjusted long term performance of the companies in which it invests; and companies that effectively manage those issues can de-risk their business model and deliver better performance over the longer term.

ESG in Action framework: Safety, Culture, Customer, Community, Cyber and Climate: The Fund's investment process and due diligence procedures incorporate

financially material ESG risks and opportunities into the investment decision making process. These include diligence relating, to governance frameworks, organizational culture, health and safety performance, stakeholder engagement and community impact, environmental impacts of and on the target, cybersecurity, climate change risks and opportunities, anti-corruption, catastrophe resilience and approach for obtaining a broad range of perspectives in decision making.



In 2025 all controlled IIF portfolio companies are subject to limited assurance procedures performed by an external third party for select environmental metrics, these are reported to the Fund in the JPM IIF Annual Report which is reviewed by officers. In addition, JPM sit on a number of Advisory Committees received feedback on various fund initiatives including the ongoing improvements to sustainability reporting and the dashboard.

ESG Framework	Explanation of JPM IIF Fund Framework themes
 Safety	Sustained safety performance requires unwavering leadership, adopting to evolving policies and practices, effective use of technology, transparent reporting, shared best practices, a “safety first” culture, and continuous improvement.
 Culture	Infrastructure Investments Group (“IIG”) team takes a proactive approach to maintaining our culture, which includes giving team members a space to connect outside the normal business, to focus on factors impacting team culture in alignment with the Fund’s values.
 Customer	IIF portfolio companies are dedicated to delivering safe, reliable, and affordable services to customers and local communities. Commitment to customer satisfaction is at the core of IIF’s portfolio company operations, driving continuous improvements based on feedback.
 Community	Portfolio companies invest in initiatives across their operating markets to deliver long-term benefits for local communities. Examples of these contributions include workforce development, partnerships with local schools and universities and philanthropic

	efforts, all of which stimulate economic growth and create opportunities to support the local economy
 Cyber	Cybersecurity and cyber resilience remain a critical priority for the infrastructure Fund. These areas are complex, fast evolving and the growing adoption of AI tools and processes expands the threats for infrastructure assets. The IIF Cybersecurity Cohort team provides collaboration, learning and threat intelligence sharing across the 18 portfolio companies focusing on protecting the Fund from cyber threats.
 Climate	IIF believes that climate change poses both financial risks and opportunities over the long term. Long-term climate related risks includes physical, transition and stranded asset risks and those related to disruption (policy, legal, regulatory, technological, market) due to climate change and transition to a lower carbon economy. The Fund incorporates financially material sustainability risks and opportunities in a manner that is consistent with the Fund's fiduciary duties

(Details sourced from 'IIF 2025 Sustainability Update' in the IIF Annual Report 2025)

Further information regarding their approach to ESG integration can be found at **JPM ESG Integration**.

Principle 2: Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

7.1 Identification of systemic & market-wide risks

- 7.1.1 The identification of and response to systemic and market-wide risks by the Fund is a key tool in its approach to addressing barriers to effective stewardship. The incorporation of ESG considerations, such as climate change, into investment decisions can help improve long-term value by minimising the risk of, for example, stranded assets and the impact of regulatory change.
- 7.1.2 The Fund is required to undertake climate change scenario analysis as part of the triennial Actuarial Valuation both as good practice and for the purpose of the Government Actuary's Department (GAD) section 13 report. The principles that underpin the analysis have been developed in conjunction with GAD and other actuarial firms. Whilst climate risk as a systemic risk cannot be modelled with certainty, the analysis provides a mechanism for considering how this risk could manifest across the valuation period and the potential impacts on funding, investments and employer affordability.
- 7.1.3 The Fund's risk management process is in line with that recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA). This is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities, and includes systemic and market-wide risks in addition to Fund-specific risks. Risk identification is enhanced through liaison with investment managers, other administering authorities and regional and national groups, including the Scheme Advisory Board (SAB), CIPFA, and various investor collaborations and initiatives (see **Principle 3**).
- 7.1.4 Once identified, material risks are documented on the Fund's risk register, which is the primary control document for the subsequent analysis and classification, control and monitoring of those risks. The register is formally reviewed on a quarterly basis by the Committee and LPB.
- 7.1.5 The Fund's approach to identifying and responding to systemic and market-wide risks is regularly reviewed, along with all aspects of governance.

7.2 Response to systemic & market-wide risks (examples are summarised from Cumbria Pension Fund risk register as at 31 March 26)

Risk	Response
<p><u>Performance</u>: Adverse market movements impact on the Fund's long-term performance: e.g. Climate Change, increases in inflation, impact of armed conflicts etc.</p>	<ul style="list-style-type: none"> • <u>Investment Performance risk</u>: Adherence to the Fund's Investment Strategy ensures that the assets of the Fund are invested in a diverse portfolio of investments, the impact on overall performance is therefore not as extreme as that experienced in any one asset class alone. • Potential new investments are closely scrutinised by Officers and Fund Advisors to assess if the product meets the investment criteria before being presented to Pensions Committee for a decision by the Fund. • The Fund believes that the best way to be a responsible investor and to influence policy change is not through divestment but through active engagement. The Fund considers that, by exerting pressure as an investor, it can bring more influence on companies than it could by boycotting specific sectors from its investment strategy. • <u>Inflation risk</u>: Revisions to the Fund's target Investment Strategy are carried out at least every three years and consider inflation risks and other market and systemic risks to secure a balance of different asset classes aimed at protecting Fund assets. An example being increasing the Fund's investment in index-linked gilts, mitigations of the risk of high short-term inflation are considered as part of the actuarial valuation. • In recognition of the escalation of the tensions between Iran and the combined force of Israel and the United States the likelihood risk score has been increased; the situation will continue to be monitored by Officers in conjunction with the Fund's Investment Managers and Independent Advisors however the mitigations remain unchanged. • <u>Availability of Investment opportunities</u>: There is a risk that there are insufficient opportunities available to the Fund to fully implement its investment strategy. This could be caused by BCPP not offering suitable sub-funds to enable the Investment Strategy to be implemented in a timely manner

Risk	Response
	<ul style="list-style-type: none"> • <u>Climate Change and Biodiversity Loss:</u> There is a potential for Climate change or biodiversity loss to impact global financial markets and investment assets, impacting the value and investment performance of the Fund. • The Fund's ISS and RI policy sets out how the Fund incorporates ESG factors including climate change into the investment process can help to improve the long-term value for investors. • The Fund has responded to government consultations on Governance and Climate Risk Reporting and are working to increase levels of disclosure on Climate Related risks and opportunities in order to protect and grow the Fund's assets and cashflows. • <u>Geo-Political Events:</u> This risk has the potential to increase global unrest and its potential impact on the investment markets and negatively affect returns compared to the assumptions used by the actuary. • In recognition of the escalation of the tensions between Iran and the combined force of Israel and the United States the likelihood risk score has been increased; the situation will continue to be monitored by Officers in conjunction with the Fund's Investment Managers and Independent Advisors however the mitigations remain unchanged. • Fund's direct holdings in areas of the world currently experiencing armed conflict are low (<1%) however it is recognised that these conflicts may impact more widely on global investment markets, e.g. due to the impact on fuel and food prices
<p><u>Regulatory Changes:</u> There is a risk that the LGPS is mandated to invest in particular markets or risks that may otherwise impact on the sovereignty of the Fund.</p>	<ul style="list-style-type: none"> • Officers of the Fund respond to government consultations where relevant to help influence policy including. • Where relevant, the Fund will support lobbying or lobby directly to ensure that its voice is heard in the development of national policy.

Risk	Response
This may be caused by government policy or amendments to regulations, and it could impact the funding level which could materially impact employer contributions.	<ul style="list-style-type: none"> Officers within the Fund ensure that they are aware of impending amendments to regulations and advise Pensions Committee and the LPB (and, where relevant, employers and scheme members) in a timely manner in respect of any amendments and their impact on the Fund.

7.3 During the year, there have been various amendments to the Risk Register including changes to scores and the addition of new risks. The changes in relation to the risks identified in the above table are summarised below:

Quarter ending	Risk amended	Reasoning for change (Risk score change)
Sept 2026	Climate Change	The risk was extended to also include the risk of Biodiversity Loss due to the assessment that in terms of impact, this risk is similar in nature and mitigations to climate change. No risk score change.
Dec 2026	Investment Performance and Availability of Investment Opportunities	These risks scores were increased from 8 to 12 and 6 to 12 respectively following the outcome of the Pensions Review and related draft guidance. This was due to the expansion of the pool for new partner funds, the potential impact of this increased workload impacting on investment performance, planning of new investment propositions and potential dilution risk.
	Climate Change and Biodiversity Loss	The risk score was increased from 12 to 16 in recognition of the potential impact on the Funding Level depending upon four different climate shock scenarios analysed as part of the triennial actuarial valuation. The potential impact of climate change on the long-term funding and contribution requirements has been considered when setting the funding plan and the FSS includes details of an analysis of how climate change may impact funding, investment and employer covenant all at once.

March 2026	Impact of Geo-political Events and Inflation	Both risk scores were increased from 9 to 12 in recognition of an escalation of the long running tensions between Iran, and Israel and the United States, with the resulting conflict in the Middle East including targeted strikes on energy infrastructure. Whilst the Fund invests in liquid markets that can be sensitive to heightened geopolitical risks, the portfolio is relatively robust in that it is diversified across a number of asset classes and sub-asset classes, and by region and sector.
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All risks continue to be monitored by Officers in conjunction with the Fund's Investment Managers and Independent Advisors.

7.4 Working with other stakeholders and industry initiatives to promote a well-functioning financial system.

7.4.1 The Fund is a relatively small participant in the financial system and markets. As such, it is best placed to promote the continued improvement of the functioning of financial markets by working in partnership with other stakeholders and industry initiatives and by focussing on specific areas of risk.

BCPP

7.4.2 BCPP are committed to fundamental analysis and the prudent management of risks, engaging with investee companies to manage long-term risks that have the potential to impact investment returns including financial risks associated with climate change. They seek to understand how companies address climate risk, for example searching out those management teams that are at the forefront of understanding emerging threats. One of their US holdings, Berkshire Hathaway (reinsurance), limited its exposure to the California region leading to the company reporting estimated losses below peers following the wildfires; and another, Beazley (UK Lloyds insurance), stepped away from a US region (Florida) with significant exposure to hurricane risks thereby benefitting shareholders.

LAPFF

7.4.3 As a result of the ongoing conflicts across the globe, LAPFF has stepped up its engagement with both companies and other investors to understand better how to engage in a helpful way with companies operating in conflict affected and high-risk areas. The humanitarian and human rights conditions in these countries have a bearing on whether investee companies can create sustainable shareholder value.

Given the importance of the issue and growing geo-political tensions LAPFF has continued to focus considerable attention to the issue over the year.

- 7.4.4 LAPFF engage with policymakers and regulators as well as wider stakeholders on areas for reform to reduce the systemic risks facing LAPFF members. As part of this work, LAPFF continue to submit consultation responses focusing on policy areas important to its membership. LAPFF has become increasingly concerned about moves to lessen corporate governance standards in the UK and with its investor protections. After raising concerns with the London Stock Exchange Group about the influence of the Capital Markets Industry Taskforce, they set up a working group to focus on the regulatory regime and challenge the voices that seek to undermine good governance standards and engagement is continuing.
- 7.4.5 In 2025 LAPFF participated in the 'Taiwan in the World: Sustainability Breakthrough & Responsible Investment' dialogue in Taipei enabling direct engagement with major Taiwanese companies and gain insights into Taiwan's sustainability landscape.

Principle 3: Signatories engage to maintain or enhance the value of assets.

8.1. Introduction & rationale for the Fund's approach to engagement

8.1.1. Evidence shows that pension funds which consider how the companies they are invested in behave in relation to ESG issues, tend to achieve better returns. This accords with the expectations in the Fund's investment beliefs and reflects our overall attitude to the stewardship of the Fund. As such the Fund is committed to being a responsible owner and believes that responsible investment, incorporating ESG factors (including climate change) into investment decisions, can help to improve the long-term value for investors.

8.1.2. The Fund believes that the best way to be a responsible investor and to influence policy change is not through divestment in the first instance but through active engagement. The Fund recognises that, as a medium-sized LGPS pension fund, it has limited resource and is one voice among many shareholders. Furthermore, the Fund employs external fund managers through which it makes its investments. As such, to ensure that it achieves the best outcomes in relation to active engagement, the Fund works collectively with others. The Fund does this through three key means:

- Working with BCPP and our partner funds to agree well-informed and precise objectives for engagement;
- Working with the Fund's other investment managers to ensure that their approach to engagement is in line with the expectations of the Fund; and
- Through the Fund's membership of LAPFF.

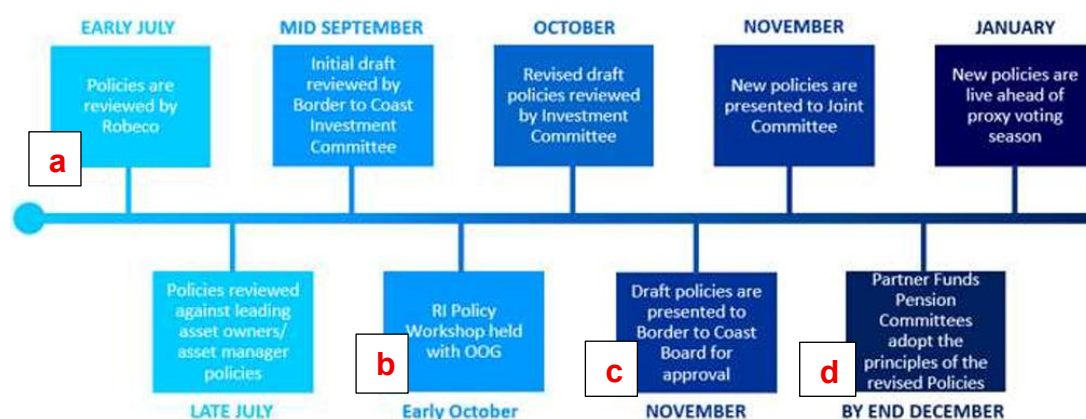
8.1.3. The Fund worked with BCPP when they reviewed their RI Policy and introduced exclusions to manage exposure to high risk activities that are considered to pose a material risk to long term investment outcomes. The exclusions are detailed in the BCPP R I Policy and for 2025-26 they were in relation to:

- Public and private companies that derive more than 25% of revenues from thermal coal and oil sands extraction, and
- Public companies in developed markets that derive more than 25% of their revenue from thermal coal power generation, or more than 50% in emerging markets reflecting the principles of 'just transition'.

These thresholds reflect transition and stranded asset risk considerations and are reviewed periodically.

8.2. Working with BCPP and our partner funds

- 8.2.1. One of the key benefits of pooling for the Fund is the ‘collective voice’ that pooling assets with other like-minded LGPS funds can bring. To achieve this the Fund has worked with BCPP and partner funds to formulate the company’s approach to RI and active engagement to ensure that (a) it is aligned to the policies of the partner funds (including Cumbria), and (b) that there is appropriate monitoring and challenge to ensure the company’s approach continues to be in line with partner fund requirements.
- 8.2.2. As previously noted in this report, full details of the BCPP’s approach to responsible investment can be found at: **BCPP Responsible Investment**. This includes the company’s **RI Policy**, **Corporate Voting Guidelines** and **Climate Change Policy** which form the framework through which BCPP undertakes engagement and voting work on behalf of Cumbria and other partner funds in the pool.
- 8.2.3. BCPP - developing and reviewing objectives: BCPP’s RI and Voting policies were originally developed by BCPP in 2017 in conjunction with its partner funds (including Cumbria), followed by the climate change policy in 2021. Since then, the policies have been formally reviewed annually to reflect developments in best practice and regulation. In addition to this, the policies are also reviewed and revised in response to material developments such as changes in regulations.
- 8.2.4. The annual review process is as follows:



Notes on process diagram:

- a** The review process includes an evaluation by Robeco (BCPP’s voting and engagement advisor) considering the global context and best practice. This included consideration of the International Corporate Governance Network (ICGN) Global Governance Principles,

the UK Corporate Governance Code and the UK Stewardship Code. The policies of best in class asset managers and asset owners considered to be RI leaders were also reviewed to determine how best practice has developed.

- b** To assist in the review process, the company held a number of meetings and training with Officers and Members from the 11 Partner Funds. This included:
 - a workshop for partner fund Officer Operations Group (OOG) and Advisors on the policy review (11 November 2025).
- c** The output of this work was then reflected in the policies and the revised documents were both considered by the BCPP Joint Committee (25 November 2025). At that meeting the Committee agreed to support the revised policies being taken to partner fund Pensions Committees.
- d** At its meeting on 9 December 2025 the Cumbria Pensions Committee considered the revised policies and endorsed that the policies continued to be aligned to the underlying principles of the Fund's ISS.

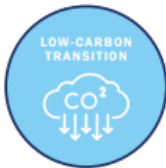
8.2.5. BCPP - Methods of engagement: BCPP's approach to engagement varies depending on the asset class and ownership structure. As such their strategy for engagement includes several different strands:

- Direct engagement by BCPP's internal portfolio managers and members of the Responsible Investment team with companies within their portfolios with the aim of actively using their influence for business change or better disclosure;
- External managers and Robeco engaging with companies on BCPP's behalf and these activities are monitored by BCPP's quarterly monitoring framework; and
- Working with LAPFF and a number of RI initiatives. These include Climate Action 100+, the 30% Club Investor Group and Institutional Investors Group on Climate Change (IIGCC) Net Zero Engagement Initiative (NZEI) and Workforce Disclosure Initiative (WDI).

In addition to this, RI criteria are integrated into BCPP's due diligence process within Private Markets and the company prioritises engagement with the general partners ahead of investment to ensure managers meet its requirements in this area.

8.2.6. Key engagement themes are reviewed on a three-yearly basis using their Engagement Theme Framework and consulting with Partner Funds. The current key engagement themes are:

Systemic:



Environmental:



Social:



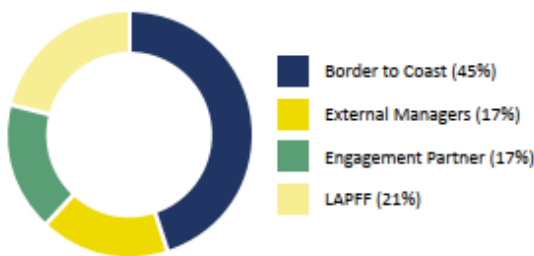
Governance:



- 8.2.7. The company used the themes in deciding its priorities: in working with Robeco; in considering which collaborations to join; to give focus to its reporting; and in aspects of its investment process for both internally and externally managed mandates.
- 8.2.8. As well as engaging with companies, BCPP also engage with policymakers, regulators and other industry bodies on RI related issues. Some of the ways they do this include membership of industry bodies and initiatives, responding to consultations and engaging with service providers.

ENGAGEMENT SUMMARY 2025-26

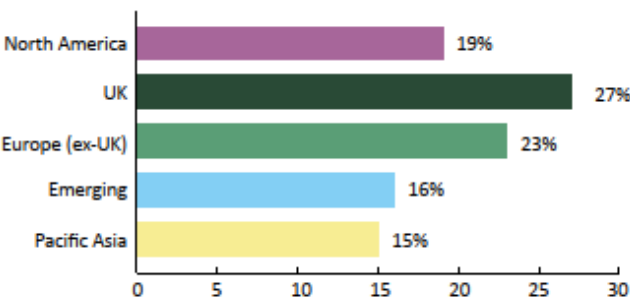
ENGAGEMENT LEAD



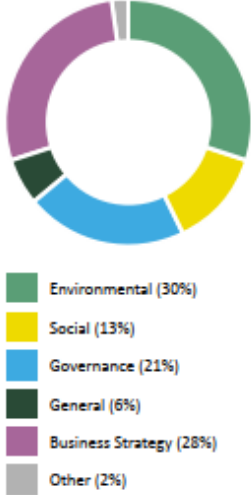
TOTAL ENGAGEMENTS



ENGAGEMENT ACTIVITY BY REGION



ENGAGEMENT TOPIC



Source: Border to Coast Internal Engagement Database as at 31/03/2026
Sourced from BCPP RI & Stewardship Report 2025/26

- 8.2.9. BCPP - Outcomes of engagement: BCPP produces regular reporting on the active engagement it undertakes on behalf of the Fund and our partner funds. The quarterly Robeco Active Ownership Reports and quarterly Stewardship Reports can be accessed via the following link: **BCPP Quarterly RI Reports**.
- 8.2.10. The reports are reviewed by officers each quarter to ensure the activities remain aligned to the Fund's expectations and highlights of these activities are detailed in the quarterly public reports to Pensions Committee including links to the BCPP reports where possible. The Pensions Committee detailed report is also made available to the Local Pension Board for review and information.
- 8.2.11. The examples below provides a flavour of engagement work undertaken and the outcomes:

- **Engagement on Just Transition with banks (UK listed equity)**

Between 2023 and 2025 BCPP undertook a programme of engagement focussing on a just transition to net zero aiming for the integration of a social dimension into climate strategies. They are collaborating with Royal London Asset Management (RLAM) to engage four UK banks (Lloyds, NatWest, Barclays & HSBC). Banks have a key role to play in the low-carbon transition, via capital allocation and support for customers to transition.

In 2024 BCPP published '**Investor expectations on just transition for the banking sector**' to inform deeper engagement as the banks shifted from ambition to implementation on areas such as decarbonisation and geographies with high exposure to transition risk. In 2025, BCPP assessed and rated all four banks and published a report with RLAM which detailed the areas of considerable improvement since the engagement began, emerging best practice case studies and the areas requiring further improvement.

The report is available via the following link **Just Transition in Banking: Engagement Outcomes**.

- **Engagement on Social Inclusion and Labour Management**

In 2024, BCPP joined the Good Work Coalition, a collaboration of 47 institutional investors, co-ordinated by ShareAction and representing \$7.1tn in AUM. Through this they have joined two engagement workstreams:

Living Wage - engaging with FTSE350 companies in the retail sector to become accredited Real Living Wage Employers, paying the Living Wage to both directly employed and third-party staff; and

Racial Inequality - engaging with FTSE350 food sector companies to publish their ethnicity pay gaps and action plans to address these gaps.

During 2025/26 they have met with Tesco, Kingfisher and Currys to encourage real Living Wage accreditation and disclosures, and with M&S and Next to discuss shareholder resolutions seeking information to allow for the assessment of the approach to human capital management that were filed by other members of the coalition. BCPP supported the resolutions that received 31% and 27% of the vote respectively and went on to meet with Next to encourage practical improvements to pay and conditions the company have since made additional disclosures as requested.

Amazon (Global Equity Alpha and Overseas Developed Equity Funds) – BCPP has undertaken a longstanding engagement with Amazon focusses on working conditions with the early discussions being around increasing transparency and disclosures leading to a detailed scrutiny of health and safety data. Amazon has made tangible progress, raising minimum wages, enhancing reporting and investing heavily in workplace safety. These actions have contributed to a sustained reduction in injury rates (now below the industry average) and the company's trajectory demonstrates a willingness to engage with investors

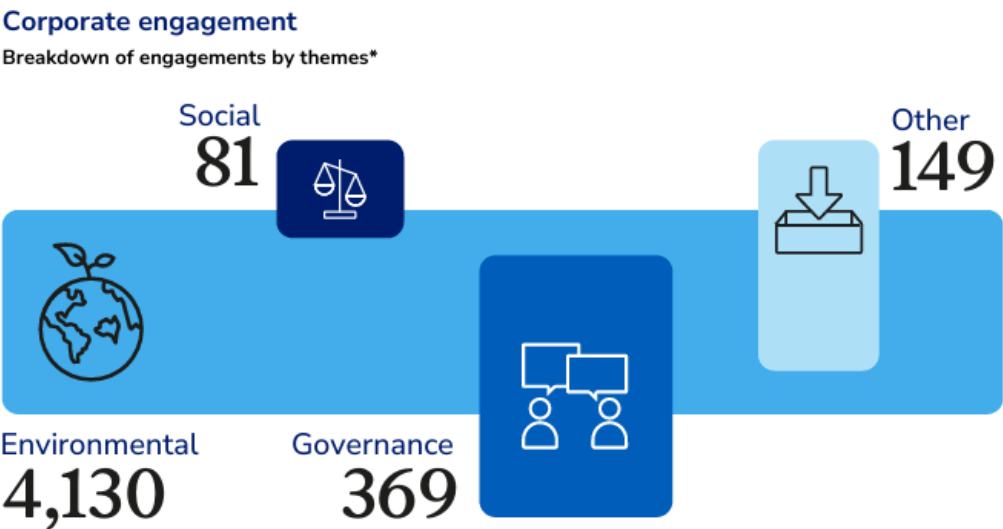
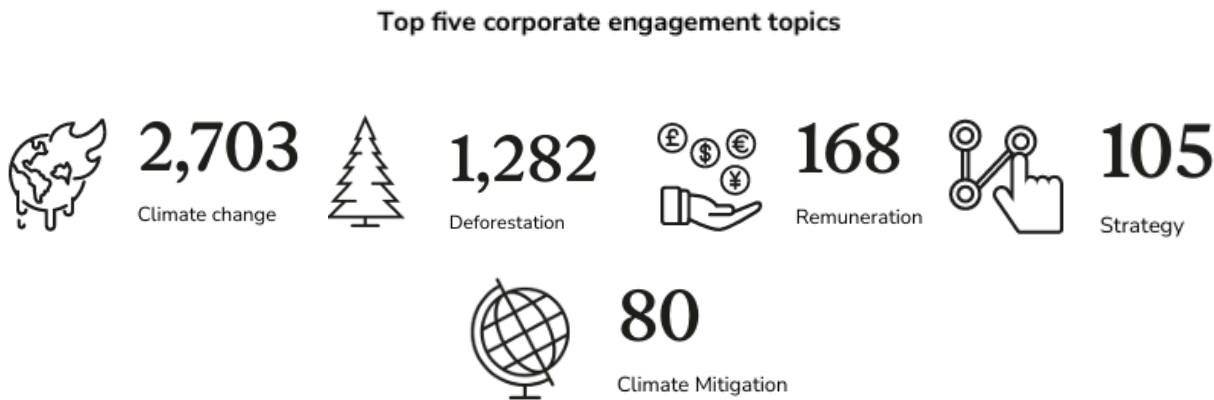
8.3. Working with the Fund's other investment managers

- 8.3.1. In addition to investing through BCPP, the Fund currently also invests with a number of other investment managers. The second largest investment manager in terms the value of the Fund's investments with them is LGIM – as at 31 March 2026 the Fund had approx. £589m of assets with LGIM and approx. £2,382m with BCPP.

LGIM

- 8.3.2. As an investment manager with approximately £1tn+ assets under management, LGIM has a significant voice. Like the Fund, LGIM believes that RI is crucial to mitigate risks, capture opportunities and strengthen long-term returns. As such active engagement with companies and policymakers is a key component of LGIM's approach to RI. (Details can be found at **LGIM CG & RI Principles**)
- 8.3.3. Given LGIM's scale, it is able to engage with the companies it believes can set an example in their sectors but also, crucially, with the regulators and policymakers that set the rules. Particularly given the scale of their assets in index funds (in which Cumbria is an investor), LGIM sees working to promote better regulation to improve the entire market as a key driver of long-term growth.

8.3.4. During the most recent annual reporting period (to December 2025) LGIM actively engaged in a number of areas as summarised below – full details of these activities can be found at: **LGIM Active Ownership Report 2025**



Sourced from: LGIM Active Ownership report 2025

8.3.5. LGIM - Outcomes of engagement

LGIM continue to expand the scope of their Climate Impact Pledge engagement programme (CIP) (**LGIM CIP Report 2026**). Their CIP is a targeted engagement campaign started in 2016 to address the systemic risk of climate change. It now covers 56% of total corporate securities by value that LGIM invests in on behalf of clients (up from below 10% in 2020) and 80% of the total carbon emissions attributable to LGIM's corporate equity and debt holdings as at 31 December 2025.

8.3.6. LGIM have engaged with more companies than ever before, holding them to account, including through potential voting sanctions or divestment when they do not sufficiently meet expectations. They have seen improvements being made across the market, in the disclosures companies are making and their planning and management of approaches to climate change and nature degradation. These improvements contributed to a significant decrease of 46% in the number of companies identified for potential votes against the election or re-election of the chair of the board in the 2025 AGM season.

8.3.7. Having identified Nippon Steel as lagging in its policy engagement disclosures in 2022, following continuous engagement and a lack of progress, LGIM co-filed a shareholder resolution requesting greater transparency on their climate policy engagement activities in their 2024 AGM. This resolution received 28% support, one of the highest levels of support recorded for a climate related shareholder resolution in Japan. Ahead of its 2025 AGM, Nippon Steel has published its first ever Industry Association Review and a set of policy positions, including a commitment to positive policy engagement in Japan for policies relating to climate change and energy. These are encouraging first steps towards aligning the company's policy engagement with its long-term strategy and decarbonisation objectives. LGIM will continue to work with the company.

8.3.8. Another positive development saw LGIM permit investment in COSCO Shipping Holdings in relevant funds as of July 2025 as a result of its progress since being added to the divestment list in June 2023. COSCO was originally put on the list as it did not meet most of LGIMs expectations and red lines. Since then, LGIM had constructive engagements with the company, and it has made several key improvements.

Private Managers engagement:

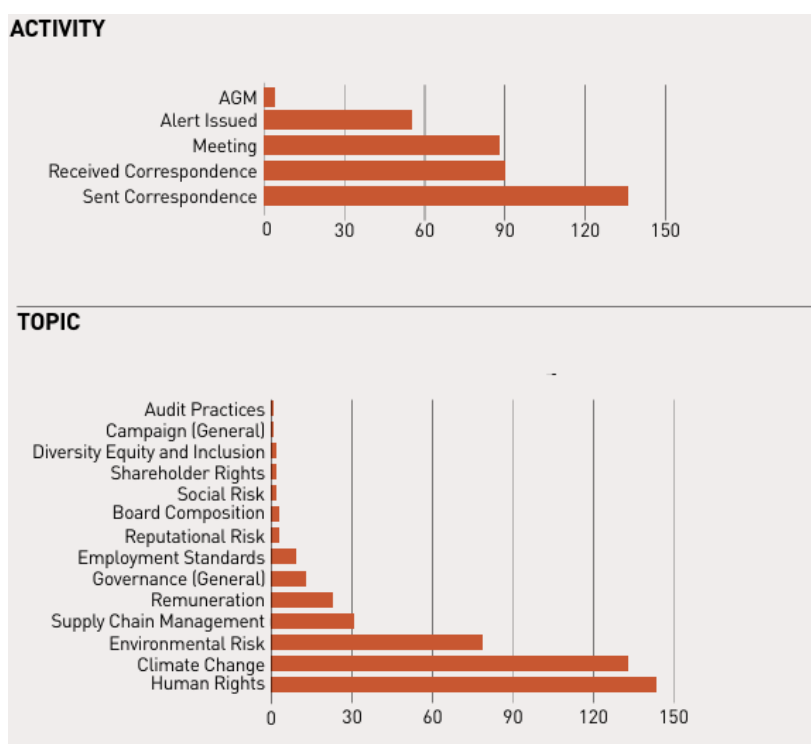
8.3.9. JP Morgan – Infrastructure Investments Fund (IIF), HOYA Corporation (a Japanese company manufacturing optical products and medical equipment for use in healthcare). Engaging with this company on climate target risks, as their medium and long term plans lacked clear climate targets and a concrete roadmap to reduce emissions, in addition the integration of climate considerations into their management

systems was limited. HOYA were added to JPM's focus list to engage on these topics which they believed posed a risk to long term value creation.

- 8.3.10. HOYA has made significant progress by establishing a Chief Sustainability Officer position and an ESG office, integrated medium and long term climate target including reducing Scope 1 and 2 emissions by 60% and increasing renewable energy usage by 60% by 2030. HOYA also expanded their disclosures to cover Scope 3 categories and submitted a letter to Science Based Targets initiative (SBTi) indicating their intent to set targets by 2027.
- 8.3.11. By 2025 HOYA had reduced emissions by 23% and increased the use of renewable energy by 18% and agreed to continue to improve disclosures and integration into management systems. JPM's engagement is ongoing to monitor progress.

8.4. Membership of the Local Authority Pension Fund Forum (LAPFF)

- 8.4.1. Cumbria Pension Fund is a member of LAPFF. LAPFF is a collaborative shareholder engagement group which brings together 87 local authority pension funds and 6 pools (including BCPP) from across the UK with combined assets of £425 billion. As such the Fund is able to enhance its own influence in company engagement by collaborating with other Pension Fund investors through the Forum. LAPFF is a network organisation and a service provider, not an asset owner or asset manager, so it has no conflicts of interest in terms of company ownership. LAPFF seeks to protect the investments of its members by promoting the highest standards of corporate governance and corporate social responsibility (i.e. responsible action by the companies in which its members invest) on ESG issues.
- 8.4.2. LAPFF's approach to engagement is to build relationships with companies, where possible, and provide robust challenge. It also aims to engage with a broad range of stakeholders to understand as fully as possible the complete set of operational, reputational, legal, and financial risks facing companies and investors.
- 8.4.3. LAPFF - Developing and reviewing objectives: LAPFF hold quarterly business meetings and an Annual Conference which a representative of the Fund regularly attends to ensure the Fund has a full understanding of the work undertaken and to facilitate input into the work programme of LAPFF.
- 8.4.4. LAPFF - Methods of engagement: Like BCPP, LAPFF uses a number of methods of engagement. During 2025 LAPFF engaged with 195 companies. Its methods of engagement and stewardship activities are presented in the charts below:

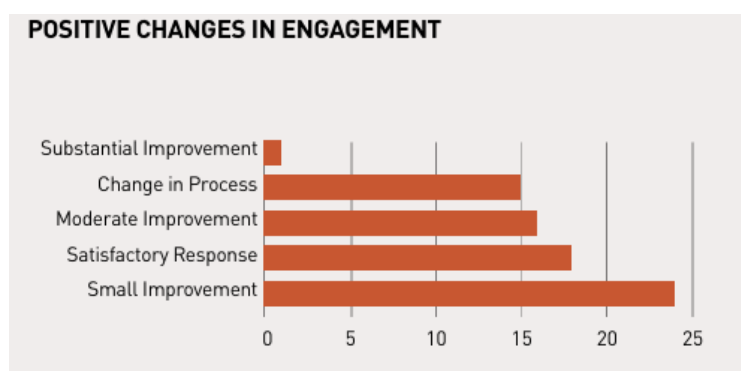


Sourced from: LAPFF Annual Report 2025.

LAPFF - Outcomes of engagement:

- 8.4.5. LAPFF continued its work in the **mining sector** this year the focus was on the issue of **water stewardship** as freshwater scarcity intensifies and considering that mining operations are often located in water stressed regions. LAPFF's work focussed on four key areas:
- Water Quantity: reduced freshwater extraction, reuse / recirculate
 - Water Quality: tailing seepage control, discharge standards
 - Ecosystem Protection: catchment level stewardship, and
 - Access to Water and Sanitation (WASH): for workers and communities.
- 8.4.6. LAPFF asks are consistent across all companies and seek time bound targets, monitoring, transparent disclosures and improvement plans that are subject to Board level oversight with delivery linked to remuneration. The **LAPFF Annual Report 2025** provides details of this engagement on page 18, and the engagement remains ongoing.
- 8.4.7. LAPFF increased its focus on conflict-affected and high-risk areas (CAHRAs) with the expectation that companies exposed to such areas to undertake heightened due diligence with public disclosure of policies and impact assessments of their supply chains, and provide transparent reporting on progress, challenges and remedial actions. In 2025 LAPFF published a **position statement** which signalled the basis of their ongoing engagement on this issue.

8.4.8. LAPFF also continued its work engaging companies on approaches to minimising adverse human rights impacts and supply chain transparency in the vehicle manufacturing sector. Their engagement with Mercedes-Benz (MB) commenced in 2022 requesting information on raw material including human rights risks and transparent disclosure of supplier audit outcomes with corrective action plans where applicable. In 2022 MB initially reported on six key raw materials and conducted 800 supplier audits and set clear milestones to review all high-risk materials by 2028. In 2024 they published a Raw Material Report which included details on 17 of its 24 critical materials which includes the company’s theory of change models linking activities to long term outcomes, stakeholder engagement information and on-site initiatives. The report demonstrates the company’s shift towards systemic transparent and collaborative human rights due diligence



Sourced from: LAPFF Annual Report 2025.

8.5. Future Developments:

8.5.1. As a responsible investor the Fund, through its investment managers, will continue to engage with regulators, public policy makers, and other financial market participants on systemic risks to help create a stable environment to enhance long term returns. Additionally, the Fund also undertakes collaborative engagement with other institutional shareholders. The Fund will remain as an active member and supported of LAPFF and encourage them in their campaigns and initiatives.

Principle 4: Signatories actively exercise their rights and responsibilities.

9.1. Introduction

- 9.1.1. Exercising Shareholder rights and responsibilities is fundamental to improving investment outcomes. As an asset owner, the Fund uses these rights in order to manage a sustainable and solvent pension fund on behalf of current and future members of the Fund.
- 9.1.2. The Fund recognises that there are regional differences in corporate governance standards and company behaviour. Furthermore, there are also differences between asset classes. The Fund exerts its influence through voting and other means with the aim of getting the best outcomes in the context of each market and asset class it is invested in. **9.3-9.5** below summarises the Fund and its investment managers' approach to listed equities and **9.6** below summarises the approach to fixed income and other asset classes.

9.2. Expectations of asset managers

- 9.2.1. The Fund's expectations of asset managers are aligned to its statement of investment beliefs which are presented in the Fund's ISS.

9.3. Listed equity assets

- 9.3.1. The Fund does not directly hold shares – its investments in listed equities are made through investment managers into pooled investment funds. As such the Fund votes on shareholder resolutions through proxy voting arrangements. The Fund's holdings in listed equities are managed as follows:
- **Actively managed equities** - by BCPP (the pensions pooling company jointly owned by the Fund and 10 other Partner Funds); and
 - **Passively managed equities** - by LGIM.
- 9.3.2. Investment managers are expected to approach the subject of voting with the same care and attention as other matters which influence investment decisions and voting should be undertaken where it is believed to be in the best interests of the Fund. Where a resolution is put forward which is deemed to be controversial, investment managers should liaise with the Fund as appropriate.

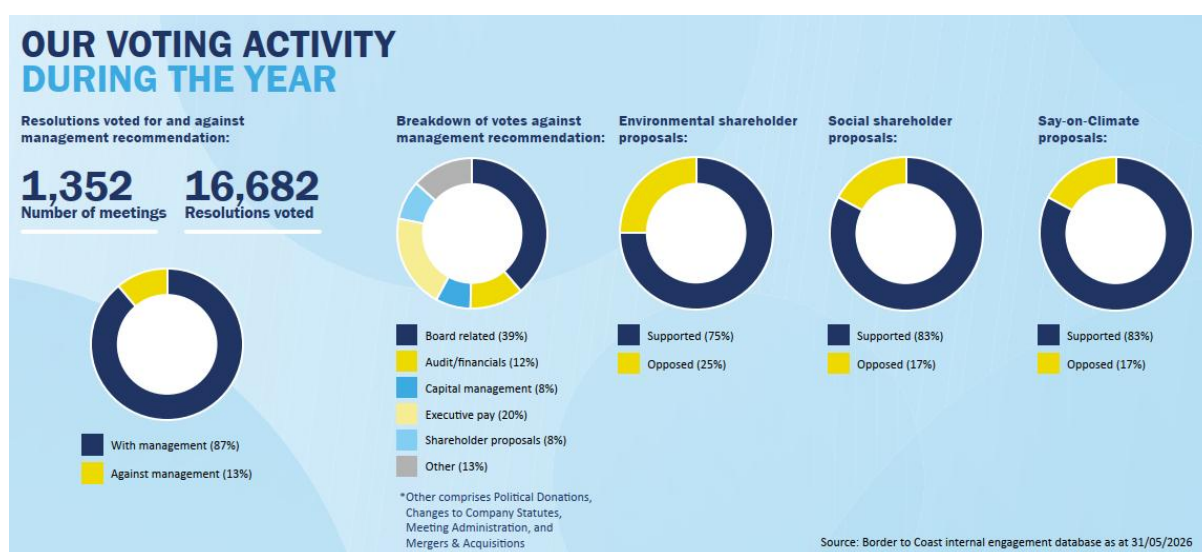
- 9.3.3. The Fund's investment managers are required to report quarterly on their voting actions for every appropriate investment. Any responses received from companies concerned should also be reported.
- 9.3.4. Officers hold regular Review meetings in addition to ongoing dialogue with asset managers, in which they communicate expectations of the Fund in respect of either voting (listed equities) or holding them to account (privately held companies). Effective stewardship is an integral part of performance reviews of all asset managers.
- 9.3.5. Fund voting policy: The Fund's voting policy is set out in its ISS and within its RI Policy which are both available on the its website under **Fund Policies**. As per the policy, responsibility for the exercise of voting rights is currently delegated to the investment managers. A process is available to allow the Fund to vote its proportion of any shareholding in a different way to that adopted by BCPP should there be a difference in interpretation of the voting guidelines. This is also set out in the Voting section of BCPP's **RI Policy** (section 6.1).
- 9.3.6. Monitoring shares and voting rights: The Fund formally monitors the share voting activity on a quarterly basis. The outcome of this quarterly process is reported to the Pensions Committee as part of the quarterly Review of Oversight and Governance reports which are a standing item on the Committee agenda.
- 9.3.7. Reporting: The Fund publishes its voting activities on its website under: **Share Voting Records**. In addition to this, the Pensions Committee is kept informed on relevant corporate governance issues arising during the period and details of this, including voting activity, are formally reported to it on a quarterly basis. The Fund's Annual Report also incorporates disclosure of its voting and engagement activity. The Annual Report for the year ended 31st March 2026 is due to be published by 1 December 2026 and will be available on the Fund's website.

9.4. Listed equity assets – BCPP

- 9.4.1. Voting policy: BCPP's **Corporate Voting Guidelines** set out the parameters for how votes are cast. The document is reviewed and updated annually following dialogue with partner funds including Cumbria. The policy is also reviewed by Robeco, using the International Corporate Governance Network Global Principles, the UK Stewardship Code and the UN Principles for Responsible Investment as benchmarks. The **Corporate Voting Guidelines** (which should be read in conjunction with BCPP's **RI Policy**) set out the voting approach in term of key areas of corporate governance e.g. Climate Change, Company Board compositions, Director's remuneration, other issues including stakeholder

engagement, auditor independence, political donations, lobbying and shareholder rights.

- 9.4.2. Proxy voting arrangements: BCPP uses a proxy voting platform, with proxy voting recommendations produced for all meetings voted, that is managed by Robeco as the Voting & Engagement provider. Robeco's proxy voting advisor (Glass Lewis. Co) provides voting recommendations based upon BCPP's **Corporate Voting Guidelines**. All of Robeco's voting recommendations are reviewed by the BCPP RI team and portfolio managers prior to votes being executed.
- 9.4.3. BCPP undertake some additional analysis of companies that are highlighted on a selection of watchlists currently focussed on 'Nature', 'Human Rights' and the 'Top 40 emitters failing climate rules'. The RI team ensure they review the resolutions being proposed ahead of the AGM's and issue Voting alerts to indicate how they intend to vote, allowing officers to raise any questions should if required.
- 9.4.4. Stock lending: BCPP has an active stock lending programme. Where stock lending is permissible, lenders of stock do not generally retain any voting rights on lent stock. Procedures are in place to enable stock to be recalled prior to a shareholder vote. Stock will be recalled ahead of meetings, and lending can also be restricted including but not limited to, if the resolution is contentious, the holding is of a size which could potentially influence the voting outcome or BCPP has co-filed a shareholder resolution.
- 9.4.5. Reporting: Details of the voting activity undertaken by BCPP can be found at: **BCPP RI Voting Reports**. Headline numbers for voting activity across all BCPP equity funds during the year 2025/26 are summarised below:



Source: BCPP RI & Stewardship Report 2025/26

9.4.6. Details of BCPP votes withheld and abstentions for the funds in which the Cumbria Fund are invested are included in the quarterly voting reports:

- Votes withheld - there were 55 votes withheld during the year which generally relate to election/re-election of directors at US companies where the system of voting can mean that a proposal only needs one 'For' vote to be approved, 'against' votes are effectively meaningless, however the withheld vote is symbolic of registering dissatisfaction with a director.
- Abstentions - there were 32 abstentions during the year. Many of these relate to the election of directors where more candidates than seats are proposed and they abstain from the less preferred, or where there is an option to select one of three options, they would abstain from the other two.

9.4.7. Details of all votes against management are included in the quarterly voting reports. Key areas of BCPP votes against management were:

- Boards failing to recognise and meet their climate risk requirements including the inadequate mitigation of deforestation risk;
- Boards lacking sufficient diversity or individuals to lack independence;
- Remuneration Policy and/or reports where they do not meet the criteria set out in BCPP's voting guidelines; and
- opposing all political donation due to reputational risks and democratic implications.

9.5. Listed Equity Assets - LGIM

9.5.1. Voting policy: LGIM notes that its voting activity forms an important part of its engagement strategy and that enables it to escalate its concerns through the use of shareholder rights. LGIM believes the most efficient and effective way of achieving mutual goals through voting and engagement is to speak with one strong voice. Further information relating to LGIM's voting can be found in the links below:

- The voting disclosure page: **LGIM Voting Disclosures**
- The quarterly ESG impact reports and details of LGIM's stewardship policies can be found at: **LGIM Investment Stewardship**.

The Cumbria Fund is invested in LGIM's World Equity Index.

9.5.2. Proxy voting: LGIM has a general stewardship policy supplemented by specific market policies. LGIM uses voting research from Institutional Shareholder Services (ISS), Institutional Voting Information Service (IVIS), Glass Lewis and voting decisions incorporate their own research analysis and engagement activities where appropriate. LGIM uses the ISS voting platform "ProxyExchange" to vote its shares.

- 9.5.3. Stock lending: Where there are no legal or practical impediments, LGIM aim to vote with every share they hold. They have procedures in place that only allow shares to be lent up to agreed thresholds, and they always retain a number of shares in each voteable stock to be able to note their approval, or dissent, through a vote via the shareholder meeting. They also retain the right of recall of their shares, should we deem this necessary or expedient.
- 9.5.4. In practice, they do not typically recall lent stock for voting on routine company meetings. However, if there were a material vote – for example, a potential takeover of a company that they owned at a price which they did not believe was in the best interests of shareholders, they would recall any stock that was out on loan in order to vote with 100% of their holding.
- 9.5.5. Reporting: Details of the voting activity undertaken by LGIM across all its investments can be found at: **LGIM Voting Disclosures**.^{*} Details of vote instructions are disclosed by LGIM on a per-meeting basis with the rationale for all votes cast against management available via the above link.
- *The figures reflect the voting activities across LGIM – i.e. they are not limited to the Fund's holdings in LGIM's World Equity Index pooled fund.*

9.6. Fixed income and other asset classes

- 9.6.1. For assets other than listed equities, actively exercising rights and responsibilities is generally more challenging. This is because the Fund doesn't engage in direct investment itself but instead invests through external investment managers with the majority of these investments made via pooled funds. As such, the Fund has little or no ability to influence granular investment matters such as seeking amendments to terms and conditions in indentures or contracts, impairment rights, and seeking access to information provided in trust deeds. Instead, the Fund has sought to actively exercise its rights and responsibilities through investing with 'like-minded' investment managers and through the pooling of its investment assets with BCPP.
- 9.6.2. For example:
- As previously noted, the assessment of ESG issues is integrated into BCPP's investment process for all investments.
 - BCPP note that a manager's ESG strategy is assessed through a specific ESG questionnaire, agreed with BCPP's Head of Responsible Investment, and reviewed by the company's Alternatives investment team.
 - Managers are requested to report annually on the progress and outcomes of ESG-related values and any potential risks. Ongoing monitoring includes identifying possible ESG breaches and following up with the managers concerned, as well as tracking improvements and targets met.

- Further details on integrating ESG factors across all asset classes including fixed income, private markets and real estate can be found on pages 38-41 of **BCPP's RI & Stewardship Report 2025/26**.
- Further details of the governance structure of BCPP and how this enables the Fund to have appropriate oversight of the company and hold it to account so as to ensure to the effective stewardship of the Fund's assets invested is set out in ***Principle B***.

9.6.3. In addition to ensuring investment managers are the right 'fit' on appointment, the other key tools used by the Fund to exercise its rights and responsibilities for investments in assets other than listed equities are ongoing engagement with and the monitoring of its investment managers. The Fund will continue to enhance its approach to engagement with its investment managers on ESG and RI matters.

- An example of how the Fund is seeking to improve its engagement with investment managers on RI matters is the ESG questionnaire which is sent out to the Fund's investment managers on an annual basis. The questionnaire is reviewed annually to take account of developments within the ESG arena, and this has led to the addition of further questions in relation to net zero and climate metrics.

9.7. Examples of outcomes of resolutions voted on in the year to 31st March 2026

9.7.1. Ahead of the 2025 voting season BCPP updated its voting guidelines to include deforestation risk and used external benchmarks to assess companies with high exposure to this risk (e.g. for commodities such as palm oil, soy and timber) if they do not have adequate policies and procedures to reduce the potential impact/risk.

This led to BCPP voting against management at 10 company AGMs, for example Home Depot (Overseas Developed Equity) which uses substantial amounts of timber across its 2,300 stores. BCPP considers it does not have a sufficient commitment to reducing its deforestation footprint. In addition, BCPP supported shareholder proposals requesting biodiversity reports at Home Depot and Pepsi Co which were linked to the deforestation risk

9.7.2. Executive Pay: Macquarie Group (Overseas Developed Equity): is an Australian investment bank and financial services company, ahead of the 2025 AGM, the company's executive remuneration came under intense scrutiny. This was in the context of there being multiple actions and proceedings against Macquarie by Australian regulators.

Due to insufficient disclosures around its short term incentive plan (S-TIP) which was entirely discretionary, had no maximum award and that S-TIP represents a

substantial amount of Macquarie's executive pay, our recommendation was to vote against the remuneration report.

The company were aware of the significant shareholder opposition and the day before the AGM its CFO announced he would be stepping down at the end of the year.

In addition, as more than 25% of shareholders voted against the remuneration report this was considered a '1st strike' and under Australian market rules if a 2nd strike were to occur next year – it would automatically trigger a 'Board Spill' resolution. If this triggered resolution gained more than 50% shareholder approval, every member of the Board must stand for re-election.

More details on key voting can be found in **Proxy Voting Report: AGM Season 2025** and **BCPP RI & Stewardship Report 2025/26**.

- 9.7.3. LGIM – key achievements in 2025: LGIM were recognised for their approach to deforestation (in the Global Canopy's Forest 500 annual assessment) where they were placed top in the financial institution category reflecting the strength of their work in Nature detailed in their **Climate Impact Pledge**.

On climate, for example, as part of our dedicated climate corporate engagement programme, the CIP, we have been encouraging companies to set targets aligned with net zero ambitions. We have seen measurable progress – approximately 40% of the MSCI All Country World Index by market capitalisation now have validated Science Based Targets (SBTs).

LGIM continued to be vocal through their pre-declaration blog across environmental, social and governance topics (voting on c150,000 resolutions in 2025), and they also represented their views internationally, including at COP30 in November 2025.

LGIM have seen an improved performance across the market on our CIP ratings. This indicates significant improvements in disclosure, as well as in how companies are planning and managing their approach to climate change and nature risk. The results of these improvements have contributed to a 46% decrease in the number of companies identified for potential votes against the chair of the board in the 2025 AGM season.

9.8. Escalation Outcomes

- 9.8.1. When BCPP became aware that BP were planning to weaken its climate strategy, they expressed concerns by co-signing a public letter with 48 signatories

representing £5trn in assets under management. Following confirmation that BP was weakening its climate targets and transition plan in its strategy reset in Q1 2025, BCPP met with the company.

Given that BP now twice weakened a transition plan, we were particularly focused during the meeting on pushing for shareholders to allow a vote on the updated plan at the 2025 AGM, this was not forthcoming, BP were advised of the implications for BCPP voting.

At BP's AGM in April 2025, BCPP escalated their approach by voting against management on an unprecedented number of agenda items including opposing the re-election of Board members, the acceptance of the annual report and the approval of the remuneration report. BCPP publicly pre-declared these voting decisions ahead of the AGM to highlight the strong action they believed was necessary.

Border to Coast attended the AGM in person allowing the opportunities to speak informally with middle management in attendance and observe reactions to vote results, and to start influencing and setting expectations.

24% of shareholders joined in voting against the Chair, the first time in over a decade that more than 10% of shareholders have opposed the Chair of the Board's re-election at a UK oil major. The Chair subsequently stepped down and BCPP engagement with BP is ongoing.

Principle 5: Signatories integrate stewardship considerations into their selection and oversight of external managers.

10.1. Introduction

10.1.1. As described in **Principle 1** ESG integration involves assessing, monitoring and engaging with investment managers. The monitoring aspect is covered in more detail within this Principle. By closely monitoring investment managers the Fund can continuously review their policies, procedures and portfolio positioning to ensure alignment with the Fund's underlying investment beliefs and objectives. The Fund monitors its investment managers to hold them to account in the following ways:

10.2. Investment Managers

10.2.1. Ongoing performance is reviewed quarterly in addition to the annual and longer-term investment performance being reviewed in detail. The Fund operates a three tier performance monitoring framework:

10.2.2. Tier 1: Officers and Advisors undertake detailed monitoring of material Investment Managers. This includes the following activities, the outcomes of which are subsequently summarised and reported at tier two and three as appropriate.

- a. Quarterly monitoring of investment performance of the Investment Managers against both benchmark and target returns.
- b. Monitoring ESG activities – the Funds sends out an annual RI-ESG questionnaire to **all** investment managers for completion. The questions are designed to improve the Fund's level of understanding of their Investment Managers activities in this area whilst at the same time assisting with production of this Stewardship Report. All Managers responded within the given timescale and the information provided has been reviewed internally. This questionnaire is updated on an annual basis to further enhance the Fund's understanding of the work undertaken on its behalf by Investment Managers across all asset classes.
- c. Investment managers are regularly reviewed, with Officers and Advisors informing the ISG and escalating any issues as necessary.
- d. An annual review of Investment Manager Internal Control Reports - this review seeks to ensure that Managers exercise reasonable care and due diligence in

its activities on behalf of the Fund. Any concerns identified are reported to the Committee and the managers are challenged to explain any weaknesses.

- e. All investment managers have clear written mandates, governed by the Fund's strategic objectives and Pension Investment Regulations and are reviewed regularly by officers and the Committee.
- f. Local Authority Pension Performance Analytics (LAPPA): Using LAPPA (through PIRC) enables the Fund to view its investment performance within a long-term, peer group context and provides some insight on the degree of skill that is being brought to bear on the Funds management, enhancing governance and improving decision making. The peer group Universe constructed by LAPPA currently comprises 62 funds with an aggregate value of £275bn (over two-thirds of local authority pension fund assets). The Fund receives quarterly reports.
- g. CEM Benchmarking: CEM benchmarking compares cost, performance and risk against a universe of local and global public and private pension funds. The annual CEM report provides an independent means to validate strategy and provide accountability.

10.2.3. Tier 2: the ISG monitors individual manager performance on a quarterly basis. The ISG is responsible for the establishment and review of performance benchmarks and targets for investment. The ISG receives a quarterly report which sets out performance results and a broad range of metrics, with any items of concern highlighted from the Tier 1 monitoring by Officers and Advisors. The ISG also have access to the full reports covering every manager. Should there be any items of concern following discussions, the ISG escalates such matters to the full Pensions Committee.

10.2.4. Tier 3: The Pensions Committee review the total Fund investment performance against its bespoke total benchmark return and receive a report on performance from the ISG (both on a quarterly basis). The Pensions Committee is responsible for strategic decision making and oversight, hence makes 'hire/fire' decisions of managers and reviews issues if escalated from the ISG.

10.3. Monitoring of the Fund's chosen pooling provider - BCPP:

10.3.1. In recognition of the important role that BCPP plays, the Fund – along with its partner funds in the pool - has enhanced monitoring arrangements with the company. These are described in **Disclosure B** of this report.

Principle 6: Signatories monitor and hold to account stewardship service providers.

11.1. Introduction

11.2.1. As described in **Principle 1** ESG integration involves assessing, monitoring and engaging with investment managers and stewardship service providers. By closely monitoring investment managers and other service providers, the Fund can continuously review their policies, procedures and portfolio positioning to ensure alignment with the Fund's underlying investment beliefs and objectives. The Fund monitors its stewardship service providers, to hold them to account in the following ways:

11.2.2. Investment Advisors: Committee members are surveyed regularly for their views on quality of advice given by the Investment Advisors. Furthermore, the Investment Advisors are monitored annually against an agreed set of objectives. Monitoring during 2025/26 identified that the service provided met the needs of the Fund.

11.2.3. Investment Consultants: Cumbria Pension Fund appoints investment consultants for advice on specific tasks. In 2025/26, Isio Group Ltd were contracted to undertake a review of the Strategic Asset Allocation following the 2025 Triennial Valuation of the Fund. As part of the procurement process clear objectives were set for the consultants with progress against these being regularly reviewed by Officers of the Fund, the reviews included the views of Members and the services provided met the needs of the Fund.

11.2.4. Custodian: Performance is assessed on a quarterly basis against a number of key performance indicators (KPIs) and on at least an annual basis in a formal review meeting. Monitoring during 2025/26 identified that the service provided met the needs of the Fund.

11.2.5. Pensions Administration: The Fund meets with senior officers of Local Pensions Partnership – Administration (LPPA) on a quarterly basis to review the performance against a number of key performance indicators. A Director from LPPA attends the LPB on a quarterly basis to provide an update to LPB members on key issues within LPPA and across the LGPS. Outside of these formal meetings, Officers liaise with LPPA managers on a regular basis to keep updated on developments and understand any emerging issues. Monitoring during 2025/26 identified that the service met agreed performance targets however close monitoring continues to be required to ensure the continual improvement and provision of an efficient end-to-end administration service for scheme members and employers.

- 11.2.6. Actuary: Monitoring takes place via annual review meeting with officers and regular feedback during the year. Monitoring during 2025/26, which was the year where the additional work in the Triennial Valuation was required, identified that the service provided met the needs of the Fund.
- 11.2.7. Legal Advisors: Monitoring takes place via annual review meeting with officers and regular feedback during the year. Monitoring during 2025/26 identified that the service provided met the needs of the Fund.

APPENDIX A: GLOSSARY

Actuarial Valuation – An actuary formally reviews the assets and liabilities of the pension Fund and produces a report on the Fund's financial position.

Alternatives – Investment products other than traditional investments of stocks, bonds, cash or property. The term is used for tangible assets such as infrastructure, property, art, wine etc., and financial assets such as commodities, private equity, hedge funds, venture capital, royalties / patents and derivatives.

Asset Allocation – Distribution of investments across asset categories, such as cash, equities and bonds. Asset allocation affects both risk and return, and is a central concept in financial planning and investment management.

Beneficiaries (in relation to Stewardship) – In this context the Stewardship Report refers to Scheme Members and Scheme Employers.

Bonds – Certificate of debt issued by a government or company, promising regular payments on a specified date or range of dates, usually with final capital payment at redemption.

CIPFA – Chartered Institute of Public Finance & Accountancy.

Class Action – An action where an individual represents a group in a court claim. The judgement from the suit is for all the members of the group (class).

Corporate Governance - The system of rules, practices and processes by which a company is directed and controlled and involves balancing the interests of the many stakeholders in a company.

Custodian – Organisation which is responsible for the safekeeping of asset, income collection and settlement of trades for a portfolio, independent from the asset management function.

Deficit recovery period – A reasonable period of time over which a pension fund will aim to repair its funding level to meet its statutory objective of 100% solvency, taking into account employer circumstance where possible.

Defined Benefit – An employer-sponsored retirement plan where employee benefits are assessed based on a formula using factors such as salary history and duration of employment. Public sector pension schemes, including the LGPS, were defined benefit prior to the introduction of the Career Average Revalued Earnings (2014) Scheme.

Divestment – The reduction of some kind of asset for financial, ethical, or political objective. A divestment is the opposite of an investment. For investors, divestment can be used as a social tool to protest particular corporate policies.

Engagement - A series of actions investors can take to reduce environmental, social and governance risks. This can include raising concerns or making proposals about company

Glossary of Terms

practices directly to its directors via correspondence, face-to-face meetings, attendance and voting at shareholder meetings.

Equities – Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

ESG - Environmental, Social and Corporate Governance

Fiduciary Duty - A legal obligation of one party to act in the best interest of another. The obligated party is typically a fiduciary, that is, someone entrusted with the care of money or property.

Funding Level – The ratio of a pension fund's assets to its liabilities. Normally relates to defined benefit pension funds and used as a measure of the fund's ability to meet its future liabilities.

IFRS – International Financial Reporting Standards. Aim to standardise the reporting and information disclosed in the financial accounts of companies and other organisations globally.

Infrastructure - The public facilities and services needed to support residential development, including highways, bridges, schools, and sewer and water systems. A term usually associated with investment in transport, power and utilities projects.

MHCLG - Ministry of Housing, Communities and Local Government (known as DLUHC – Department for Levelling Up, Housing and Communities, to July 2024).

Multi-Asset Credit – MAC is a term used for a fund investing in a range of investments that are classed as 'credit' i.e. fixed income, and will often include corporate debt, loans directly to companies, absolute return bonds, emerging market debt, asset-backed securities, real-estate debt and high yield bonds. The MAC fund will aim to be diversified across many asset types (also known as Diversified Credit).

Partner Funds - The term used to describe the 10 other LGPS Pension Funds who are equal owners of BCPP along with Cumbria. A list of our partner funds can be found at: <https://www.bordertocoast.org.uk/partner-funds/>

Passive Management – Portfolio which aims to replicate a particular market index or benchmark and does not attempt to actively manage the portfolio.

Pecuniary Interests – Including the ownership of securities and other assets, any employment, office, trade, profession or vocation carried out for profit or gain.

Pooled Investment Fund – A fund managed by an external Fund Manager in which a number of investors buy units. The total fund is then invested in a particular market or region. The underlying assets the funds hold on behalf of clients are quoted assets such as fixed interest bonds and equity shares. They are used as an efficient low-risk method of investing in the asset classes.

Glossary of Terms

Pooling – In the context of the LGPS, this is the collaboration of several LGPS Funds to pool their investment assets in order to generate savings from economies of scale thereby, as requested by DCLG: 'significantly reducing costs whilst maintaining investment performance'.

Proxy Voting – the right that shareholders have to vote on certain decisions relating to the company.

Say on Pay - a shareholder's vote on executive compensation packages at a company's AGM, every three years, aimed at increasing transparency and holding directors accountable for pay decisions.

S151 Officer – Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a S151 Officer, also known as a Chief Financial Officer (CFO), to have responsibility for those arrangements.

Settlement – Payment or collection of proceeds after trading a security. Settlement usually takes place sometime after the deal and price are agreed.

Shareholder Voting – also known as proxy voting, see above.

Solvency – A level where the Fund's liabilities i.e. benefit payments can be reasonably met as they arise.

Stewardship - 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.

Stock Lending – Lending of stock from one investor to another that entitles the lender to continue to receive income generated by the stock plus an additional payment by the borrower.

Stranded Assets – are defined as assets that have been prematurely devalued or converted to liabilities. In recent years, the issue of stranded assets caused by environmental factors, such as climate change and society's attitudes towards it, has become increasingly high profile.