

Labour Party Pension Scheme

Responsible Investment Policy

The purpose of this policy is to set out our approach towards Responsible Investment and details the steps we are taking to fulfil our commitments.

The effective date of this policy is March 2026.

Introduction

As the Trustee of the Labour Party Pension Scheme, we recognise that it is our fiduciary duty to act in the best financial interest of members of the Scheme and ensure that the objectives of the Scheme are met. We therefore aim to seek the best investment return to meet the funding objective subject to an appropriate level of risk and liquidity.

We define Responsible Investment ('RI'), as the integration and consideration of environmental, social and governance ('ESG') issues into both investment processes and ownership practices. The Trustee recognises the importance of its role as a steward of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside.

We recognise that, as a long-term investor, we should incorporate ESG risks into our investment decision making process as the value of investments may be negatively impacted if these risks are not understood or evaluated properly. When referring to ESG issues, we consider financially material considerations (including, but not limited to, climate change).

In developing the Scheme's approach to RI, we seek to understand and manage ESG considerations to which the Scheme is exposed, to the extent that these may impact on the portfolio or overall strategy.

This policy sets out our approach to RI, including actions taken on behalf of members and other stakeholders which aim to capitalise on ESG opportunities and to protect the Scheme from ESG-related risks.

Our RI approach

We take the important steps to ensure our investment strategy is aligned with our approach toward responsible investments.

Trustee decision making

We aim to integrate consideration of ESG issues throughout all aspects of our investment decision making process, including setting investment strategy and monitoring the Scheme's fiduciary investment manager. We are supported in these aims through regular and ongoing input from and engagement with our investment advisers.

The Trustee remains focussed on the primary objective of acting in the best financial interests of the Scheme's members. However, a responsible investment policy which is also focussed on ESG issues should not conflict with that primary objective.

ESG risk monitoring and assessment

Our processes to monitor and assess ESG-related risks and opportunities include the following:

- Our investment advisers monitor the Scheme's managers on an ongoing basis, including detailed due diligence to assign an 'ESG rating' to each equity and fixed income manager which reflects the quality of and commitment to ESG integration. We discuss and monitor ESG ratings of the Scheme's investment managers on a periodic basis.
- At least as part of each formal triennial investment strategy review, we will specifically consider RI issues, including the merits of strategies which seek to generate not only positive financial returns but also a wider positive impact on society.
- We include ESG-related risks (including, but not limited to, climate change) on the Scheme's risk register as part of ongoing risk assessment and monitoring.
- The Trustee intend to adopt the recommendations of the Task force for Climate related Financial Disclosures ("TCFD"), which has established a set of clear, comparable and consistent recommended disclosures about the risks and opportunities presented by climate change.
- The Scheme will periodically carry out analysis on the carbon intensity of the assets to review the potential risks and consider mitigating action as required.
- We expect our investment managers to understand our RI beliefs and requirements. We periodically provide our Policy to advisers and asset managers and ask them to confirm their adherence.
- In the event that any investment manager or service provider does not meet any of the expectations listed in this policy, the Trustee will engage with the respective stakeholders to encourage improvements in processes, transparency or activity as required.

Expectations and monitoring of investment managers

As part of their delegated responsibilities, we expect our investment managers to take account of financially material ESG considerations (including, but not limited, climate change) in the selection, retention and realisation of investments. While we do not expect all our investment managers to explicitly take into account non-financial ESG considerations, we do expect transparency on these matters in order to facilitate a full understanding of the investments.

The Scheme's assets are managed by the fiduciary manager, Aon Investments Limited. We will continue reviewing its RI policy and will engage with the manager on an annual basis to ensure that its strategies and beliefs are still aligned with ours.

We, with the support from our investment advisers, carry out an annual review of the ESG profile of the investments. The use of third-party data from MSCI, self-reported manager data from the PRI alongside commentary from the adviser, support the Council in identifying areas of potential ESG risk and engagement opportunities.

We expect investment managers to comply with the UK Stewardship Code Principles and expect them to be working towards signatory status of the 2020 UK Stewardship Code and to the Principles for Responsible Investment (PRI).

Implementation

Where applicable, we invest in assets that meet at least a certain minimum threshold ESG rating/requirement and this threshold will be reviewed on a periodic basis to ensure that it meets our evolving requirements.

We recognise that new investment solutions come to market which aim to address both risks and opportunities presented by global challenges. We will consider new investment solutions (across all asset classes) that are made available by its appointed fiduciary investment manager, Aon Investments Limited, and assess the suitability of such funds within the context of the wider Scheme in discussion with its investment advisor.

We expect the Scheme's investment managers to provide their RI policy, including details of their approach to stewardship, how they integrate ESG into their investment decision making process and approach to non-financial factors. When we look to appoint a new manager, we consider this information as part of the selection process. We review responses with support and input from the Scheme's investment adviser.

Training

On an annual basis, we receive training from our investment adviser on relevant matters, not limited to evolving regulatory requirements.

Given the range of responses to some questions in the survey completed by the Trustee, further training on ESG integration will be considered.

Stewardship – voting and engagement

We recognise the importance of our role as a steward of capital. We believe in using our influence, where possible, to promote the highest standards of governance and corporate responsibility in the underlying companies in which the Scheme's investments reside. We recognise that ultimately this protects the financial interests of the Scheme and its beneficiaries.

We expect the Scheme's investment managers to use their influence as major institutional investors to carry out our rights and duties as a shareholder including voting, along with – where relevant and appropriate – engaging with underlying investee companies.

We request details on an annual basis of how the Scheme's investment manager is undertaking voting and engagement activity.

Where possible, voting information should include details of voting actions and rationale with relevance to the Scheme, in particular where: votes were cast against management; votes against management generally were significant and votes were abstained.

Similarly, engagement activity disclosures should be of relevance to the Scheme's investments and include information on the rationale and outcome of engagement activity.

We review the stewardship activities on an annual basis when completing the Engagement Policy Implementation Statement as part of the annual accounts, with input from the Scheme's investment adviser and will follow up with managers as required.

Initiatives and industry collaboration

We recognise that collaboration and support of initiatives is a powerful tool to influence behaviour.

The Trustee is supported by Aon across a number of activities that provide access to regular updates including:

- Responsible investment market innovations and developments
- Topical roadshows, events and training sessions
- Research and focus group discussions of key issues surrounding sustainable finance and RI

We expect our investment managers to consider collaboration with others, as permitted by relevant legal and regulatory codes, where collaboration is likely to be the most effective mechanism for encouraging positive change at investee companies/issuers.

We expect our investment advisers to keep us informed of relevant global and industry initiatives and may consider participating in opportunities where there is appropriate alignment with our beliefs and principles.

We expect the fiduciary manager to consider collaboration with others, as permitted by relevant legal and regulatory codes, where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed. We request that the fiduciary manager details these industry engagement activities on a regular basis.

Sponsor alignment

The Sponsor has been consulted on the consensus investment beliefs and approach of the Trustee, to ensure alignment between our policy and actions, and the Party's policies.

This approach is in line with our integrated risk management ("IRM") approach, showing the connection between investment and covenant.

Evolving our approach

We acknowledge that the Scheme's approach to RI will need to continually evolve, due to both the changing landscape with respect to ESG issues and broader industry developments.

We are committed to making ongoing improvements to our approach and the processes that underpin the delivery of this policy. We are focused on making sure that it remains relevant and appropriate for our members.

Disclosure and reporting

We believe transparency is important. In support of this belief, we are making this policy available to members and welcome any feedback. This policy supplements additional disclosures and information available as part of our Investment Strategy Statement (available at <https://labour.org.uk/resources/labour-party-pension-scheme-statements/>).

We will formally review this policy at least every three years as part of each formal triennial investment strategy review or as required in response to changing regulations or broader governance issues.

Approved by LPPS Trustee Limited

March 2026